

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

April 23, 2009

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

FINANCE WORKSHOP

1. Roll Call

Chairman Rindone called the meeting to order at 9:30 a.m. A roll call sheet listing Board member attendance is attached.

2. MTS: FY 2010 Budget Development (FIN 310.1)

Mr. Larry Marinesi, Budget Manager reviewed the budget process that started in February of 2009. He recapped the approved fiscal year 2009 midyear budget and the fiscal year 2010 preliminary budget. He also reviewed the combined MTS budget for fiscal year 2010 and expenses by respective divisions. He reported that the security area has been over budget in previous years due to increased demand for security services. He stated that the budget has been increased to meet this demand. Mr. Marinesi then reviewed fuel projections, the impact of changes in energy prices on MTS's budget, fiscal year 2010 budgeted cost per mile, and historic energy rates. He also reviewed operating statistic trends that showed that farebox recovery rate is going up, operating expense per passenger is staying relatively static, and subsidy per passenger is going down. He also reviewed other assumptions that were made regarding revenue service and reported that staff feels that passenger levels will be flat for the coming year.

Mr. Marinesi then reviewed the five-year financial projection and stated that sales tax revenues that were down four percent from the previous year are now down an additional two percent. He added that SANDAG projects a 2.2 percent increase in TransNet and a 1 percent decrease in Transportation Development Act funding. He stated that staff has concerns about these figures and that a further loss of funding will have a negative impact on ridership. He then reported that staff anticipates a public hearing and Board adoption of the budget on May 28 and adoption of the budget on June 19, 2009, by the SANDAG Transportation Committee.

In response to a question from Mr. Ewin, Ms. Cooney, Director of Government Affairs and Interim Director of Planning and Scheduling, reported that staff is working on a number of initiatives to address potential future deficits including analyzing weekend and off-peak service to identify unproductive service, review of the internal budget, and ongoing monitoring of route performance. She added that a Budget Development Committee meeting will probably be convened during the summer months to discuss this matter again. She stated that there is a meeting at SANDAG on Friday, April 24, to discuss options for bridging the funding gap for MTS and North County Transit.

Mr. Ewin asked if there was any way MTS could build some flexibility into its fixed costs in order to be able to respond more quickly to funding dips. Mr. Rindone requested that this idea be studied and the results reported back to the Executive Committee and the Board.

Mr. McClellan agreed with Mr. Ewin's comments and stressed the importance of reacting quickly to funding decreases in order to minimize the impact on MTS. He asked if staff has looked at energy costs per passenger rather than per mile in order to determine which is most efficient – rail or bus. He stated that cost per passenger should include capital costs. Chairman Rindone pointed out that running longer trains, which San Diego Trolley is trying to do, would impact that calculation. Mr. Mathis pointed out that capital costs for rail should be amortized for the life of the infrastructure.

Mr. Gloria suggested that Board members speak with their respective city representatives who sit on the SANDAG Board and ask them to support long-term funding for transit during the meeting on April 24 at SANDAG. Mr. Mathis pointed out that discussions at this meeting will yield a set of options that should help the MTS Board formulate a strategy for going forward.

Mr. Mathis pointed out that any additional funding that MTS receives will be taken from some other aspect of transit funding. Mr. Rindone stated that the media has reported that the funding would be taken from highway and road funding, which is incorrect. Mr. Janney stated that MTS needs to make an effort to correct this misinformation. Mr. Rindone then stated that San Diego communities need to realize that the portion of funding allocated to transit is inadequate and that San Diego needs to make a funding commitment to transit as other cities have done.

Mr. Young encouraged Mr. Gloria to continue his advocacy and not be deterred. He stressed the importance of transit representatives being strong and vocal and complimented Mr. Gloria on his efforts. In response to a question from Mr. Young, Mr. Marinesi stated that MTS could be facing an additional \$3 million issue if sales tax revenues fall an additional two percent as more recently predicted. He stated that the degree of the decrease should be more clear at the end of the first quarter of the new budget year.

Mr. Young suggested that staff consider a two-year budget process in order to have two-year projections of funding. Mr. Telfer, Chief Financial Officer, stated that staff has been discussing this approach and will bring it to the Budget Development Committee.

