

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

MINUTES

January 14, 2010

MTS
1255 Imperial Avenue, Suite 1000, San Diego

A. ROLL CALL

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

B. APPROVAL OF MINUTES

Mr. Roberts moved for approval of the minutes of the November 5, 2009, Executive Committee meeting. Mr. Rindone seconded the motion, and the vote was 5 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

1. MTS: Appointment of San Diego Association of Governments Transportation Committee Representative and Alternate (Sharon Cooney)

Action Taken

Mr. Roberts moved to nominate Mr. Mathis as the representative and Mr. Rindone as the alternate for the SANDAG Transportation Committee. (Mr. Mathis and Mr. Rindone were not present during their respective votes.) The vote was 4 to 0 in favor of each appointment.

2. MTS: Legislative Workshop (Sharon Cooney)

Ms. Cooney gave a presentation on the legislative slate to use as a guide for MTS's advocacy efforts at the state and federal level. She reviewed 2009 federal funding including Transit Security Grant Program (TSGP), Rural Funding (5311), earmarks in FY 2010 Appropriations, and the economic stimulus. She informed members about the Implementation of the Rail Safety Act of 2008 and how the requirement for Positive Train Control (PTC) affects MTS. She also reviewed Energy Security and Climate Change, San Ysidro Border Reconfiguration, and Reauthorization of the Surface Transportation Act.

Ms. Cooney stated that at the state level for 2009, the STA has been eliminated, which is a critical problem for MTS. She added that an initiative has been launched to protect transit and other local funding from raids. She stated that despite that, the state plans for next year's budget to not only take the funding, but to try to

prevent attempts to reinstate by eliminating the public transportation account entirely. There is a tax swap that is being proposed by the governor's budget that will completely revolutionize the way that transportation is funded in the state.

Ms. Cooney reviewed the 2009 state allocations, including Proposition 1B that was approved by the voters in 2007. This was supposed to be a good source of funding for transit capital projects. She stated that the state's inability to bond has put a hold on the program. MTS did receive money for the 2008 cycle; however, for the 2009 cycle, no funding has been received. An application has been submitted for \$16 million plus \$2.78 million for security grants. MTS has been told that the State Controller is assigning some of the funding to the program, but it will be significantly less than what is waiting to be allocated for the 2009 cycle. She explained that funding is being assigned by SANDAG for the low-floor vehicle purchases for the Blue Line. She pointed out that \$20 million for FY 2009 appropriations has not been assigned to MTS. She reported on zero emission buses and stated that the climate change implementation has been delayed and the state budget is too tight to fund the program.

Ms. Cooney reviewed the 2010 federal legislative priorities, including reauthorization and federal funding in the jobs bill. She stated that MTS is closely watching the CNG tax credit and will be looking for funding associated with the cap and trade program under climate change. She added that there have been attempts recently to bolster federal regulation of rail that could favorably impact MTS's light rail.

Ms. Cooney reviewed 2010 federal funding priorities to include Mid-Coast Trolley Extension, bus replacement vehicles, East County and South Bay bus maintenance facilities, Blue Line Station improvements, and RTMS for contract services. She stated that 2010 state legislative priorities include: opposition to loss of funding, seeking sales tax exemption for transit purchases, seeking delays in implementation of ZEB requirements, opposition to restrictive interpretations of transit exemptions in CEQA, seeking clarification on TDA-purchased property, and seek relief from regulations that prevent MTS from providing transit services in the most cost-effective way.

Ms. Cooney stated the approaches for advocacy include: expand transit support through public transportation, cultivate partnerships with groups sympathetic to transit's mission, work with state, federal associations, and other transit operators, educate legislators regarding increased demand for transit, and Board assistance in advocacy efforts.

Ms. Cooney stated that staff is requesting that the Executive Committee forward a recommendation to the Board of Directors to approve the proposed 2010 Federal Legislative Program and the 2010 State Legislative Program.

Action Taken

Mr. Rindone moved to forward a recommendation to the Board to approve the proposed 2010 Federal Legislative Program and the 2010 State Legislative Program. Mr. Rindone seconded the motion, and the vote was 5 to 0 in favor.

3. Number not used.

4. SDTI: LRV Repair and Retrofit Status (Lee Summerlott)

Mr. Terry stated that in March 2008, there was a significant accident in El Cajon that involved LRV 2052. This was the worst accident in SDTI's 30-year history. He stated that the car had to be evaluated to determine if it would be considered a total loss or if the repairs would be done by Siemens or in-house.

Mr. Summerlott reviewed the accident, which caused major body damage to the propulsion system and undercar that caused a derailment. He reviewed the vehicle appraisal and repair estimation history. He stated that on May 7, 2009, the car was returned from Siemens because it was determined that the repairs could be accomplished in house. He stated the Siemens' proposal to repair the car was \$1.3 million.

Mr. Summerlott described the process to rebuild the car body, repaint, and other repairs and replacements that were made. He stated that the total structure of the base, rib cages, interior, seat bases, and floor were removed.

Mr. Summerlott stated that other cost-saving areas were explored to use this vehicle as a prototype for the door system, LED interior lighting, and LED destination signs. He reviewed the overall savings in repairs, cost, and time to be \$243,860.

Mr. Terry stated there was a good response effort by everyone involved. Although this was a very serious accident, the derailling crews were brought in adjacent to the track, rerailed, and brought back within 1 hour and 30 minutes.

Mr. Terry stated that the replacement cost for the vehicle is \$3.6 million. The value of the vehicle in its current condition is \$1.8 million.

Action Taken

Mr. Selby moved to receive the report. Mr. Rindone seconded the motion, and the vote was 5 to 0 in favor.

