

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 12, 2008

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

1. Roll Call

Chairman Mathis called the Board meeting to order at 9:09 a.m. A roll call sheet listing Board member attendance is attached.

Chairman Mathis welcomed Chairman Emeritus Leon Williams to the meeting.

2. Approval of Minutes

Mr. McLean moved to approve the minutes of the May 22, 2008, MTS Board of Directors meeting. Mr. Young seconded the motion, and the vote was 12 to 0 in favor.

3. Public Comment

Doug Martin, California Council of the Blind/Blind Community Centers: Mr. Martin stated that for the last 12 years he had been requesting that bus stop poles at Kemper Street and the Holiday Inn be differentiated in some way for sight-impaired patrons. He stated that this has now been done and thanked MTS for doing so.

Glenda Castle, California Council of the Blind/Blind Community Centers: Ms. Castle stated that some bus operators call out ADA stops and some do not. She requested that MTS encourage operators to call out these stops more often and that MTS eventually install automated stop-announcement systems. She thanked MTS for differentiating the bus stop poles mentioned by Mr. Martin.

CONSENT ITEM:

6. MTS: Uniform Report of DBE Awards or Commitments and Payments (LEG 430)

Recommend that the Board of Directors receive the Uniform Report of Disadvantaged Business Enterprise (DBE) Awards or Commitments and Payments.

7. MTS: 9th Avenue and C Street Grade Crossing Replacement – Fund Transfer (CIP 10494, 11156)

Recommend that the Board of Directors request from the San Diego Association of Governments (SANDAG) Board of Directors a transfer of funds from the Orange Line Head Span Replacement Project (CIP 1115600) to the City College Station Realignment Project (CIP 1049400) as shown in the Fund Transfer Summary (Attachment A of the agenda item).

8. MTS: Senior and Disabled Lift Replacement Project – Fund Transfer and Contract Award
(CIPs 11216, 11221, 11148)

Recommend that the Board of Directors (1) approve a fund transfer (Attachment A of the agenda item) from Capital Improvement Programs 11216 and 11221 to CIP 11148; and (2) authorize the CEO to execute MTS Doc. No. L0826.0-08 (in substantially the same form as shown on Attachment B of the agenda item) with Complete Coach Works, Inc. to furnish and install senior and disabled lifts on the fleet of 52 SD 100 light rail vehicles.

9. MTS: Poway Transit Services (OPS 920.5)

Recommend that the Board of Directors (1) authorize the CEO to exercise two carryover months allowable under the current contract (MS Doc. No. B0339.0-02 in substantially the same format as Attachment A of the agenda item) with First Transit (formerly Laidlaw Transit Services, Inc.) for Poway Transit Route Nos. 844 and 845 from July 1, 2008, through August 30, 2008; and (2) assign the service to Southland Transit to operate effective Sunday, August 31, 2008, for a projected savings of approximately \$50,000 annually.

10. MTS: Poway Transit Vehicles (CIP 11419)

Recommend that the Board of Directors authorize the CEO to execute MS Document No. B0478.1-07 (in substantially the same form as Attachment A of the agenda item) with Creative Bus Sales to purchase up to eight additional medium-duty buses utilizing the public agency/state contract with Creative Bus Sales (Specification No. 54309 of State of California Contract No. 1-05-23-16).

11. MTS: Contract Award for MTS Americans with Disabilities Act (ADA) Certification and Evaluation Services (OPS 980.5)

Recommend that the Board of Directors authorize the CEO to execute MS Doc. No. G1149.0-08 (in substantially the same format as Attachment A of the agenda item) with ADAride.com, LLC for ADA certification and evaluation services.

Discussion of Consent Agenda Items:

Mr. Young requested that Agenda Item No. 6, DBE Awards or Commitments and Payments, be pulled.

