

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

MINUTES

January 21, 2010

MTS

1255 Imperial Avenue, Suite 1000, San Diego

1. Roll Call

Chairman Mathis called the Board meeting to order at 9:00 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Mr. Ewin moved to approve the minutes of the January 7, 2010, MTS Board of Directors meeting. Mr. Van Deventer seconded the motion, and the vote was 9 to 0 in favor.

3. Public Comments

None.

4. MTS: Election of Vice Chair and Chair Pro Tem and Appointments to Committees for 2010 (Sharon Cooney)

Chairman Mathis stated that the recommendation from the Executive Committee is to reelect Jerry Rindone as Vice Chair and Tony Young as Chair Pro Tem. He opened nominations from the floor. Nominations were closed with no response from Members. He referred to the 2010 Slate of MTS Committees and Outside Agency Appointments recommended by the Nominating Committee. He added that there is one nomination to be included in the slate, Ms. Lightner as an alternate to the Joint Committee on Regional Transit (JCRT). He noted that the vote by the Member who is the nominee will be an automatic abstention.

Action Taken

Mr. Selby moved to: (1) elect Jerry Rindone as Vice Chair and Tony Young as Chair Pro Tem for 2010; (2) approve the proposed slate of nominations as outlined below; and (3) include Ms. Lightner's nomination as the alternate to the Joint JCRT. Mr. Van Deventer seconded the motion.

Vice Chair and Chair Pro Tem

Jerry Rindone, Vice Chair: 10 to 0 in favor with Mr. Rindone abstaining.

Tony Young, Chair pro Tem: 11 to 0 in favor Mr. Young was not present for the vote.

Accessible Services Advisory Committee (ASAC)

Thomas Clabby – Chair: 11 to 0 in favor with Mr. Clabby abstaining.

Ad Hoc Public Security Committee

Tony Young – Chair: 11 to 0 in favor Mr. Young was not present for the vote.

Audit Oversight Committee

Ernie Ewin – Chair: 10 to 0 in favor with Mr. Ewin abstaining.

Budget Development Committee

Jerry Rindone – Chair: 10 to 0 in favor with Mr. Rindone abstaining.

Executive Committee

Harry Mathis – Chair: 10 to 0 in favor with Mr. Mathis abstaining.

Joint Committee on Regional Transit (JCRT)

Bob McClellan – Committee Representative: 10 to 0 in favor with Mr. McClellan abstaining.

Sherri Lightner – Alternate: 11 to 0 in favor. Ms. Lightner was not present for the vote.

Los Angeles – San Diego Rail Corridor Agency (LOSSAN)

Jerry Rindone – Committee Representative: 10 to 0 in favor with Mr. Rindone abstaining.

SANDAG Board

Harry Mathis – Advisory Representative: 10 to 0 in favor with Mr. Mathis abstaining.

SANDAG Regional Planning Committee

Al Ovrom – Committee Representative: 10 to 0 in favor with Mr. Ovrom abstaining.

SANDAG Transportation Committee

Harry Mathis – Committee Representative: 10 to 0 in favor with Mr. Mathis abstaining.

Taxicab Committee

Todd Gloria – Chair: 10 to 0 in favor with Mr. Gloria abstaining.

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.

Mr. McClellan requested clarification on whether he has a conflict with this item due to the fact that the law firm of McDougal Love Eckis Smith Boehmer & Foley represents El Cajon. Ms. Lorenzen stated that there is not a direct conflict, and therefore there is no need for Mr. McClellan to abstain from voting.

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.

Action Item

Mr. Rindone moved to approve Consent Agenda Item Nos. 6, 7, 8, 9, and 10. Mr. Ovrom seconded the motion, and the vote was 11 to 0 in favor.

CLOSED SESSION (Taken Out of Order)

The Board convened to Closed Session at 9:04 a.m.

24. a. MTS: CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to California Government Code Section 54956.8;
Property: 3650 Main Street, Chula Vista, California (Assessor Parcel No. 623-250-23);
Agency Negotiators: Tiffany Lorenzen, General Counsel; Tim Allison, Manager of Real Estate Assets; and Bruce Beach, Best Best & Krieger, LLP;
Negotiating Parties: Sav-On Systems, a California Limited Partnership;
Under Negotiation: Price and Terms of Payment
- b. MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL Pursuant to California Government Code Section 54956.9(a): Beatty/Ortiz v. Metropolitan Transit System (Superior Court Case No. GIC 868963
- c. MTS: CLOSED SESSION - PUBLIC EMPLOYEE PERFORMANCE EVALUATION CHIEF EXECUTIVE OFFICER Pursuant to California Government Code Section 54957

The Board reconvened to open session at 10:27 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 outside counsel.
- b. The Board received a report and gave direction to General Counsel.
- c. The Board took no action.

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

32. MTS: Advertising Revenue and Policy (Rob Schupp) (Taken out of order)

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 identified 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 gave a review of the history of MTS's rebranding effort. He stated that in 2003, MTS made a policy decision not to put advertising on the newly painted buses. He stated that in 2007, there were 380 buses that allowed advertising. In 2009, that number was down to 221 because of the new paint schemes, and the projection for 2012 is that the number will get below 200 as more buses are retired. He stated that having fewer buses on the street with advertising has an impact on the market, and the perception by advertisers is that they are not seeing their ads in the system.

Mr. Schupp showed examples of the retired buses since 2004 and the current fleet of buses with the prebranding paint schemes. He stated that since 2004, MTS has been aggressive in replacing buses of all varieties and showed examples of the current fleet (62% of the fleet has the new brand paint scheme). He stated that currently there is a totally integrated brand that has been remarkable in converting the public's impression of public transportation in San Diego.

Mr. Schupp stated that 2/3 of the fleet has the new brand or are older buses without advertising (advertising is allowed on 33% of the fleet). He pointed out that this discussion relates to the kings that are placed on either side of the bus and whether the Board will allow advertising on the newly painted buses. He showed an example of how a bus king would look on the side of a 40' New Flyer, which would cover a portion of the MTS brand.

Mr. Schupp pointed out that MTS could continue with the policy of no advertising on the newly branded vehicles, which would have a negative fiscal impact of -\$150,000 for FY 11. He added that advertising could be allowed on up to 100 40-foot buses, which would generate a positive impact of \$300,000. If advertising was allowed on all 170 40-foot buses, there would be a positive impact of \$340,000. He stated that if the Board decides to continue not to advertise on those buses, it is anticipated that there would be \$150,000 less revenue than last year.

In response to Mr. Rindone, Randy Phillips, VP Sales, Michael Allen & Associates, stated that a wrap for the back of the bus is possible, and a back wrap is occasionally sold to advertisers. He stated that the most traditional form of advertising is the king on the side of the bus. Mr. Rindone stated that he would be in favor of a back wrap, and that it should be an option.

Mr. Phillips gave the company background on Michael Allen & Associates and stated that his company has represented transit for over 24 years. He added that a vote for no advertising on the branded buses means that there will be an immediate impact on MA's ability to sell ads, and, as the number of buses that accept advertising diminish, all advertising will be lost. He stated that he would appreciate the Board's consideration of changing the policy to allow advertising on branded buses.

In response to Mr. Gloria, Mr. Phillips stated that kings are not the only option for advertising; back wraps can also be considered. He added that the majority of the requests for advertising are dictated by ad agencies. King side advertising and tail advertising are standard and are 90% of MA's business. Mr. Jablonski added that ads are distributed nationally in a size that is standard to the industry.

Mr. Gloria encouraged staff to explore more creative options in this difficult financial environment. He stated that although MTS's branding efforts are important and do make the system more attractive, some respect should be shown to the riders who have been asked to make sacrifices through service cuts.

Mr. Young stated that he supports advertising on the entire system, and opportunities should be explored for the potential income. Mr. Jablonski stated that an RFP has been issued for naming rights to look at the entire system.

Mr. Cunningham stated that considering MTS's revenue shortfall, all opportunities should be explored to generate income through advertising. He supports directing staff to maximize advertising revenue.

Mr. Jablonski stated that the branding has been a concentrated effort by MTS to improve the fleet over the last six years. He cautioned against degrading the system adding that the appearance of the bus has an impact on riders.

Mr. Mathis stated that he feels that the Board is not ready to approve the use of kings on the branded buses. He added that MTS's image has been established and should be protected. He clarified that the report will be received with direction that the entire system be scrutinized for opportunities for advertising. In response to Mr. Gloria, Mr. Mathis stated that kings will be precluded from the branded buses.

Mr. Young clarified that a comprehensive analysis has not been completed of the system. Mr. Phillips stated that Michael Allen & Associates has contractual challenges in evaluating the entire system, and separate contracts are in place. Mr. Schupp added that a private contractor is being identified by staff to evaluate the entire system.

Mr. Cunningham clarified that the recommendation is to continue with the current policy of no advertising on newly branded vehicles, which would be a loss of -\$150,000.

In response to Mr. Gloria, Mr. Phillips confirmed that 90% of Michael Allen & Associates' business is kings on the sides of buses.

Mr. Jablonski clarified that advertising opportunities will be explored to include the sizing of the advertising that will respect the clean lines of the buses and the location of the MTS logo.

Action Taken

Mr. Rindone moved to receive the report and direct staff to maximize advertising options, excluding kings on the branded buses. Mr. Cunningham seconded the motion, and the vote was 9 to 1 in favor.

30. MTS: Los Angeles-San Diego-San Luis Obispo (LOSSAN) Rail Corridor Member Agency Memorandum of Understanding for Rail Service Integration (Linda Culp of SANDAG)

Danny Veeh, Assistant Transit Planner II from SANDAG, gave a PowerPoint presentation on LOSSAN. He described LOSSAN as the rail corridor agency that oversees the LOSSAN rail corridor and helps fund, plan, and advocate for improvements. He stated that the LOSSAN

Board of Directors has approved a Memorandum of Understanding to better integrate the corridor's passenger rail services and is requesting approval from each member agency.

Mr. Veeh gave a description of the LOSSAN corridor that is shared with Amtrak, COASTER, Metrolink, and freight services, and portions of the corridor would be shared with high-speed trains. He reported that for a number of years, SANDAG has provided staff support through the member agencies. He gave a review of the major MOU provisions.

Mr. Veeh stated that next steps include the hiring of the project manager, development of the business plan, and implementation of the early action items. He reported that the potential budget impacts will be \$1 million of which San Diego member agencies' share is \$192,000 over the next 18 months. He added that SANDAG will pay the FY 2010 portion of \$21,000 and will work with NCTD and MTS for the remaining need in FY 2011.

Mr. Rindone stated that the focus of LOSSAN has been heavy rail services between San Diego and Los Angeles. County representation has been expanded from San Diego to San Luis Obispo. He stated that he has been pleased in the recent months that LOSSAN has stepped up to ensure that there is an alignment of resources, integration of services, and coordination of lobbying for money throughout the corridor.

Action Taken

Mr. Rindone moved to receive the report and to authorize the CEO to sign the Los Angeles-San Diego-San Luis Obispo (LOSSAN) Rail Corridor Member Agency Memorandum of Understanding for Rail Service Integration. Mr. Cunningham seconded the motion, and the vote was 9 to 0 in favor.

31. MTS: Legislative Update (Sharon Cooney)

Ms. Cooney gave a review of the 2009 federal year grants. She stated that on the federal side, transit security grants were received as well as other grants under the normal appropriations process. One appropriation in particular of interest was the \$800,000 received from an earmark that was signed by Susan Davis' office for Regional Transportation Management System. In a year when earmarks were difficult to come by, it is important to note that MTS had congressional support for programs. She gave a review of economic stimulus funding that could be supplemented in the upcoming year with more funding under the heading of a jobs bill.

Ms. Cooney gave a review of the Rail Safety Act of 2008, Energy Security and Climate Change, the San Ysidro border reconfiguration, and Reauthorization of the Surface Transportation Act. She stated that at the state level the FY 2010 budget was a critical point of MTS's advocacy. She added that the Governor's proposed plan for FY 2011 is even worse. He has proposed that the funding sources for the public transportation account be eliminated by a tax swap. She discussed other eliminations on the jurisdictional level.

Ms. Cooney stated that Proposition 1B is now being impacted because the state is not able to bond enough money to support the appropriations each year. She stated that appropriations for FY 2009 are \$50 million, and MTS should be receiving \$5 million to \$6 million.

Ms. Cooney stated that the recommendation is that the Board approve the 2010 Federal Legislative Program (Attachment A to the agenda item) and 2010 State Legislative Program (Attachment B to the agenda item).

In response to Mr. Gloria, Ms. Cooney described the process for prioritizing capital projects. Mr. Gloria stated that it is important for the public to understand that this Board and agency is

making the effort to fight the cuts in Sacramento and to actively pursue more funding in Washington. Mr. Jablonski added that the federal priorities are dictated by the dollars available.

Mr. Young stated that there is an initiative to place a measure on the ballot to restrict the state's ability to take away city and transportation dollars. Ms. Cooney stated that MTS is watching the issue closely. She added that because MTS cannot advocate for a ballot initiative, the Board can pass a resolution in support. Mr. Young encouraged the Board to consider passing a resolution in support.

Action Taken

Mr. Gloria moved to approve the Federal Legislative Program and the State Legislative Program. Mr. McClellan seconded the motion, and the vote was 9 to 0 in favor.

REPORT ITEMS

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

Wayne Terry, COO of San Diego Trolley, Inc., introduced Lee Summerlott, Superintendent of LRV Maintenance, who served as the project manager for the repairs on LRV 2052. The accident occurred in March 2008 in El Cajon and 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 under car causing 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 more economically in house. He stated the Siemens' proposal to repair the car was \$1.3 million. He added that the replacement cost for the vehicle is \$3.6 million. The value of LRV 2052 new was \$2.08 million, and the current value of the car is \$1.8 million. There was a significant savings in terms of the costs for repairs and the time saved resulting from doing the in-house repairs.

Mr. Summerlott described the process to rebuild the car body, repaint, and perform other repairs and replacements. He stated that the base, rib cages, interior, seat bases, and floors 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. Mr. Terry estimated that if the repairs had been done by Siemens, the car would not have been returned until October or November of 2010. He added that this is a testament to the workmanship in the Light Rail Maintenance Department and a good training exercise.

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. Ewin stated that a formal commendation should be given to the team and a press release conducted.

Action Taken

Mr. Ewin moved to receive the report for information. Mr. Rindone seconded the motion, and the vote was 8 to 0 in favor.

46. MTS: Report on the Creation of a Central MTS Database and Reporting Tool (Devin Braun)

Devin Braun gave a PowerPoint presentation on the report on the Central MTS Database and Reporting Tool. He stated that the information is gathered from many different sources, including internally and from operators and contractors with their own reporting tools. He added that the centralized database consolidates data, which has many benefits, including the automated data import process.

Mr. Braun explained that the reporting tool allows the IT Department to write custom reports depending upon MTS's needs. He added that data comes from one place, it is available on the Web browser for all agency users, and there is immediate access to performance statistics. He displayed examples of the kinds of reports that can be pulled, including the ridership report, collision report and complaints filed.

Action Taken

Mr. McClellan moved to receive the report for information. Mr. Cunningham seconded the motion, and the vote was 8 to 0 in favor.

60. Chairman's Report

None.

61. Audit Oversight Committee Chairman's Report

None.

62. Chief Executive Officer's Report

None.

63. Board Member Communications

None.

64. Additional Public Comments Not on the Agenda

None.

65. Next Meeting Date

The next meeting of the MTS Board of Directors is on February 18, 2010.

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66. Adjournment



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: Roll Call Sheet

VRogers/
MINUTES - Board 1-21-10.doc

METROPOLITAN TRANSIT DEVELOPMENT BOARD
ROLL CALL

MEETING OF (DATE): 1-21-10

CALL TO ORDER (TIME): 9:00 a.m.

RECESS:

RECONVENE:

CLOSED SESSION: 9:05

RECONVENE: 10:27

PUBLIC HEARING: None

RECONVENE: None

ORDINANCES ADOPTED: -

ADJOURN: 12:05 p.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
CUNNINGHAM	<input checked="" type="checkbox"/> (Boyak) <input type="checkbox"/>	9:03	
EWIN	<input checked="" type="checkbox"/> (Allan) <input type="checkbox"/>		
EMERALD	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>	9:20 a.m.	10:18 a.m.
GLORIA	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		11:52 a.m.
JANNEY	<input checked="" type="checkbox"/> (Bragg) <input type="checkbox"/>		
LIGHTNER	<input type="checkbox"/> (Faulconer) <input type="checkbox"/>		
MATHIS	<input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/>		11:50 a.m.
MCCLELLAN	<input checked="" type="checkbox"/> (Hanson-Cox) <input type="checkbox"/>		
OVROM	<input checked="" type="checkbox"/> (Denny) <input type="checkbox"/>		
RINDONE	<input checked="" type="checkbox"/> (Castaneda) <input type="checkbox"/>	9:01 a.m.	
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		10:46 a.m.
RYAN	<input type="checkbox"/> (B. Jones) <input type="checkbox"/>		
SELBY	<input checked="" type="checkbox"/> (England) <input type="checkbox"/>		11:16 a.m.
VAN DEVENTER	<input checked="" type="checkbox"/> (Zarate) <input type="checkbox"/>		10:42 a.m.
YOUNG	<input checked="" type="checkbox"/> (Emerald) <input type="checkbox"/>	10:20 a.m.	11:43 a.m.

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL

Vicki Rogers
[Signature]