

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

November 6, 2008

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

A. ROLL CALL

Chairman Mathis called the meeting to order at 9:01 a.m. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Mr. Ewin moved approval of the minutes of the October 23, 2008, Executive Committee meeting. Mr. Monroe seconded the motion, and the vote was 4 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

1. MTS: Legislative Workshop (LEG 410)

Ms. Sharon Cooney, Director of Government Affairs and Community Relations, provided a review of 2008 legislative activities and a review of priorities for 2009 as well as an approach for advocacy efforts.

Ms. Cooney reviewed funding received by MTS through the Transit Security Grant Program and reported on the passage of the Rail Safety Act of 2008. She added that work remains to be done to clarify some ambiguity in the language of the Act. She also briefly discussed economic stimulus packages, efforts to get funding for transit services to military facilities, and other legislation related to energy security and climate change that did not get enacted.

Ms. Cooney also reported that MTS worked with the Federal Transit Administration (FTA) on charter regulations as they applied to MTS Chargers Service. She stated that MTS was allowed to operate its Chargers Express Service but only after listing it on the FTA web site offering private operators an opportunity to provide the service. In response to a question from Mr. Rindone, Mr. Paul Jablonski, CEO, reported that three operators did express an interest, but once they were provided with more detail, they declined. Chairman Mathis suggested providing detailed information when this service is initially posted on the web site to prevent this situation from developing again. Ms. Cooney stated that staff continues to work with the FTA toward an exemption for MTS Chargers service.

Ms. Cooney also reported that the traffic study for the San Ysidro Border Reconfiguration project does not address the true impacts on transit and pedestrian

movement at this location and added that mitigation funding is needed. She stated that MTS, SANDAG, and the City of San Diego are working to ensure that transit elements are taken into consideration and that bidirectional pedestrian movement is part of the plan. Chairman Mathis stated that the General Services Administration will be required to do an environmental impact study, which could assist in staff's efforts related to public transit and pedestrian movement.

Ms. Cooney then reviewed the state budget for 2008 and the funding that MTS received through Proposition 1B. She reported that MTS has not received its last payment of State Transit Assistance (STA) funding yet. She also reported that the state budget is being reopened, and Proposition 42 as well as STA funding is at risk. She reported that the state is facing a shortfall of about \$11 billion for 2009 and up to \$13 billion for 2010. She added that the state budget totals about \$103 billion.

Ms. Cooney also reviewed a recent ruling issued by the IRS that states that entities cannot use transactions strictly to avoid paying taxes. She stated that some organizations that have entered into sale/leaseback transactions are being required by the IRS to pay back their tax benefits. Mr. Cliff Telfer, Chief Financial Officer, reported that MTS has not been contacted by the IRS and that may be because MTS's transaction was structured differently. In response to a question from Mr. Emery, Mr. Telfer reported that staff is working with the auditors to determine the potential impact to the parties of the transaction if the IRS were to contact MTS about reimbursement. Ms. Tiffany Lorenzen, General Counsel, advised the Committee that some of the banks that are involved in the other transactions are making deals with the IRS that may have a bearing on the ultimate impact on transit agencies that entered into these transactions. Mr. Telfer estimated that the potential impact could be between \$1 million and \$4 million. Mr. Jablonski reported that the courts have ruled that the IRS can "claw" back to reclaim tax benefits from these transactions and that the impact on transit agencies was an unintended result of this ruling. In response to a question from Mr. Rindone, Ms. Lorenzen stated that the only lease that MTS still holds will be completed in 2015 with a balloon payment that could be paid or restructured for payment that would end in 2028. Mr. Jablonski pointed out that the FTA encouraged these types of transactions in order to allow large transit systems to buy rolling stock.

Ms. Cooney then discussed legislation related to climate change. She also reported that the state legislature passed regulations to inhibit the theft of copper wire. She reported that salvage yards are now required to report their copper wire purchases, there is a three-day delay before payment can be made to the seller, and the salvage yard must take a picture and thumbprint of the seller. She stated that the seller must also reimburse the agency from which the wire was stolen. Ms. Cooney also reported that MTS is seeking to be upgraded to Tier 2 status under the Transit Security Grant Program, which would result in MTS having access to more funding for security-related items.