In response to a question from Mr. Young, Ms. Cooney reported that she continually monitors government programs that provide funding opportunities for MTS, and she is particularly looking at new ways MTS might have access to funding through energy and climate change programs. She stated that she also works very closely with MTS's federal lobbyist. She stated that there is currently a movement with the House of Representatives to see if economic stimulus funding could be allocated for transit operations given that more people are using transit. She stated that she is also working with other agencies within the region to maximize funding for transit for the region. Mr. Young requested that staff present an analysis to the Board regarding these funding opportunities and that MTS's lobbyist be asked to make a presentation at a future Board meeting. Mr. Mathis pointed out that MTS is attempting not to be dependent on one-time funding and reiterated that the funding that MTS might receive from SANDAG would be taken from transit capital projects.

Mr. Mathis stated that tax initiatives dedicated to transit have passed in many other cities, but when these initiatives have been put forth in San Diego there are always many other things included that compete for the funding. Chairman Rindone stated that when SANDAG extended

TransNet, they were establishing a tax base for a 40-year period. He stated that now efforts need to be made to address what is really needed. He stated that Board members need to advocate for making positive transit improvements in their respective communities.

In response to a question from Mr. McClellan, Ms. Cooney briefly discussed restrictions that prevent the use of capital funding for operational purposes.

In response to a question from Mr. Rindone about the increase in General & Administrative expenses, Mr. Marinesi explained that the increase is connected to the vehicle leasing program and additional equipment that must be installed in the cars and due to MTS's computer replacement program. He stated that FY 2010 is one of the years during which MTS will focus on computer replacements.

Action Taken

Mr. McClellan moved to receive a report on the FY 2010 operating budget development. Mr. Gloria moved to second the motion, and the vote was 10 to 0 in favor.

3. Public Comment

There were no public comments.

4. Adjournment

Chairman Rindone adjourned the meeting at 9:57 a.m.

BOARD MEETING

1. Roll Call

Chairman Mathis called the Board meeting to order at 9:57 a.m. A roll call sheet listing Board member attendance is attached.

Chairman Mathis recognized Lorraine Smith, the daughter of Nate Johnson, ATU Local 1309, who was attending the meeting with him.

2. Approval of Minutes

Mr. Ewin moved to approve the minutes of the April 9, 2009, MTS Board of Directors meeting. Mr. McClellan seconded the motion, and the vote was 10 to 0 in favor.

3. Public Comments

Don Stillwell: Mr. Stillwell stated that he was upset that Route 14 was discontinued between Rancho Mission Road and Fashion Valley. He stated that the alternatives are not adequate. He stated that he has many friends who are also upset about this change.

Chairman Mathis suggested that Mr. Stillwell's friends present their comments to the Board.

Mr. Ewin stated that MTS has a process that ensures continual review of trolley and bus routing to ensure that buses and trolleys make effective connections. He stated that this process

occurs continually. Chairman Mathis stated that MTS has to balance the needs for connections at one station with the number of different interface points along the various lines.

Clive Richard: Mr. Richard stated that MTS should have been working on a budget plan when it first became aware that state funding was going to be reduced.

Chairman Mathis pointed out that MTS cannot take action based on speculations. He stated that staff had been working internally on various budget scenarios when it became apparent that state funding was going to decrease and that is why MTS was able to react so quickly when the state finally approved its budget.

CONSENT ITEMS:

6. MTS: Mincom Annual Support Renewal – Contract Amendment (ADM 130)

Recommend that the Board of Directors (1) ratify MTS Doc. No. G0740.8-02 (Attachment A of the agenda item) with Mincom, Inc. for continued software support maintenance; and (2) authorize the CEO to execute MTS Doc. No. G0740.9-02 (in substantially the same format as Attachment B of the agenda item) with Mincom Inc. for annual software support maintenance for the Ellipse financial system and ERP package.

7. MTS: MTS Access/ADA Suburban Paratransit Option Year (OPS 980.8)

Recommend that the Board of Directors authorize the CEO to execute one option year for each of the following contracts with First Transit Inc.: (1) MTS Doc. No. B0338.5-03 (in substantially the same format as Attachment A of the agenda item) for American with Disabilities Act Suburban paratransit services; and (2) MTS Doc. No. B0368.5-03 (in substantially the same format as Attachment B of the agenda item) for MTS Access services.

8. MTS: FY 2009/10 Community-Based Transportation Planning (AG 220.3)

Recommend that the Board of Directors approve Resolution No. 09-16 (Attachment A of the agenda item) authorizing the CEO to enter into a contract with the California Department of Transportation for the use of a community-based transportation planning grant (if awarded).

