



# NORTH COUNTY TRANSIT DISTRICT BOARD MEETING

**Board Room  
810 Mission Avenue  
Oceanside, CA 92054**

**THURSDAY  
November 19, 2009  
1:30 P.M. – Special  
Meeting/Closed Session  
2:00 P.M. – Regular Meeting**

## **Board Members**

*Bob Campbell – Board Chair  
City of Vista*

*Chris Orlando – Board Vice-Chair  
City of San Marcos*

*Mark Packard  
City of Carlsbad*

*Carl Hilliard  
City of Del Mar*

*Jerome Stocks  
City of Encinitas*

*Sam Abed  
City of Escondido*

*Rocky Chavez  
City of Oceanside*

*David Roberts  
City of Solana Beach*

*Bill Horn  
County of San Diego*

## **Executive Director/ Chief Executive Officer**

*Matthew O. Tucker*

## **General Counsel**

*C. Michael Cowett*

**For more information on NCTD,  
please check out our web page at:**

[www.gonctd.com](http://www.gonctd.com)

## **NCTD's Mission**

***Deliver safe, convenient, reliable, and  
user-friendly public transportation services.***

## **NCTD's Vision**

***Provide an integrated transit system that  
enables our customers to travel easily  
and efficiently throughout the region.***

*For individuals with disabilities, we will provide assistive services. To obtain such services or copies of documents in an alternate format, please call or write, a minimum of 72 hours prior to the event, to request these needed reasonable modifications. We will make every attempt to accommodate requests that do not give 72 hour notice. Please contact the Clerk of the Board at (760) 967-2808.*

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*Any writings or documents provided to a majority of the members of the NCTD Board of Directors regarding any item on this agenda will be made available for public inspection in the department of the Clerk of the Board located at 810 Mission Avenue, Oceanside, CA 92054, during normal business hours.*



The NCTD office located at 810 Mission Avenue, Oceanside, CA is accessible by the COASTER (NCTD Commuter Rail), the SPRINTER (NCTD Light Rail System) and the BREEZE (NCTD Bus). Please log onto [www.gonctd.com](http://www.gonctd.com) to check current routes and schedules, or call 1-800-COMMUTE.

**SPECIAL MEETING / CLOSED SESSION  
AGENDA**

- **CALL TO ORDER**
- **ROLL CALL OF BOARD MEMBERS**

**A. CLOSED SESSION**

*The Board meeting will convene at 2:00. Closed Session will reconvene at the end of the meeting if there are further items to discuss.*

- i. Closed Session Pursuant to Government Code Section 54956.9 – Conference with Legal Counsel – Anticipated Litigation – Two Potential Cases

**REGULAR MEETING BEGINNING AT 2:00 PM**

- **CALL TO ORDER**
- **ROLL CALL OF BOARD MEMBERS**
- **PLEDGE OF ALLEGIANCE TO THE AMERICAN FLAG**
- **CHANGES TO THE AGENDA**
- **PUBLIC COMMUNICATIONS**

*There is a time limit of 15 minutes for this section of Public Communications and each speaker is limited to three minutes for their presentation.*

*All persons wishing to address the Board during the meeting must complete a “Request to Speak” form. These forms are provided in a box at the table in the hallway, and must be completed and given to the Clerk of the Board before that agenda item is called.*

	<b>RECOMMENDED ACTION</b>
<b>B. MINUTES FOR REGULAR MEETING FOR OCTOBER 22, 2009</b> (Pages 6 – 10)	Approve
<b>C. MINUTES FOR BOARD WORKSHOP FOR NOVEMBER 10, 2009</b> (Pages 11 – 13)	Approve

All matters listed under CONSENT are considered by the Board to be routine and will be enacted by one motion. There will be no separate discussion on these items prior to the time the Board votes on the motion, unless members of the Board, the Executive Director, or the public, request specific items to be discussed and/or removed from the Consent Calendar for separate action. A request from the public to discuss an item must be filed with the Clerk of the Board on the "Request to Speak" form before that agenda item is called.