Ms. Cooney reported that it is her goal to meet with each of the congressional offices to advocate for transit before the new Congress is seated. She also reviewed other approaches that MTS is taking to advocate for additional funding.

Mr. Ewin stated that Board members can be more effective advocates if materials are provided to them when issues arise. He stated that he would like to be involved when Ms. Cooney meets with Representative Hunter. Mr. Monroe discussed the importance of meeting with key staff members in delegate offices at the national level. Mr. Jablonski reported that MTS and SANDAG staff members visit delegate offices in February of each year to meet with key staff members.

Ms. Cooney stated that delegates are receptive in meetings where transit needs are discussed but that there is a lot of competition for funding for other programs; e.g. education, health care, and social services. Chairman Mathis pointed out that public agencies are at a disadvantage because they cannot contribute to political campaigns and must rely solely on the merit of their projects/needs. He stated that transit needs to get the message across that transit should be given a higher priority, especially given recent increases in the demand for transit services. Ms. Atkins suggested contacting the San Diego Organizing Project for assistance in this regard. She stated that they are very effective and could prove to be a good ally.

Mr. Jablonski stated that advocacy to maintain the funding that transit receives from Proposition 42 is also very important as \$14 million is at risk. He reported that MTS is already facing a \$5 million shortfall this year as a result of the decline in sales tax revenues. He stated that because of increased ridership revenue and the fall in fuel prices, MTS can address the shortfall from the drop in sales tax revenues but will face a real problem if any Proposition 42 funding is lost. Mr. Rindone suggested contacting the California League of Cities for assistance in advocating for the maintenance of Proposition 42 funding. Ms. Cooney stated that the League of Cities and the California Transit Association are already joining forces on this matter.

Action Taken

Mr. Rindone moved to (1) receive a report on 2008 legislative and intergovernmental activities; (2) discuss approaches to advocacy in 2009; and (3) review staff recommendations for state and federal legislative programs and recommend approval by the Board of Directors. Mr. Ewin seconded the motion, and the vote was 7 to 0 in favor.

2. MTS: Airport Express-Bus Pilot Program (OPS 960.2)

Mr. Mark Thomsen, Senior Transportation Planner, provided an overview of the Airport Express-Bus Pilot Program and the request that MTS write a letter of support for this program. He stated that the pilot program would run for six months and could be terminated at any time by MTS if it is having a negative impact on the parking at the Old Town Transit Center. Mr. Thomsen reviewed the procedures that have been developed to ensure that patrons of this service are arriving at Old Town on other transit services, not parking there to take advantage of the program. He reported that additional procedures may have to be developed when the Compass Card program is launched. He also reported that any additional expense that MTS incurs as a result of this service will be reimbursed to MTS by the airport. Mr. Thomsen reviewed the routing and schedule for this service and reported that

the schedule will connect with peak-period Coaster, bus, and trolley services. Mr. Thomsen reported that 99 percent of the parking at Old Town is already being used and that airport employees have little incentive to park there to use the airport express bus because they only pay a nominal fee to park at the airport if they pay any fee at all.

Mr. Thomsen introduced Mike Kulis, Regional Airport Authority Director of Intergovernmental Relations, and Brett Caldwell, their transportation planner who worked on this project.

Mr. Thomsen assured Mr. Roberts that the operation of this service will not interfere with the operation of transit and trolley operations. He also reported that the bus stop is out of traffic lanes and is only used for MTS service once a day. He stated that there is room for both buses at this stop should they arrive at the same time. Mr. Jablonski added that passengers will have to use the tunnel to access this service so there should be no issues with the California Public Utilities Commission. Mr. Roberts stated that MTS needs a monitoring program to ensure that people are not parking at Old Town and using this service. Mr. Jablonski stated that MTS security staff will be doing that. Mr. Coulis pointed out that there will be only five trips during each peak period so monitoring should be relatively simple.

In response to a question from Mr. Monroe, Chairman Mathis reported that the Department of Parks and Recreation owns the property being used for this program and has therefore been approached by the airport for permission to operate the service from this location.

Mr. Caldwell reported that, in a recent survey of airport employees, 60 percent said they would use this service if it was available. He added that the airport encourages its employees to use transit by providing subsidies to offset the cost of fare media. He added that about 17 percent of the airport's employees use transit even though they get free parking at the airport.

In response to a question from Mr. Roberts, Mr. Jablonski stated that MTS has other programs where private shuttles are carrying employees from transit stops to the businesses that employ them.

Action Taken

Mr. Emery moved to provide input regarding the submittal of a letter of support for the use of the Old Town Transit Center by Lindbergh Field employee shuttles. Mr. Roberts seconded the motion, and the vote was 7 to 0 in favor.

3. MTS: Annual Service Performance Monitoring Report (SRTP 830)

Mr. Jablonski reported that this is the second year this report has been presented. He stated that staff is in the process of developing a substantial data base that will track many different performance indicators including those for contract services. Ms. Cooney advised the Committee that the report conforms to the format dictated by Board policy but added that staff is open to suggestions for changes. She

stated that the information presented is for the first full year of service under the system that resulted from the Comprehensive Operational Analysis.

Mr. Devin Braun, Senior Transportation Planner, reviewed statistics for Total Passengers, Average Weekday Passengers, Passengers Per Revenue Hour, Passenger Per In-Service Hour, On-Time Performance, Accidents, Complaints, In-Service Miles, Peak-Vehicle Requirement, Farebox Recovery Ratio, and Subsidy Per Passenger. It was pointed out that the reporting period for this data ended June 30, 2008, and ridership has increased since that date.

In response to a question from Mr. Roberts, Mr. Jablonski reported that real-time next-bus information is available along Broadway as part of the Regional Transit Management System but will have to be expanded to cover other areas. He stated that only the busiest stops will have this type of information and that it will be available for rail in the next year. Ms. Cooney stated that MTS is working with the private sector in an effort to expand this program. Mr. Jablonski reported that staff will report back on using 511 and an automated vehicle-locator (AVL) program feature. He added that only one-half of the entire MTS fleet has AVL and none of the contract service buses have it.

Mr. Braun reported that on-time performance on Broadway is low for Premium Express service because of the manner in which the schedule is written and where on-time readings are taken. He reported that the schedule is written without consideration for traffic delays along Broadway so that if traffic is flowing normally, buses arrive on schedule. He stated that if the schedule were written taking traffic delays into consideration, operators would have to wait if they arrive at their stops early thus causing additional congestion in this corridor. He reported that, from this point forward, readings will be taken when the bus has completed its trip on Broadway. In response to a comment from Mr. Roberts, Mr. Jablonski stated that data for this category in future reports will be more current. In response to a comment from Mr. Monroe, Mr. Jablonski explained that the delays on Broadway are no more than five to six minutes. Mr. Braun explained that the first three stops on Broadway are almost always on time.

Mr. Braun explained that MTS's Farebox Recovery Ratios all exceed those required by the Transportation Development Act, and Mr. Jablonski advised Mr. Ewin that there is no limit on how high Farebox Recovery Ratios can go. Mr. Rindone requested that staff provide a report to the Committee on college pass use.

In response to a question from Mr. Ewin, Ms. Cooney reported that the process for gathering and reporting this data is very labor intensive and, in current budget times, it is important to be aware of everything staff is being asked to do.

In response to a question from Mr. Roberts, Mr. Cliff Telfer, Chief Financial Officer, reported that a formula (based on a sample) is used to account for pass ridership, where customers can board multiple routes using one fare media, compared to cash ridership where a fare is paid for each trip.

Action Taken

Mr. Rindone moved to receive a report for information. Mr. Ewin seconded the motion, and the vote was 7 to 0 in favor.

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

1. **MTS: KMD Bus Wash Renovation Project** (CIP 11207)

That the Executive Committee forward a recommendation to the Board of Directors to authorize the CEO to execute MTS Doc. No. PWB106.0-09 (in substantially the same format as Attachment A of the agenda item) to Teliard Construction for the Kearny Mesa Division Bus Wash Renovation Project.

2. **MTS: Rail Profile-Grinding Services** (CIP 11206)

That the Executive Committee forward a recommendation to the Board of Directors to authorize the CEO to execute MTS Doc. No. PWL104.0-09 (in substantially the same form as Attachment A of the agenda item) with Advanced Rail Management Corporation for rail profile-grinding services for a five-year period.

