

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

May 28, 2009

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

1. Roll Call

Chairman Mathis called the Board meeting to order at 9:04 a.m. A roll call sheet listing Board member attendance is attached.

Mr. Mathis requested a moment of silence in memory of former Board member Fred McLean.

Mr. Mathis welcomed Ms. Lorie Bragg, Alternate Board member representing Imperial Beach, to the MTS Board.

2. Approval of Minutes

Ms. Boyack moved to approve the minutes of the May 14, 2009, MTS Board of Directors meeting. Mr. McClellan seconded the motion, and the vote was 8 to 0 in favor with Ms. Bragg and Mr. Ovrom abstaining as they were not present for the May 14 meeting.

3. Public Comments

There were no public comments.

4. Transportation Security Administration Presentation

This item was cancelled.

CONSENT ITEMS:

6. MTS: East County Bus Maintenance Facility Budget Changes (CIP 10496)

Recommend that the Board of Directors approve budget changes and grant transfers for East County Bus Maintenance Facility projects.

7. MTS: Rural Medium-Duty Buses – Contract Award (CIP 11419)

Recommend that the Board of Directors authorize the CEO to execute MTS Doc. No. B0524.0-09 (in substantially the same form as Attachment A of the agenda item) with Creative Bus Sales to purchase three medium-duty transit vehicles.

8. MTS: Capital Improvement Project Funds Transfer (CIPs 11418, 11200)

Recommend that the Board of Directors approve the transfer of nonfederal funds from MTS CIP 11418 (MCS ADA Small Vehicle Procurement) to CIP 11200 (MTS Miscellaneous Capital No Federal).

9. MTS: An Ordinance Amending Ordinance No. 4, An Ordinance Establishing a Metropolitan Transit System Fare-Pricing Schedule and an Ordinance Amending Ordinance No. 13, an Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions on or About a Transit Facility, Trolley Station, or Bus Stop (ADM 110.3)

Recommend that the Board of Directors (1) read the title of Ordinance No. 4 (Attachment A of the agenda item), An Ordinance Establishing a Metropolitan Transit System Fare-Pricing Schedule and Ordinance No. 13 (Attachment B of the agenda item), an Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions on or About a Transit Facility, Trolley Station, or Bus Stop; (2) waive further readings of the ordinance; and (3) direct publication of an ordinance summary.

Action on Recommended Consent Items

Mr. Rindone moved to approve Consent Agenda Item Nos. 6, 7, 8, and 9. Ms. Boyack seconded the motion, and the vote was 10 to 0 in favor of Consent Item 6, 7, 8, and 9 (Ordinance No. 13 only). The vote was 8 to 2 for Consent Item No. 9 (Ordinance No. 4 only), with Ms. Lightner and Mr. Gloria casting the dissenting votes.

CLOSED SESSION:

24. Closed Session Items (ADM 122)

The Board convened to Closed Session at 9:07 a.m.

- a. 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)
- b. MTS: CLOSED SESSION – CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant to California Government Code section 54956.8: Property: 3650 Main Street, Chula, CA. Assessor Parcel No.: 623-250-23. Agency Negotiators: Tiffany Lorenzen, General Counsel; Tim Allison, Manager of Real Estate Assets; and Jane Wiggans, Wiggans Group, Inc. Negotiating Parties: Sav-On Systems, a California Limited Partnership.

The Board reconvened to Open Session at 9:38 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 from General Counsel.
- b. The Board received a report from the Manager of Real Estate Assets and gave direction to the Manager of Real Estate Assets and the CEO.

PUBLIC HEARING

25. MTS: FY 2010 Budget – Public Hearing and Adoption (FIN 310)

Mr. Paul Jablonski, CEO, stated that the development of the FY 2010 budget has been underway for six to seven months, and it is a balanced budget. He added that new information on sales tax revenues indicates they will be down an additional two percent for the current budget year. He stated that he felt the current budget could absorb that further decline but added that, if that decline continues, it will be an issue for the FY 2010 budget. He advised the Board that there will be a Budget Development Committee meeting June 22 at which time staff should be able to present updated information on sales tax revenues and efforts will begin to manage the FY 2010 budget based on that information.