Action on Recommended Consent Items

Mr. Ewin moved to approve Consent Agenda Item Nos. 6, 7, and 8. Mr. Ovrom seconded the motion, and the vote was 11 to 0 in favor.

CLOSED SESSION:

There were no Closed Session items.

DISCUSSION ITEMS:

There were no Discussion Items.

REPORT ITEMS:

45. MTS: San Diego International Airport Master Planning Update (SRTP 840.9.1)

Mr. Mark Thomsen, Senior Transportation Planner, reported that the San Diego County Regional Airport Authority Board recently accepted the vision plan for the build out of the airport. He introduced Mr. Keith Wilschetz, Director of Airport Planning. Mr. Wilschetz stated that the build-out plan addresses the best options for integration of an Intermodal Transportation Center and how traffic on local streets could be minimized.

Mr. Wilschetz briefly reviewed build-out options that were considered but rejected. He also reported that the preferred plan requires the use of Marine Corp Recruiting Depot (MCRD) land, which they are unwilling to give up. He reported that the adopted plan, without the MCRD land, involves passenger processing on the north side of the airport with shuttles to carry passengers to boarding-gate areas on the south side of the airport. He stated that during the phasing, there may be passenger processing at one of the existing locations in addition to the north side of the airport. He stated that the first phase of the built out would involve construction of a rental car facility and the Intermodal Transportation Center in 2015. He stated that rebuilding of Terminal 1 on the south side of the airport would occur around 2020 to 2021, at which time is it hoped the MCRD land will be available, and a decision could be made to relocate the terminals to the north side of the airport.

Mr. Wilschetz reported that the project will cost \$6.3 billion in escalated cost at a four percent inflation rate. He reported that \$240 million will come from facility charges paid by the customer. He reviewed the sources for the remainder of the funding.

In response to a question from Mr. Jones, Mr. Wilschetz stated that airport staff studied the concept of exchanging the taxiways and the runways and rejected it due to the significant expense with no gain in capacity.

Mr. Thomsen stated that the trolley line runs very close to the planned Intermodal Transportation Center. He stated that once Route 992 is dropping passengers at only one location, MTS will realize a reduction in operating cost for bus services.

In response to a question from Mr. Young, SANDAG consultant Mike Zdon reported that they are in the advance planning stage of doing a footprint of the station and working also on the operational aspect. He added that it is hoped that high-speed rail would eventually link the San Diego, San Bernardino, Los Angeles and Riverside airports. He stated that a trip to the Ontario airport would then take 45 minutes. Mr. Young was informed that SANDAG would be the lead agency and has grants for the preliminary stages of the project. Mr. Young requested that the Board be given periodic updates and that the Board be given an opportunity during those updates to express its wishes with regard to this project.

Mr. Rindone stated that he was extremely pleased that MTS was included in the process of developing this vision for the airport but expressed concern that passengers would find the new airport more difficult to use if the plan goes forward to shuttle people from the north side of the airport to departure gates on the south side of the airport. He felt that other airport properties would criticize San Diego for making that decision. He stated that it is important to get the MCRD land by the time the plan reaches the stage of making a decision regarding the location of the terminals. Mr. Jones stated that he agreed with Mr. Rindone.

Action Taken

Mr. Young moved to receive a report on the status of the San Diego International Airport's planning efforts. Mr. Ovrom seconded the motion, and the vote was 11 to 0 in favor.

46. MTS: Operations Budget status Report for February 2009 (FIN 310.1)

Mr. Mike Thompson, Assistant Budget Manager, provided a financial review for the fiscal year through February 2009. He reported that is \$782,000 under budget year-to-date.

Action Taken

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

60. Chairman's Report

Chairman Mathis reported that he recently attended the APTA Light-Rail Conference and that Senator Jim Mills was given an honorary award during the conference for his contributions to transit. He reported that Tom Larwin, MTS's former General Manager, presented the award.

Chairman Mathis reported that the opening of the first San Diego Trolley light-rail line in 1980 started a renaissance in light rail. He stated that the San Diego line was the first light-rail line, and that 30 U.S. cities and 4 Canadian cities have since instituted light-rail lines. He stated that some cities are also bringing back street cars.

61. Audit Oversight Committee Chairman's Report

Mr. Ewin stated that the next Audit Oversight Committee meeting would be held on June 4, 2009.

62. Chief Executive Officer's Report

There was no CEO's Report.

63. Board Member Communications

There were no Board Member Communications.

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, May 14, 2009.

66. Adjournment

Chairman Mathis adjourned the meeting at 10:53 a.m.

A handwritten signature in black ink, appearing to read "Gail Williams", written over a horizontal line.

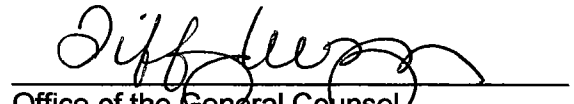
Chairperson
San Diego Metropolitan Transit System

Filed by:

A handwritten signature in black ink, appearing to read "Gail Williams", written over a horizontal line.

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

Approved as to form:

A handwritten signature in black ink, appearing to read "Duff", written over a horizontal line.

Office of the General Counsel
San Diego Metropolitan Transit System

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

METROPOLITAN TRANSIT DEVELOPMENT BOARD
FINANCE WORKSHOP

ROLL CALL

MEETING OF (DATE): 4/23/09

CALL TO ORDER (TIME): 9:03 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: _____

RECONVENE: _____

PUBLIC HEARING: _____

RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 9:57 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
BOYACK	<input type="checkbox"/> (Cunningham) <input type="checkbox"/>		<input checked="" type="checkbox"/>
EWIN	<input checked="" type="checkbox"/> (Allan) <input type="checkbox"/>		
FAULCONER	<input type="checkbox"/> (Emerald) <input type="checkbox"/>		<input checked="" type="checkbox"/>
GLORIA	<input checked="" type="checkbox"/> (Emerald) <input type="checkbox"/>		
LIGHTNER	<input checked="" type="checkbox"/> (Emerald) <input type="checkbox"/>		
MATHIS	<input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/>		
MCCLELLAN	<input checked="" type="checkbox"/> (Hanson-Cox) <input type="checkbox"/>		
MCLEAN	<input type="checkbox"/> (Janney) <input checked="" type="checkbox"/>		
OVROM	<input checked="" type="checkbox"/> (Woiwode) <input type="checkbox"/>		
RINDONE	<input checked="" type="checkbox"/> (Castaneda) <input type="checkbox"/>		
ROBERTS	<input type="checkbox"/> (Cox) <input type="checkbox"/>		<input checked="" type="checkbox"/>
RYAN	<input type="checkbox"/> (B. Jones) <input checked="" type="checkbox"/>		
SELBY	<input checked="" type="checkbox"/> (England) <input type="checkbox"/>		
YOUNG	<input checked="" type="checkbox"/> (Emerald) <input type="checkbox"/>		
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

Ed Johnson

**METROPOLITAN TRANSIT DEVELOPMENT BOARD
ROLL CALL**

MEETING OF (DATE): 4/23/09

CALL TO ORDER (TIME): 9:57 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: _____

RECONVENE: _____

PUBLIC HEARING: _____

RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 10:53 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
BOYACK	<input type="checkbox"/> (Cunningham) <input checked="" type="checkbox"/>	10:27 a.m. during AI 45	
EWIN	<input checked="" type="checkbox"/> (Allan) <input type="checkbox"/>		
FAULCONER	<input type="checkbox"/> (Emerald) <input type="checkbox"/>		<input checked="" type="checkbox"/>
GLORIA	<input checked="" type="checkbox"/> (Emerald) <input type="checkbox"/>		10:33 a.m. during AI 45
LIGHTNER	<input checked="" type="checkbox"/> (Emerald) <input type="checkbox"/>		
MATHIS	<input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/>		
MCCLELLAN	<input checked="" type="checkbox"/> (Hanson-Cox) <input type="checkbox"/>		
MCLEAN	<input type="checkbox"/> (Janney) <input checked="" type="checkbox"/>		
OVROM	<input checked="" type="checkbox"/> (Woiwode) <input type="checkbox"/>		
RINDONE	<input checked="" type="checkbox"/> (Castaneda) <input type="checkbox"/>		
ROBERTS	<input type="checkbox"/> (Cox) <input type="checkbox"/>		<input checked="" type="checkbox"/>
RYAN	<input type="checkbox"/> (B. Jones) <input checked="" type="checkbox"/>		
SELBY	<input checked="" type="checkbox"/> (England) <input type="checkbox"/>		
YOUNG	<input checked="" type="checkbox"/> (Emerald) <input type="checkbox"/>		
ZARATE	<input type="checkbox"/> (Parra) <input type="checkbox"/>		<input checked="" type="checkbox"/>

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL