

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

MINUTES

March 11, 2010

MTS

1255 Imperial Avenue, Suite 1000, San Diego

1. Roll Call

Chairman Rindone called the Finance Workshop meeting to order at 8:00 a.m. A roll call sheet listing Board member attendance is attached.

2. MTS: FY 2010 Midyear Adjustment and FY 2011 Preliminary Projections

Cliff Telfer, Chief Financial Officer, stated that the presentation will include the midyear adjustment to the current fiscal year and a review of FY 2011 budget development. He introduced Larry Marinesi, Budget Manager.

Mr. Marinesi gave a PowerPoint presentation on the fiscal year 2010 mid-year assumptions and executive summary that included revenue, variable pension obligation bond refinance transactions and expenses. He reviewed revenues that have decreased and as a result, the Board authorized the use of \$12.6 million in one-time funds and \$11.8 million in one-time revenue to refinance the pension obligation bonds in November.

Mr. Marinesi stated that the Board authorized the implementation of Sunday service adjustments, which took place in February. He added that the adjustments will save \$2.7 million for the current fiscal year, and he described internal belt-tightening. He explained that the Budget Development Committee has recommended using an additional \$1.06 million in contingency reserves and an additional \$12.6 million in one-time funding to balance the current year budget. He compared the original budget with the amended budget that is balanced for fiscal year 2010. He pointed out that the June 30, 2010, projected balance of contingency reserves is \$21.7 million, which represents 10% of the total operating budget.

Mr. Marinesi reviewed the preliminary budget projection for fiscal year 2011, including revenue and key expense assumptions. He stated that the projected deficit is \$10 million. He added that in November, the Board authorized the use of an additional \$5 million in Transportation Development Act (TDA) from operations and the continuing shifting of \$3.2 million in CNG credits to the operating budget. He pointed out that the preliminary projection is a \$2 million shortfall for fiscal year 2011.

Sharon Cooney reviewed other potential funding sources, including the settlement of the legal case that CTA won, which cannot be counted on. She stated that there is a special session bill that is a new source of funding for transit agencies. Mr. Jablonski added that leadership in Sacramento is skeptical that the Governor will sign the bill, things are very tentative, and the tone at the state is that this upcoming year will be the toughest year yet.

Mr. Marinesi concluded his presentation with a fiscal year 2011 budget time line. Members discussed the projections, options to balance the budget, use of one-time funds, and the hope that the economy is recovering.

Action Taken

Mr. Van Deventer moved to approve Resolution No. 10-05 which includes the usage of an additional \$1,056,000 in nonrecurring revenues to balance the MTS FY 2010 operating budget and receive the report regarding preliminary FY 2011 budget projections. Mr. McClellan seconded the motion, and the vote was 11 to 0 in favor.

3. Public Comments

None.

The Finance Workshop adjourned at 8:49 a.m., and the Board of Directors meeting began immediately following.

4. a. Roll Call - A roll call sheet listing Board member attendance is attached.  
b. Approval of Minutes - February 18, 2010

Mr. Cunningham moved to approve of the minutes of the February 18, 2010, Board of Directors meeting. Mr. McClellan seconded the motion, and the vote was 11 to 0 in favor.

c. Public Comments

Tracy Cain: Ms. Cain stated that she is an SDTI employee, and her comments today are regarding seniority, which is a subject that is not being addressed by MTS with the union during negotiations. She gave examples of people who have lost seniority because they were out of work for 30 days. She stated that the loss of seniority affects morale and families. She added that it is disturbing that MTS will not talk about the issue in negotiations because it would cost the company nothing.

Jim Lobb: Mr. Lobb stated that he works for SDTI in the Revenue Department. He referred to the APTA award that MTS received for the Outstanding Public Transit System. He also referenced a 5% increase for the CEO. He added that SDTI employees have been offered no wage increases and a reduction in benefits.

Mr. Jablonski stated that the award that MTS received is built on the solid work of all of the employees, and their efforts are appreciated. He added that MTS is in labor negotiations with the union to come to a resolution on a labor agreement during extraordinary times.

Andra Fairchild: Ms. Fairchild stated that she is in a wheelchair and has requested that the Compass Card reader be located in a more accessible location at Civic Center on Third Avenue. She pointed out that other stations that have readers on both sides of the street.

Daryl Lowry: Mr. Lowry stated that he should not feel threatened by trolley security. He added that he has not only been threatened, he has had bones broken and eye surgery. He stated that demand letters have been sent to MTS. He stated that trolley security needs to know about constitutional and civil rights law. He made reference to his lawsuit against MTS and the MTS lawyer.

## CONSENT ITEMS

6. MTS: Increased Authorization for Legal Services - Best Best & Krieger LLP  
Action would authorize the CEO to execute MTS Doc. No. G1274.1-09 with Best Best & Krieger, LLP (BBK) for legal services and ratify the prior contract entered into under the CEO's authority.
7. MTS: FY 2010/11 Community-Based Transportation Planning Grant  
Action would approve Resolution No. 10-2 authorizing the CEO to enter into a contract with the California Department of Transportation (Caltrans) for the use of a community-based transportation planning grant (if awarded).
8. MTS: Investment Report - January 2010  
Action would receive a report for information.
9. MTS: Fixed Assets Internal Audit Report  
Action would receive an internal audit report on fixed assets.
10. MTS: Trolley Automatic Passenger Counters - Contract Award  
Action would authorize the CEO to execute MTS Doc. No. L0912.0-10 with Init Innovations in Transportation (Init) for the purchase of automatic passenger counters (APCs) for the trolley fleet, including 53 base vehicles, 26 optional vehicles, and all required hardware, software, and services in an amount not to exceed the project balance of \$1.5 million to include the base contract (\$1,211,581) plus optional equipment in the amount of up to \$288,419.
11. MTS: Support for SANDAG Application for Proposition 1A Funds Assigned to MTS  
Action would approve Resolution No. 10-6 stating the commitment of San Diego Trolley, Inc.'s (SDTI's) share of California State Proposition 1A (2008) revenue for use on the Blue Line Rehabilitation Project and in support of the San Diego Association of Governments' (SANDAG's) application for funding.

### Action Taken

Mr. McClellan moved to approve Consent Agenda Item Nos. 6 through 11. Mr. Van Deventer seconded the motion, and the vote was 12 to 0 in favor.

## CLOSED SESSION

The Board convened to Closed Session at 9:02 a.m.

24. a. MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL  
EXISTING LITIGATION Pursuant to California Government Code section  
54956.9(a): Daniel Lopez v. San Diego Transit Corporation (Case  
No. 37-2009-00081786-CU-PA-CTL)
- b. MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL  
ANTICIPATED LITIGATION Pursuant to California Government Code section  
54956.9(b): (One Potential Case)

The Board reconvened to open session at 9:27 a.m.

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 staff.

## NOTICED PUBLIC HEARINGS

None.

## DISCUSSION ITEMS

### 30. MTS: First Transit, Inc. ADA Paratransit Services

Jim Byrne, Director of Transportation, introduced Scott Transue, ADA Manager. Mr. Byrne gave a PowerPoint presentation on the paratransit contract award. Mr. Byrne stated that paratransit services are provided to individuals who are not able to use the fixed-bus route system. He stated that the services are provided in full compliance with the Americans with Disabilities Act and provide nearly 350,000 passenger trips annually. He stated the service is provided by 120 MTS-owned paratransit vehicles operated by First Transit, which is a contracted provider based in El Cajon.

Mr. Byrne stated that MTS issued a Request for Best and Final Offers from the two finalist firms, and it was determined by the evaluation panel that First Transit was the best choice.

He reviewed staff's recommendation to approve the contract award to First Transit based on its management team and video-recording devices, automatic vehicle locators, and mobile-data terminals. The contract would include \$106,007,025 for the provision of paratransit services for a base period of five years with two 2-year option periods. MTS's FY 11 cost would increase less than 1% from \$59.52 to \$59.58 per revenue hour.

Mr. Jablonski stated that this is a great example of MTS's negotiated procurement process. He stated that Mr. Byrne has shown leadership in revising the RFP, Mr. Transue, procurement, finance and the rest of the team is to be commended for this effort.

#### Action Taken

Mr. Van Deventer moved to approve awarding a contract to First Transit. Ms. Emerald seconded the motion, and the vote was 12 to 0 in favor.

### 31. MTS: Consultant Services for Naming Rights - Contract Award

Rob Schupp, Director of Marketing, gave a PowerPoint presentation on the naming rights contract award. He stated that this is a full scope of work to evaluate the entire MTS system. He stated that the goal is to generate greater advertising revenue. He reported that an RFP was issued last year for a consultant to evaluate MTS assets, conduct market research to identify potential sponsors, develop a database and valuation of assets, develop a marketing strategy, and implement strategy and secure sponsorships.

Mr. Schupp stated that two qualified responses to the RP were received by The Superlative Group and Creative Intellectuals. He added that The Superlative Group was by far the leader in

expertise and also submitted a superior work plan. He described The Superlative Group team, consultants, and experience. He reviewed the work plan and Phases I and II.

Mr. Schupp described the compensation package and provided examples. The compensation package is as follows:

Asset Valuation	\$125,000 made in three payments. Deducted from future commissions
Retainer	\$7,500 per month + travel
Commission	<ul style="list-style-type: none"><li>● 12% over term if less than 3 years</li><li>● if more than 3 years, MTS chooses either 6% if paid in first 3 years or 12% if paid over duration of agreement</li></ul>
Other Sponsors	Same as above
Travel	Reimbursed at cost according to MTS guidelines
Duration	2 years with two 1-year options
NCTD Inclusion	

Members discussed MTS's advertising policy, revenue vs. branding, and advertising opportunities.

#### Action Taken

Mr. Roberts moved to authorize the CEO to execute MTS Doc. No. G1262.0-10 with The Superlative Group for a two-year base period with two 1-year options for consultant services for naming rights. Ms. Emerald seconded the motion, and the vote was 13 to 0 in favor.

#### REPORT ITEMS

##### 45. SDTI: Chargers Football 2009 Year-End Summary

Tom Doogan, Special Events Coordinator gave a PowerPoint presentation on the 2009 year-end summary for the Chargers football season. He stated that this is the fifth year of Green Line service to the stadium since the opening of the Mission Valley East extension and the 12<sup>th</sup> full season overall of service to Qualcomm Stadium for the Chargers.

Mr. Doogan gave an overview of LRT service and frequency, attendance, and ridership. He reported that ridership history has remained relatively flat since 2005 with the opening of the Mission Valley East extension. He reported on ticket sales that were conducted manually at 11 locations and fare inspections that were conducted in bound and out bound. He pointed out that manual ticket sales amounted to \$465,638 in 2009, which was a slight decrease from 2008.

Mr. Doogan reported on revenue over the 11 game season, and reviewed comparison data that measures event service efficiencies. He stated that cost recovery for the Chargers vs. Raiders game on November 1, 2009, resulted in net operating revenue of \$59,107. He added that the average net revenue for the 2009 season is \$56,557. He pointed out that the estimated net revenue for the 2009 Chargers season is \$621,000.

Mr. Doogan reported on the challenges for the 2010 Chargers season and the Holiday Bowl. He gave an update on the NCAA Bowl Games that included the Poinsettia Bowl and the Holiday Bowl. He added that ridership was up 53% for the 2009 Holiday Bowl.

Action Taken

Mr. Rindone moved to receive the report. Mr. Cunningham seconded the motion, and the vote was 13 to 0 in favor.

46. MTS: Safety and Transit Facilities

Kristen Rohanna, SANDAG gave a PowerPoint presentation on public safety at transit stations. She reported that the possible connection between public transit and crime is a controversial issue. She stated that some people feel that transit provides criminals easy access into neighborhoods that they otherwise would not have access to, and others feel that it is the transit station's surrounding neighborhood characteristics, such population and density, that influence the amount and type of crime around a transit station – not the station itself. She stated that this study attempts to sort out this issue.

Ms. Rohanna stated that in 2006, SANDAG was awarded a grant by Caltrans to explore transit's impact on public safety. She described the formal working group that was formed and reviewed how neighborhoods were selected. She stated that the analysis concluded with 50 neighborhoods that do have a station and 50 neighborhoods that do not have a station. She reviewed the average number of crimes by type that were analyzed and the differences after transit stations were added.

Ms. Rohanna stated that the study found that the presence of a transit station did not impact crime. She added that station design features, such as lighting and fencing, were not related to fewer crimes; however, the surrounding area was found to be related to crime differences. Specifically, stations without convenience stores, major employment centers, retail, or high-vehicle or foot traffic had fewer crimes on average. She stated that in conclusion, the presence of a transit station does not increase neighborhood crime and added that neighborhood characteristics tend to influence crime rates.

Action Taken

Mr. Rindone moved to receive the report. Ms. Denny seconded the motion, and the vote was 12 to 0 in favor.

47. MTS: Hazard Center Revitalization Project

Evan Gerber, Project Manager for Oliver McMillan (project developer), gave a PowerPoint presentation on an overview of the Hazard Center Revitalization Project located at 7510 Hazard Center Drive. He stated that this is a model project that envisions the removal of the existing theater and the addition of 473 residential units (including 48 affordable homes) and 4,205 square feet of commercial space. The project is adjacent to the Hazard Center Trolley Station on the Green Line. He reviewed the planning principals and the conceptual site plan.

Members discussed the history of the site and the benefits of the relationship of this project with public transit.

Mr. Roberts moved to direct staff to draft a letter in support of the project to be brought back to the Board for approval and to receive the report. Mr. Ewin seconded the motion, and the vote was 8 to 0 in favor.

Action Taken

Ms. Lightner, Mr. Gloria and Ms. Emerald, City of San Diego Council representatives, were not present for the vote.

48. MTS: Service Performance Monitoring Report for July through December 2009

Devin Braun, Senior Transportation Planner, gave a PowerPoint presentation on the six-month update for FY 2010 service performance monitoring. He stated that Board Policy No. 42 specifies how MTS service is evaluated. He stated that customer-focused and competitive-difference statistics and sustainability statistics are part of the evaluation criteria.

Mr. Braun stated that overall, MTS passenger statistics are -14.2% (down 7 million passengers) based on the same six months of the previous fiscal year. He added that the majority of this amount are trolley statistics, (5.3 million passengers), and bus statistics include is 1.7 million passengers, which is a -6% decrease.

Mr. Braun stated that the trolley's large swing in ridership is also attributed to the Trolley Ridership Estimation Program's (TREP's) susceptibility to variances in the estimates. He stated that trolley ridership statistics will be corrected with the installation of the trolley automatic passenger counters in September.

Mr. Braun reported that the number of average weekday passengers is -12.4%, and bus passengers alone are -3.5%. He reported that the passengers per revenue hour is -10.2%, and bus riders per revenue hour are -2.9%. He reviewed statistics for passengers per in-service hour, on-time performance preventable accidents per 100,000 miles, complaints per 100,000 passengers, in-service miles, in-service hours, and peak vehicle requirements.

Mr. Cunningham requested that Mr. Jablonski communicate to the employees that their efforts to increase on-time efficiencies are appreciated. He also acknowledged Ms. Lightner for her efforts on Route 880.

Action Taken

Mr. McClellan moved to receive the report. Mr. Cunningham seconded the motion, and the vote was 10 to 0 in favor.

60. Chairman's Report

Mr. Mathis stated that he will be sharing photos of vintage trolleys. He reported that the vintage trolley program is steadily moving forward, and testing may begin by the end of May. He added that it is possible that service may start sometime during the summer.