5. MTS – Advertising Update (Rob Schupp)

Mr. Schupp gave an overview of the sources of advertising revenue, revenue totals for the last three years, impacts on revenue potential, and possible new sources of revenue. He reviewed the major sources of advertising revenue that include bus

exteriors and interiors, bus shelters, bus benches, trolley wraps, and miscellaneous.

Mr. Schupp pointed out that the bus advertising revenue in 2007 was \$1.3 million, which has reduced significantly in 2009 to \$800,000, and the projection for 2010 is \$780,000. He reviewed revenue trends for shelters, benches, and trolley. He pointed out that the revenue trend in 2009 was \$2 million, and the expectation for 2010 is also \$2 million, (primarily due to the addition of the CVS shelters).

Mr. Schupp reviewed new advertising opportunities that are being sought. He pointed out that there are revenue impacts due to the dwindling number of buses allowing advertising. He stated that there are 380 buses that allow advertising in 2007 because of the new buses and the new paint schemes. In 2009, the number is down to 200, and it is projected to get smaller yet in 2010.

Mr. Schupp stated that in 2003, MTS made a policy decision not to put advertising on the newly painted buses. He stated that today there are 413 buses in the fleet with the new paint scheme; there are 211 that allow advertising. He stated that input is requested from the members to see if the policy should be revisited with the full Board at its next meeting.

Members discussed the importance of selling the MTS identity, the proactive decision the Board made to get away from the junk look of advertising, and seeking a clean, fresh look for transit. Mr. Selby stated that it may be time to look at the business model concerning advertising again. Mr. Roberts stated the importance of selling the brand and having a clean image. He stated that there is appropriateness to advertising, and he supports kiosk advertising.

Mr. Mathis stated that another look should be taken at the advertising policy so that the public can be assured that all other options have been explored.

In response to Ms. Lightner, Mr. Schupp stated that there is the ability to wrap 15 trolleys, and depending on the month, there has been a maximum of 8 wrapped at a time. (The wraps are sold for \$10,000 per month.)

Members agreed to forward the policy on advertising to the Board for review, and to include a discussion about the history of the policy.

Action Taken

Ms. Lightner moved to receive the report and forward a report to the Board regarding the advertising policy. Mr. Selby seconded the motion, and the vote was 5 to 0 in favor.

D. REVIEW OF DRAFT JANUARY 21, 2010, BOARD AGENDA (Taken Out of Order)

Recommended Consent Items

6. MTS: Increased Authorization for Legal Services - Wheatley Bingham & Baker
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1111.13-07 with Wheatley Bingham & Baker for legal services and ratify prior amendments entered into under the CEO's authority.
7. MTS: Increased Authorization for Legal Services - McDougal Love Eckis Smith Boehmer & Foley, APC
Action would authorize the CEO to execute MTS Doc. No. G1067.8-07 with McDougal Love Eckis Smith Boehmer & Foley, APC for legal services and ratify prior amendments entered into under the CEO's authority.
8. MTS: Increased Authorization for Legal Services - Law Offices of Mark H. Barber, APC
Action would authorize the CEO to execute MTS Doc. No. G1162.8-08 with the Law Offices of Mark H. Barber, APC for legal services and ratify prior amendments entered into under the CEO's authority.
9. MTS: Coast United Advertising - Contract Option Years
Action would authorize the CEO to execute MTS Doc. No. B0201.1-99 for three 12-month option periods with Coast United Advertising.
10. MTS: I-15 Bus Rapid Transit Station - Property Transfers
Action would authorize the CEO to execute all documents necessary to transfer property to the State of California Department of Transportation (Caltrans) for state highway purposes and to the City of San Diego for street purposes.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

Ms. Cooney pointed out that the Transportation Committee will be addressing a recommendation to adjust downward for FY 2010 TransNet and the Transportation Development Act revenues and projections for the transit operators.

G. PUBLIC COMMENTS

Clive Richard stated that he will reserve his comments for the next Board meeting.

6. MTS: CLOSED SESSION - PUBLIC EMPLOYEE PERFORMANCE EVALUATION CHIEF EXECUTIVE OFFICER PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54957 – (Taken Out of Order)

Ms. Lorenzen stated that there is no report.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS (Taken Out of Order)

Ms. Lightner stated that her office is working with MTS Marketing to set up a press conference for next week regarding Route 880.

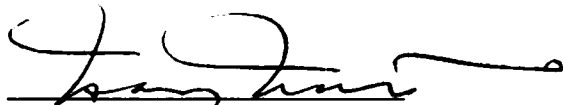
Mr. Selby stated that he has received positive comments about MTS tweets.

H. NEXT MEETING DATE

The next meeting is scheduled for Thursday, February 11, 2010, at 9:00 a.m. in the Executive Conference Room.

I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 11:30 a.m.

A handwritten signature in black ink, appearing to be "J. Mathis", written over a horizontal line.

Chairman

**EXECUTIVE COMMITTEE
METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) January 14, 2010

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

RECESS None

RECONVENE ---

CLOSED SESSION 10:28 a.m.

RECONVENE 11:25 a.m. ---

ADJOURN 11:30 a.m.

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
LIGHTNER <input checked="" type="checkbox"/> (Young) <input type="checkbox"/>		
MATHIS <input checked="" type="checkbox"/>		
Imperial Beach Rotated to Chula Vista		
RINDONE (VC) <input checked="" type="checkbox"/> (Young - CPT) <input type="checkbox"/>		
ROBERTS <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		
SELBY <input checked="" type="checkbox"/> (Ryan) <input type="checkbox"/>		
Transportation Committee Rep Slot (Mathis)		

SIGNED BY OFFICE OF THE CLERK OF THE BOARD

Vicki Rogers

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL:

[Signature]