

JOINT MEETING OF THE BOARD OF DIRECTORS FOR THE
METROPOLITAN TRANSIT SYSTEM (MTS),
SAN DIEGO TRANSIT CORPORATION (SDTC), AND
SAN DIEGO TROLLEY, INC. (SDTI)

October 16, 2008

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

1. Roll Call

Chairman Mathis called the Board meeting to order at 9:07 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Mr. Clabby moved to approve the minutes of the September 25, 2008, MTS Board of Directors meeting. Ms. Atkins seconded the motion, and the vote was 9 to 0 in favor.

3. Public Comments

Clive Richard: Mr. Richard stated that he sometimes has to wait at the transit center for up to an hour to catch his bus. He stated that one of the reasons people don't flock to public transit is because service is not frequent enough.

Maike Garey: Mr. Garey stated that he was a taxicab owner in El Cajon and that he was representing east county taxicab operators who can bring passengers into San Diego but cannot pick them up in San Diego. He stated that, with today's economy, they are finding it hard to make a living under these circumstances. He stated that he was speaking on behalf of 40 owners and operators. He also stated that he is now down to 7 cabs but used to have 15.

Mr. Paul Jablonski, MTS CEO, stated that he would provide Mr. Garey's contact information to the Taxicab Administrator and ask him to contact Mr. Garey.

Gino Paplekai: Mr. Paplekai stated that he has tried to discuss this matter with John Scott, the Taxicab Administrator, but that he has not responded. He also stated that taxicabs need additional parking spaces at the El Cajon Transit Center.

Sam Giazzio: Mr. Giazzio stated that he had been driving for 11 years and is having a hard time making money. He stated that inspection of his cab has caused him to lose business, and he has lost his cab and license. He stated that taxicab regulations create a lot of pressure on operators. He stated that El Cajon taxicab operators should have the same opportunities as other taxicab operators.

Maike Garey: Mr. Garey spoke again stating that they complained to the Board last year, but nothing has been done. He stated that if taxicabs from El Cajon can't drive in San Diego, they want to be independent in East County.

Mr. Jablonski explained that the respective city councils set the policies regarding these matters, and MTS simply administers and enforces those policies. Mr. Brian Maienschein, who serves as the Chairman of the Taxicab Committee, stated that this issue will be discussed by a taxicab subcommittee at the end of October. He added that the subcommittee will then report back to the Taxicab Committee. He stated that the public speakers are welcome to attend these meetings.

CONSENT ITEMS:

6. MTS: Adoption of Amended 2008 Conflict of Interest Code (ADM 110.1)

Recommend that the Board of Directors (1) adopt Resolution No. 08-20 (Attachment A of the agenda item) amending the MTS Conflict of Interest Code pursuant to the Political Reform Act of 1974; (2) adopt the amended 2008 MTS conflict of Interest Code (in substantially the same format as Attachment B of the agenda item); and (3) forward the amended 2008 MTS Conflict of Interest Code to the County of San Diego (the designated code reviewing body).

7. MTS: Adoption of the 2009 MTS Executive Committee and Board of Directors Meeting Schedule (ADM 110.1)

Recommend that the Board of Directors adopt the 2009 Executive Committee and Board of Directors Meeting Schedule (Attachment A of the agenda item).

8. MTS: Investment Report for August (FIN 300)

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

9. SDTC: Drug and Alcohol Policy for San Diego Transit Corporation (ADM 110.2, OPS 960.10)

Recommend that the Board of Directors adopt Resolution No. 08-19 (Attachment A of the agenda item), which would implement SDTC's updated drug and alcohol policy in order to comply with current Federal Transit Administration regulations.

10. MTS: Public Assistance and California Disaster Assistance Act Grant Programs (AG 210.9)

Recommend that the Board of Directors approve Resolution No. 08-21 (Attachment A of the agenda item) authorizing the CEO to submit applications for funds provided by the Federal Emergency Management Agency administered through the Governor's Office of Emergency Services.

Action on Recommended Consent Items

Mr. Rindone moved to approve Consent Agenda Item Nos. 6, 7, 8, 9, and 10. Ms. Atkins seconded the motion, and the vote was 12 to 0 in favor.

CLOSED SESSION:

24. Closed Session Items (ADM 122)

The Board convened to Closed Session at 9:22 a.m.