61. Audit Oversight Committee Chairman's Report

None.

62. Chief Executive Officer's Report

Mr. Jablonski reported that he was in Sacramento this week to attend the California Transit Association (CTA) Executive Committee meeting, and he participated in a CTA leadership visit with the senate and assembly leaders to discuss the current proposal before the Governor and the lawsuit.

63. Board Member Communications

Ms. Denny thanked Mr. Mathis for his time and efforts on the vintage trolley project. Mr. Rindone pointed out that there is an article in the South County section of the Union-Tribune on the expansion of the BRT from Otay Ranch in Eastlake through Chula Vista to San Diego.

64. Additional Public Comments Not on the Agenda

Clive Richard: Mr. Richard stated that he has spoken to staff about his concerns and has chosen not to speak to the Board.

Debbie George: Ms. George introduced herself as a counselor with the State Department of Vocational Rehabilitation. She stated that MTS is evaluating the disabled transit pass process and is considering that only people in the medical profession can write the letter regarding a person's disabled status. She requested that MTS consider that vocational rehabilitation counselors be authorized to write letters also. Mr. Mathis requested that Ms. George submit a letter to Tiffany Lorenzen.

65. Next Meeting Date

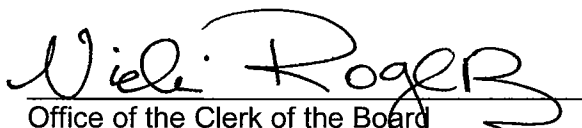
The next meeting of the MTS Board of Directors is on March 25, 2010.

66. Adjournment



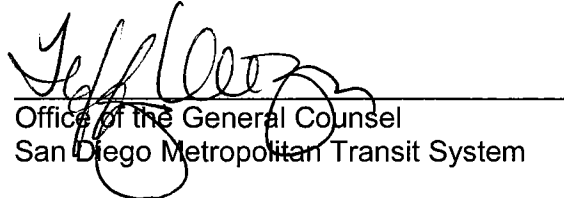
Chairperson  
San Diego Metropolitan Transit System

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



METROPOLITAN TRANSIT DEVELOPMENT FINANCE WORKSHOP & BOARD  
ROLL CALL

MEETING OF (DATE): 3-11-10

CALL TO ORDER (TIME): 8:00 a.m.

END FINANCE WORKSHOP: 8:49 a.m.

CONVENE BOARD MEETING: 8:49 a.m.

CLOSED SESSION: 9:02 a.m.

RECONVENE: 9:27 a.m.

PUBLIC HEARING: None

RECONVENE: None

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

ADJOURN: 11:15 p.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
CUNNINGHAM	<input checked="" type="checkbox"/> (Boyack) <input type="checkbox"/>	8:23 a.m.	
EWIN	<input checked="" type="checkbox"/> (Allan) <input type="checkbox"/>	8:05 a.m.	10:56 a.m.
EMERALD	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>	9:01 a.m.	
GLORIA	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		
JANNEY	<input checked="" type="checkbox"/> (Bragg) <input type="checkbox"/>		10:24 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 type="checkbox"/> (Denny) <input checked="" type="checkbox"/>		
RINDONE	<input checked="" type="checkbox"/> (Castaneda) <input type="checkbox"/>		
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:15 a.m.	
RYAN	<input type="checkbox"/> (B. Jones) <input type="checkbox"/>		
SELBY	<input checked="" type="checkbox"/> (England) <input type="checkbox"/>	8:05 a.m.	
VAN DEVENTER	<input checked="" type="checkbox"/> (Zarate) <input type="checkbox"/>		10:53 a.m.
YOUNG	<input type="checkbox"/> (Emerald) <input type="checkbox"/>		

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL

*Vili Rogers*  
*[Signature]*

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YOUNG	<input type="checkbox"/> (Emerald) <input type="checkbox"/>		

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL

*Wili. Rogers*  
*[Signature]*