

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

June 10, 2010

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

1. Roll Call

Chairman Mathis called the Board meeting to order at 9:01 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Mr. Cunningham moved to approve the minutes of the May 27, 2010, MTS Board of Directors meeting. Mr. Van Deventer seconded the motion, and the vote was 9 to 0 in favor.

3. Public Comments

There were no public comments.

CONSENT ITEMS:

6. MTS: Take One Printing Services - Contract Award

Action would authorize the CEO to execute MTS Doc. No. G1298.0-10 with AAA Printing for Take One printing services for a base period of five years with two 1-year options.

7. MTS: Bucket Truck Equipment Vehicles - Contract Award

Action would authorize the CEO to execute MTS Doc. No. L0963.0-10 with Altec Industries to purchase up to two bucket truck equipment vehicles.

8. MTS: Railroad Timber Crossties - Contract Award

Action would authorize the CEO to execute a three-year contract (MTS Doc. No. L0950.0-10) with Pacific Wood Preserving Companies to procure railroad timber crossties for San Diego Trolley, Inc. (SDTI).

9. MTS: Increased Authorization for Legal Services - Oppen & Varco, LLP

Action would authorize the CEO to execute MTS Doc. No. G1165.3-08 with Oppen & Varco, LLP for legal services and ratify prior amendments entered into under the CEO's authority.

10. This number not used.

11. MTS: Fiscal Year 2011 Transportation Development Act (TDA) Claim
Action would adopt Resolution Nos. 10-13, 10-14, and 10-15 approving fiscal year (FY) 2011 Transportation Development Action (TDA) Article 4.0, 4.5, and 8.0 claims.

Action on Recommended Consent Items

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

CLOSED SESSION:

24. Closed Session Items

The Board convened to Closed Session at 9:03 a.m.

- a. MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to California Government Code Section 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 9:48 a.m.

Oral Report of Final Actions Taken in Closed Session

Ms. Lorenzen reported the following:

- a. The Board received a report and gave direction to General Counsel.

NOTICED PUBLIC HEARINGS:

25. MTS: FY 2011 Budget - Public Hearing and Adoption

Mr. Paul Jablonski, CEO, stated that the proposed budget for the fiscal year 2011 is a balanced budget despite declines in sales tax revenue and ridership tied to the economy and unemployment rate. However, we are using \$8.2 million in one-time monies in order to fill a hole in the budget. We are hoping to receive reimbursement later in June or early July from the federal government, but this is not a guarantee. The good news is that we are not proposing any cuts in service, and we are hoping to add additional service on Sundays to service that was previously cut. Service adjustments will be brought to the Board later this summer for adoption in September.

Larry Marinesi, MTS Budget Manager, provided historical information on the development of the FY 2011 budget. He reported that the Board approved a FY 2010 midyear budget using \$13.6 million in one-time funding. He reviewed operating and non-operating revenues, projecting sales tax revenues up by 1.87%, and ridership growth increasing by 1.9%. He also reviewed the use of \$8.2 million in one-time funding to cover a \$10.1 million budget shortfall. He reported that operating expenses are decreasing by 5% compared to FY 2010 and discussed the FY 2011 energy forecasts. He reported that total revenues are projected to decrease by 5% but total expenses are also projected to decrease 5%. He then presented five-year financial projections. Mr. Marinesi then discussed the FY 2010 open item of the closeout of San Diego Association of Governments' (SANDAG) TransNet 1 projected to be \$7.9 million. He is requesting the Board approve the use of \$7.9 million in TransNet 1 carryover funds in the FY

2010 operating budget, which would replace one-time funds used to balance the amended budget and shift \$7.9 million of Transportation Development Act (TDA) funding back into the Capital Improvement Program.

Public Hearing

Chairman Mathis opened the hearing at 9:59 a.m.

Joshua Callington – Mr. Callington recently moved to the San Diego area from Minnesota. He wanted to make the Board aware of the shortcomings he has experienced while riding public transportation here in San Diego. He mentioned the lack of service hours on the weekends and asked the Board to consider additional services in their budgetary decisions.

Chairman Mathis closed the hearing at 10:02 a.m.

Mr. Gloria expressed his concern for the transfer of SANDAG TransNet 1 funds to operations and then moving an equivalent amount into capital improvements. He mentioned his appreciation to staff's commitment to add back bus services but he had hoped that the funds could be used to restore Sunday service. He feels that because TransNet 1 funds were voter-approved funds to allow for transit operations, we should try and demonstrate a higher level of service from a lower level that we are working with currently.

Mr. Jablonski stated that the planning staff is committed to adding back services that were cut, not to planning routes based on balancing a budget. He explained that staff is currently identifying gaps in service and trying to fill them, and there will not be any service reductions. He mentioned that deficiencies for various routes are in the process of being reviewed, and there is a strong commitment to adding back some service which will be shared with the Board sometime in July. Mr. Jablonski also explained that we are anticipating the receipt of state funds for the fiscal year; however, a shortfall of \$8.2 million is still projected for FY 2011. If state funds are received, the Budget Committee will begin discussions of how to use that money. He explained that the current feeling is to preserve and moderately add service until a more robust economic recovery is seen.

Mr. Jones wanted clarification on whether or not service additions are brought before the Board, and require a public hearing similar to the service-reduction process. Mr. Jablonski clarified for Mr. Jones that service additions are brought to the Board for discussion; a public hearing is only required when a route is changed by 25% or more.

Mr. Roberts mentioned that budgets are a balancing act between strategic and long-range needs, and too many times government agencies get into trouble by focusing on immediate needs. He feels that the Board has had to undergo some agonizing decisions. The current state of the economy, as well as policy decisions made elsewhere, have dealt the Board a tough hand. He wanted to compliment Mr. Jablonski and staff on an amazing job getting through these tough budgetary times with minimal disruption.

Mr. Rindone addressed the comments made by the Board about Sunday service cuts. He explained, as Chairman of the Budget Committee, recommendations for service reductions were made as alternatives to raising fares again and cutting weekday service, which would have had a greater impact. He realizes that people do work on Sundays and rely on public transportation, and that all Board members would like to see services expanded. He further

explained that the Board is tasked with running a service prudent to the community, and once resources are available, robust discussions to expand service will occur.

Ms. Emerald expressed concern for continued drops in revenue and potentially having to make more service cuts in the future. Mr. Mathis concurred with Ms. Emerald's concern and noted that the budget presented to the Board is based on projections, and actual numbers may bring future budgetary reviews to the Board.

Actions Taken

Mr. Rindone moved to (1) enact Resolution No. 10-12 adopting the operating and capital budget for MTS and the operating budgets for San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), MTS Contract Services, Chula Vista Transit, and the Coronado Ferry; and (2) approve the use of \$7.9 million in TransNet 1 carryover funds in the FY 2010 operating budget, which would replace one-time funds used to balance the amended budget and shift \$7.9 million of Transportation Development Act (TDA) funding back into the Capital Improvement Program.

Mr. McClellan seconded the motion, and the vote was 14 to 0 in favor for item (1). Mr. Gloria and Ms. Lightner voted no on item (2), and the second motion passed with a 12 to 2 vote in favor.

DISCUSSION ITEMS:

30. MTS: Compressed Natural Gas (CNG) Station Capital Improvement Upgrades and Operating and Maintenance Agreement (Claire Spielberg)

This discussion item has been postponed and will go through a protest resolution process. A resolution hearing is scheduled for the June 24, 2010, Board meeting.

Action Taken

No action was taken on this item.

REPORT ITEMS:

45. None

60. Chairman's Report

Chairman Mathis reported that he recently attended the APTA Rail Conference in Vancouver, BC. He stated that it was a very gratifying experience to see all of the new rail projects going on throughout the country. He discussed the new Vancouver rail line, which connects to the airport and felt that it was a look at the future of public transit; driverless, no overhead wires, smooth, comfortable and fast.

61. Audit Oversight Committee Chairman's Report

Mr. Ewin, Chairman of the Oversight Committee, announced that the Audit Oversight Committee will meet on June 17, at 9:00 a.m. before the Executive Committee.

62. Chief Executive Officer's Report

Mr. Jablonski reported that he also recently attended the APTA Rail conference in Vancouver and stated that it is a very interesting city and has an interesting public transit system. He explained that there is no interstate that travels into the downtown area so public transit is heavily relied upon, and the downtown line carries over 100,000 travelers a day. He stated the APTA Conference was important for a couple reasons; there was much discussion about the impending federal oversight over safety of rail operations, he met with Administrator Rogoff. Mr. Jablonski also mentioned that he had a discussion with the regional administrator for the FTA about Mid-Coast, and he is urging that the project get up and going as quickly as possible. Mr. Jablonski has, in turn, talked to SANDAG about scheduling a briefing for the region and will be planning a trip to Washington, DC.

Mr. Jablonski mentioned that the Rock 'n' Roll Marathon took place over the weekend and that ridership was anticipated to be 4,000 people to the start-line and roughly 4,000 people from the finish. The actual numbers ended up being 8,000 riders to the start-line and around 18,000 to 20,000 back to Qualcomm stadium. A report will be brought to the Board in the near future.

Mr. Jablonski also mentioned that he will be holding a press conference on Friday, June 11, 2010 at 11:00am to announce the receipt of a transit security grant through the TSA of nearly \$4 million. He stated that the monetary award was one of the highest in the country.

63. Board Member Communications

There were no Board member communications.

64. Additional Public Comments on Items Not on the Agenda


Lorraine Leighton – Ms. Leighton conveyed her congratulations for the amount of riders for the Rock 'n' Roll Marathon and mentioned that an East County driver saw another driver smoking a cigarette on the bus. She also mentioned that the Compass Card machine at the El Cajon Trolley Station on June 2 or June 3 was not giving out rolling monthly passes nor did it print out a receipt.

65. Next Meeting Date

The next regularly scheduled Board meeting is Thursday, June 24, 2010.

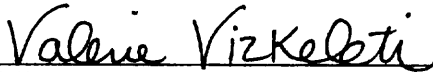
66. Adjournment

Chairman Mathis adjourned the meeting at 10:27 a.m.



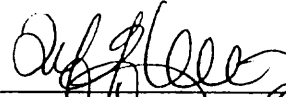
Chairperson
San Diego Metropolitan Transit System

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: Roll Call Sheet

H:\Minutes - Executive Committee, Board, and Committees\Minutes - 2010\MINUTES - Board 06-10-10 FINAL.docx

METROPOLITAN TRANSIT DEVELOPMENT BOARD
ROLL CALL

MEETING OF (DATE): June 10, 2010

CALL TO ORDER (TIME): 9:01 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 9:03 a.m.

RECONVENE: 9:48 a.m.

PUBLIC HEARING: 9:59 a.m.

RECONVENE: 10:02 a.m.

ORDINANCES ADOPTED: _____

ADJOURN: 10:27 a.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"/>	9:04 a.m.	
EMERALD	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>	9:22 a.m.	
GLORIA	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>	9:11 a.m.	
JANNEY	<input checked="" type="checkbox"/> (Bragg) <input type="checkbox"/>		
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"/>	9:02 a.m.	10:24 a.m.
OVROM	<input checked="" type="checkbox"/> (Denny) <input type="checkbox"/>		
RINDONE	<input checked="" type="checkbox"/> (Castaneda) <input type="checkbox"/>	9:05 a.m.	
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		10:25 a.m.
RYAN	<input type="checkbox"/> (B. Jones) <input checked="" type="checkbox"/>		
SELBY	<input checked="" type="checkbox"/> (England) <input type="checkbox"/>		
VAN DEVENTER	<input checked="" type="checkbox"/> (Zarate) <input type="checkbox"/>		
YOUNG	<input type="checkbox"/> (Faulconer) <input type="checkbox"/>		x

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

Valerie Vizkeletti

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL

[Signature]