- a. MTS: CLOSED SESSION – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION SIGNIFICANT EXPOSURE TO LITIGATION Pursuant to California Government Code section 54956.9(b): (One Potential Case)
- b. MTS: CLOSED SESSION – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to California Government Code section 54956.9(a) Balfour Beatty/Ortiz v. Metropolitan Transit System (Superior Court Case No. GIC 868963)
- c. MTS: CLOSED SESSION – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to California Government Code section 54956.9(a): San Diego Public Transit Riders Alliance v. MTS et al. (San Diego Superior Court Case Nos. 07-2007-0082217-CU-TT-CTL and 37-2008-00086580-CU-TT-CTL)

The Board reconvened to Open Session at 10:18 a.m.

Oral Report of Final Actions Taken in Closed Session

Ms. Tiffany Lorenzen, MTS General Counsel, reported the following:

- a. The Board received a report and gave direction to General Counsel.
- b. The Board received a report and gave direction to General Counsel and outside counsel.
- c. The Board received a report and gave direction to outside counsel.

NOTICED PUBLIC HEARINGS

25. There were no noticed public hearings.

DISCUSSION ITEMS:

Chairman Mathis pointed out that many of the items included in the Discussion portion of the agenda were placed there because the Executive Committee had not previewed them as it typically does. He stated that he would like to waive staff reports for Agenda Item Nos. 31 through 38 unless Board members request reports on any of those items. He also stated that San Diego City Council members who sit on the Board will be recusing themselves from voting on Agenda Item No. 39, and, therefore, a separate vote will be needed for this item.

30. MTS: New Flyer Buses – Contract Amendment (CIP 11239)

Ms. Claire Spielberg, Chief Operating Officer – Bus, reviewed staff's recommendation for this item. Mr. Elliot Hurwitz, Contract Services Administrator, reviewed the history of MTS bus procurements and reviewed the funding and budget transfers that would be made in order to make this purchase. He reported that this procurement will replace 37 1995 compressed natural gas (CNG) buses that have CNG tanks that will expire in 2010. He stated that these new buses are low floor and will replace buses with lifts. He stated that this will result in more efficient boarding for everyone, and these buses will be assigned to routes with high levels of boardings. He added that the largest portion of the funding for this purchase is Proposition 1B money. He also reported that, after this purchase, MTS will have 434 CNG buses and 109 diesel buses.

In response to a question from Mr. McClellan, Ms. Spielberg stated that it would cost \$100,000 to replace the expiring CNG tanks, which are on buses purchased in 1995. She stated that investing that kind of money in old buses would not be prudent. She reported that the old buses will be auctioned off.

Mr. Clabby stated that he didn't feel that MTS should have to pay sales tax on a purchase that is funded with revenues from other taxes. Mr. Jablonski pointed out that, in addition, the State of California bonded for this particular funding source.

Action Taken

Mr. Cafagna moved to (1) execute MTS Doc. No. G1101.3-07 (in substantially the same format as Attachment A of the agenda item) with New Flyer of America, Inc. to purchase 37 low-floor (40-foot) compressed natural gas (CNG) transit buses; (2) transfer \$308,00 from *Chula Vista Transit 40-Foot CNG* project (Project Code 11250) to *MTS 40-Foot CNG Buses* project (Project Code 11239); and (3) transfer \$675,000 from *MTS 40-foot CNG buses* project (Project Code 11239) to *MTS High Capacity Bus* project (Project Code 11189). Mr. McLean seconded the motion, and the vote was 13 to 0 in favor.

Action Taken

Mr. Monroe moved to waive staff reports on Agenda Item Nos. 31-38. Ms. Atkins seconded the motion, and the vote was 13 to 0 in favor.

Mr. Monroe moved to approve Agenda Item Nos. 31-38 as outlined below. Mr. Rindone seconded the motion, and the vote was 13 to 0 in favor.

31. MTS: Federal Legislative Representation (LEG 470)

Authorized the CEO to execute Task Order No. 4 (Attachment A of the agenda item) of the triagency contract with Blank Rome Government Relations, LLP (MTS Doc. No. G0980.0-06) effective November 1, 2008.

32. MTS: Mission Valley East Light Rail Transit Project – Legal Services Contract Amendment (CIP 10426.12)

Authorized the CEO to execute MTS Doc. No. M6655.5-07 (in substantially the same format as Attachment A of the agenda item) with Hecht Solberg Robinson Goldberg and Bagley LLP for legal services on the Mission Valley East Light Rail Transit Project.

33. MTS: 12th and Imperial Trolley Station and Mills Building Closed-Circuit Television (CCTV) System Upgrade – Contract Ratification and Amendment (CIP 11201)

(1) Ratified MTS Doc. No. L0849.0-08 (Attachment A of the agenda item) awarded to Electro Specialty Systems, Inc. for the 12th and Imperial Trolley Station and Mills Building CCTV system upgrade; and (2) authorized the CEO to execute Amendment No. 1 to MTS Doc. No. L0849.0-08 (Attachment B of the agenda item) with Electro Specialty Systems, Inc. to exercise options in the base contract.

34. MTS: Clarifier Waste Transportation and Recycling Services – Contract Award (OPS 901)

Authorized the CEO to execute MTS Doc. No. PWG103.0-09 (in substantially the same format as Attachment A of the agenda item) with Asbury Environmental Services for a five-year period.

35. MTS: Increased Authorization for Legal Services – Law Office of Julie Morris Soden (LEG 491)

Authorized the CEO to execute MTS Doc. No. G1173.3-08 (in substantially the same form as Attachment A of the agenda item) with the Law Office of Julie Morris Soden for legal services and ratify prior amendments entered into under the CEO's authority.

36. MTS: Increased Authorization for Legal Services – Law Offices of Wheatley Bingham & Baker (LEG 491)

Authorized the CEO to execute MTS Doc. No. G1111.3-07 (in substantially the same form as Attachment A of the agenda item) with the Law Offices of Wheatley Bingham & Baker for legal services and ratify prior amendments entered into under the CEO's authority.

37. MTS: Increased Authorization for Legal Services – McDougal Love Eckis Smith Boehmer & Foley, APC (LEG 491)

Authorized the CEO to execute MTS Doc. No. G1067.2-07 (in substantially the same form as Attachment A of the agenda item) with McDougal Love Eckis Smith Boehmer & Foley, APC for legal services and ratify prior amendments entered into under the CEO's authority.

38. MTS: Increased Authorization for Legal Services – Law Offices of Mark H. Barber, APC (LEG 491)

Authorize the CEO to execute MS Doc. No. G1162.2-08 (in substantially the same form as Attachment A of the agenda item) with the Law Offices of Mark H. Barber for legal services and ratify prior amendments entered into under the CEO's authority.

39. MTS: Regional Transit Management System – Lease with the City of San Diego for Communications Equipment at Catalina Standpipe (OPS 901)

Ms. Lorenzen reported that the San Diego City Attorney has advised City of San Diego Councilmembers who sit on the MTS Board to recuse themselves from this item and leave the room during its discussion. There was no discussion of this item.

Action Taken

Mr. Rindone moved to authorize the CEO to execute MTS Doc. No. G1216.0-09 (in substantially the same form as Attachment A of the agenda item) with the City of San Diego for the installation and maintenance of communications equipment for the Regional Transit Management System. Mr. Monroe seconded the motion, and the vote was 9 to 0 in favor. Board members Atkins, Faulconer, Maienschein, and Young were not present for the vote on this item.

REPORT ITEMS:

45. MTS: Semiannual Security Report (January Through June 2008) (OPS 970.11)

Mr. Bill Burke, Director of Security, provided the Board with an overview of security activities and statistics for January through June of 2008. He reported on fare inspections and special enforcement unit activities. He also provided statistical information on Part I Incidents, including robbery and theft, and reported that cell phones and iPods account for the majority of the items stolen from passengers. He then reviewed statistical information on Part II incidents and provided the Board with information on how MTS is able to assist police departments by providing them with video taken by MTS surveillance cameras. In response to a question from Mr. Rindone, Mr. Burke stated that there has been a significant decrease in auto thefts from MTS parking lots as a result of the presence of security cameras. Mr. Burke also reported on joint operations in which MTS security personnel have participated. He also reported on MTS's K9 program and the Newton Street Rail Yard Hardening project being funded through the Transit Security Grant Program. Board members were provided with a handout providing statistical information by city and by station.

