

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

February 18, 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 21, 2010, MTS Board of Directors meeting. Mr. McClellan seconded the motion, and the vote was 10 to 0 in favor.

3. Public Comments

Virginia Conway: Ms. Conway pointed out that there is no bus stop on Route 901, going North on the Silver Stand, near the bird-watching area. She requested a bus stop at that location. She requested that MTS look carefully at the Route 3 bus near 4th & Beech near the senior center. That bus may be very crowded, which will cause people who are invalid to stand before they get to the senior center.

Andra Fairchild: Ms. Fairchild stated that she has provided a map that depicts the location of the Compass Card validator at the Civic Center. She added that she has complained about the location to MTS and has been told that she needs to wait. Mr. Jablonski stated that the Civic Center stop will be renovated to accommodate the low-floor cars in about a year. At that time, the Compass Card validators will be placed in areas of better position for the customer.

Clarence Cuthbertson: Mr. Cuthbertson stated that in other cities, he has observed either reduced fare or no fare charged to seniors for public transportation. He recommended that senior citizens not have to pay to ride the system, which would increase ridership, reduce the number of cars on the roads, decrease emissions, and benefit the economy.

Clive Richard: Mr. Richard stated that as MTS struggles to get the legislature to honor transit funding, the decision to not place ads on vehicles does not make sense.

Katheryn Rhods: Ms. Rhods stated that she is a civil engineer from Point Loma. She referred to an invitation that she has provided regarding a walking tour that she will be giving on Saturday called the Reconnaissance Tour of the proposed site for a new Chargers stadium. She described the proposed ballot-voting process within the city and the history of the site. Mr. Mathis suggested that she meet with Tim Allison, MTS Manager of Property Assets, to get clarification on the issues related to the site.

CONSENT ITEMS

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 January 19, 2010, Meeting
Action would: (1) receive the San Diego and Imperial Valley Railroad (SD&IV), Pacific Southwest Railway Museum Association (Museum), and Carrizo Gorge Railway, Inc. (Carrizo) quarterly reports; and (2) ratify actions taken by the San Diego and Arizona Eastern (SD&AE) Railway Company Board of Directors at its meeting on January 19, 2010.

In response to Ms. Lightner, Ms. Lorenzen stated that the SD&AE Board approved items 1 and 2 by a vote of 3-0, and item 3 was handled in closed session.
7. MTS: Operations Budget Status Report for November 2009
Action would receive a report on MTS's operations budget status for November 2009.
8. MTS: Pension Obligation Bonds Refinancing Update
Action would ratify actions taken by staff on the refinancing of the variable pension obligation bonds (POBs).
9. MTS: Investment Report - December 2009
Action would receive a report for information.
10. MTS: MVE LRT Project Legal Services - Contract Amendment
Action would authorize the CEO to execute MTS Doc. No. M6655.13-07 with Hecht, Solberg, Robinson, Goldberg and Bagley, LLP for legal services on the Mission Valley East Light Rail Transit (MVE LRT) Project.
11. MTS: Transportation Development Act (TDA) Revenue Estimate
Action would receive the revised Fiscal Year 2010 Transportation Development Act (TDA) revenue estimate.
12. MTS: Excess Liability Insurance Renewal
Action would ratify and confirm the placement of the liability insurance policy (limits of \$75 million less a \$2 million self-insurance retention).
13. MTS: Human Resources Consulting Services - Contract Amendment
Action would authorize the CEO to execute MTS Doc. No. G1250.1-09 with Keenan & Associates for human resources consulting services.
14. MTS: SANDAG Budget Transfer for the SDTC KMD Building Rehabilitation Project
Action would forward a request to the San Diego Association of Governments (SANDAG) Transportation Committee (TC) to transfer \$150,000 from the SANDAG KMD Drop Table Project (CIP 1100200) to the SANDAG SDTC KMD Building Rehabilitation Project (CIP 1128900).

Action Taken

Mr. Rindone moved to approve Consent Agenda Item Nos. 6 through 14. Mr. Ovrom seconded the motion, and the vote was 13 to 0 in favor.

CLOSED SESSION

The Board convened to Closed Session at 9:17 a.m.

24. a. MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL
EXISTING LITIGATION Pursuant to California Government Code
section 54956.9(a): Betty Joyce Jones v. City of San Diego, MTS, et. al
(Case No. 37-2008-00087149-CU-PO-CTL)
- b. MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL
ANTICIPATED LITIGATION SIGNIFICANT EXPOSURE TO LITIGATION
Pursuant to California Government Code section 54956.9(b): (One
Potential Case)
- c. MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL -
EXISTING LITIGATION Pursuant to California Government Code
54956.9(a) Metropolitan Transit System v. San Diego State University
(Case No. 37-2007-00083692-CU-WM-CTL)

The Board reconvened to open session at 10:29 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 outside counsel.
- b. The Board received a report from General Counsel.
- c. The Board received a report from outside counsel.

NOTICED PUBLIC HEARINGS

25. MTS: Public Hearing of Necessity to Adopt a Resolution of Necessity for Full Acquisition of Assessor's Parcel No. 623-250-23, 3650 Main Street, Chula Vista, California, Owned by Sav-On Systems, a California Limited Partnership

Tim Allison, MTS Manager of Real Estate Assets, gave a PowerPoint presentation and stated that MTS has identified the property at 3650 Main Street in Chula Vista, owned by Sav-On Systems, that is required for the expansion of the South Bay Maintenance Facility. He described the parcel and the existing MTS bus maintenance and operations facility.

Mr. Allison described the methodology that MTS used to satisfy the four points of the California eminent domain law: (1) The public interest and necessity require the project; (2) The project is planned or located in a manner that will be the most compatible with the greatest public good and the least private injury; (3) The interest in the property is necessary for the project; and (4) An offer of just compensation has been made to the property owner.

Mr. Allison stated that the staff recommendation is to: (1) Open the public hearing, receive testimony, and close the hearing; (2) Approve Resolution of Necessity No. 10-4, by a two-thirds vote, pertaining to the acquisition of Assessor Parcel No. 623-250-23; and (3) Authorize staff to proceed with the condemnation.

Bruce Beach, Best, Best and Krieger, responded to Marti Emerald's question stating that a willing seller is not an issue in condemnation proceedings. He stated that negotiations will continue with Sav-On to reach a resolution, and only as a last resort would there be a trial. He described the environmental impact report process that has taken place since the site was originally developed in 2001.

In response to Ms. Emerald, Mr. Jablonski stated that the only option besides eminent domain would be for MTS to build a new facility at another location and this would be operationally duplicative and cost prohibitive.

Public Hearing opened at 10:46 a.m.

There were no speakers.

Public Hearing closed at 10:46 a.m.

Action Taken

Mr. Selby moved to approve the staff recommendation to Approve Resolution of Necessity, No. 10-4 pertaining to the acquisition of Assessor Parcel No. 623-250-23 and authorize staff to proceed with the condemnation. Mr. Janney seconded the motion, and the vote was 13 to 0 in favor.

DISCUSSION ITEMS

30. **MTS: State Budget Update and Support for Transportation Ballot Initiative**

Sharon Cooney, MTS Director of Governmental Affairs, introduced Mark Watts, of Smith Watts, MTS's Sacramento representative. She stated that he will give an update on the developments related to transit funding at the state level. Mr. Watts gave a PowerPoint presentation on the state budget overview and funding issues. He stated that a transportation funding proposal has seen some recent traction that has provided a modest breakthrough.

Mr. Watts described the Governor's proposal that includes the elimination of all sales tax that is collected on gasoline, which affects Proposition 42 and the Public Transportation Account. He gave a review of the positive and negative implications of the governor's budget proposal.

Mr. Watts reviewed the Senate Democratic caucus proposal that includes the repeal of the sales tax on gas and the replacement with the new 18-cents-per-gallon excise tax among other proposals.

Ms. Cooney stated that one proposal that was vetted this week could result in \$18 million for MTS through fiscal year 2011 and be an ongoing source of funds in the amount of \$10 million. Another proposal would mean significantly more, (closer to \$30 million a year).

In response to Mr. Jablonski, Mr. Watts stated that the amount the state would anticipate receiving from the tax on diesel would amount to \$475 million to \$500 million per year that would build as the amount of sales increases. He stated that there is no discussion about repayment currently.

Ms. Cooney stated that there is a broad-based coalition that is looking for signatures on a ballot initiative called the Local Taxpayer Public Safety and Transportation Protection Act of 2010. The initiative takes away the ability of the state to take local taxes, which would protect what is in the Public Transportation account. A provision would be included that states if a statute is passed that takes away transit funding, the initiative would reinstate the funding. She stated that if the Board approves the resolution, MTS would forward support to the coalition in support of the initiative.

Action Taken

Ms. Emerald moved for MTS to forward support to the coalition in support of the initiative. Mr. Cunningham seconded the motion, and the vote was 12 to 1 in favor, (Mr. Roberts abstained).

31. MTS: Fiscal Year 2011 Capital Improvement Program (CIP)

Larry Marinesi, MTS Budget Manager, gave a PowerPoint presentation to review the Capital Improvement Program (CIP) for the upcoming fiscal year 2011. He stated that the Capital Projects Review Committee (CPRC), comprised of bus operations, rail operations, Chula Vista Transit, MTS Administration, and SANDAG Engineering and created a needs list for each of their respective agencies beginning in August 2009. The list was submitted for consolidation, and the CPRC met to discuss and prioritize the requests for the CEO's approval.

Mr. Marinesi reviewed the funding levels and stated that the total funding available is \$36.4 million for 46 projects. He presented a summary look of the CIP for fiscal years 2011-2015. He stated that the total available CIP revenue for FY 2011 is \$36.4 million, and it ranges to \$52.2 million by 2015. He stated that the accumulated deficits will grow to -\$217.9 million over the five-year period. He added that over a five-year period, about 50% of the funding will match the needs.

Mr. Marinesi stated that fiscal year 2011 CIP recommendations are:

That the Board of Directors:

1. approve the fiscal year 2011 Capital Improvement Program (CIP) with the estimated federal and nonfederal funding levels (Attachments A and B). As the federal appropriation figures are finalized and/or other project funding sources become available and allow the Chief Executive Officer (CEO) to identify and adjust projects for the adjusted funding levels;
2. recommend that the SANDAG Board of Directors approve the submittal of federal Section 5307 and Section 5309 applications for the MTS fiscal year 2011 CIP (shown in Attachment A);
3. approve the transfer of \$4,372,601 from previous CIP projects to the fiscal year 2011 CIP; and
4. recommend that the SANDAG Board of Directors approve the amendment of the Regional Transportation Improvement Program (RTIP) in accordance with the fiscal year 2011 CIP recommendations.

In response to Ms. Emerald, Mr. Marinesi stated that there are no Proposition 1A funds anticipated for MTS's CIP for the next five years. Mr. Rindone clarified that the State of California's portion of the Proposition 1A funds is \$2.3 billion.

Action Taken

Mr. Rindone moved to receive the report and support staff in moving forward with the recommendations. Ms. Emerald seconded the motion, and the vote was 13 to 0 in favor.

32. MTS: Proposed Revisions to MTS Policy No. 59 (Natural Gas Hedge Policy)

Cliff Telfer, MTS Chief Financial Officer, stated that the Natural Gas Hedging Program was approved in February 2009. He stated that recent state law has changed with respect to electricity, and there is an opportunity to expand Policy No. 59 to an energy-hedging program to include electricity. He stated that the total budget currently for electricity is \$10 million and \$7 million for traction power.

Michael McDonald, McDonald Partners, gave a PowerPoint presentation on the energy-hedging program. He stated that last February, the driver for the CNG hedging program was the volatility in prices to provide budget certainty. He gave background on electricity deregulation in California and on the market reopening timeline stressing that customers will be accepted on a first-come, first-served basis; therefore, it will be important to be ready at the moment the market opens.

Mr. McDonald reviewed SDG&E tariffs and electricity costs, which he stated can be substantially reduced. He stated that wholesale power will be bought from the market and added that delivery and the operation will be exactly the same.

Mr. McDonald stated that MTS rail traction power uses approximately 55,700 megawatt hours per year. He added that there are 213 meters of which 32 are eligible because they are interval demand recording (IDR) meters that measure usage every 15 minutes.

Mr. McDonald reviewed next steps that included revision of the policy, solicitations, and submission of the Notification of Intent (NOI) to SDG&E. Mr. Telfer reviewed **staff recommendations**: (1) Approve the updated energy hedge program pursuing electricity in addition to CNG; (2) approve direct access for electricity program; and (3) approve the revised energy hedge policy (Policy No. 59), including the continued designation of the CEO and CFO as the administrators of the policy, and authorizing administrators to execute hedges in accordance with the policy.

Action Taken

Ms. Emerald moved to approve staff's recommendations. Mr. Van Deventer seconded the motion, and the vote was 13 to 0 in favor.

REPORT ITEMS

47. MTS: Urban Area Transit Strategy (Taken out of order)

Carolina Gregor from SANDAG gave a PowerPoint presentation on the Urban Area Transit Strategy that SANDAG has prepared as part of the 2050 Regional Transportation Plan (RTP), which will provide an additional 20 years of planning for projects and revenue sources.

Ms. Gregory stated that the overarching goal is to prepare a world-class transit system for the San Diego region, including the significant increase of transit, walking and biking, maximizing the role of transit, and looking at the transit system to see how greenhouse and gas emissions

can be reduced. She reviewed the study area, project highlights, and the four key components that included: (1) development of three innovative and progressive transit network alternatives, (2) analyze and test alternative networks, (3) incorporate preferred network into the 2050 RTP, and (4) develop action plans.

Ms. Gregory described the brainstorming sessions that provided feedback. She reviewed the comments that were received from the Transportation Committee, Regional Planning Committee, NCTD Board, Planning and Public Works Directors, stakeholders, and housing working groups.

Ms. Gregory stated that the PB Professional consulting team toured the region and met with elected officials and stakeholders, and described their process that developed the concepts for the alternative transit networks. She outlined next steps that include: detailing of alternative transit networks, conducting public outreach, and the development of a peer review panel for feedback.

In response to Ms. Emerald, Ms. Gregor stated that outreach has included groups at SANDAG that have members from many different segments, as well as public workshops coming up in April or May. She assured Ms. Emerald that the citizens of Mid-City neighborhoods will be given the opportunity to weigh in, and she will keep Ms. Emerald and Mr. Gloria informed.

Ms. Lightner stated that she would like the plan to incorporate something that guarantees funding for the network once it is established. She added that the plan does not include the Mid-Coast Corridor Project. Ms. Gregor described the boundaries of the study area that resulted from the settlement agreement that came out of the 2030 RTP.

In response to Mr. Gloria, Ms. Gregor stated that a financial expert was part of the process with the consultant team. She stated that very high-level transit network alternatives were being reviewed. As part of the 2050 RTP process, the financial considerations will be developed with revenue projections for the overall planning process and to identify additional funding sources.

Mr. Selby pointed out that although this presentation is about a world class system, few times has he heard discussion about how to pay for it. He stated that unless the region and voters make the commitment to pay to operate the system, there will be no social equity, and San Diego will not be able to build out of congestion. He added that this is a key component to financial strength as a region, and the financial commitment has not been made.

Action Taken

Ms. Lightner moved to receive the report. Ms. Emerald seconded the motion, and the vote was 9 to 0 in favor.

48. MTS: Operations Budget Status Report for December 2009 (Taken out of order)

The staff presentation was waived.

Action Taken

Mr. Ewin moved to waive the staff presentation and receive the report. Mr. Ovrom seconded the motion, and the vote was 9 to 0 in favor.

45. MTS: Chargers Football 2009 Year-End Summary

This presentation is trailed until the next meeting.

46. MTS: Safety and Transit Facilities

This presentation is trailed until the next meeting.

60. Chairman's Report

None.

61. Audit Oversight Committee Chairman's Report

Mr. Ewin noted that the next Audit Oversight Committee meeting will be on March 4, 2020 before the Executive Committee meeting.

62. Chief Executive Officer's Report

Mr. Jablonski stated that he traveled to Sacramento to visit Siemens to discuss the order for new trolleys.

63. Board Member Communications

Mr. Rindone gave a report on his attendance on behalf of MTS at the high-speed rail conference in Los Angeles. He stated that \$2.3 billion is dedicated to California.

Mr. Cunningham acknowledged Ms. Lightner for her leadership in the launch of free fares for Route 880 out of Rancho Bernardo Transit Center. He stated that in Poway, a program to fill the gap that occurred with the cessation of the Sunday route to all 25 churches was successful.

Mr. Gloria also commended Ms. Lightner for the progress on Route 880. Ms. Lightner thanked MTS for the support and publicity on Route 880.

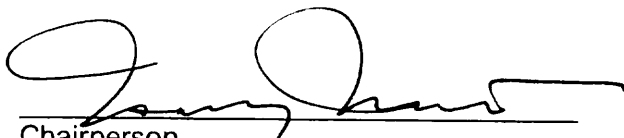
64. Additional Public Comments Not on the Agenda

None.

65. Next Meeting Date

The next meeting of the MTS Board of Directors is on March 11, 2010, with the Finance Workshop beginning at 8:00 a.m.

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 2-18-10.doc

METROPOLITAN TRANSIT DEVELOPMENT BOARD
ROLL CALL

MEETING OF (DATE): 2-18-10

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

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 9:17 a.m.

RECONVENE: 10:29 a.m.

PUBLIC HEARING: 10:46 a.m.

RECONVENE: 10:46 a.m.

ORDINANCES ADOPTED: _____

ADJOURN: 12:00 p.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
CUNNINGHAM	<input checked="" type="checkbox"/> (Boyack) <input type="checkbox"/>		
EWIN	<input checked="" type="checkbox"/> (Allan) <input type="checkbox"/>		
EMERALD	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>	9:04 a.m.	
GLORIA	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		
JANNEY	<input checked="" type="checkbox"/> (Bragg) <input type="checkbox"/>		11:35 a.m.
LIGHTNER	<input checked="" type="checkbox"/> (Faulconer) <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"/> (Denny) <input type="checkbox"/>		
RINDONE	<input checked="" type="checkbox"/> (Castaneda) <input type="checkbox"/>	9:10 a.m.	
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:19 a.m.	11:43 a.m.
RYAN	<input type="checkbox"/> (B. Jones) <input type="checkbox"/>		
SELBY	<input checked="" type="checkbox"/> (England) <input type="checkbox"/>	9:04 a.m.	
VAN DEVENTER	<input checked="" type="checkbox"/> (Zarate) <input type="checkbox"/>		11:47 a.m.
YOUNG	<input checked="" type="checkbox"/> (Emerald) <input type="checkbox"/>		10:20 a.m.

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

Wendi Rogers

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL

[Signature]