Mr. Larry Marinesi, MTS Budget Manager, provided historical information on the development of the budget. He reported that revenues are down 0.1 percent and expenses are up 0.6 from FY 2009. He then presented five-year financial projections. He also reviewed elements that could negatively impact the budget, which included 1) declines in subsidy levels; 2) declines in passenger levels through the economic crisis; 3) increases in fuel prices; and 4) the loss of capital funding due to state actions that might occur as a result of the failed ballot initiatives.

Mr. McClellan stated that the public needs to be aware that the budget may have to be amended if any of the aforementioned concerns become a reality. In response to a question from Mr. Gloria, Mr. Marinesi stated that the State could further reduce State Transit Assistance funding. He further explained that MTS has received \$28 million in Proposition 1B funding and has applied for an additional \$30 million, which could potentially be at risk. He stated that the loss of Proposition 1B funding would affect the capital budget, not the operating budget. In response to a question from Mr. Ovrom, Mr. Marinesi explained that MTS staff is going through a data cleaning process of its Medi-Cal records relative to paratransit service that could result in a decline of \$1 million in state revenues. Mr. Jablonski advised Mr. Ewin that staff is prepared with options for various funding scenarios and is continually going through this process. He also advised the Board that it would be very difficult for the state to take Transportation Development Act funding because it is tied to local sales tax.

Mr. Jablonski advised Ms. Boyack that MTS has its financial results by the middle of the following month with the exception of figures for pass-sales revenues, which are not received from SANDAG until a month after that. He also advised her that MTS typically does one midyear budget amendment but that amendments could be deemed necessary.

Public Hearing

Chairman Mathis opened the Public Hearing at 9:56 a.m. There were no speakers, so Chairman Mathis also closed the Public Hearing at 9:56 a.m.

Action Taken

Mr. Young moved to (1) hold a public hearing, receive testimony, and review and comment on the fiscal year 2010 budget information (Attachment A of the agenda item) presented in this report; and (2) adopt Resolution No. 09-17 (Attachment B of the agenda item) approving the operating and capital budget for MTS and approving the operating budgets for SDTC, SDTC, MTS Contract Services, Chula Vista Transit, and the Coronado Ferry. Mr. Rindone seconded the motion, and the vote was 13 to 0 in favor.

DISCUSSION ITEMS:

30. MTS: Credit Agreement (FIN 300)

Mr. Tom Lynch, MTS Controller, reported that the proposed credit agreement is a classic working capital agreement that would make it possible to bridge the timing gap between the receipt of subsidy revenues and MTS's normal operating expenses. Mr. Lynch reviewed the specifics of the credit line and reported that this will provide a more economical and flexible way for MTS to address that gap.

In response to a question from Mr. Young, Mr. Lynch reported that MTS currently has a three-year contract with Bank of America. Mr. Cliff Telfer, Chief Financial Officer, pointed out that this particular type of agreement is covered under that contract; therefore, it was not bid out. Mr. Telfer also reported that a competitive bidding process was used to select Bank of America to provide banking services for MTS. Mr. Telfer explained to Mr. Young that Requests for Proposals (RFP) were sent to Bank of America, Wells Fargo, Union Bank, banks that expressed an interest in providing banking services to MTS, and others. Mr. Lynch explained that few banks are interested in the public sector - they are primarily interested in organizations that hold large cash balances, which MTS does not. Mr. Lynch further explained that only three banks submitted proposals and only two were responsive. He added that Bank of America was clearly the best choice. He confirmed for Mr. Young that each financial institution was notified of the contract opportunity in the same manner - through the RFP process. Mr. Telfer pointed out that the contract opportunity was also advertised in business journals. Mr. Young stated that it is important that MTS select banks that support the Community Reinvestment Act (CRA). He added that it seemed no preference was given to a particular financial institution and stated that this is also important.