3. **MTS: Third-Party Administration Services for Workers' Compensation Contract Award** (OPS 960.2, 970.2)

That the Executive Committee forward a recommendation to the Board of Directors to authorize the CEO to execute MTS Doc. No. G1182-0-08 (in substantially the same format as Attachment A of the agenda item) with TRISTAR Risk Management for third-party administration services for workers' compensation for a five-year base period with two 1-year options.

4. **MTS: Southland Transit, Inc. – Contract Option Year** (OPS 920.6)

That the Executive Committee forward a recommendation to the Board of Directors to authorize the CEO to execute MTS Doc. No. B0449.1-06 (in substantially the same format as Attachment A of the agenda item) for: (1) one 12-month option period of central minibus fixed-route with Southland Transit, Inc; and (one 12-month option period for Sorrento Valley Coaster Connection with Southland contingent upon securing sustainable funding for this service.

5. **MTS: Increased Authorization for Legl Services – Liebman, Quigley, Sheppard & Soulema, APLC** (CIP 11206)

That the Executive Committee forward a recommendation to the Board of Directors to authorize the CEO to execute MTS Doc. No. G1087.3-07 (in substantially the same form as Attachment A of the agenda item) with Liebman, Quigley, Sheppard & Soulema, APLC for legal services and ratify prior amendments entered into under the CEO's authority.

Action Taken

The Committee accepted the agenda items listed in this section for the Consent Agenda portion of the November 13, 2008, Board agenda.

E. REVIEW OF DRAFT NOVEMBER 13, 2008, BOARD AGENDA

There were no additional Consent Items other than those indicated in Section D of the minutes.

Recommended Consent Items

There was no additional discussion of the recommended Consent Items.

Recommended Board Discussion Items

There was no discussion of recommended Discussion Items.

F. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

Ms. Cooney reported that the SANDAG Transportation Committee would be adopting a mitigated negative declaration for the Mid-City Rapid Bus Project. She also reported that they will have the second reading of their fare ordinance, which is being amended to incorporate a new agreement for revenue sharing for Regional Day Passes. Mr. Jablonski reported that MTS and the North County Transit District have agreed to retain their own revenues, which very closely match the current split ratio for funding. He added that a survey is done every year, and the agreement can be amended to reflect any changes revealed through this process. Ms. Cooney reported that the Transportation Committee will also be approving the use of federal funds currently programmed for the Nobel Drive Coaster Station for enhancements to the University Towne Centre transit center.

Ms. Cooney also reported that the Transportation Committee will be given an update on planning for the I-15 Bus Rapid Transit Stations at El Cajon Boulevard and University Avenue and will be taking action to shift funding from MTS to SANDAG for the installation of additional rail station Compass Card validators.

G. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

There were no Committee Member communications.

H. PUBLIC COMMENTS

There were no Public Comments.

I. NEXT MEETING DATE:

The next meeting is scheduled for Thursday, December 11, 2008, at 9:00 a.m., in the Executive Conference Room.

J. ADJOURNMENT

Chairman Mathis adjourned the meeting at 10:55 a.m.

A handwritten signature in black ink, appearing to be "J. Mathis", is written over a horizontal line.

Chairman

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

**EXECUTIVE COMMITTEE
METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) 11/06/08

CALL TO ORDER (TIME) 9:01 a.m.

RECESS _____

RECONVENE _____

CLOSED SESSION _____

RECONVENE _____

ADJOURN 10:55 a.m.

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ATKINS <input checked="" type="checkbox"/> (Young) <input type="checkbox"/>	9:06 a.m. during AI C1	
EMERY <input checked="" type="checkbox"/> (Cafagna) <input type="checkbox"/>		
EWIN <input checked="" type="checkbox"/> (Clabby) <input type="checkbox"/>		
MATHIS <input checked="" type="checkbox"/>		
MONROE <input checked="" type="checkbox"/> (McLean) <input type="checkbox"/>		
RINDONE <input checked="" type="checkbox"/> (Emery) <input type="checkbox"/>	9:03 a.m. during AI C1	
ROBERTS <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:06 a.m. during AI C1	

SIGNED BY OFFICE OF THE CLERK OF THE BOARD

Gail Williams

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL:

[Signature]