Mr. Young stated that the Ad Hoc Public Security Committee has been working on a number of security issues and recognized the wonderful job Mr. Burke has done in keeping the Committee informed about what is going on in the system. He stated that efforts are underway to make young people more aware of what easy targets cell phones and iPods have become. He stated that the Committee is also discussing how cameras can be funded for stations that are not covered by Department of Homeland Security funding and how MTS can ensure that emergency agencies understand ways that MTS can assist during emergencies. He praised staff members for their willingness to be flexible in response to Committee member comments.

Action Taken

Mr. Young moved to receive a report for information. Mr. Allan seconded the motion, and the vote was 11 to 0 in favor.

46. MTS: GASB 45 Actuarial Valuation of Postemployment Welfare Benefits (FIN 370)

Ms. Linda Musengo, Finance Manager, advised the Committee that MTS is now subject to new reporting requirements regarding healthcare-cost accrued liabilities and that every government agency is subject to these same requirements. She stated that entities are not required to fund their liability for healthcare costs. Ms. Musengo introduced Jim Whelpley of Rael and Letson, an actuary and benefit consulting firm. He provided Committee members with a list of definitions for Government Accounting Standards Board (GASB) 43 and 45 and a Glossary of Retiree Health Valuation Terms.

Mr. Whelpley reviewed the new disclosure requirements mandated under GASB 43 and 45. He pointed out that the benefits could be funded in an irrevocable trust such as the one that CalPers offers. He then explained that California (AB) Bill 2544 mandates that there be parity between the portion of health care benefit covered by the company for current employees compared to the portion covered for retired employees, which will cause costs to increase. He stated that this bill pertains only to those employees in the CalPers plan. He stated that parity would need to be achieved for existing and retired MTS and San Diego Trolley employees, and MTS could do that over a number of years. He also stated that increasing the portion of health

care coverage covered by the company may encourage more employees to participate in the health plan when they retire.

Mr. Whelpley then provided a projection of retiree counts. He also explained gross versus net cash flow and provided projections of each. He also reviewed funding options. He stated that, if the liability is funded at 100 percent with the California Employees' Retiree Benefit Trust, their projected return of 7.75 percent could be used as a discount rate. He then provided Committee members with the projected annual required contribution under three different funding scenarios. He also presented a graph that illustrated the cost of pay-as-you-go versus full funding. This chart showed that MTS would save money until approximately 2020 with a pay-as-you-go plan. After 2020, the cost would be less if the liability had been funded.

Mr. Whelpley stated that the next step is to consider whether or not to fund and at what level or consider changes to cost sharing or the design of the basic benefits. He stated that, with no plan changes, the next actuarial valuation would be as of June 30, 2009.

Mr. Whelpley advised Mr. Cafagna that the only way to avoid this issue would be to provide no subsidy of any kind for health insurance for retirees. He also pointed out that GASB 45 only applies to defined benefit pension plans. In response to a question from Mr. Cafagna, Mr. Jablonski provided information on the age at which employees can retire and the percentage of benefit they earn under their respective pension plans. Mr. Jablonski added that he is working on the entire health insurance issue. In response to a question from Mr. McClellan, Mr. Whelpley reported that these are lifetime benefits that are not affected by Medicare, although the insurance provided by MTS becomes secondary once Medicare is activated for an employee.

Action Taken

Ms. Atkins moved to receive a report for information. Mr. McClellan seconded the motion, and the vote was 10 to 0 in favor.

60. Chairman's Report

San Diego Symphony: Chairman Mathis called the Board's attention to a memo that was distributed by Rob Schupp, Director of Marketing and Communications, regarding MTS's third year of participation in the San Diego Symphony partnership program. He requested that Board members who are interested in introducing a performance contract Mr. Schupp by October 24, 2008.

APTA Annual Meeting and EXPO: Chairman Mathis discussed the many laudatory comments he received regarding the success of this conference. He stated that MTS employees did a great job. He stated that about 17,000 people attended the EXPO. He added that he was very proud of the organization.

61. Audit Oversight Committee Chairman's Report

No report was made on this item.

62. Chief Executive Officer's Report

Mr. Jablonski reported that the APTA Annual Meeting was extremely successful, especially from a host-property standpoint. He stated that MTS employees filled 300 different volunteer slots and were at the airport to greet delegates as they arrived and at transit stations to assist delegates as they used MTS services. He added that MTS ran shuttles between the airport and the hotels. He stated that he received at least 100 positive comments regarding MTS's friendly employees and how easy it was to access MTS's services. He stated that Chairman Mathis, Mayor Sanders, and FTA Administrator James Simpson opened the conference. Mr. Jablonski added that he addressed many groups including the Veolia managers' group and an international group at their reception. He also stated that exhibitors at the EXPO, some of whom spent up to \$750,000 for their displays, were happy with the venue and happy with MTS as a host. Mr. Jablonski added that MTS unveiled its new NABI articulated bus during a press conference on Wednesday morning and closed the conference with technical tours of the I-15 managed lanes, Sprinter, Central Train Control, and the hybrid bus manufacturer ISE. He stated that staff was responsible for making everything happen.

Mr. Jablonski also reported that MTS had a host session that was unique in that it focused on MTS's partnerships with Fairfield Residential, Coca-Cola, Veolia, and SANDAG. He stated the information provided was extremely well received.

63. Board Member Communications

APTA Annual Meeting and Expo: Mr. Rindone stated that he appreciated the efforts of Mr. Jablonski and MTS staff for hosting the finest EXPO he had ever seen. He stated that there were so many exhibits for the EXPO that they had overflow on the second floor.

Mr. Schupp played a video that was played at the start of the conference to showcase the city and MTS. He stated that this video will be playing (without audio) at symphony events as people enter the hall.

64. Additional Public Comments on Items Not on the Agenda

There were no additional Public Comments.

65. Next Meeting Date

The next regularly scheduled Board meeting is Thursday, October 30, 2008.

66. Adjournment

Chairman Mathis adjourned the meeting at 11:40 a.m.



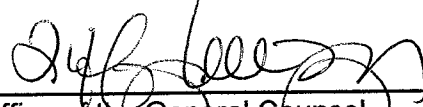
Chairperson
San Diego Metropolitan Transit System

Filed by:



Office of the Clerk of the Board
San Diego Metropolitan Transit System

Approved as to form:



Office of the General Counsel
San Diego Metropolitan Transit System

Attachment: A. Roll Call Sheet

[gail.williams/minutes](#)

**METROPOLITAN TRANSIT DEVELOPMENT BOARD
ROLL CALL - REVISED 11/12/08**

MEETING OF (DATE): 10/16/08

CALL TO ORDER (TIME): 9:07 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 9:22 a.m.

RECONVENE: 10:18 a.m.

PUBLIC HEARING: _____

RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 11:40 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ATKINS	<input checked="" type="checkbox"/> (Hueso) <input type="checkbox"/>		
CLABBY	<input checked="" type="checkbox"/> (Selby) <input type="checkbox"/>		
EMERY	<input type="checkbox"/> (Cafagna) <input checked="" type="checkbox"/>	9:25 a.m. during AI 24	
EWIN	<input type="checkbox"/> (Allan) <input checked="" type="checkbox"/>		
FAULCONER	<input checked="" type="checkbox"/> (Hueso) <input type="checkbox"/>		10:24 a.m. during AI 37
MAIENSCHIN	<input checked="" type="checkbox"/> (Hueso) <input type="checkbox"/>		
MATHIS	<input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/>		
MCCLELLAN	<input checked="" type="checkbox"/> (Hanson-Cox) <input type="checkbox"/>		
MCLEAN	<input checked="" type="checkbox"/> (Bragg) <input type="checkbox"/>		
MONROE	<input checked="" type="checkbox"/> (Downey) <input type="checkbox"/>	9:17 a.m. during AI 3	
RINDONE	<input checked="" type="checkbox"/> (McCann) <input type="checkbox"/>	9:10 a.m. during AI 3	
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:15 a.m. during AI 3	
RYAN	<input type="checkbox"/> (B. Jones) <input type="checkbox"/>		<input checked="" type="checkbox"/>
YOUNG	<input checked="" type="checkbox"/> (Hueso) <input type="checkbox"/>		11:44 a.m. during AI 46
ZARATE	<input type="checkbox"/> (Parra) <input type="checkbox"/>		<input checked="" type="checkbox"/>

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

Gail Williams

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL

Jiffy