

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

December 1, 2005

MINUTES

A. ROLL CALL

Vice Chair Rindone called the meeting to order at 8:50 a.m. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Mr. Emery moved approval of the minutes of the November 3, 2005, Executive Committee meeting and the November 18, 2005, Special Executive Committee Meeting. Ms. Atkins seconded the motion, and the vote was 4 to 0 in favor.

G. PUBLIC COMMENTS *(Taken Out of Order)*

Don Stillwell: Mr. Stillwell requested that changes currently being considered for Route Nos. 13 and 14 as part of the Comprehensive Operational Analysis (COA) be implemented immediately. He stated that these changes are important for passenger safety reasons and could be handled as minor service adjustments, which don't require Board approval. Vice Chair Rindone stated that staff would continue to look at these types of issues as part of the COA process.

C. COMMITTEE DISCUSSION ITEMS

1. MTS: Nomination of Chairperson of the Board of Directors (ADM 110, PC 50101)

MTS Chief Executive Officer (CEO) Paul Jablonski called attention to the packet of materials consisting of Ms. Julianne Nygaard's letter withdrawing her candidacy for the Chair position, as well as a letter from Mr. Harry Mathis expressing his interest and some endorsement letters for Mr. Mathis. The Committee briefly discussed the process to be used for the interview with Mr. Mathis.

Mr. Mathis joined the meeting, and Vice Chair Rindone explained the interview process to him. Mr. Mathis made an opening statement saying that he felt that the next four years were going to be extremely critical years and stated that he was well aware of the challenges facing MTS. He stated that he has the commitment, knowledge, and experience to lead MTS through these challenges and a clarity about what MTS needs to do. He also talked about his passion for public transportation. He stated that he was uniquely qualified to provide the leadership MTS needs. Mr. Mathis provided the following information to Committee members in response to their questions.

Leadership Style: Supports collegiality. Supports building relationships working toward a common goal and working behind the scenes. Does not seek credit or publicity. Is a problem solver. Cited his leadership roles in the U.S. Navy, in a management position with a major utility company, as a partner at a public affairs firm, and as a deputy mayor.

Balancing of Diverse Interests: Feels that there is no substitute for personal contact based on friendship and relationships. Would work together to establish relationships based on mutual respect.

Relationships with Staff Members: Feels that MTS is fortunate to have the professional staff it does. Feels that MTS should develop talent at the lower levels, and he would work closely with top management while being visible to the rank and file. Is a hands-on person. Would work primarily with the CEO, and through him, with the heads of San Diego Transit and San Diego Trolley. Feels he has a lot to bring to the table in terms of his management experience.

Varying Perceptions Between the Board and Staff Over Specific Issues: Feels that the Chair is ultimately responsible for resolving these issues. Chair should take an active role to ensure that these types of conflicts are resolved in a timely manner and are effectively controlled. Feels the Chair would be an arbiter in such a situation.

Public Transportation for People at all Economic Levels: Feels that public transportation is an absolute necessity for a certain segment of the population. Stated that the system also carries a high percentage of choice riders, and the challenge is to increase the number of choice riders that use transit. Feels that this could be accomplished by looking at MTS's relationship with its patrons, which could use improvement. Feels that MTS needs to listen and create a more hospitable atmosphere at Board meetings. Provided the following suggestions: Reduce the distance between the Chair and public speakers, have a larger seating area for the public, and replace the current alarm system with a light to indicate the end of a speaker's time along with adequate warning that their three minutes is about to conclude. Feels that the Chair should do more to put the public at ease. Feels that MTS should provide a personal touch that will get the community to embrace MTS as part of the community.

Time Commitment: Is able to make the necessary time commitment. Is able to devote whatever time is necessary to ensure that SANDAG understands MTS's issues and needs and to ensure that they are being effectively addressed. May at times delegate to another Board member some portion of MTS representation at SANDAG.

MTS's Greatest Challenge: Feels that the system needs to be more flexible in facilitating connections for passengers. Feels that MTS's greatest challenge is the need for a short-range tactical approach to funding and a strategy for identifying long-term sources of revenue that will give MTS more security. Feels that fares are not a viable option in terms of diminishing returns. Is worried that MTS will price itself out of business. Would take a very active role in dealing with these issues.

Greatest Accomplishment: Cited his role in directing the source of the investigation and in the resolution of security issues at San Diego Transit. Played a significant role in getting the funding for the Mission Valley East (MVE) Light Rail Transit (LRT) extension. Played a role in upgrading the appearance of trolley cars and in ensuring adequate funding to cover that upgrade. Influenced the decision to pursue a Central Train Control center. Would like to expand to include communication between bus and trolley operators.

Public Perception of Transit: Would try to provide the public, through the COA, with trips that take a minimum amount of time with a minimum amount of time waiting for a bus to arrive. Would involve the public in discussions regarding service changes. Would try to find a way to get input from the silent majority. Suggested forming an advisory committee comprised of a cross section of people with ties in their respective communities. In order to take advantage of employee knowledge and experience, would recommend the development of an employee suggestion program with a monetary reward for suggestions that provide a financial benefit to MTS.

Working with SANDAG to More Effectively Advocate for MTS: Feels that the greatest opportunity to develop influence at SANDAG is through the Transportation Committee. Feels that the CEO should work side-by-side with the Chair to facilitate an effective relationship with the Transportation Committee. Suggested establishing a regular meeting between the Executive Director of SANDAG, the CEO of MTS, and the Chairs of the MTS Board and SANDAG Transportation Committee. Has a good working relationship with Executive Director of SANDAG. Would use networking, diplomacy and aggressive involvement to educate SANDAG on the importance of a strong public transportation system.

Consolidation with North County Transit District: Would discuss this matter with the CEO to get his opinion on the viability of this concept. Doesn't feel the region could continue without a completely integrated system, which may lead to the establishment of one single agency. Feels that there is an opportunity to get increased ridership by serving the geographic area that is currently being overlooked at the north end of MTS's service area and the south end of North County Transit's service area. Feels that MTS and North County Transit could coordinate more effectively.

Public Meetings Related to the COA: Would make every effort to attend these meetings.

Advocating for Transit: Would involve other Board members in lobbying for public transportation. Would work closely with Blank Rome, the new joint lobbying firm, to develop a very well organized and very specific strategy.

Mr. Mathis summarized by saying that his decision to seek the Chair position was not a sudden one. Has a long history with the Board because he really wanted to be involved in and has a passion for public transportation. Feels he could be an

effective leader and is motivated to do so. Feels the Board needs someone who is aggressive, motivated, and knowledgeable. Mr. Mathis left the meeting.

Mr. Emery stated that Ms. Lynn Schenk is eminently qualified with a wide range of experience and strong connections at the local, state, and federal levels. He supported Mr. Mathis because he sought the position, while Ms. Schenk was nominated by someone else, and because of Mr. Mathis's willingness to devote the necessary time to cultivating MTS's relationship with SANDAG. He also spoke in favor of Mr. Mathis's suggestion that the heads of MTS and SANDAG along with their respective Chairs meet on a regular basis. He hoped that would expand to include North County Transit.

Ms. Atkins stated that both candidates are very strong with different skills sets. She felt that Mr. Mathis has the passion and is very focused, knowledgeable, and interested. She stated that he is a hands-on person that she respects immensely. She felt that Ms. Schenk has a broader vision. She felt that Ms. Schenk would work more as a policy person who would focus on the broader level of where the MTS Board wants to go. She felt that Ms. Schenk would provide greater opportunity for change and a broadening perspective. Ms. Atkins stated that having Ms. Schenk as Chair and Mr. Jablonski as CEO may provide MTS with a better range. She also stated that the effectiveness of a person's commitment is more important than the person's ability to make the time commitment. She felt that Ms. Schenk would complement Mr. Jablonski and be a better choice in terms of the issues currently facing MTS.

Mr. Roberts stated that both candidates are extremely strong. He added that Mr. Mathis knows the issues and has the time while Ms. Schenk is more insightful of the mechanisms at the state and federal level. He stated that MTS's overriding concern is funding, which is a major consideration. He also felt that how an organization spends money and economizes is also a major consideration. He gave Ms. Schenk higher marks on getting funding and Mr. Mathis higher marks in how to spend and economize.

Mr. Rindone agreed with Ms. Atkins and Mr. Roberts stating that each brings a different skill set to the table. He stated that he could be persuaded for either candidate but would base his decision on what the Board is looking for. He asked the Committee if they wanted to present both candidates to the Board.

In response to an invitation from Ms. Atkins to comment, Mr. Jablonski stated that he would like to use the Board to help MTS influence the outside elements that are so critical to MTS's fate. He stated that staff needs assistance in influencing funding decisions made by SANDAG and in advocating for transit. He felt advocating for transit at a policy level is critical. He felt that the Chair's primary responsibility and focus should be in influencing and getting results for MTS at all levels.

Ms. Atkins felt that Ms. Schenk may not attend every meeting but would be more effective at advocating for transit. She stated that Ms. Schenk would understand her responsibility, is driven, and strives for success. She felt Ms. Schenk would try

to find funding resources at SANDAG and at state and federal levels. Mr. Roberts added that another key is how to get elected officials involved at the state and federal level.

Mr. Emery expressed concern that by electing Ms. Schenk, the Board may politicize MTS. He pointed out that local politics are nonpartisan and, therefore, the MTS Board has not had to deal with political party issues. Mr. Jablonski stated that MTS does have a large Board that is very diverse. He added that there needs to be an internal focus and a nonparochial look to the agency.

Mr. Emery moved to recommend Mr. Mathis for the Chair position. His motion died for lack of a second.

The Committee briefly discussed presenting both names to the Board or delaying a decision on this matter. Ms. Atkins stated that the Executive Committee has been tasked with this matter, that all of them have been called upon to make difficult decisions in the past, and that the Board could always overturn the Executive Committee's recommendation. She suggested proceeding with a decision and recommendation for the December 8, 2005, Board meeting.

Action Taken

Ms. Atkins moved to recommend Ms. Lynn Schenk for appointment to the Chair position being vacated by Mr. Leon Williams. Mr. Roberts seconded the motion, and the vote was 3 to 1 in favor with Mr. Emery casting the dissenting vote.

Mr. Rindone suggested that Ms. Schenk be present at the December 8 Board meeting.

The Executive Committee took at recess at 10:30 a.m. so the CEO could inform both Chair candidates of the outcome of this item. The meeting reconvened at 10:50 a.m.

3. MTS: Fiscal Year 2006 Capital Improvement Program (FIN 310.1, PC 50601) (*Taken Out of Order*)

Mr. Larry Marinesi, MTS Budget Manager, reviewed MTS's proposed Capital Improvement Program (CIP) for FY 2007. He reviewed the dollars available through each funding source as well as excess funding transferred from completed projects back into new projects in the CIP. He also reviewed the process that was used to develop the CIP list for FY 2007 and made comments on projects that are currently unfunded under this program. Mr. Roberts suggested that staff revise a line on the FY 07 Unfunded Projects slide to reflect that the "one bus procurement" was for 27 buses. Mr. Marinesi reported on MTS's capital needs for the next five years and compared it to the projected funding for that same period. He reported that MTS has identified \$79.9 million in capital needs for FY 2007 and has only \$29.9 million in funding available.

Mr. Jablonski pointed out that additional State Transit Assistance (STA) and Bus Rapid Transit (BRT) funding as well as SANDAG's funding of the bond payments

on the fare collection system are one-time opportunities that will be not available next year. He also stated that a substantial portion of the available funding has been allocated toward the maintenance of trolley infrastructure and the purchase of paratransit vehicles and pointed out that other funds have been earmarked for particular projects. He added that MTS need to be aggressive in identifying other funding opportunities in order to meet its projected capital needs. He added that the COA will trim some costs, but MTS will need to be more aggressive at the federal level in seeking funds for specific projects.

Mr. Rindone stated that the COA will help MTS to right-size the system and therefore maintain its viability. He stated that Board members will have to be cognizant of how COA changes will affect MTS's financial position and ability to fund projects identified in the CIP. He stated that this is essential is MTS is to continue to provide any service at all and stated that Board members may have to support unpopular service changes to that end.

The Committee briefly discussed the purchase of buses and funding that would be available for that purpose. Mr. Roberts suggested that Air Pollution Control District (APCD) funding be used for the purchase of new buses. Ms. Claire Spielberg, MTS Chief Operating Officer – Bus, reported that San Diego Transit no longer qualifies for APCD funding because all of its buses now meet air pollution standards. Mr. Jablonski stated that he would confirm that that APCD funding could not be used. Mr. Jablonski pointed out that \$14 million to \$15 million a year would be needed to replace buses when they should be replaced on top of \$15 million per year to rehabilitate trolley vehicles. He stated that this would take all of MTS's funding allocation. He added that there is \$20 million still available through TransNet, and MTS should lobby for \$5 million to \$7 million of that for the next seven to eight years. Mr. Jablonski stated, in response to a question from Mr. Roberts, that MTS can find 20 percent matching funds for bus purchases.

Mr. Jablonski stated that staff's recommendation this year asks the Board to authorize the CEO to adjust projects within the CIP as federal appropriation figures are obtained and/or other funding sources become available. Mr. Rindone supported that recommendation. He stated that staff could come back and confirm with the Board.

Action Taken

Mr. Emery moved to forward a recommendation to the Board of Directors to: (1) approve the Fiscal Year 2007 Capital Improvement Program (CIP) with the estimated federal funding levels. As the federal appropriation figures are obtained and/or other project funding sources become available, allow the CEO to identify and adjust projects for the adjusted funding levels; (2) recommend that the SANDAG Board of Directors approve the submittal of federal Sections 5307 and 5309 applications for the MTS Fiscal Year 2007 CIP (shown in Attachment A of the agenda item) after the federal appropriations are finalized; (3) recommend that the SANDAG Board of Directors approve the transfer of \$2,452,150 from the indicated projects to the Fiscal Year 2007 CIP; and (4) recommend that the SANDAG Board of Directors approve the amendment of the Regional Transportation Improvement

Program (RTIP) in accordance with the Fiscal Year 2007 CIP recommendations. Ms. Atkins seconded the motion, and the vote was 4 to 0 in favor.

2. MTS: Proposed Modifications of MTS Board Policy No 22 for Appointment of Committee Members and Chairperson (ADM 110, PC 50101)

The Executive Committee discussed deferring this agenda item. Ms. Tiffany Lorenzen, MTS General Counsel, pointed out that MTS's enabling legislation requires that the Board elect its Chair and Vice Chair in January of each year. She stated that the Committee could ask the Board to authorize the formation of an Ad Hoc Policy Review Committee to review Board Policy No. 22 or current appointments could continue until the Executive Committee reviews and makes recommendations for revising this policy.

Action Taken

Mr. Rindone moved to recommend that the Board authorize the creation of an Ad Hoc Policy Review Committee consisting of Toni Atkins, Tom Clabby, Bob Emery, Jerry Rindone, and Ron Roberts to review and make recommendations for revisions to MTS Board Policy No. 22 to allow for a clearly defined Chairperson appointment process, committee member appointment process, and Executive Committee composition and rotation schedule. The Ad Hoc Policy Review Committee would meet in December and report to the Executive Committee on January 5, 2006. Proposed revisions would be presented to the Board on January 12, 2006. Mr. Emery seconded the motion, and the vote was 4 to 0 in favor.

D. REVIEW OF DRAFT DECEMBER 8, 2005 BOARD AGENDA

Recommended Consent Items

6. MTS: FY 06 Vendomat Tickets – Exercise Final Contract Option (FIN 330.3, PC 40060)

Recommend that the Board of Directors authorize the CEO to exercise the final of four options with Digital Printing Systems, in substantially the same form as shown in Attachment A of the agenda item, to produce and deliver a total of 7.3 million vendomat tickets, for a total cost not to exceed \$58,200.99 (including tax and shipping), based on a \$2.01 unit price per 1,000 for rolled stock, \$4.34 unit price per 1,000 for thermal stock FF, and \$11.76 unit price per 1,000 for Cubic rolled thermal stock.

7. MTS: An Ordinance Amending Ordinance No. 4, An Ordinance Establishing a Metropolitan Transit System Fare-Pricing Schedule (ADM 110.3, PC 50451)

Recommend that the Board of Directors adopt the ordinance as attached to the agenda item entitled "An Ordinance Establishing a Metropolitan Transit System Fare-Pricing Schedule" and direct publication of an ordinance summary.

8. MTS: Increased Authorization for Legal Services (LEG 491, PC 50633)

Recommend that the Board of Directors authorize the CEO to enter into contract amendments with Roger Bingham of the law firm Butz Dunn DeSantis Bingham, APC (MTS Doc. No. G0723.14-02, Attachment A of the agenda item), John Madsen of the law firm Liebman, Quigley, Sheppard & Soulema, APLC (MTS Doc. No. G0721.7-02, Attachment B of the agenda item), and Mark Barber of the law firm Wismar & Barber (MTS Doc. No. G0750.8-02, Attachment C of the agenda item) for legal services, in substantially the same form as attached to the agenda item, and ratify prior amendments entered into under the CEO's and/or previous General Manager's authority(ies).

9. MTS: Anderson and Rancho Industrial Park, a Limited Partnership, Right-of-Entry Permit and Licenses (SDAE 710.1, PC 50771)

Recommend that the Board of Directors authorize the CEO to execute an agreement and entitlement documents with Walter H. Anderson and Jessie L. Bernloehr-Anderson, trustees, and Rancho Industrial Park, a limited partnership, owners of Assessor Parcel Nos. 482-320-08 and 482-320-10, respectively, to cover proposed encroachments onto property owned by MTS and San Diego and Arizona Eastern (SD&AE) Railway Company.

10. SDTI: Right-Of-Way Vegetation Control Services – Contract Amendment and Extension (OPS 970.6)

Recommend that the Board of Directors authorize the President-General Manager of SDTI to (1) approve contract Amendment No. 3 (SDTI Doc. No. C.O. 008.3-04), in substantially the same form as shown in Attachment A, with Allied Weed Control to add 16 acres of chemical application on the Mission Valley East track right-of-way in an amount not to exceed \$2,216.49; and (2) approve contract Amendment No. 4 (SDTI Doc. No. C.O. 008.4-04) in substantially the same form as shown in Attachment B, with Allied Weed Control to exercise a contract option to extend the right-of-way vegetation control services contract, including Amendment No. 3 above, and add an additional cost of \$4,712.00 for a new chemical, for one additional year, for a total cost not to exceed \$35,009.40.

11. SDTI: LRV Pantograph Parts Procurement – Contract Award (OPS 970.6)

Recommend that the Board of Directors authorize the President-General Manager to execute a Standard Procurement Agreement (Attachment A of the agenda item) with Schunk Graphite Technologies, Inc. for LRV pantographs and pantograph parts, for a total cost not to exceed \$38,994.36, including California sales tax.

Recommended Consent Items

There was no discussion of Recommended Consent Items.

Recommended Board Discussion Items

There was no discussion of Recommended Board Discussion Items.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

Mr. Jablonski reported that the agenda for the next Transportation Committee meeting, which will be held on Friday, December 9, 2005, has not yet been received. He stated that any issues of concern will be discussed at the December 8, 2005, Board meeting.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

Letter to Planning Commission: Ms. Atkins requested that a line be removed from a recent letter sent to the Planning Commission regarding the Stella Project.

Vacancy on Board of Directors: Vice Chair Rindone requested that Ms. Atkins ask Mayor Sanders to fill the vacancy created by Michael Zucchet's departure from the MTS Board as soon as possible.

Chair Candidates: Mr. Jablonski reported that he had informed both Chair candidates of the outcome of the Executive Committee's discussion regarding the appointment of a new Chair. He added that Ms. Schenk cannot attend the December 8, 2005, Board meeting due to a prior commitment.

H. NEXT MEETING DATE:

The next meeting is scheduled for Thursday, January 5, 2006, in the Executive Conference Room.

I. ADJOURNMENT

Vice Chair Rindone adjourned the meeting at 11:38 a.m.

Chairman

Attachment: A. Roll Call Sheet
gailwilliams/minutes