Mr. Ewin stated that he remembered that the RFP process for this contract was pretty extensive. He stated that he appreciated Mr. Young's comments about the CRA and asked how often the banking-services contract was rebid. Mr. Lynch stated that the contract is rebid every three years, and there were specific criteria related to CRA in the RFP. Ms. Lorenzen stated points were assigned for this specific criteria as part of the evaluation process that was used to determine the most qualified bidder. Mr. Young thanked staff for doing that.

Action Taken

Mr. Ewin moved to approve Resolution No. 09-11 (in substantially the same form as Attachment A of the agenda item) authorizing the CEO to execute a credit agreement with Bank of America (in substantially the same form as Attachment B of the agenda item). Mr. Ovrom seconded the motion, and the vote was 13 to 0 in favor.

REPORT ITEMS:

48. MTS: Operations Budget Status Report for March 2009 (FIN 310)
(Taken Out of Order)

Mr. Mike Thompson, MTS Budget Manager, reviewed actual revenues and expenses compared to budget for FY 2009 through March. He reported that MTS is under budget for this period by \$912,000. Mr. Jablonski stated that MTS was anticipating a \$1.7 million surplus by the end of the fiscal year. He stated that may not be achievable given recent declines in sales tax revenues.

Action Taken

Mr. Faulconer moved to receive the MTS Operations Budget Status Report for March 2009. Ms. Boyack seconded the motion, and the vote was 12 to 0 in favor.

45. MTS: Super Loop Pilot (OPS 11246)

Ms. Sharon Cooney, Interim Director of Planning, reported that Super Loop service will operate in a transit-rich environment, and because of TransNet, MTS will be able to introduce a pilot program of this service using the existing stops starting June 15. She stated that this is being done in response to the increased demand for service in this area. She introduced Dan Martin, SANDAG Principal Planner, to provide details on this project.

Mr. Martin reviewed the characteristics of the project including the number of stops, the routing of the service, hours of service, traffic priority treatments that will be put in place, and the distinctive bus stations and vehicles that will be used. Mr. Martin reported that the stations have been redesigned, and the new stations will cost approximately \$200,000, which is 60 percent less than the original design. He stated that all 12 of the vehicles that will provide this service have been delivered, and the construction component of the project will be paid for using federal funds. He stated that operating plans and agreements are in the process of being developed. He added that construction should begin in winter of 2009 and be completed in fall 2010, at which time Super Loop service would begin. Mr. Martin reviewed the details of the proposed interim service to begin June 15, 2009. Chairman Mathis pointed out that introducing a pilot program will provide MTS with an opportunity to evaluate whether or not the bus stops are located in the best places before construction begins to build those stops and will allow MTS to start using the distinctive Super Loop buses almost immediately.

In response to a question from Mr. Ewin, Mr. Jablonski stated that MTS does not pay for bus stop amenities – these are paid for by advertisers. He stated that MTS pays approximately \$100 for each bus stop sign and for a couple of hours of labor to erect each sign. Mr. Ewin expressed concern about the amenities being provided as part of this project while there are limited or no amenities in other communities.

In response to a question from Mr. Faulconer, Mr. Jablonski explained that MTS is charging the operating costs for this service to SANDAG. Ms. Cooney estimated a 40 percent farebox recovery ratio for this service. Mr. Jablonski stated that this farebox recovery ratio is a little bit higher than the ratio for MTS's other service and added that he was not sure it could be achieved during the first year in a pilot program. Mr. Faulconer stated that the route should travel where MTS can attract the most riders. Ms. Lightner requested that MTS be flexible in considering other alignments for this service, especially Regents Road.

Action Taken

Mr. Jones moved to receive a report on the Super Loop project. Mr. Gloria seconded the motion, and the vote was 13 to 0 in favor.

46. MTS: Federal Legislative and Funding Opportunities (LEG 410)

Mr. Jablonski introduced Mr. Peter Peyser, Blank Rome Government Relations, LLC, and reported that the contract for these services is a joint one with North County Transit and SANDAG.

Mr. Peyser introduced his associate, Beth Boehlert. Mr. Peyser reported on activities related to the reauthorization of the Surface Transportation Act. He stated that there is not enough revenue in the Highway Trust Fund to fund the various programs covered by the fund, including SAFETEA-LU, which expires on September 30, 2009. He stated that the program may have to be cut by 40 percent unless the government can find a way to obtain more funding. He added that there is talk of taking money from the General Fund for this purpose.

Ms. Boehlert reviewed congressional activities related to this matter. Mr. Peyser discussed transportation leadership within the Obama administration. He stated that the Democrats want to give the Obama administration an opportunity to address this issue and develop its own proposal. He stated that it may take a year to put all the pieces together but thought the outlook was positive.

Ms. Boehlert reviewed Obama's FY 2010 budget request and reported that the transportation bill is to be marked up in the House Appropriations Committee in July with floor action expected in September. She reported that Senate action is uncertain. She added that Senator Boxer has requested an earmark of \$5 million for MTS's Blue Line.

Mr. Peyser reported on the Mid-Coast Project. He stated that he and Mr. Ron Roberts had met with Matt Welbes, Acting Deputy Administration for the Federal Transit Administration (FTA). He stated that Mr. Welbes understands that the Mid-Coast Project is ready to move forward and encouraged MTS and SANDAG to start providing the FTA with information on this project so they can begin the evaluation process prior to MTS's submittal of a formal application. He stated that Mr. Welbes feels that MTS has a good track record with its projects. Mr. Peyser also discussed how the FTA's criteria for evaluating projects is changing under the direction of Congress. Mr. Peyser stated that the full-funding agreement for the Mid-Coast project will have to include a long-term authorization. He felt that there would be no problem with this unless it takes a long time to get the Surface Transportation Act reauthorized.

Ms. Boehlert briefly discussed the implementation of the American Recovery and Reinvestment Act (ARRA). Mr. Peyser briefly discussed the high-speed rail component of ARRA and stated that public transportation could find itself competing with high-speed rail for ARRA funding. He also stated that there is a \$1.5 billion multimodal discretionary element to ARRA that could be a valuable opportunity for public transportation. He reported that Blank Rome is also watching climate change legislation, which might provide some additional funding opportunities for public transportation.

In response to a question from Mr. Gloria, Ms. Cooney reported that MTS has also requested earmarks for bus replacements and for the Mid-City Rapid Bus Project.

In response to a question from Mr. Gloria about federal funding for transit operations, Mr. Peyser stated the federal government stopped providing operating funding years ago, with the exception of formula funds for preventative maintenance, because it didn't want to be involved in operating and contracting issues at the local level. He stated that transit agencies have been asking Washington, D.C. for operating funding since diesel prices spiked but there is not strong support for this concept in D.C. Ms. Boehlert stated that there are rumors that 10 percent of ARRA might be designated for operations. Mr. Gloria stated that Blank Rome, as it represents MTS in Washington, should pursue funding for operations as part of the solution to transit's problems. Mr. Peyser stated that his organization was ready to pursue that if requested to do so by the Board.

In response to a question from Mr. Faulconer, Ms. Cooney reported that applications for earmarks have to come from congressional district representatives. Ms. Cooney reported that Representative Susan Davis requested the earmark for bus replacements. Mr. Faulconer stated that he would to see a list of the earmark requests for projects submitted by MTS's federal delegates along with Blank Rome's win/loss record on past as well as current and future requests. Chairman Mathis stated that Ms. Cooney's efforts have centered on a list of projects approved by the Board. He stated that meetings are held on a fairly regular basis with federal delegates when they are in town to discuss these matters as well.

Action Taken

Mr. Rindone moved to receive a report from MTS's Washington representative. Mr. Ovrom seconded the motion, and the vote was 13 to 0 in favor.

47. MTS: Update on the San Ysidro Border Reconfiguration Project (CIP 10453)

This agenda item was trailed to the June 11, 2009, meeting.

60. Chairman's Report

Coca-Cola Scholarship: Chairman Mathis reported that Coca-Cola Scholarship awards would be presented at 11:30 a.m. by the clock tower and invited Board members to help make the presentations.

Siemens Visit: Chairman Mathis reported that he, Mr. Jablonski, and Mr. Wayne Terry, Chief Operating Officer – Trolley, visited the Siemens plant where the ultrashort trolley cars are being produced for Utah Transit. He stated that Siemens made a very impressive presentation. He added that Siemens has spent \$50 million to expand its production capacity and are doing almost all the construction of its cars instead of just doing the assembly.

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

Siemens Visit: Mr. Jablonski reported that Siemens is done with the final design of the ultrashort trolley car for Utah Transit. He stated that he was encouraged by the improvements that have been made to the design since the production of the S70 car. He stated that they discussed with Siemens a small number of elements that MTS would want changed on its cars, and it seemed that these would be viable options. He advised the Board that MTS will be using an option on Utah Transit's contract to purchase trolley cars and will begin discussions regarding the specifics of the contract with Siemens this summer. Mr. Terry stated that he passed along suggestions for improvements related to maintenance issues, including access, and Siemens was very receptive to those comments. Mr. Faulconer was very supportive of the ultrashort car and what it means for trolley operations on C Street. He saw it as a positive development and a great solution.

Homeland Security Viper Unit: Mr. Jablonski advised the Board that certain undocumented individuals were detained at Old Town by Viper Unit personnel. He stated that this issue

occurred about five years ago with the Border Patrol when they were conducting immigration checks on MTS services. He stated that the Border Patrol agents have since done a very good job of not impacting transit as they carry out their duties.

He stated that MTS personnel have met with the head of Homeland Security for this area to discuss public relations issues that result from these types of activities when they are carried out on public transportation services. He stated that they understand the issues and agreed to conduct their checks with sensitivity to those concerns. Mr. Gloria stated that he was able to reach Mr. Jablonski immediately when he discovered what had occurred, and Mr. Jablonski was already aware of what had happened. He stated that it is important that MTS customers know that MTS is being proactive in dealing with this issue. He stated that Mr. Jablonski is on top of this issue and expressed his appreciation for MTS's quick work in dealing with this matter.

63. Board Member Communications

Santee Street Fair: Mr. Jones invited board and staff members to attend the first annual street fair at Trolley Square. He stated that the fair will open at 9:00 a.m. and close at 9:00 p.m.

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, June 11, 2009.

66. Adjournment

Chairman Mathis adjourned the meeting at 11:28 a.m.



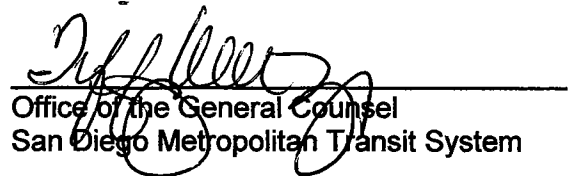
Chairperson
San Diego Metropolitan Transit System

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

MEETING OF (DATE): 5/28/09

CALL TO ORDER (TIME): 9:04 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 9:07 a.m.

RECONVENE: 9:38 a.m.

PUBLIC HEARING: 9:56 a.m.

RECONVENE: 9:56 a.m.

ORDINANCES ADOPTED: _____

ADJOURN: 11:28 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
BOYACK	<input checked="" type="checkbox"/> (Cunningham) <input type="checkbox"/>		
EWIN	<input checked="" type="checkbox"/> (Allan) <input type="checkbox"/>	9:22 a.m. during AI 24	
FAULCONER	<input checked="" type="checkbox"/> (Emerald) <input type="checkbox"/>		
GLORIA	<input checked="" type="checkbox"/> (Emerald) <input type="checkbox"/>		
JANNEY	<input type="checkbox"/> (Bragg) <input checked="" 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"/>		
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"/>	9:07 a.m. during AI 24	
YOUNG	<input checked="" type="checkbox"/> (Emerald) <input type="checkbox"/>	9:15 a.m. during AI 24	11:21 a.m. during AI 60
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 [Signature]