**ITEMS PULLED FROM CONSENT WILL BE MOVED TO THE END OF THE AGENDA**

	<b>RECOMMENDED ACTION</b>
<b>D. INFORMATION ITEM (Tab 1)</b>	
1. Update: Federal Legislative Report with Peter Peyser (No Written Staff Report) ( <i>Julie Austin, Director of Policy and Strategic Planning</i> )	Receive
<b>E. CONSENT ITEM (Tab 2)</b>	
Items reviewed and recommended for approval by the Governance Committee (G), Planning Committee (P), Monitoring Committee (M), Staff (S), Board Workshop (W) or Board (B)	
2. Extra Work Purchase Order to TransitAmerica for Installation of Advanced Train Control System (ATCS) Equipment ( <i>Tom Lichterman, Director of Operations</i> )	Approve
<b>F. OTHER BUSINESS (Tabs 3 – 6)</b>	
3. Update on NCTD's Financial Condition ( <i>Richard Hannasch, Director of Administration and Finance</i> )	Receive
4. Contract Award for Bus Operations & Maintenance (Attachments 4A & 4B) ( <i>Julie Austin, Director of Policy and Strategic Planning</i> )	Approve
5. Nominating Committee Report (No Written Staff Report) ( <i>Board Member Jerome Stocks</i> )	Approve
6. Recognition of Board Member Rocky Chavez (No Written Staff Report) ( <i>Board Chair Bob Campbell</i> )	Receive
<ul style="list-style-type: none"> <li>• <b>BOARD MEMBER REPORTS, COMMENTS AND CORRESPONDENCE</b></li> <li>• <b>EXECUTIVE DIRECTOR'S REPORT</b></li> <li>• <b>REMAINING PUBLIC COMMUNICATIONS</b> For any remaining speakers who have completed a "Request to Speak" form before the start of the meeting.</li> <li>• <b>ADJOURNMENT</b></li> </ul>	

- **CERTIFICATIONS AND RULES (FOR BOARD AND PUBLIC INFORMATION)**

- ∅ Posting of Board Agenda (Page 22)

- ∅ Rules for Public Speakers at meetings of the North County Transit District (Page 23)

***The next Board Workshop will be held at  
2:00 p.m. on Thursday, December 17, 2009  
at 810 Mission Avenue, Oceanside, CA***

CALL TO ORDER

Vice-Chairman Chris Orlando called the meeting to order at 1:02 p.m.

ROLL CALL OF BOARD MEMBERS

Mark Packard (City of Carlsbad); Carl Hilliard (City of Del Mar); Jerome Stocks (City of Encinitas); Sam Abed (City of Escondido); Chris Orlando (City of San Marcos); Dave Roberts (City of Solana Beach); Bob Campbell (City of Vista – participating via conference call); Bill Horn (County of San Diego).

Rocky Chavez (City of Oceanside) arrived at 1:22 pm.

CLOSED SESSION

The Board went into Closed Session at 1:04 p.m. to discuss items i, ii, iii and iv.

- i. Closed Session Pursuant to Government Code Section 54957 – Threat to Public Services or Facilities Consultation with Legal Counsel Regarding Security Issues
- ii. Closed Session Pursuant to Government Code Section 54957.6 – Conference with Labor Negotiators Agency – Designated Representative – Matthew Tucker  
Employee Organization: Teamsters Local 542 Unrepresented Employees: All
- iii. Closed Session Pursuant to Government Code Section 54956.8 – Conference with Real Property Negotiators Regarding Property: That portion of NCTD right of way within Lot “H” of Rancho Agua Hedionda in the City of Carlsbad, according to Partition Map No. 823.  
NCTD Negotiators: Ray Patchett and Ed Singer. Negotiating Party: Poseidon Resources.
- iv. Closed Session Pursuant to Government Code Section 54956.9 (b) – Conference with Legal Counsel – Anticipated Litigation – One Potential Case

The Board returned from Closed Session at 2:08 pm. C. Michael Cowett, General Counsel, stated that the Board met in Closed Session to discuss items i, ii, iii and iv and had nothing to report. He said the Board took action in Closed Session on September 17, 2009, directing the Executive Director to execute a final settlement agreement with AECOM, formerly DMJM Harris. Mr. Cowett stated that on October 1, 2009, the Executive Director executed an agreement that required AECOM to pay NCTD \$4.7 million and NCTD to pay AECOM \$2 million, for a net to NCTD of \$2.7 million. He said the settlement excludes warranties, latent construction defectives, and third party claims, and that this is a final settlement with AECOM on all aspects of their work in designing the SPRINTER construction project.

ROLL CALL OF BOARD MEMBERS

Mark Packard (City of Carlsbad); Carl Hilliard (City of Del Mar); Jerome Stocks (City of Encinitas); Sam Abed (City of Escondido); Rocky Chavez (City of Oceanside); Chris Orlando (City of San Marcos); Dave Roberts (City of Solana Beach); Bob Campbell (City of Vista – participating via conference call); Bill Horn (County of San Diego).

PLEDGE OF ALLEGIANCE TO THE AMERICAN FLAG

Board member Jerome Stocks led the Pledge of Allegiance to the American Flag.

CHANGES TO THE AGENDA

None

PUBLIC COMMUNICATIONS

None

APPROVAL OF MINUTES

MOTION BY DAVE ROBERTS TO APPROVE THE MINUTES OF THE REGULAR MEETING OF SEPTEMBER 17, SECONDED BY BILL HORN. ABSTAIN: HILLIARD. MOTION CARRIED.

MOTION BY DAVE ROBERTS TO APPROVE THE MINUTES OF THE ANNUAL MEETING OF THE SAN DIEGO NORTHERN RAILWAY FOR SEPTEMBER 17, 2009, SECONDED BY BILL HORN. ABSTAIN: HILLIARD. MOTION CARRIED.

MOTION BY DAVE ROBERTS TO APPROVE THE MINUTES OF THE BOARD WORKSHOP OF OCTOBER 8, 2009, SECONDED BY BILL HORN. ABSTAIN: PACKARD, HILLIARD. MOTION CARRIED.

***Board member Carl Hilliard requested Consent Item 1 be pulled for discussion.***

<b>CONSENT ITEMS</b>
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2. Funding and Construction Agreement Between NCTD and the County of San Diego for the South Santa Fe At-Grade Road Crossing

MOTION BY DAVE ROBERTS TO APPROVE AGENDA ITEM 2, SECONDED BY MARK PACKARD. MOTION CARRIED UNANIMOUSLY.

**OTHER BUSINESS**

3. Issue Purchase Order to HNTB Corporation for Positive Train Control Support Services

Tom Lichterman, Director of Operations, reviewed the need for PTC support services, cost estimates, funding outlook, deadlines, and recommendations.

Dave Roberts requested staff provide the Board with information on what the penalty would be if we did not comply with the mandate.

MOTION BY DAVE ROBERTS TO APPROVE AGENDA ITEM 3, TO INCLUDE OTHER PLAYERS HAVING A SEAT AT THE TABLE TO MAKE SURE THEY BUY INTO THIS AND TO SEND A STRONGLY WORDED LETTER TO THE SAN DIEGO DELEGATION EXPLAINING NCTD'S UNIQUE SITUATION, SECONDED BY ROCKY CHAVEZ. OPPOSED: PACKARD. MOTION CARRIED.

1. Resolution for TIGGER Grant Award

Carl Hilliard spoke on his concerns regarding the desire to keep the view corridors and coast line as uncluttered as possible.

Angela Miller, Chief Information Officer, clarified that the installations would be near the stations or transit centers.

MOTION BY DAVE ROBERTS TO APPROVE AGENDA ITEM 1, SECONDED BY CARL HILLIARD. MOTION CARRIED UNANIMOUSLY.

**INFORMATION ITEMS**

4. Draft Compass Card Work Plan Presentation

Angela Miller reviewed background information on the Compass Card program, including primary goals, work plan and next steps.

Chair Campbell stated that the volume on the validators needs to be turned up.

James Dreisbach-Towle, SANDAG Project Manager, stated that the platform validators have a variable speaker and stated that he would work with NCTD staff to turn up the volume, and if need be, look at bigger speakers.

No action required.

ROCKY CHAVEZ LEFT AT 3:10 P.M.

5. Paratransit 101 Presentation

Alane Haynes, Accessible Services Administrator, reviewed: background; definitions; eligibility for ADA paratransit service; comparison to fixed-route service; service area; hours of service; ADA comparability; response time; fares, what ADA precludes; NCTD's ADA service delivery model; next steps.

Mr. Craig Puckett, President of American Logistics, Santa Ana, CA spoke on the growing cost of providing paratransit and his company's business model.

No action required.

6. LOSSAN Update

Julianne Nygaard provided an update on activities related to the LOSSAN corridor.

No action required.

7. Quarterly Capital Project Report

No action required.

• **BOARD MEMBER REPORTS, COMMENTS AND CORRESPONDENCE**

None

• **EXECUTIVE DIRECTOR'S REPORT**

Matthew Tucker introduced NCTD's new Director of Service Planning, Tim McCormick.

Sarah Benson, Marketing Representative, informed the Board that NCTD would once again be sponsoring the Santa COASTER Express on December 5, 2009. She stated that all ticket proceeds go to support Community Resource Center in Encinitas, CA.

• **REMAINING PUBLIC COMMUNICATIONS**

None

• **ADJOURNMENT**

The meeting adjourned at 3:37 pm. Submitted by Jill McNaughton, Clerk of the Board for North County Transit District.

CHAIRMAN: \_\_\_\_\_

CLERK OF THE BOARD: \_\_\_\_\_

DATE: \_\_\_\_\_

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CALL TO ORDER

Chairman Bob Campbell called the meeting to order at 8:05 a.m.

ROLL CALL OF BOARD MEMBERS

Mark Packard (City of Carlsbad); Mark Filanc (Alternate, City of Del Mar); Jerome Stocks (City of Encinitas); Sam Abed (City of Escondido); Rocky Chavez (City of Oceanside); Chris Orlando (City of San Marcos); Dave Roberts (City of Solana Beach); Bob Campbell (City of Vista)

Bill Horn (County of San Diego) arrived at 8:16.

CLOSED SESSION

The Board went into Closed Session at 8:06 a.m. to discuss item i.

- i. Closed Session Pursuant to Government Code Section 54957.6 – Conference with Labor Negotiators - Agency Designated Representative: Matthew Tucker  
Employee Organization: Teamsters Local 542

The Board returned from Closed Session at 9:25 a.m. C. Michael Cowett, Legal Counsel, stated that the Board met in Closed Session to discuss item i and had nothing to report.

ROLL CALL OF BOARD MEMBERS

Mark Packard (City of Carlsbad); Mark Filanc (Alternate, City of Del Mar); Jerome Stocks (City of Encinitas); Sam Abed (City of Escondido); Rocky Chavez (City of Oceanside); Chris Orlando (City of San Marcos); Dave Roberts (City of Solana Beach); Bob Campbell (City of Vista); Bill Horn (County of San Diego).

PLEDGE OF ALLEGIANCE TO THE AMERICAN FLAG

Board member Rocky Chavez led the Pledge of Allegiance to the American Flag.

CHANGES TO THE AGENDA

None

PUBLIC COMMUNICATIONS

None

**DISCUSSION AND PRESENTATIONS**

4. NCTD Marketing and Communications Assessment

Mr. Alan Ziegler, Southwest Strategies, reviewed the methodology, results and recommendations. No action required.

5. SANDAG Urban Core Transit Strategy

Mr. Dave Schumacher, SANDAG, reviewed organizational structure, project highlights, stakeholder input, 2030 transit networks, peer regions and next steps. No action required.

BILL HORN LEFT AT 10:05 A.M.

2. Committee Organization and Calendar Year 2010 Board Schedule

Chair Campbell requested the Board review the proposed Committee changes and requested they discuss this further and take action at the December 17, 2009 Board meeting. Chair Campbell requested, and the full Board concurred, that Board members Stocks, Packard and Abed serve on a panel to nominate candidate(s) to serve as Chair and Vice-Chair for 2010.

3. Consider Cancelling One of the December Board Meetings

MOTION BY DAVE ROBERTS TO CANCEL THE DECEMBER 3, 2009 BOARD WORKSHOP, SECONDED BY CHRIS ORLANDO. MOTION CARRIED UNANIMOUSLY.

SAM ABED LEFT AT 10:35 A.M.

• **BOARD MEMBER REPORTS, COMMENTS AND CORRESPONDENCE**

Jerome Stocks spoke on bus technology that was presented at the APTA Conference and the use of electric buses at UCSD.

Rocky Chavez spoke on his appointment as Undersecretary for Veterans Affairs for the State of California.

Dave Roberts thanked Board Member Chavez for his service and staff for resolving some issues in Solana Beach.

- **EXECUTIVE DIRECTOR'S REPORT**

Matthew Tucker informed the Board that a letter would be mailed to the San Diego legislative delegation regarding Positive Train Control.

- **REMAINING PUBLIC COMMUNICATIONS**

None

- **ADJOURNMENT**

The meeting adjourned at 10:40 a.m. Submitted by Jill McNaughton, Clerk of the Board for North County Transit District.

CHAIRMAN: \_\_\_\_\_

CLERK OF THE BOARD: \_\_\_\_\_

DATE: \_\_\_\_\_

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**STAFF REPORT  
TO THE BOARD**

**Agenda Item #  
2**

**TITLE: EXTRA WORK PURCHASE ORDER TO TRANSITAMERICA FOR  
INSTALLATION OF ADVANCED TRAIN CONTROL SYSTEM (ATCS)  
EQUIPMENT**

Time Sensitive  Consent

**STAFF  
RECOMMENDATION:**

**Approve an extra work purchase order in an amount of \$203,333 to  
TransitAmerica for the installation of ATCS equipment.**

**BACKGROUND  
INFORMATION:**

On September 17, 2009 the Board approved the procurement of equipment from Safetran, Inc. to upgrade the COASTER Advanced Train Control System (ATCS). ATCS is used to relay commands and information to and from the wayside signaling system to the Dispatching Center in Pomona. It provides for the safe and efficient daily operation of the entire railroad for COASTER, METROLINK, BNSF, and Amtrak operations.

The California Division of Rail (Caltrans) funded a NCTD project to study the current technology and subsequently fund any recommended upgrades. This review included field surveys for signal strength and locations for additional base stations as well as upgrades to field equipment located on the railroad right of way.

The main thrust of this project is the establishment of two new radio communication base sites. These will provide better and more reliable radio coverage along the corridor and will decrease signal interruptions, thereby decreasing train delays. The work will be scheduled to be completed by March 2010 and will not have any negative impact upon operations.

Approval of this request would authorize the installation of equipment by TransitAmerica, as the maintenance of way and signal contractor.

This project is being fully funded by Caltrans.

**FISCAL IMPACT:**

The fiscal impact of this request is \$203,333. A total of \$1,000,000 has been budgeted for this project of which \$153,137 has been expended and an additional \$383,659 has been encumbered leaving a remaining balance of \$463,204.

**STAFF CONTACT:**

**Tom Lichterman**

**Director of Operations**

E-mail: [tlichterman@nctd.org](mailto:tlichterman@nctd.org)

Phone: 760/967-2855

**Key Staff Contact: Keith Kranda, Manager of Maintenance of Way**

E-mail: [kkranda@nctd.org](mailto:kkranda@nctd.org) Phone: 760/967-2868



STAFF REPORT TO THE BOARD OF DIRECTORS

Agenda Item # 3

TITLE: UPDATE ON NCTD'S FINANCIAL CONDITION

Time Sensitive  Consent

STAFF RECOMMENDATION:

Receive an update on NCTD's financial condition.

BACKGROUND INFORMATION:

North County Transit District, like other transit districts throughout California and the nation, faces a daunting economic environment, which has been described as an economic tsunami.

During calendar years 2008 and 2009, NCTD implemented a number of proactive cost-cutting measures.

- Service reductions were implemented in August 2008 and January 2009, reducing bus service hours by over 10% and saving over \$4 million annually.
• Contracted services were reduced by over \$2 million.
• Through layoffs and attrition, the number of represented employees was reduced by 9%.
• The number of non-represented employees was reduced by 15%.

These were difficult decisions, given their negative impact on customers and employees. However, had these actions not been taken, NCTD's current financial status would be much worse. Unfortunately, revenues have continued to decline dramatically. The primary challenges to NCTD's revenues relate to the elimination of state funding, declines in sales-tax related revenues, and the effect of increasing unemployment on passenger fare revenues.

State Funding

State transit funding is expected to be eliminated for several years. The impact on NCTD has been severe. For the current fiscal year ending June 30, 2010, rather than receiving over \$10 million in state funding, NCTD expects to receive \$0.

From FY 2003 through the current FY 2010, the state frequently diverted State Transit Assistance (STA) funding to the state's general fund. The cumulative impact on NCTD over the past several years has been over \$30 million.

If state funding remains at \$0 for the upcoming fiscal years 2011, 2012, and 2013, for example, then NCTD will suffer an additional reduction of over \$30 million in funds. These funds would otherwise have been available to pay for transit services for the public.

(In September 2009, the California Supreme Court upheld a lower court ruling that the state's diversion of transit funding violated a series of statutory and constitutional amendments enacted by voters dating back to 1990. It will be

gratifying if any portion of state transit funding is restored. However, given the state's financial problems, we do not believe it is prudent to forecast any state funding in the near future.)

### **Sales-tax related revenues**

Local revenues have also been reduced dramatically. NCTD receives a large portion of its budget from sources tied to sales tax collections in San Diego County. These funding sources (TDA and TransNet) together comprise about 45% of NCTD's operating revenues. As local sales tax collections decline, NCTD's revenues decline as well.

In February 2007, the estimated level of FY 2010 sales-tax related revenues was over \$52 million. Just two years later, in February 2009, the estimated level of FY 2010 sales-tax related revenues was \$41 million. Now in November 2009, the estimated level of FY 2010 sales-tax related revenues is less than \$37 million.

### **Local unemployment and its effect on passenger fare revenues**

NCTD's ridership reached record highs during the summer of 2008, but then began to trend downward as unemployment increased. The unemployment rate in San Diego County rose from 6.9% in October 2008 to 10.2% in September 2009. As the unemployment rate in San Diego County has reached double digits, ridership has declined significantly over the past several months. For the current fiscal year 2010, passenger fare revenue was budgeted to be \$19 million; it is currently projected to be about \$17.7 million, a decline of \$1.3 million.

Unemployment data for San Diego County has been collected since 1990. Since 1990, the unemployment rate in San Diego County never exceeded 9%; accordingly, the current double-digit unemployment rates are the highest ever measured in San Diego County. California's unemployment rate of 12.2% in September 2009 is the highest the state has seen since 1940.

### **Financial context for outsourcing bus operations & maintenance**

Taken together, the combined impact of the elimination of state funding, the reduction in local sales taxes and the impact of higher unemployment has been devastating. These economic conditions threaten NCTD's ability to deliver a meaningful level of transit services.

Based on current financial conditions, forecasts for NCTD indicate large and increasing deficits for FY 2011 and beyond. The projected deficit for FY 2013, for instance, would exceed \$19 million. To put this figure in perspective, NCTD's **TOTAL** annual operating budget for the current fiscal year is under \$88 million. Simply put, the projected deficits are so significant; they cannot be addressed by incremental adjustments to fares or service levels.

The Board of Directors has provided clear direction that NCTD's *first priority* is to provide transit services to the public. Additionally, the Board has clearly articulated that the welfare of our employees is a high priority, as staff has evaluated alternatives to address NCTD's significant financial challenges.

When the current budget was adopted in June 2009, the Board indicated that the current fiscal year 2010 would be a transitional year, during which NCTD will innovate and reshape its business model in order to live within **existing** revenue streams.

At its July 2, 2009 meeting, the NCTD Board reviewed options to preserve as much bus service as possible given the current financial constraints. Independent consultants Booz Allen Hamilton and Robert Kuo Consulting reviewed the impact of various alternatives, including aggressive wage and benefit reductions, partial outsourcing, and full outsourcing of bus operations. The Board determined that outsourcing 100% of bus operations and maintenance provided the best opportunity to preserve the maximum level of service to the public. (This option also would preserve the maximum number of jobs for coach operators and other employees providing bus service.) Accordingly, the Board authorized in July that a Request for Proposals be issued for bus operations and maintenance.

At its November 19, 2009 meeting, the Board will review the proposed contract award for bus operations and maintenance. It is anticipated that the contract will result in savings to NCTD of approximately \$70 million over the seven-year term of the contract. (Savings will result from a combination of lower costs for contracted services and related organizational restructuring of NCTD.)

Savings of this level are significant, and go a long way toward addressing the anticipated deficits for future years. However, as the Board noted in its July meeting, outsourcing alone will not resolve NCTD's financial situation.

NCTD is evaluating all of its business activities to identify cost savings, while minimizing the impact to our customers. In addition to our bus services, NCTD is evaluating all of its other services (COASTER, SPRINTER, and LIFT) for opportunities to reduce costs and improve efficiency.

To the greatest extent possible, NCTD plans to minimize any reductions in service levels, or increases in passenger fares. All other options will be evaluated first.

**ATTACHMENT:** Not applicable

**FISCAL IMPACT:** Not applicable

**STAFF CONTACT:** **Richard Hannasch**  
**Director of Administration & Finance**  
E-mail: [rhannasch@nctd.org](mailto:rhannasch@nctd.org) Phone: 760/967-2809



NORTH COUNTY TRANSIT DISTRICT  
BOARD OF DIRECTORS REPORT

Agenda Item #  
**4**

**TITLE: CONTRACT AWARD FOR BUS OPERATIONS AND MAINTENANCE**

Time Sensitive  Consent

**STAFF  
RECOMMENDATION:**

**Ratify execution of the agreement negotiated by the Executive Director with First Transit to provide bus operations and maintenance services for seven years (July 1, 2010 through June 30, 2017), in the amount of \$178,181,506, subject to annual service levels adopted by the Board of Directors during the annual budget process.**

**BACKGROUND  
INFORMATION:**

NCTD has been reviewing options to address a \$16 to \$20 million funding shortfall, with the goal of retaining as many jobs as possible and providing the highest level of service to our customers. In February 2009, the Board of Directors directed staff to conduct a strategic review of NCTD and develop a plan to reshape the organization’s business model to support improved efficiency and business development opportunities.

Results of this strategic review were presented in July 2009, clearly indicated that outsourcing (e.g. transferring bus operations and maintenance responsibilities from a directly operated in-house transit system to private contractors) was the most viable alternative to retain employee’s jobs and provide the highest level of service to the customer.

Given the current economic situation, outsourcing provides the best opportunity to maintain both jobs for existing employees and service levels for our customers. We anticipate that the transition will be seamless from a customer perspective, and will allow NCTD to focus on performance monitoring and the provision of quality service. It is now estimated that NCTD will reduce operating expenses by \$70 million over the next seven years through a combination of outsourcing and administrative restructuring.

**Procurement Process and Evaluation Criteria**

The executive team, procurement department, and legal counsel began development of the scope of work and draft agreement in April 2009. In July 2009, pursuant to Board direction, staff issued a Request for Proposals (RFP) to private contractors for the provision of bus operations and fleet and facility maintenance services to the public.

On September 28, 2009, responses to the RFP were received from MV Transit, First Transit and Veolia Transportation. The evaluation team, which included the Director of Operations, Director of Policy and Strategic Planning, and Manager of Commuter Rail, reviewed all three proposals using the evaluation factors detailed in Attachment 4A. The evaluation criteria assigned the highest point levels to proposers’ pricing, operations and maintenance capability, and their key personnel and management team.

The Director of Finance conducted the financial capacity analysis and pricing analysis. Evaluations were completed based on the initial proposals. MV Transit's proposal was determined to be outside of the competitive range, and they were not invited to participate in the interview.

Veolia Transportation and First Transit were interviewed on October 15, 2009. They were required to bring five key management team members named in the proposal, and each key management person gave a brief presentation followed by questions and answers. A rigorous series of questions were posed to each of the two final proposers. The evaluation committee communicated specific areas requiring clarification, e.g. components included in insurance or materials costs.

First Transit and Veolia Transportation are well known in the industry. Both firms have the experience and qualifications to perform the requirements specified in the scope of work and the draft operating and maintenance agreement.

NCTD's evaluation team conducted four site visits during the last two weeks in October. First Transit locations visited were the City of Phoenix operation and the Foothill Transit operation in Pomona. Veolia site visits included the MTS in Chula Vista and RPTA Valley Metro in Phoenix. All four operations had similar fleet sizes, and client-provided facilities, fuel and buses.

Concurrently, existing clients listed in each proposal were sent questionnaires regarding the operator's performance. Best and Final Offers (BAFOs) were received on November 2, 2009. Outstanding items requiring clarification were addressed that week, and the evaluation team reevaluated each proposer based on their BAFOs.

Evaluation criteria, weighting and final evaluation scoring are detailed in the following table.

<b>Evaluation Factor</b>	<b>Maximum Points</b>	<b>First Transit</b>	<b>Veolia</b>
Operations and Maintenance Capability	20	17	16
Key Personnel, Quality of Management Team, & Training Plan	20	16	15
Project Experience, References, & Provision of Transit Service	15	14	13
Transition and Start-up Plan	5	4	4
Financial Capacity	5	4	3
Price	35	35	34
<b>Total Points Possible:</b>	<b>100</b>	<b>90</b>	<b>85</b>

During the final evaluation, First Transit received an average score of 90 points out of 100 while Veolia's average score was 85 points. First Transit's total price for the seven year base term is approximately \$3 million lower than Veolia's total price.

### **First Transit – Company Information and Transition Plan**

First Transit, Inc. has been providing public transit services under various names for 53 years. Headquartered in Cincinnati, Ohio, the company provides over 150 million passenger trips per year in 45 states. They are a subsidiary of FirstGroup plc, based in the United Kingdom. FirstGroup is the UK's largest bus and passenger rail operator, with over 137,000 employees nationwide. First Transit's singular purpose as stated in their proposal is "to provide our customers with the safest, most efficient passenger transportation service possible." NCTD currently contracts with First Transit to provide LIFT services.

The attached transition plan proposed by First Transit (Attachment 4B) proactively addresses the challenge of conversion from a directly operated service model to a privatized contract. Their proposal reflects recognition and respect for the skills and value of existing employees who have served the District well for many years. They have clearly stated their intention of hiring as many existing employees as possible and recognize the importance of conveying clear information on what the change in employer and operating conditions will entail. First Transit has assigned San Diego based transition executive, Susan Hafner, as the coordinator of the transition.

First Transit, as our LIFT contractor, has an existing relationship with the Teamsters Local 542. They have assigned a labor attorney, corporate staff and an on-site Human Resources Manager to lead the hiring and recruitment process. General Manager Tim Omick and Transition Manager Susan Hafner will be onsite beginning in January. Regional Vice President Eric Estell will also be directly involved in the transition process.

### **Team Qualifications**

Typically the success of a contract depends on the skills of the management team. First Transit has put together a highly qualified team, including a general manager (Tim Omick) with direct experience in transitioning a public transit agency to a private operation (Birmingham, AL). Tim has worked for First Transit for 16 years and has 36 years of experience in transportation. His most recent full-time assignment was as general manager for the transit system in El Paso, Texas, where he was assigned specifically to improve the efficiency and effectiveness of the operation. Under his leadership, El Paso won the prestigious award of being named Outstanding Metropolitan Transit System in the state of Texas for 2008.

Other key staff members, all of whom will be in attendance at the November 19<sup>th</sup> NCTD Board Meeting, include:

John Pena, Director of Maintenance, a respected industry professional who previously served as First Transit's Regional Director of Maintenance with oversight responsibility for all of the company's western region locations.

Miles Turpin, Director of Transportation, who is currently Assistant General Manager of Operations at one of First Transit's largest fixed route operations in Denver, Colorado. He is currently responsible for a 150 bus operation with multiple facilities and 200 coach operators.

Lisa Prince, the proposed Safety, Training and Quality Assurance Manager, is currently First Transit's District Manager for the state of California. She has general manager/safety and training experience at a system in El Centro and past experience managing a number of dial-a-ride operations, including NCTD's FAST service (discontinued in 2008). She has over 14 years of public transportation experience.

The First Transit team has been extremely responsive and cooperative during the evaluation process, and has offered some innovative cost savings ideas including a driver behavior modification program called Greenroads, which they promise will reduce NCTD fuel usage by 4% annually. They offer additional savings through the consolidation of the LIFT buses into the fixed route facility. Another impressive aspect of their proposal was they intend to offer employees hired from NCTD a better wage package that recognizes seniority in a fair and equitable manner.

#### **Next Steps**

Upon approval, final contract documents will be executed and transition plans will be completed. Transition from NCTD to First Transit will take place from January through June 2010. During this time, existing personnel will be interviewed and offered employment. NCTD is requiring First Transit to recognize seniority and the Teamster Union which currently represents the employees. Also during this time, fleet and facility audits will be conducted and agreed-upon bus and service fleet repairs will be completed prior to turning over the fleet and facilities to the contractor. Effective July 1, 2010, insurance and maintenance of all fleet and facilities will be the responsibility of First Transit.

**ATTACHMENT:** 4A - Evaluation Criteria  
4B – First Transit Transition Plan

**FISCAL IMPACT:** Outsourcing bus operations, maintenance and facilities maintenance, combined with administrative restructuring, is projected to reduce NCTD's operating expenses by approximately \$70 million over the seven-year period.

**STAFF CONTACT:** **Julie M. Austin**  
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November 19, 2009

TO: North County Transit District Board Members  
FROM: Clerk of the Board  
SUBJECT: POSTING OF BOARD AGENDA

In Compliance with the Ralph M. Brown Act, As Amended, the following information is provided.

The Agenda for this meeting of the Board was posted as follows:

Meeting Date and Time:	November 19, 2009; 2:00 p.m.
Posted At:	810 Mission Avenue, Oceanside, CA
Date & Time of Posting:	November 13, 2009; 5:00 p.m.
Posted By:	Clerk of the Board

## **RULES FOR PUBLIC SPEAKERS AT MEETINGS OF THE NORTH COUNTY TRANSIT DISTRICT**

Per Board policy, all public communications at meetings of the North County Transit District shall be made and received in accordance with the following procedures:

### **I. COMMENTS ON ITEMS NOT ON AGENDA**

A. Total time limit all speakers:

Beginning of Meeting: Fifteen (15) minutes  
End of Meeting: No time limit.

B. Time limit per speaker per meeting: Three (3) minutes, with no donation of time allowed

C. Priority: First come first served. All Speaker Slips will be numbered as the Clerk of the Board receives them. Those not allowed to speak at the beginning of the meeting due to limit stated above, will be called at the end of the meeting.

D. Order on agenda: Items will be heard at the beginning of the meeting and if the time limit stated in paragraph A is exhausted, those who filled out a speaker slip and have not yet spoken, will be given an opportunity to speak at the end of the meeting under "*Remaining Public Communications*".

Comments not addressing items on the agenda are out of order.

### **II. TIME LIMITS FOR ADDRESSING MATTERS ON THE AGENDA**

A. Total time limit: None.

B. Time limit per speaker: Three (3) minutes, with one donation of three minutes, for a maximum of six minutes

C. These rules apply to both public hearing and non-public hearing items listed on the agenda.

Comments made not germane to the subject matter of the agenda are out of order.

### **III. CUTOFF FOR TURNING IN SPEAKER SLIPS**

Speakers wishing to speak to an item on the Board Agenda must submit a speaker slip to the Clerk of the Board before that agenda item is called. Speaker slips will be available at the meeting.

Speakers turning in slips after discussion begins on an item will be heard at the end of the meeting under "*Remaining Public Communications*".

### **IV. MODIFICATION OF RULES BY CHAIR**

The Board Chair may, in his or her absolute discretion, relax the requirements of these rules. However, a decision of the Chair to do so in one instance shall not be deemed a waiver of the rules as to any other instance or matter.