Mr. Monroe referred to Agenda Item No. 11 and stated that he felt that the cost of \$40 per assessment for qualifying ADA patrons was high. He asked if there wasn't some way, once a person was qualified for ADA, for MTS to tap into that data. Mr. Max Calder, Sr. Transportation Specialist, stated that MTS selected the most cost effective manner in which to qualify patrons for ADA services and briefly discussed other aspects of the program that are being done cost effectively. Mr. Monroe stated that the cost may decrease as technology develops and easier ways to qualify individuals become available. MTS CEO Paul Jablonski pointed out that the \$40 cost is only one and one-half times the cost of each access trip, which is \$25. He pointed out that this is a very valuable resource and that \$40 is a reasonable cost for making sure that people who are using this costly service are truly qualified to do so.

Agenda Item No. 6, DBE Awards or Commitments and Payments: In response to a request from Mr. Young, Ms. Tiffany Lorenzen, MTS General Counsel, reported that MTS completes a

semiannual report on the business that MTS does with DBE firms certified through CalTrans. She stated that the reporting format has recently changed because the CalTrans program has been significantly changed over the last couple of years as a result of litigation. In response to a question from Mr. Young regarding the level of DBE participation in MTS's contracts, Ms. Lorenzen reported that MTS is currently participating in a Southern California DBE Disparity Study to evaluate and improve participation levels. She stated that the complete report should be available in about 18 months. Ms. Lorenzen added that MTS usually achieves DBE participation that is within one to two percent of its goal. Mr. Young pointed out that MTS only had 2 contracts out of 52 that had DBE participation. Ms. Lorenzen reported that MTS purchases very specialized products and services, and there are few DBE firms certified through the CalTrans program that provide those products and services.

Mr. Young stated that other agencies are giving him the same explanation and stated that he wanted to hear how MTS is addressing the issue of how to increase participation rather than why it can't be improved. Ms. Lorenzen stated that MTS will be bringing its recommended goals for the coming year to the Board in July or August and stated that staff would be happy to include a list of areas in which improvements might be made. Mr. Young stated that he felt MTS should be more aggressive and thoughtful in trying to address this issue. Mr. Jablonski stated that he would discuss how MTS could be more proactive in this area with MTS's new Procurement Manager, Bruce Feerer.

Action on Recommended Consent Items

The Board voted 12 to 0 to approve Consent Agenda Items No. 7, 8, 9, 10, and 11. Mr. Ewin moved to approve Consent Agenda Item No. 6. Mr. Emery seconded the motion, and the vote was 12 to 0 in favor.

CLOSED SESSION:

24. Closed Session Items (ADM 122)

The Board convened to Closed Session at 9:26 a.m.

- a. MTS: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(a): Balfour Beatty/Ortiz v. Metropolitan Transit System (Superior Court Case No. GIC 868963).
- b. MTS: CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Pursuant to California Government Code Section 54956.9: OPM, Inc. v. MTDB, Et Al. (California Supreme Court Case No. GIS 008067-1).

The Board reconvened to Open Session at 9:47 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 outside counsel.

NOTICED PUBLIC HEARINGS:

25. MTS: FY 2009 Budget: Public Hearing and Adoption

Mr. Larry Marinesi, MTS Budget Manager, provided the Board with a recap of the budget process to date and provided a brief overview of the components of the budget shortfall and the categories in which changes were made to in order to balance the budget. He reviewed revenues and expenses pointing out that fuel costs comprise a substantial portion of MTS's expenses. He then provided a five-year projection of operating subsidies and stated that those deficits are within MTS's reach to address. He reported that the draft balanced budget will be presented to the SANDAG Board on June 13, and that the SANDAG Board is scheduled to actually approve the budget on June 27.

Chairman Mathis opened the hearing at 9:52 a.m.

There were no comments from the public.

Chairman Mathis closed the hearing at 9:53 a.m.

Actions Taken

Mr. Roberts moved to (1) hold a public hearing, receive testimony, and review and comment on the fiscal year 2009 budget information (Attachment A of the agenda item) presented in this report; and (2) adopt Resolution 08-8 (Attachment B of the agenda item) approving the operating and capital budget for MTS and approving the operating budgets for SDTC, SDTI, MTS Contract Services, Chula Vista Transit, and the Coronado Ferry. Mr. Clabby seconded the motion, and the vote was 10 to 1 in favor, with Mr. Monroe casting the dissenting vote.

DISCUSSION ITEMS:

30. SDTC: Retirement Plans Actuarial Valuation as of July 1, 2007 (OPS 960.5)

Mr. Bob McCrory, EFI Actuaries, provided the Board with an actuarial review and analysis as of July 1, 2007, for the SDTC pension plan. He reviewed a history of costs (not including debt service) and reported that investments are currently not keeping up with the Plan's interest rate assumption. He then reviewed current costs and reported that employees retired at a higher rate than expected for the period being discussed, which has contributed to the increase in cost. He stated about twice as many employees retired than were anticipated. He stated that the retirement rate assumption has been adjusted accordingly.

Mr. McCrory reviewed the history of the Plan's funding ratio, pointing out that the funding ratio went up when the pension obligation bonds were issued in 2004. He reported that the Plan is currently 86 percent funded. He suggested looking at this percentage as part of a process that would be similar to funding a child's college education. He also advised the Board that an actuarial accrued liability is not liability – it is actually a funding target. He stated that MTS is not behind in funding – all contributions have been made. He also reported that the Plan is not insolvent or unsound and will remain sound as long as the contribution is affordable. He presented comparative information for three other transit properties. This table showed that MTS had lower costs and was better funded than all three of these plans. He also discussed how future costs for the Plan are affected by various factors.

In response to a question from Mr. Ewin, Mr. McCrory reported that there are no legal issues that pertain to the maintenance of a particular funding ratio as long as MTS continues to fund the Plan. He added that MTS's contribution to the Plan would have to increase if the funding ratio started to decrease. In response to a question from Mr. Monroe, MTS Chief Financial Officer Cliff Telfer reported that employees are vested after a five-year period. Mr. McCrory advised Mr. Monroe that, on a termination basis, MTS's Plan may well be fully funded taking into consideration future salary and service factors if that causes MTS's accrued liability to drop. In response to a question from Mr. Faulconer about funding targets, Mr. McCrory stated that MTS's funding target is 100 percent. He added that some businesses prefer to have a reserve over that 100 percent level in order to address market fluctuations in the pension's portfolio. He confirmed for Mr. Faulconer that MTS is making the appropriate contributions to the Plan. He also advised Mr. Faulconer that having a reserve may provide a cushion for one or two years but probably not beyond that period of time. He stated that it is a good idea, in general, to maintain a reserve.

Mr. Faulconer felt that, if funds are available, MTS should consider shortening the amortization period from 30 years to 20 years. Chairman Mathis stated that this matter could be brought back to the Board. In response to a question from Mr. McClellan, Mr. Telfer explained that the five-year vesting period in the Plan was negotiated as part of MTS's collective bargaining agreement. Mr. McClellan felt that this factor should be reconsidered and should be comparable to what other agencies are doing. He specifically mentioned considering making the vesting period ten years.

In response to a comment from Mr. Young, Mr. McCrory stated that MTS uses a 30-year amortization with level payments. He stated that many agencies use a level amount of payroll. He stated that General Accounting Standards allow for 30-year amortizations. In response to another question from Mr. Young, Mr. Telfer stated that MTS's contribution for this year will be 14.53 percent, or \$4.7 million. Mr. Young asked what MTS's contribution would be for a 20-year amortization period and how that would affect MTS's funding ratio. Mr. McCrory stated that he did not have that figure at hand. Mr. Young felt that the Board should know the answers to these questions. Mr. McClellan felt that MTS should maintain its contribution at the 14.53 percent level in order to reach a fully funded level more quickly. He stated that MTS would then have a static contribution instead of one that fluctuates.

In response to a question from Mr. Rindone, Mr. Telfer reported that postretirement medical benefits are being studied as part of the annual audit. He stated that this matter will be discussed with the Audit Oversight Committee and then the full Board.

Action Taken

Mr. Emery moved to receive the actuarial valuation as of July 1, 2007, approve the pension contribution rate of 14.285 percent for SDTC's pension plans in FY 2009, and direct staff to readdress the Board regarding the questions asked and suggestions made during the discussion of this item. Mr. McClellan seconded the motion, and the vote was 10 to 0.

REPORT ITEMS:

45. MTS: Report on Route 923 Weekend Service Changes (SRTP 830)

Mr. Denis Desmond, MTS Senior Transportation Planner, reminded the Board that Route No. 923 had been discussed during the public hearing at the last Board meeting and that staff had

been asked to discuss the proposed service changes with the community and return to the Board with an update or revised proposal. Mr. Desmond reported that six alternatives were evaluated and that, after consulting with local stakeholders, it was decided to reduce hours on Route No. 923 but maintain weekend service. He added that other savings from minor adjustments to this route and other routes have also been identified. He stated that Route 923 may be reevaluated later in the year if necessary for the purpose of midyear budget adjustments.

In response to a question from Mr. Monroe regarding what the minor adjustments would be, Mr. Desmond reported that they include relocating the terminal for Route 923, making minor changes to Routes 933 and 934 in Imperial Beach, and changes to Route 30 in University City.

Mr. Faulconer thanked the Board for allowing additional time for study and discussion of Route 923 service changes. He thanked Mr. Desmond and Ms. Sharon Cooney, Interim Director of Planning and Scheduling, for their hard work on this issue. He stated that this is the second time that MTS staff has gone above and beyond to work with the communities affected by service changes.

Mr. McClellan suggested that future service changes include a transfer at Lindbergh Field. Mr. Desmond reported that a connection with the airport was one of the alternatives discussed.

Action Taken

Mr. Ewin moved to receive a report on the proposed Route 923 adjustments. Mr. Faulconer seconded the motion, and the vote was 10 to 0 in favor.

60. Chairman's Report

Chairman Mathis reported that Governor Schwarzenegger, during a recent press conference in San Diego, presented MTS with the second installment of Proposition 1B funding of \$9 million. He stated that this is in addition to the \$18 million already received. He stated that the funding will be used to purchase 50 new buses. He also reported that he informed Governor Schwarzenegger about the APTA Annual Meeting and EXPO that is being held in San Diego in October of this year and invited him to participate.

Chairman Mathis reported that he recently attended the APTA Rail Conference in San Francisco. He stated that everyone is having budget problems and that ridership on light rail continues to increase. He stated that much funding is being requested for the expansion of existing systems and the building of new systems and added that he hopes that the federal government will provide that funding. Chairman Mathis briefly discussed his experience riding BART while in the Bay Area.

61. Audit Oversight Committee Chairman's Report

Mr. Ewin, Chairman of the Audit Oversight Committee, reported that the Audit Oversight Committee met on June 5, 2008, and that draft minutes from that meeting will be forthcoming in the near future.

62. Chief Executive Officer's Report

Mr. Jablonski reported that he recently also attended the APTA Rail Conference and that there is heightened discussion of the reauthorization of the Intermodal Surface Transportation Efficiency Act (ISTEA). He stated that he is still actively involved in discussions about Rail Mod funding.

63. Board Member Communications

Fare Ordinance Recommendations: Mr. Monroe reported that the SANDAG Transportation Committee approved MTS's recommended trolley fare increase of \$2.50 with transfers rather than SANDAG's recommendation to increase fares to \$2.25 without transfers. He stated that he felt that staff members of the two agencies should have reached agreement prior to presenting a recommendation at SANDAG rather than presenting two different proposals. Chairman Mathis stated that he felt that Mr. Monroe's point, which was made at both the MTS Executive Committee meeting and the SANDAG Transportation Committee meeting, will have a beneficial effect.

Chairman Emeritus Williams' Dedication: Mr. Rindone requested that the Board be provided with an update on this project.

APTA Rail Conference: Mr. Roberts reported that he was impressed with the level of interest on the part of federal officials in San Diego's Mid Coast LRT project. He stated that there is support and a willingness to assist.

Ad Hoc Public Security Committee: Mr. Young stated that this committee held its second meeting that morning. He commended security personnel on their briefing and the work they have done. He felt that these discussions would ultimately help the Board address security issues. He stated that the Committee discussed security grant programs/projects, how surveillance cameras are helping, quarterly crime statistics, and the budgetary impacts of special enforcement assignments. He stated that MTS has a great staff to help move forward in this area.

64. Additional Public Comments on Items Not on the Agenda

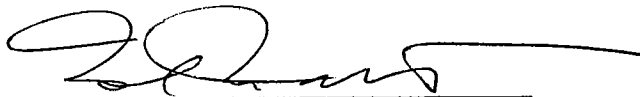
There were no additional public comments.

65. Next Meeting Date

The next regularly scheduled Board meeting is Thursday, June 26, 2008.

66. Adjournment

Chairman Mathis adjourned the meeting at 10:51 a.m.



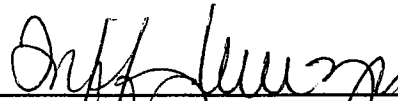
Chairperson
San Diego Metropolitan Transit System

Filed by:

A handwritten signature in cursive script, appearing to read "Gail Williams", written over a horizontal line.

Office of the Clerk of the Board
San Diego Metropolitan Transit System

Approved as to form:

A handwritten signature in cursive script, appearing to read "Duff Lutz", written over a horizontal line.

Office of the General Counsel
San Diego Metropolitan Transit System

Attachment: A. Roll Call Sheet

[gail.williams/minutes](#)

METROPOLITAN TRANSIT DEVELOPMENT BOARD
ROLL CALL

MEETING OF (DATE): 6/12/08

CALL TO ORDER (TIME): 9:09 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 9:26 a.m.

RECONVENE: 9:47 a.m.

PUBLIC HEARING: 9:52 a.m.

RECONVENE: 9:53 a.m.

ORDINANCES ADOPTED: _____

ADJOURN: 10:51 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ATKINS	<input checked="" type="checkbox"/> (Hueso) <input type="checkbox"/>		9:45 a.m. after Closed Session
CLABBY	<input checked="" type="checkbox"/> (Selby) <input type="checkbox"/>		10:27 a.m. during AI 30
EMERY	<input checked="" type="checkbox"/> (Cafagna) <input type="checkbox"/>		
EWIN	<input checked="" type="checkbox"/> (Allan) <input type="checkbox"/>		
FAULCONER	<input checked="" type="checkbox"/> (Hueso) <input type="checkbox"/>		
MAIENSCHIN	<input type="checkbox"/> (Hueso) <input type="checkbox"/>		<input checked="" type="checkbox"/>
MATHIS	<input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/>		
MCCLELLAN	<input checked="" type="checkbox"/> (Hanson-Cox) <input type="checkbox"/>		
MCLEAN	<input checked="" type="checkbox"/> (Bragg) <input type="checkbox"/>		
MONROE	<input checked="" type="checkbox"/> (Downey) <input type="checkbox"/>		
RINDONE	<input checked="" type="checkbox"/> (McCann) <input type="checkbox"/>		
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		
RYAN	<input type="checkbox"/> (B. Jones) <input type="checkbox"/>		<input checked="" type="checkbox"/>
YOUNG	<input checked="" type="checkbox"/> (Hueso) <input type="checkbox"/>		
ZARATE	<input type="checkbox"/> (Parra) <input type="checkbox"/>		<input checked="" type="checkbox"/>

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL