

MEETING OF THE BOARD OF DIRECTORS FOR THE  
METROPOLITAN TRANSIT SYSTEM (MTS)

1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101

June 21, 2012

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.

2. Approval of Minutes

Mr. Minto moved to approve the minutes of the May 17, 2012, MTS Board of Directors meeting. Mr. Ewin seconded the motion, and the vote was 10 to 0 in favor with Ms. Bragg and England, and Messrs. Alvarez, Cunningham, and Young absent.

NOTICED PUBLIC HEARINGS: *(Taken Out of Order)*

25. FY 2013 Budget - Public Hearing and Adoption

Mike Thompson, Budget Manager, provided an overview of the fiscal year 2013 budget. He explained that the fiscal year 2013 total budgeted revenue is projected at \$243,921,000, and total projected expenses are budgeted at \$243,921,000 resulting in a balanced budget for fiscal year 2013. He stated that operating revenue totals \$99 million, which is an increase from the fiscal year 2012 amended budget of \$1.9 million or 1.9 %, primarily due to a projected increase in ridership.

Mr. Thompson explained that subsidy revenue totals \$139.1 million, which is an increase from the fiscal year 2012 amended budget of \$5.8 million due to an increase in STA and TransNet funding. He stated that there is a \$3.2 million increase in federal revenue, which is a funding shift from the MTS Capital Improvement Program (CIP) offset by a \$3.0 million decrease in TDA shifted back into the CIP allowing MTS to draw the federal funding in a timelier manner.

He explained that other revenue totaled \$5.8 million, which is a decrease from the fiscal year 2012 amended budget of \$1.8 million due to the proposed increase of \$1.8 million in MTS contingency reserves to reach the 10.0% total MTS contingency balance threshold. He mentioned that the current operating budget utilizes \$10.8 million in one-time funds; \$5.0 million in TDA funds, \$0.8 million in CNG credits, and \$5.0 million in fiscal year 2013 STA funds.

Mr. Thompson talked about the fiscal year 2013 combined expenses total of \$243.9 million, which is an increase from the fiscal year 2012 amended budget of \$11.0 million. He stated that passenger revenues are projected to increase by approximately 2% over the next four years, and that early sales tax projections for fiscal year 2013 show an increase of approximately 4%, which impacts MTS's TDA and TransNet subsidy revenue. He explained that expenses are

projected to increase by approximately 3% over the following four fiscal years primarily due to expected continued operating expense increases, including energy costs.

Mr. Thompson stated that the MTS fiscal year 2013 operating budget closing strategy includes the utilization of one-time funds, including \$5 million in TDA capital funds and \$789,000 in CNG credits that previously have been used in the capital budget, as well as \$624,000 in STA to fund additional service. He stated that the one-time funds sources will grow to \$8.2 million in fiscal year 2014 resulting in projected deficits ranging from \$879,000 in fiscal year 2014 to \$7.8 million in fiscal year 2017.

Mr. Roberts talked about the makeup of the Budget Development Committee (BDC) and mentioned that the BDC has had discussions about pensions and pension contributions. He stated that the BDC is recommending that the Chief Executive Officer require management employees to contribute 2% to pensions. He explained that the BDC concluded that this requirement will help create a long-term sustainable program. He stated that the BDC will continue to look at pensions and will have more recommendations near the end of summer.

**Chairman Mathis opened the hearing at 9:19 a.m.**

*Nohella Patel* – Ms. Patel is part of an advocacy network representing City Heights bus riders. She thanked the Board for restoring services and asked to implement a free student ridership initiative. She stated that the free ride will help the roughly 400 families who have lost bus transportation due to cuts by the City School District. She stated that students are at the Board meeting today hoping to forge relationships with MTS and SANDAG and would like a Board member designated to work with their organization.

*Jobana Castellon* – Ms. Castellon is a full-time student at City College and explained that from Mid-City the cost to ride the bus is high. She did not receive financial aid for 3 months making it difficult for her family to pay for other things such as food and clothing. She is requesting that student fares be subsidized.

*Abdul Mohamed* – Mr. Mohamed is part of the Mid-City network and a full-time student at Grossmont College. He stated that it is very difficult to afford to get to school, and acknowledges that this is a difficult economic time, but is requesting the Board look into a subsidized bus program.

*Jeanette Neeley* – Ms. Neeley explained that education is the means to get out of poverty. She stated that City Heights is located between San Diego State University and Downtown San Diego. She explained that when the school system cut the bus program it hurt this community greatly and is asking for the Board to look into subsidy program.

*Congressman Bob Filner* – Mr. Filner stated that balancing a budget is not an easy thing to do and that these are tough times. He requested that staff take a closer look at some of the recent proposals. He stated that the MTS system is built around bus drivers and that you cannot take away their health care benefits and require them to contribute their own money - it is wrong. He feels that you cannot sacrifice the current employees. Including lifetime health care for the CEO and his wife, then cut the healthcare costs for the employees that make 10% of what their leader does; this action does not give trust to the public. He explained that MTS should not give the impression that you are taking care of the top employees and not the people who run the

show, which is the bus drivers and the operators. When he is Mayor he intends to work with MTS to get kids to school on time and free. He thanked the Board of Directors for their service and stated that he is looking forward to working with MTS to create a better system and a more cost-efficient system that cares about its employees.

*Jorge Dominguez* – Mr. Dominguez stated that he was not eligible for financial aid and could not attend San Diego State University, which was his first choice of schools because of the cost. Instead he will go to City College and will no longer qualify for the youth pass making it very difficult to afford transportation.

*Randy Van Vleck* – Mr. Van Vleck is asking for support for a pilot program in the City Heights area for a transit discount program. He stated that free routes in that area similar to that near the University of California, San Diego would greatly benefit their community. He is asking staff to investigate the feasibility of a pilot program in fiscal year 2013.

*Sara Garcia* – Ms. Garcia is a community organizer in support of a pilot program and stated that it is not fair to students that they cannot go to school because they cannot afford the transportation to get there.

**Chairman Mathis closed the hearing at 9:43 a.m.**

Mr. Gloria wanted to know if staff had an idea of what it would cost to provide a student subsidy. He also stated that families in City Heights sacrifice inordinately for their children and based upon conversations with members of his district, adults are amenable to looking at increased fares to provide a subsidy program for their children. Mr. Jablonski stated that a subsidy program would cost the agency approximately \$8 million at current levels of ridership - not taking into consideration an increase in ridership.

Mr. Ewin wanted clarification as to whether or not the San Diego City School District has shifted the responsibility of transit to MTS. He also stated that there is a Green Keepers program provided through Grossmont College that Mr. Mohamed could look into.

Mr. Roberts commented that it is a direct contradiction to pay drivers more and subsidize ridership. He stated that the Board is very enthusiastic in establishing some real basic services and looking for creative ways to create revenue. He stated that the BDC can look into student subsidy, but the subsidy will probably not be possible unless something is cut.

Mr. Young mentioned that he is meeting with the School Board in September to talk about transportation issues, and he stated that it is not the burden of MTS to transport students to school.

#### Action Taken

Mr. Roberts moved to: (1) hold a public hearing, receive testimony, and review and comment on the fiscal year 2013 budget information presented in the report; and (2) enact Resolution No. 12-10 adopting the operating and capital budget for MTS and approving the operating budgets for San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), MTS Contract Services, Chula Vista Transit, and the Coronado Ferry subject to the Budget Development

Committee continuing to evaluate pensions; and (3) directed the Chief Executive Officer (CEO) implement a 2% pension contribution for management employees by the end of 2012. Mr. Ovrom seconded the motion, and the vote was 13 to 0 in favor with Ms. Emerald and Mr. Alvarez absent.

3. Public Comments

*John Wood* – Mr. Wood commented that the construction contractor working at the Massachusetts Avenue trolley station in Lemon Grove has no common sense. He stated that the construction is taking longer than the construction at the 47<sup>th</sup> Street Station.

*Thomas Brill* – Mr. Brill commented that his previous employer had a policy that MTS could use to reduce its healthcare costs. He stated that bus drivers that are overweight would be put on notice to lose weight or lose their job.

CONSENT ITEMS:

6. Investment Report - April 2012

Action would receive a report for information.

7. Batteries for Buses and Automobiles - Contract Awards

Action would authorize the Chief Executive Officer (CEO) to: (1) execute MTS Doc. No. B0571.0-12 with Battery Systems, Inc. for a three-year base contract with two 1-year options for the procurement of bus and automotive batteries for Groups A and B; (2) execute MTS Doc. No. B0587.0-12 with New Flyer Industries for a three-year base contract with two 1-year options for the procurement of bus and automotive batteries for Group C; and (3) exercise each option year at the CEO's discretion.

8. Towing Services for Buses and Nonrevenue Vehicles - Contract Award

Action would authorize the CEO to: (1) execute MTS Doc. No. B0573.0-12 with Star Towing for a three-year base contract with 2 one-year options for the procurement of towing services for buses and nonrevenue vehicles; and (2) exercise each option year at his discretion.

9. Internal Audit Report - Payroll Operations

Action would receive an internal audit report on payroll operations.

10. Internal Audit Report - Procurement Regulatory Compliance

Action would receive an internal audit report on Procurement Department regulatory compliance.

11. Increased Authorization for Legal Services - Law Offices of David C. Skyer

Action would authorize the CEO to execute MTS Doc. No. G1423.1-12 with the Law Offices of David C. Skyer for current and future legal expenses throughout FY 2013.

12. Softchoice Microsoft Enterprise Agreement - Contract Renewal

Action would authorize the CEO to execute MTS Doc. No. G1477.0-12 with Softchoice for Microsoft Enterprise Agreement licensing for a five-year period.

13. UTC Superloop Bus Stop Maintenance Program - Contract Award

Action would authorize the CEO to: (1) execute MTS Doc. No. B0572.0-12 for a one-year base contract with 2 six-month options with ISS Facility Services, Inc. for maintenance services at the new UTC SuperLoop bus stops; and (2) exercise each option period at his discretion.

14. GIRO, Inc. Regional Scheduling System (RSS) - Contract Amendment

Action would authorize the CEO to execute MTS Doc. No. G0856.18-03 with GIRO, Inc. to fund the HASTUS Maintenance and Service Support Agreement for the Regional Scheduling System (RSS) from July 1, 2012, through June 30, 2013.

Action on Recommended Consent Items

Mr. McClellan moved to approve Consent Agenda Item Nos. 6, 7, 8, 9, 10, 11, 12, 13, and 14. Mr. Ovrom seconded the motion, and vote was 12 to 0 in favor with Ms. Emerald, Mr. Alvarez, and Mr. Roberts absent.

DISCUSSION ITEMS:

30. None.

REPORT ITEMS:

45. Compass Card Update

Rob Schupp, Director of Marketing, gave an update on the Compass Card conversion. He gave an overview of the card and talked about the advantages of the card. He talked about milestones of implementation. He explained the different types of fare products with monthly pass holders consisting of 63.7% from first to last day of the month. Mr. Schupp talked about the sales by volume stating that 46.8% of riders use a Compass Card. He explained the next steps in converting day pass users to Compass Card holders with the plan of selling Compass Cards for \$2 as of October 1.

Action Taken

Mr. Cunningham moved to receive a report on Compass Card implementation. Mr. Ovrom seconded the motion, and the vote was 12 to 0 in favor with Ms. Emerald, Mr. Alvarez, and Mr. Roberts absent.

46. Service Performance Monitoring Report for July 2011 through March 2012

Devin Braun, Senior Transportation Planner, gave a report on service performance for July 2011 through March 2012. He stated that report is based upon evaluation criteria outlined in Policy No. 42. He gave an overview of total passenger ridership and explained that system-wide ridership is up approximately 5.7% from last April. He then explained that for fixed-route buses, riders per revenue hour increased from 32.6 to 34.2, which is a rate change of 5%.

Mr. Braun explained that on-time performance has remained around 84% to 86%. He explained that preventable accidents for MTS Bus and MTS Contract Services are down slightly for FY 12, and MTS Rail has had 3 preventable accidents in FY 12 compared to none in FY 11. He stated that complaints per 100,000 passengers for MTS Bus have fallen by 32.8% and MTS Rail have fallen 21.7%.

Mr. Braun talked about the In-Service Hours and Miles per week with MTS operating approximately 123 more hours per week and 3,070 more in-service miles per week. He talked about the Weekday Peak-Vehicle Requirement, which shows the maximum number of vehicles that are on the road at any time in order to provide the levels of service that have been planned with MTS Bus having an overall decrease of one vehicle while Contract Services increased by one peak bus in the same time period.

Ms. England asked for clarification of preventable accidents on MTS Rail. Wayne Terry, Chief Operating Officer of Rail, gave an overview of the internal procedures following an accident.

Ms. Rios commented on the Contract Services complaints. Claire Spielberg, Chief Operating Officer of Transit, explained that cameras have been installed on buses, which now allow MTS to know exactly what occurred during a reported incident. Mr. Jablonski explained that several years ago, the agency added Contract Services to the call center; therefore there is a natural progression in the number of complaints.

Action Taken

Mr. Minto moved to receive a report for information. Mr. McClellan seconded the motion, and the vote was 12 to 0 in favor with Ms. Emerald, Mr. Alvarez, and Mr. Roberts absent.

47. Operations Budget Status Report for April 2012

Mr. Thompson gave a status report on the Operations Budget for April 2012. He explained that the year-to-date MTS net-operating income unfavorable balance totaled \$356,000, operations produced a \$445,000 unfavorable variance, and the administrative/other activities areas were favorable by \$90,000. He stated that the year-to-date combined revenues through April 2012 were \$80,228,000 compared to the year-to-date budget of \$80,811,000 representing a negative variance of (-0.7%).

