

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

May 15, 2008

MTS  
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

A. ROLL CALL

Mr. Rindone called the meeting to order at 9:20 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 April 17, 2008, Executive Committee meeting. Mr. Ewin seconded the motion, and the vote was 5 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

1. MTS: Automobile Leasing Services (ADM 120, OPS 920.2, OPS 970.2)

Mr. Paul Jablonski, MTS CEO, advised the Executive Committee that MTS is currently purchasing all of its nonrevenue vehicles and reported that Mr. Tom Lynch, MTS Controller, would review staff's proposal to enter into a leasing program for the acquisition of these vehicles. Mr. Lynch provided details on the number of vehicles MTS currently owns, miles driven, age and maintenance cost of the vehicles, and reported that MTS has been purchasing an average of ten vehicles per year. He stated that because of a shortage of capital funding, purchases of nonrevenue vehicles have been deferred and many of MTS's vehicles are in poor condition and require substantial maintenance.

Mr. Lynch then reviewed the contract provisions of the proposed lease program and the contract cost. In response to a question from Mr. Ewin, Mr. Lynch reported that sales tax is built into the leasing cost. In response to another question from Mr. Ewin, Mr. Lynch stated that staff will be monitoring the vehicles to ensure that MTS is conforming to the terms of the lease. He added that adjustments can be made as they become necessary to avoid additional costs at the end of the contract. In response to a question from Mr. Roberts, Mr. Cliff Telfer, MTS Chief Financial Officer, stated that vehicle turnover is factored into the figures being presented. He added that having newer vehicles will reduce the need for back-up vehicles, and MTS will therefore be able to reduce the number of nonrevenue vehicles it needs. Mr. Ewin requested that the presentation be expanded to identify the different elements of the maintenance costs.

Mr. Lynch then reviewed the advantages of leasing nonrevenue vehicles. He reported that leasing will save approximately \$184,000 over a five-year period. He added that, because the lease has a fixed cost, there is an incentive for the lessor

to keep the program and the vehicles operating efficiently. Mr. Lynch also provided the Committee with comparative numbers for the purchase of vehicles at the current rate of ten vehicles per year, at the rate at which MTS should be purchasing these vehicles, and using the proposed leasing program. The Committee briefly discussed the asset value of purchased cars and agreed that, even taking value into consideration, the lease approach is more favorable. Mr. Roberts added that the lease program would also enable MTS to have a nonrevenue-vehicle fleet comprised of newer cars. Mr. Ewin suggested that staff consider purchasing smaller cars, possibly hybrids. In response to a question from Mr. Monroe, Mr. Lynch stated that managers in functional areas where cars are assigned will be consulted to determine which specific cars should be replaced first. In response to a Committee member question, Mr. Jablonski stated that MTS has to be cognizant of Federal Transit Administration Buy America regulations when it selects vehicles.

Mr. Jablonski introduced Mr. Bruce Feerer, MTS's newly hired Manager of Procurement.

#### Action Taken

Mr. Ewin moved to (1) forward a recommendation to the Board of Directors to authorize the CEO to award a contract (MTS Doc. No. G1146.0-08 in substantially the same form as Attachment A of the agenda item) to Enterprise Fleet Services for nonrevenue automobile leasing services; and (2) direct staff to expand and make clarifications in the presentation to address questions asked by Committee members. Ms. Atkins seconded the motion, and the vote was 4 to 1 in favor with Mr. Monroe casting the dissenting vote.

#### 2. MTS: ADA Paratransit Vehicle Acquisition (CIP 11418)

Mr. Susan Hafner, MTS Director of Contract Services, provided an overview of staff's recommendation to purchase Americans with Disabilities (ADA) paratransit vehicles. She reviewed the number of vehicles currently being used and reported that the proposed 50 new vehicles would replace vehicles that are two to three years past their useful life. She also reviewed the funding that would be used.

#### Action Taken

Mr. Ewin moved to forward a recommendation to the Board of Directors to authorize the CEO to execute MTS Doc. No. B0499.0-08 (in substantially the same form as Attachment A of the agenda item) with BusWest to purchase 50 ADA paratransit vehicles utilizing the public agency/state contract with BusWest (Type II Specification of State of California Contract No. 1-06-23-15). Ms. Atkins seconded the motion, and the vote was 5 to 0 in favor.

#### 3. MTS: Regional Transit Management System – Contract Amendment (CIP 10940)

Mr. Dan Bossert, MTS Chief Technology Officer, provided background on the Regional Transit Management System, which was purchased in January 2002. He reported that the initial warranty covered the period January 2007 to December 2007 and that the Board approved a six-month extension in December 2007 to

provide warranty until June 30, 2008. He then reviewed the cost elements of the recommended additional extension for one year to June 2009.

In response to a question from Mr. Monroe, Mr. Bossert stated that MTS would have to add staff to perform the functions provided under the warranty contract. He added that a parts inventory would also have to be acquired, and a capital cost would be incurred. Mr. Jablonski pointed out that, under this approach, MTS would not have access to necessary software upgrades that are also included in the warranty contract. Mr. Monroe felt that this item should have been brought to the Committee at an earlier date. Mr. Jablonski stated that staff has been in negotiations with Motorola for many months regarding this contract and that the price was initially much higher. Mr. Monroe suggested that a longer warranty period, e.g. two years, be considered going forward. Ms. Atkins stated that she understood Mr. Monroe's request to bring these types of things forward at an earlier date but added that MTS staff usually does provide plenty of lead time for contract items. Mr. Rindone pointed out that it is not always possible to provide the desired leadtime.

In response to a question from Mr. Ewin, Mr. Jablonski stated that this is a joint project with the North County Transit District (NCTD) and that it is basically one system. He confirmed that NCTD participated in negotiations with Motorola. Mr. Monroe stated that if the cost is under \$900,000 per year, the Executive Committee doesn't need to see it; staff can simply report it. Mr. Rindone stated that staff could bring something to the Executive Committee two to three months prior to presentation to the Board, even if action is not needed. Mr. Jablonski stated that he has already had a discussion with MTS's new Manager of Procurement about making it a priority to have more advance notice when contracts are about to expire.

#### Action Taken

Mr. Ewin moved to authorize the CEO to execute (1) MTS Doc. No. G0867.5-03 (in substantially the same format as Attachment A) with Motorola, Inc. for Regional Transit Management System warranty support services; and (2) MTS Doc. No. G0868.3-03 (in substantially the same format as Attachment B of the agenda item) for reimbursement from North County Transit District. Ms. Atkins seconded the motion, and the vote was 3 to 0 in favor with Mr. Roberts and Mr. Monroe abstaining.

Ms. Tiffany Lorenzen, MTS General Counsel, reported that this motion passed because a majority of the members present voted in favor, which is the appropriate requirement.

D. REVIEW OF DRAFT MAY 22, 2008, BOARD AGENDA

Recommended Consent Item

6. MTS: San Diego and Arizona Eastern (SD&AE) Railway Company Quarterly Reports and Ratification of Actions Taken by the SD&AE Railway Company Board of Directors at its April 29, 2008, Meeting (SDAE 710)

Recommend that the Board of Directors (1) receive the San Diego and Imperial Valley Railroad, Pacific Southwest Railway Museum Association, and Carrizo Gorge Railway, Inc. quarterly reports (Attachment A of the agenda item); and (2) ratify actions taken by the SD&AE Railway Company Board of Directors at its meeting on April 29, 2008.

7. MTS: Workers' Compensation Claims Administration Services (LEG 491)

Recommend that the Board of Directors authorize the CEO to temporarily extend the contract period of CorVel Enterprise Comp, Inc. d/b/a HRMS (in substantially the same format as Attachment A of the agenda item – MTS Doc. No. G0843.3-03) through September 1, 2008. During the extended contract period, MTS anticipates issuing a new Request for Proposal for Third-Party Administration Services for Workers' Compensation and awarding and executing a new services contract.

8. MTS: Transit Security Grant Program (AG 210.9)

Recommend that the Board of Directors approve Resolution No. 08-7 (Attachment A of the agenda item) authorizing the CEO to submit applications for transit security grants funded by the federal Department of Homeland Security and administered through the State Office of Homeland Security.

Finance Workshop – May 22, 2008

In response to a question from Mr. Ewin, Mr. Telfer reported that staff will be providing an update to the Board that reflects recent developments related to state funding and also reported that the FY 2009 budget will be formally adopted by the Board on June 12, 2008. Mr. Jablonski stated that MTS budgets have historically been presented to the SANDAG Transportation Committee for adoption but that this year they will be presented to the full SANDAG Board on June 13, 2008. He stated that this approach is being taken because SANDAG's Executive Director, Gary Gallegos, wants to have a broader discussion of funding at the same time the budget is being discussed at the SANDAG Board level. He stated that NCTD Board member David Druker recently raised questions about SANDAG funding for transit during the last Joint Committee on Regional Transit (JCRT) meeting.

Mr. Jablonski stated that the Governor's May budget revise takes away the remainder of Transportation Development Act spillover funds but that this primarily affects capital. He added that recurring State Transit Assistance funds remained intact. He also reported that MTS has already addressed the other funding losses for operations in its budget.

Recommended Consent Items

Mr. Jablonski reported that, starting next month, the Executive Committee will be asked to determine whether items on the next Board meeting agenda should be placed on Consent or Discussion.

Action Taken

Mr. Ewin moved to place May 22, 2008, Board Discussion Agenda Items 31 and 33 to the Consent portion of the Board agenda. Mr. Monroe seconded the motion, and the vote was 4 to 0 in favor.

Recommended Board Discussion Items

There was no discussion of recommended Discussion Items.

**E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA**

Ms. Sharon Cooney, Director of Government Affairs and Community Relations, reported that the SANDAG Transportation Committee agenda for May 16, 2008, pertains primarily to NCTD. She briefly reviewed those items. She then reported that one of the agenda items relates to the preparation of funding applications for grade separation projects for E&H Street in Chula Vista, Taylor Street, and Sorrento Valley Boulevard. Mr. Jablonski stated that the region hopes to get \$30 million from Proposition 1B funds for these projects and reported that Taylor Street is being given a lower priority because the cost to make the necessary changes at this location would be well over \$100,000 million.

Ms. Cooney also reported that NCTD is proposing service changes, and SANDAG will be determining which ones are regionally significant. She stated that a couple of changes being recommended by NCTD involve portions of their rural service that are located in MTS's area of jurisdiction. She also reported that the SANDAG Transportation Committee is being asked to review a draft Memorandum of Understanding with the San Diego County Regional Airport Authority for long-range transportation planning.

Mr. Jablonski reported on recent staff changes at NCTD and that Tom Lichterman will now be overseeing both bus and rail.

Mr. Monroe pointed out that NCTD used Congestion Mitigation and Air Quality three-year start-up funds for the Sprinter but compressed those funds into a two-year period.

**F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS**

*Letter from MTS and NCTD to SANDAG Regarding Fare Study:* In response to a question from Mr. Monroe about this letter, Mr. Jablonski reported that MTS is currently proposing to SANDAG that trolley fares be increased. He reminded the Committee that bus fare increases were recently implemented. He stated that SANDAG is proposing additional items, such as creating a \$14 Super Day Pass and some other things related to Senior & Disabled cash and Access fares. He stated that MTS is supportive of some of the ideas proposed by SANDAG but not all, and that North County Transit has some issues with some of the ideas being proposed as well. He stated that it was proposed at the recent JCRT meeting that a letter be sent to SANDAG requesting that proposals go forward for some of the increases but to hold other issues related to the fare study until a later date.

He added that MTS is concerned about the SANDAG proposal to split the revenue based on where the fare is sold; e.g. if a fare is sold to a Coaster passenger, NCTD would retain the revenue even though a large portion of those riders transfer to MTS services. He added that SANDAG is presenting all of the ideas at the upcoming public hearing on fare increases. Ms. Cooney reported that there will be two hearings.

*Full Access and Coordinated Transportation (FACT):* Mr. Monroe, who is a member of this committee, reported that New Freedom Funds are currently available for the establishment of a call center. He stated that expanding the parameters for this funding would actually help get service on the street and would be a positive step toward getting FACT services started.

*Press Conference – Homeland Security Funding:* Mr. Rindone reported that he represented MTS at this press conference to accept a check from the Office of Homeland Security for the purchase of cameras for buses (\$1.2 million) and cameras for 10 locations on the trolley system (\$1.5 million). He pointed out that this represents the first of three years of funding from Proposition 1B for security purposes. Mr. Jablonski stated that many of MTS's security elements are being addressed through the use of these funds.

G. PUBLIC COMMENTS

*Clive Richard:* Mr. Richard asked what it costs MTS to run its service. He stated that he felt that the general public does not understand. He also asked why automated station announcements were not yet being made on the trolley.

Mr. Jablonski reported that MTS would break even if it could collect \$2.50 from each passenger per trip. He stated that MTS is now collecting about 88 cents per passenger per trip.

He also reported that the contractor who was going to provide the system for automated station announcements is going through reorganization, and, therefore, the contract for this system is on hold. He stated that they are the only contractor in the country that provides this system.

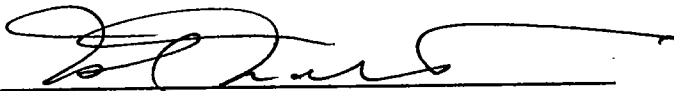
H. NEXT MEETING DATE:

The next meeting is scheduled for Thursday, June 5, 2008, in the Executive Conference Room.

Mr. Rindone pointed out that this date conflicts with the League of California Cities Mayors & Council Members Executive Forum.

I. ADJOURNMENT

Mr. Rindone adjourned the meeting at 9:46 a.m.



Chairman

**EXECUTIVE COMMITTEE  
METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) 5/15/08

CALL TO ORDER (TIME) 9:20 a.m.

RECESS \_\_\_\_\_

RECONVENE \_\_\_\_\_

CLOSED SESSION \_\_\_\_\_

RECONVENE \_\_\_\_\_

ADJOURN 9:46 a.m.

BOARD MEMBER	(Alternate)		PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ATKINS	<input checked="" type="checkbox"/>	(Young)	<input type="checkbox"/>	10:18 a.m. during AI D
EMERY	<input type="checkbox"/>	(Cafagna)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
EWIN	<input checked="" type="checkbox"/>	(Clabby)	<input type="checkbox"/>	
MATHIS	<input type="checkbox"/>			<input checked="" type="checkbox"/>
MONROE	<input checked="" type="checkbox"/>	(McLean)	<input type="checkbox"/>	
RINDONE	<input checked="" type="checkbox"/>	(Emery)	<input type="checkbox"/>	
ROBERTS	<input checked="" type="checkbox"/>	(Cox)	<input type="checkbox"/>	

SIGNED BY OFFICE OF THE CLERK OF THE BOARD

*Gail Williams*

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL:

*Jeff Williams*