

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

December 7, 2006

MTS  
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

A. ROLL CALL

Chairman Mathis called the meeting to order at 9:00 a.m. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Ms. Atkins moved approval of the minutes of the September 21, 2006, Executive Committee meeting. Ms. Hanson-Cox seconded the motion, and the vote was 4 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

1. MTS: Legislative Update and Proposed Federal and State Legislative Goals  
LEG 410, PC 50121

Ms. Sharon Cooney, MTS Director of Governmental Affairs and Community Relations, provided the Committee with an overview of legislative activities that occurred during 2006 and proposed federal and state legislative goals for 2007. During her review of federal legislative activities during 2006, she pointed out that Section 5316 Job Access and Reverse Commute funding is now being granted on a competitive basis. During her review of legislative proprieties for 2007, she pointed out that there are new Section 5311 formula funds for rural bus that will be available to MTS. She also advised the Committee that the new federal legislature appears to have a greater focus on transit security than the previous legislature.

Action Taken

Mr. Rindone moved to forward a recommendation to the Board of Directors to (1) receive a report on 2006 legislative and intergovernmental activities; (2) accept the proposed MTS 2007 Federal Legislative Program; (3) accept the proposed MTS 2007 State Legislative Program; and (4) authorize the CEO to direct MTS's Sacramento and Washington representatives to advocate the state and federal legislative programs. Ms. Hanson-Cox seconded the motion, and the vote was 5 to 0 in favor.

2. MTS: Report on Discussions with City of National City Regarding Transferring Operational Responsibility for National City Transit Service OPS 930

Mr. Paul Jablonski, MTS Chief Executive Officer, reminded the Committee that this item was tabled at the November 9, 2006, Board meeting in order to allow further discussion with National City and McDonald Transit prior to Board action. Mr. Jablonski reported that a meeting was held that included Mr. Ron Morrison as well as the city attorney and Assistant Manager representing National City, Mr. Steve Alcove representing the Amalgamated Transit Union (ATU) – Local 1309, and three representatives from McDonald Transit. He reported that Chairman Mathis, Mr. Emery, and Mr. Monroe as well as various staff members represented MTS. He distributed copies of a letter dated December 4, 2006, in which McDonald Transit proposed operating National City transit service at a reduced rate. He stated that the purpose of the meeting was to hear about this proposal to reduce costs and become more competitive with MTS's projected cost savings, hear MTS's plans for National City Transit employees, and discuss the National City Transit operating division property at 8<sup>th</sup> Street.

Mr. Jablonski reported that McDonald Transit's proposals reduce nondriver staff, with one proposal reducing costs by \$337,000 and the other by \$428,000 compared to MTS's projected savings of \$560,000. He stated that these numbers are based on revenue vehicle miles. He advised the Committee that, based on staff's analysis, the only way that it becomes more beneficial to keep McDonald Transit purely from a cost standpoint would be if the proposed reduction of 7½ out of 16½ nondriving positions were implemented and if National City were to forego its overhead charge of \$130,000 as well as its property rental of an additional \$130,000.

Mr. Jablonski did not feel that the recommended personnel reductions of three quarters of the administrative staff and all but one of the mechanics made for a viable proposal. He advised the Committee that the general standard for the ratio of mechanics to buses is one mechanic for 3 to 4½ buses. He stated that McDonald Transit's proposal results in one mechanic for 14 buses. He also pointed out that, if McDonald Transit's proposal were accepted, MTS would have to invest in a compressed natural gas facility when it already has one close by. He added that MTS could assume this operation within its existing infrastructure, thereby eliminating a redundant structure and additional bureaucracy. He added that MTS's oversight of various operations would be reduced. Mr. Jablonski suggested that MTS proceed with the assumption of this service.

Mr. Jablonski reported that staff has developed a draft Memorandum of Understanding (MOU), which has been forwarded to National City for its comment. He stated that, under this MOU, the assumption of National City transit service would become effective under the Comprehensive Operational Analysis (COA) effective March 4, 2007. He added that the MOU recommends the continuation of rent for the 8<sup>th</sup> Street property, overhead, and the management fee until the end of March for transition purposes.

Mr. Jablonski advised the Committee that MTS would try to give National City Transit employees the latitude to transfer wherever MTS has positions open. He

stated that these employees would transfer without decreases in pay and that benefits would be comparable at MTS's contract provider, Veolia, and better at San Diego Transit. He added that, during the meeting with National City, it was the consensus of the group that the 8<sup>th</sup> Street property be turned into a new transit center. He reported that staff will continue its efforts to identify funding for that purpose. He added that Mr. Morrison opened the meeting stating that National City is not opposed to MTS's assumption of National City transit service and recognizes MTS's authority to do so. Chairman Mathis reported that the ATU will have to work with transferring employees to reach agreement on seniority issues. He stated that he was under the impression that these employees would not receive seniority credit as part of the transfer.

Mr. Jablonski reported that the January shake-up could not be moved to March without ATU membership approval, which could not be obtained until mid-December; therefore, National City changes were removed from the January shake-up and would become effective March 4.

Mr. Emery stated that he felt that National City left the meeting with a more positive outlook on the upcoming changes. Chairman Mathis briefly discussed possible interim uses of the 8<sup>th</sup> Street property and reminded Board members that McDonald Transit stated at the November 16, 2006, special Board meeting that they would not seek automatic renewal of their contract. Mr. Jablonski added that McDonald's contract can be terminated with 30-days notice if funding is eliminated.

Ms. Atkins thanked the Board members who participated in the meeting with National City and also thanked staff who worked hard on this issue at the request of the Board. She stated that Mr. Jablonski and MTS staff represented the region well by going the extra mile to address the concerns of its member agency, National City. Mr. Emery requested that Mr. Jablonski reiterate the points he made during his presentation in a letter to Mr. Morrison. Mr. Rindone requested that Board members receive copies of this letter.

#### Action Taken

Ms. Atkins moved to reaffirm a positive recommendation to the Board on this item subject to the modified proposal for an effective date of March 4, 2007, for changes to National City transit service. Mr. Roberts seconded the motion, and the vote was 5 to 0 in favor.

3. MTS: TransNet Early Action Program and Blue and Orange Line Trolley Improvements (CIP 11200)

Ms. Cooney reported that on November 17, 2006, the SANDAG Board approved the inclusion of Blue Line and Orange Line trolley improvements in the TransNet Early Action Program (EAP). She stated that this item was being brought to the MTS Executive Committee and Board because the decision to include these improvements really lies with MTS. She referred the Committee to Attachment A of the agenda item and gave a brief overview of the improvements. She stated that financing for these improvements would be covered by the TransNet II set-aside for bond financing so MTS would not be bearing those costs in their project.

Mr. Jablonski stated that this is a significant issue to MTS and stated that staff is working with SANDAG to identify how track rehabilitation and catenary could also be accomplished as part of the project. He stated that MTS must get serious about how it implements a completely low-floor system. He stated that he believes that MTS needs additional assistance from the outside to help develop a plan for implementing a low-floor system and to determine how best to prioritize rehabilitation projects given the available funding.

Mr. Jablonski advised the Committee that discussions about the C Street Master Plan are ongoing, and there are issues that need to be addressed regarding how three-car consists comprised of S70 vehicles can be accommodated. He advised the Committee that a three-car S70 consist is 30 feet longer than a three-car consist comprised of U2 or SD100 trolley cars. He stated that there are similar issues at Smart Corner and America Plaza. He stated that these issues drive the need for making decisions regarding what cars are used in consists, whether or not to rehab older trolley cars, purchase more low-floor cars, etc. He pointed out that the rehab of U2 cars to enable them to run in mixed consists with S70 cars could cost up to \$1.8 million per car. He added that MTS's U2s are at least 25 years old and can only be used for another 10 to 12 years.

Mr. Roberts stated that he would look unfavorably on any plan that imposed operational restrictions or would cause a reduction in the capacity of trolley service in the downtown area. He felt that any downtown plans should be on hold until these issues are addressed. Mr. Jablonski stated that he hopes to have a plan developed by the end of the fiscal year. He also stated that MTS would really like to work its way up to four-car consists because it is already at capacity with three-car consists. He added that San Diego Trolley is carrying 110,000 passengers per day. Chairman Mathis added that 1/3 of trolley ridership is traveling in the C Street corridor. It was pointed out that MTS is working with both the City of San Diego and the Centre City Development Corporation to arrive at a plan for future trolley operations in downtown. Ms. Atkins asked that she be kept informed regarding downtown issues.

Mr. Rindone stated that he agreed with Mr. Roberts regarding operating restrictions and loss of capacity on downtown trolley services. In response to a question from Mr. Rindone, Mr. Jablonski stated that S70 low-floor trolley cars do have more capacity for wheelchair passengers than other trolley cars.

Mr. Jablonski advised the Committee that the implementation of a complete low-floor system would take many years. He stated that San Diego Trolley has 123 cars in use that are not low floor that would have to be replaced at \$4 million per car. He added that placing an S70 car in the center of a three-car consist could be used as an interim step, and U2 cars would have to go through rehab in order to make them work with the S70 cars. Mr. Rindone stated that a low-floor system is a long-range goal and that MTS should also consider retrofitting stations to accommodate four-car consists in anticipation of future growth in ridership. Mr. Jablonski stated that MTS would also like to have the Green Line serve downtown in order to eliminate problems at the Old Town Transit Center. He stated that there are many different approaches that must be considered in the development of a plan.

Action Taken

Mr. Rindone moved to forward a recommendation to the Board of Directors to (1) authorize the CEO to gain San Diego Association of Government approval to include Blue Line and Orange Line trolley improvements in the TransNet Early Action Program at its December Board meeting; and (2) authorize the CEO to initiate a contract for consulting services for a study of Blue and Orange Line trolley rehabilitation. Ms. Hanson-Cox seconded the motion, and the vote was 5 to 0 in favor.

4. MTS: Policies and Procedures No. 18 (Joint Use and Development of Property (LEG 461, PC 50791)

Mr. Tim Allison, Manager of Real Estate Assets, reviewed staff's recommended changes for this policy. He reminded the Committee that these changes are being considered as a result of the recommendation of the Executive Committee to revise the policy based upon recent experience with the Morena Vista and Grossmont Trolley development projects. He also advised the Committee that a priority list of developable properties would be presented to the Board at its January 18, 2007, meeting.

Mr. Rindone objected to the removal of the policy criteria that MTS encourage that projects provide public restrooms. Mr. Emery agreed as did Ms. Hanson-Cox, who stated that El Cajon businesses are being disrupted by trolley patrons looking for restroom facilities. Mr. Rindone stated that even though restroom facilities are expensive to provide and hard to maintain, as a public agency, MTS should encourage the provision of these public facilities. Staff pointed out that restrooms would not be precluded from developments as a result of the removal of this criteria, and Chairman Mathis pointed out that MTS is simply trying to maximize the amount of flexibility it has in negotiating these types of projects.

Mr. Roberts stated that the language in the policy should be stronger with regard to the use of an Exclusive Negotiating Agreement (ENA). He felt that ENAs should only be used in cases where there is definitive justification presented to the Board to use that approach. Mr. Jablonski stated that MTS would like to have more flexibility with regard to encouraging competition for development of MTS-owned properties and felt that a more open process would stimulate greater creativity and a greater economic benefit for MTS. Ms. Atkins asked if MTS was adequately staffed to proactively pursue development projects. Mr. Jablonski reported that a real estate expert and a real estate engineer were approved by the Board during the budget process for fiscal year 2007, and the hiring of these two positions would bring a greater depth of experience to the department and position MTS to be able to take a more proactive approach.

Mr. Jablonski reported that there are four to five potential sites along the Blue Line that could be developed. He stated that the generation of additional revenue through these types of projects could offset the expense of rehabbing U2 trolley vehicles if that avenue is pursued.

Mr. Roberts suggested that staff include a requirement that developers make a nonrefundable deposit when making a development proposal to MTS. Ms. Tiffany Lorenzen, MTS General Counsel, reported that Policy 18 currently requires that the developer make a "good-faith deposit. Mr. Jablonski and Ms. Lorenzen briefly discussed how this concept was used with Fairfield Residential, LLC on the Grossmont Trolley Joint Development Project. Staff and the Committee briefly discussed the option of operating on a fixed-price basis. Mr. Roberts stated that the County of San Diego takes this approach. Mr. Roberts stated that staff needs to define the way these types of issues are handled and should be prepared to reject a proposal if the terms are not acceptable. Mr. Jablonski stated that MTS pursues full-cost recovery. Mr. Roberts stressed that MTS needs staff that has experience from a development perspective. Mr. Jablonski stated that, as MTS develops its real estate department, it will also look at what others are doing. Ms. Atkins suggested that staff do an analysis of the cost of holding a property during a negotiating process with a potential developer and also look at cost recovery.

Ms. Lorenzen stated that changes would be made to this agenda item prior to its presentation to the Board on December 14, 2006, to incorporate the Executive Committee's suggestions regarding the intent to foster competition, extra criteria for the use of an ENA, and adding cost-recovery criteria.

#### Action Taken

Mr. Rindone moved to (1) receive a report on the proposed changes to Policy No. 18; (2) direct staff to make modifications to the policy to incorporate Executive Committee suggestions regarding restrooms, the use of Exclusive Negotiating Agreements, and the addition of cost-recovery criteria; and (3) forward the revised policy to the Board for approval. Ms. Hanson-Cox seconded the motion, and the vote was 5 to 0 in favor.

#### 5. MTS: Fiscal Year 2008 Capital improvement Program (FIN 310.1, PC 50601)

Mr. Larry Marinesi, MTS Budget Manager, reviewed MTS's Fiscal Year 2008 Capital Improvement Program (CIP). He reviewed capital funding levels, reviewed the process by which the project list was developed, and then provided an overview of the items on the list and the projects that are unfunded. Mr. Marinesi also provided an overview of the capital project needs and funding availability for fiscal years 2008 through 2012. In response to a question from Ms. Hanson-Cox, Mr. Jablonski explained that the El Cajon Bus Maintenance Facility is currently a very basic facility, and that MTS would like to build a more complete facility with CNG fueling capabilities. He added that MTS would also like to purchase part of the land that is currently being leased for this facility.

#### Action Taken

Ms. Atkins moved to forward a recommendation to the Board of Directors to (1) approve the fiscal year 2008 Capital Improvement Program (CIP) with the estimated federal and nonfederal funding levels. As the federal appropriation figures are finalized 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 2008 CIP (shown in Attachment A of the agenda item) after the federal appropriations are finalized; and (3) recommend that the SANDAG Board of Directors approve the amendment of the Regional Transportation Improvement Program in accordance with the fiscal year 2008 CIP recommendations. Ms. Hanson-Cox seconded the motion, and the vote was 5 to 0 in favor.

6. MTS: CLOSED SESSION – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(a): Wooten v. San Diego Trolley, Inc. Et Al. (Superior Court Case No. GIC 853080)

This item was not discussed.

D. REVIEW OF DRAFT DECEMBER 14, 2006 BOARD AGENDA

Recommended Consent Items

6. MTS: Adoption of Amended 2006 Conflict of Interest Code (ADM 110, PC 50101)

Recommend that the Board of Directors (1) adopt Resolution No. 06-15 Amending the MTS Conflict of Interest Code pursuant to the Political Reform Act of 1974; (2) adopt the Amended 2006 MTS Conflict of Interest Code (in substantially the same format as Attachment A of the agenda item); and (3) forward the Amended 2006 MTS Conflict of Interest Code to the County of San Diego – the designated code reviewing body.

7. MTS: An Ordinance Amending Ordinance No. 13, an Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions On or About a Transit Facility or a Bus Stop (ADM 110.3, PC 50451)

Recommend that the Board of Directors (1) read the title of Ordinance No. 13, An Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions On or About a Transit Facility or a Bus Stop; (2) waive further readings of the ordinance; (3) introduce the ordinance for further consideration at the next Board meeting on January 18, 2007; and (4) direct publication of an ordinance summary.

8. MTS: The Ticket Factory – Contract Amendment (FIN 330.3, PC 50451)

Recommend that the Board of Directors authorize the CEO to exercise a fourth and final option year with The Ticket Factory to print 13,845,750 Universal Daily-Dated Transfer Slips at a cost not to exceed \$68,813.38, including tax and delivery (in substantially the same form as Attachment A of the agenda item). This price represents a cost of \$4.97 per 1,000 slips, which is a 2 percent increase per unit over the previous year as determined by the current contract.

9. MTS: Audit Report on The Transit Store (LEG 492, PC 50121)

Recommend that the Board of Directors receive the internal audit report on The Transit Store.

10. MTS: Investment Report (FIN 300, PC 50601)

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

11. MTS: Insurance Brokerage and Consultation Services (LEG 491, PC 50633)

Recommend that the Board of Directors authorize the CEO to award a contract to John Burnham Insurance Services (in substantially the same format as Attachment A of the agenda item) contingent upon successful negotiations. In the event that the CEO is unable to reach an agreement with John Burnham Insurance Services, the CEO would be authorized to begin negotiations with the next-ranked proposer(s) and award a contract contingent upon successful negotiations.

12. MTS: Mission Valley East Landscape Maintenance Project Contract Award (CIP 10426.6)

Recommend that the Board of Directors (1) authorize the CEO to execute a contract (MTS Document No. M6651.0-07) with Aztec Landscaping, Inc. to perform the Mission Valley East Landscape Maintenance Project (LRT-10426), in substantially the same form as shown in Attachment A of the agenda item, in an amount not to exceed \$579,980; and (2) approve a 10 percent contingency totaling \$57,998.

13. MTS: Transportation Development Act Claim Revision (FIN 340.3, PC 50601)

Recommend that the Board of Directors adopt Resolution No. 06-14 (Attachment A of the agenda item) revising a Transportation Development Act claim of the County of San Diego.

14. MTS: Creative Bus Sales Contract – Airport Shuttles (CIP 11417)

Recommend that the Board of Directors authorize the CEO to exercise options available and award a contract amendment to Creative Bus Sales (in substantially the same format as Attachment A of the agenda item—MTS Doc. No. B0389.4-03) to purchase seven midsize compressed natural gas-powered airport shuttle transit buses.

Recommended Consent Items

There was no discussion of the recommended Consent Items.

Recommended Board Discussion Items

There was no discussion of the recommended Discussion Items.



E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

Ms. Cooney reported that MTS staff recently met with SANDAG staff to discuss Transportation Committee Agenda Item 4: 2007 Regional Transportation Plan: Proposed Transit Strategy for 2030 Unconstrained Network. She distributed a summary of this item and stated that MTS staff requested that there be an increased focus on commuter services. She reported that SANDAG staff agreed and would be revising the agenda item accordingly.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

*El Cajon Redevelopment:* Ms. Hanson-Cox provided the Committee with information on El Cajon's redevelopment plans, which include the transit center, and will begin at the end of 2007 or in early 2008. She also thanked Committee members for their patience while she was learning about transit on the Executive Committee. Ms. Hanson-Cox will be rotating off the Executive Committee after its January 11, 2007, meeting.

*Symphony Pops/Coca-Cola/MTS Partnership:* Mr. Rindone thanked staff for disseminating the information on the recent Symphony Pops event. Chairman Mathis complimented Mr. Rindone on his performance as the master of ceremonies.

G. PUBLIC COMMENTS

*Don Stillwell:* Mr. Stillwell reported various problems as follows: Signage at Kaiser Hospital is inadequate, bus and trolley connections are not working effectively from Mission Valley to Grantville; and bus schedules do not allow adequate travel time between time points. He pointed out that wheelchair boardings are slowing actual bus travel times.

H. NEXT MEETING DATE:

The next meeting is scheduled for Thursday, January 11, 2007, in the Executive Conference Room.

I. ADJOURNMENT

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

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Chairman

Attachment: A. Roll Call Sheet

gail.williams/minutes