Mr. Thompson stated that the year-to-date combined expenses through April 2012 were \$184,292,000 compared to the budgeted \$184,519,000 resulting in a \$227,000 favorable variance. He talked about the unfavorable personnel costs, favorable outside services, unfavorable materials and supplies, unfavorable energy costs, favorable risk management, and a favorable general and administrative balance.

Action Taken

Ms. England moved to receive an MTS operations budget status report for April 2012. Mr. Cunningham seconded the motion, and the vote was 11 to 0 in favor with Ms. Emerald and Messrs. Alvarez, Roberts, and Young absent.

60. Chairman's Report

Chairman Mathis stated that there was a favorable article regarding covering costs with fares that was recently in the San Diego Union-Tribune.

61. Audit Oversight Committee Chairman's Report

Mr. Ewin stated that the preliminary audit report is complete, and the final report will be brought before the Board in November for action.

62. Chief Executive Officer's Report

Mr. Jablonski stated that he attended the CTA Spring Legislative Conference in Sacramento last month and talked with Legislators about current issues. He mentioned that he traveled last weekend to Boston at the expense of the Transit Cooperative Research Board and participated in a Committee meeting, and yesterday he traveled to Sacramento to meet and participate in legislation regarding bus axle weights.

63. Board Member Communications

There were no Board member communications.

64. Additional Public Comments on Items Not on the Agenda

There were no additional public comments.

CLOSED SESSION: *(Taken Out of Order)*

24. Closed Session Items

**The Board convened to Closed Session at 10:38 a.m.**

- a. CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL EXISTING LITIGATION  
Pursuant to California Government Code Section 54956.9(a): L.C. Douglas (WCAB  
Case Number ADJ3098621)

- b. CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL EXISTING LITIGATION  
Pursuant to California Government Code Section 54956.9(a): Twyla Kaneakua (WCAB  
Case Number ADJ7249281)

**The Board reconvened to Open Session at 10:49 a.m.**

Oral Report of Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

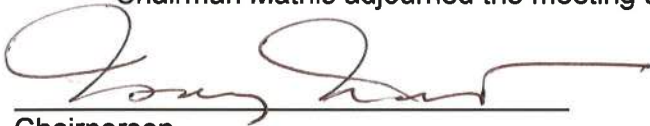
- a. The Board received a report and gave direction to staff.
- b. The Board received a report and gave direction to staff.

65. Next Meeting Date

The next regularly scheduled Board meeting is Thursday, July 19, 2012.

66. Adjournment

Chairman Mathis adjourned the meeting at 10:50 a.m.



Chairperson  
San Diego Metropolitan Transit System

Filed by:



Clerk of the Board  
San Diego Metropolitan Transit System

Approved as to form:



General Counsel  
San Diego Metropolitan Transit System

Attachment: Roll Call Sheet



METROPOLITAN TRANSIT SYSTEM  
BOARD OF DIRECTORS  
ROLL CALL

MEETING OF (DATE): June 21, 2012

CALL TO ORDER (TIME): 9:04 AM

RECESS: \_\_\_\_\_

RECONVENE: \_\_\_\_\_

CLOSED SESSION: 10:38 AM

RECONVENE: 10:49 AM

PUBLIC HEARING: 9:19 AM

RECONVENE: 9:43 AM

ORDINANCES ADOPTED: \_\_\_\_\_

ADJOURN: 10:50 AM

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ALVAREZ	<input type="checkbox"/> (Faulconer) <input type="checkbox"/>		
BRAGG	<input checked="" type="checkbox"/> (King) <input type="checkbox"/>	9:18 AM	
CASTANEDA	<input type="checkbox"/> (Rindone) <input checked="" type="checkbox"/>		
CUNNINGHAM	<input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/>	9:07 AM	
EWIN	<input checked="" type="checkbox"/> (Arapostathis) <input type="checkbox"/>		
EMERALD	<input type="checkbox"/> (Faulconer) <input type="checkbox"/>		
ENGLAND	<input checked="" type="checkbox"/> (Gastil) <input type="checkbox"/>		
GLORIA	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		
MATHIS	<input checked="" type="checkbox"/>		
MCCLELLAN	<input checked="" type="checkbox"/> (Ambrose) <input type="checkbox"/>		
MINTO	<input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/>		
OVROM	<input checked="" type="checkbox"/> (Denny) <input type="checkbox"/>		
RIOS	<input checked="" type="checkbox"/> (Zarate) <input type="checkbox"/>		
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		10:00 AM
YOUNG	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>	9:05 AM	10:33 AM

SIGNED BY THE CLERK OF THE BOARD:

*Valerie Vizkelety*

CONFIRMED BY THE GENERAL COUNSEL:

*Chad Canale*