

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 28, 2007

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

1. Roll Call

Vice Chairman Rindone called the meeting to order at 9:05 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Mr. Emery moved to approve the minutes of the June 14, 2007, Board of Directors meeting. Mr. McLean seconded the motion, and the vote was 9 to 0 in favor.

3. Public Comment

Virginia Conway: Ms. Conway thanked MTS for the map of routes serving Chula Vista and for the attendants at Old Town who are directing patrons to the tunnel. She asked if there would be any future expansion of the trolley system. She also stated that having Route Nos. 30 and 150 so separated at Old Town causes a problem. She added that Route Nos. 11, 14, and 15 at SDSU are not stopping where the signage indicates. She stated that an operator who was parked away from his route's stop refused to let her board the bus. She also reported that the elderly like to have bus stops as close to their homes and businesses as possible in order to prevent robberies and muggings, not just for the sake of convenience.

Vice Chairman Rindone stated that there are plans for a trolley line to UCSD and for the purchase of additional trolley cars. He stated that there will not be an additional Morena Line. Mr. Rindone further pointed out that Bus Rapid Transit would be the most viable option in Chula Vista. Mr. Monroe stated that there have been recent discussions regarding trolley services at the airport.

Mr. Paul Jablonski, MTS CEO, reported that the buses at Old Town are arranged so that those with the highest ridership are positioned closest to the tunnel. He stated that this is an arrangement that was worked out with the California Public Utilities Commission (CPUC) in order to encourage patrons to use the tunnel instead of Taylor Street to get to the other side of the tracks at this location. He stated that MTS continues to work with the CPUC toward an efficient solution for Old Town.

In response to a question from Mr. Young, Ms. Tiffany Lorenzen, MTS General Counsel, clarified that, according to the Brown Act, the Board may make brief comments in response to public comments or direct staff to follow up.

Clive Richard: Mr. Richard reported that he was very pleased with how well trolley and bus staff handled the recent catenary accident downtown.

Don Stillwell: Mr. Stillwell reported that following problems: Ticket vending machines return dollar coins but won't accept them (at Mission Station); Route No. 13 should have its terminal at Grantville Trolley Station, not Kaiser Hospital; when two Route No. 13 buses are stopped at the Kaiser Hospital terminal, Route No. 14 can't make its stop there; and Route No. 14 should stop at Grantville in order to connect with Route No. 18.

CONSENT ITEMS

6. MTS: Rebuilt Transmissions – Contract Award (OPS 900, PC 53810)

Recommend that the Board of Directors authorize the CEO to execute a contract (in substantially the same form as Attachment A of the agenda item – MTS Do. No. B0480.0-07) with HD Industries, Inc. for rebuilt ZF transmissions.

7. SDTI: Light Rail Vehicle Vandalism and Accident Repair Services – Contract Amendment (OPS 970.6, PC 50356)

Recommend that the Board of Directors authorize the President to exercise the first of two single-year contract extensions with Carlos Guzman, Inc. (in substantially the same format as Attachment A of the agenda item, SDTI Doc. No. C.O.011.0-05) for light rail vehicle accident and vandalism repair services.

8. MTS: Payroll and Human Resources Information System – Contract Award (CIP 11192)

Recommend that the Board of Directors authorize the President to execute a contract (SDTI Doc. No. C.O.106.0-07) for a three-year base period with 2 one-year options (in substantially the same form as Attachment A of the agenda item) with San Diego Sweeping for parking lot sweeping services for SDTI and SDTC.

9. MTS: Transportation Development Act Claim (FIN 310, PC 50601)

Recommend that the Board of Directors adopt Resolution Nos. 07-7, 07-8, and 07-9 (Attachments A through C of the agenda item) approving the Fiscal Year 2008 Transportation Development Act Claim.

10. MTS: Light Rail Vehicle Rehabilitation Services – Contract Amendment (CIP 11165)

Recommend that the Board of Directors authorize the CEO to exercise the first of two single-year contract extensions with Carlos Guzman, Inc. (MTS Doc. No. L0744.1-06 – Attachment A of the agenda item) to continue to provide light rail vehicle paint and body rehabilitation services for a total cost not to exceed \$480,000.

11. MTS: Policy No. 55 – Requests for Quiet Zones (ADM 110.1, PC 50101)

Recommend that the Board of Directors enact Policy No. 55 (Attachment A of the agenda item) regarding requests for the establishment of Quiet Zones.

12. MTS: Increase Authorization for Legal Services (LEG 491, PC 50633)

Recommend that the Board of Directors authorize the CEO to enter into contract amendments with the law firm of Hecht Solberg Robinson Goldberg & Bagley, LLP (MTS Doc. No. M6655.1-07) for legal services (in substantially the same form as Attachment A of the agenda item) and ratify prior amendments entered into under the CEO's authority.

13. MTS: An Ordinance Amending Ordinance No. 5, an Ordinance Relating to the Enforcement Authorities of Code Compliance Inspectors, Assistant Code Compliance supervisors, the Code Compliance Inspection Supervisor, and Taxicab Inspectors I & II (ADM 110.3, PC 50121)

MTS: An Ordinance Amending Ordinance No. 13, an Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions On or About a Transit Facility or a Bus Stop

Recommend that the Board of Directors adopt the attached (Attachments A and B of the agenda item) ordinances entitled: "Ordinance No. 5, an Ordinance Relating to the Enforcement Authorities of Code Compliance Inspectors, Assistant Code Compliance Supervisors, the Code Compliance Inspection Supervisor, and Taxicab Inspectors I & II;" and "Ordinance No. 13, an Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions on or About a Transit Facility or a Bus Stop." The ordinances would take effect 30 days after enactment on July 28, 2007.

Recommended Consent Items

Ms. Lorenzen confirmed for Mr. Emery that Policy No. 55 – Requests for Quiet Zones states that MTS will incur no expense connected with the installation or maintenance of Quiet Zones.

Mr. Emery moved to approve Consent Agenda Items No. 6, 7, 8, 9, 10, 11, 12 and 13. Mr. Hueso 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 9:19 a.m.

- a. MTS: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to California Government Code Section 54956.9(a) City of National City v. Metropolitan Transit System (Superior Court Case No. GIC 880322)

The Board reconvened to Open Session at 9:29 a.m.

Oral Report of Final Actions Taken in Closed Session

Ms. Lorenzen reported the following:

- a. The Board received a report from General Counsel.

NOTICED PUBLIC HEARINGS

There were no noticed public hearings.

DISCUSSION ITEMS

There were no discussion items.

REPORT ITEMS

45. MTS: Revenue-Generating Real Estate Assets (ADM 160.2, PC 50121)

Mr. Jablonski reported that staff has identified opportunities for generating revenues using its real estate assets and has divided these opportunities into two categories – the larger parcels that can generate higher revenues on a long-term basis and smaller parcels that can be used to generate revenues more quickly. He stated that MTS is proceeding with the identification of lease opportunities for the smaller properties already.

Mr. Tim Allison, MTS Right-of-Way Manager, referred to the detailed list at each Board member's place that identifies all of MTS's properties. He then reviewed the parcels categorized in the second group mentioned by Mr. Jablonski. He estimated that a minimum of \$170,000 could be realized in the FY 2008 budget from the lease of these smaller parcels if all of them are leased out this year.

In response to a question from Mr. Monroe, Mr. Allison stated that MTS will attempt to lease each of the properties. He stated that staff would report back to the Board on any properties that cannot be leased, at which time the Board could consider approving the property for sale. He stated that leasing properties is preferable because it generates recurring revenues. Mr. Allison reported that MTS is using the Web, newspapers, and signage to advertise these properties as available for lease, and that MTS has a right of way agent to handle this process. Mr. Jones stated that the City uses a marketing professional for these types of transactions and that MTS might benefit from taking this approach. Mr. Emery reminded the Board that the direction that was given to staff was to assess and determine the best use for each property; i.e. lease out or sale. Mr. Roberts stated that the approach being used by staff will reveal what the property might be worth. Mr. Jablonski stated that each property will be analyzed to determine if it should be leased out, made part of a joint development, or sold. He stated that the information being presented today includes only properties that could be leased out on a short-term basis in the very near future to quickly start generating revenue to help MTS address its \$9.2 million budget deficit for FY 2008. Mr. Roberts pointed out that entering into a short-term lease on a property would not preclude MTS from using it in the future for a different purpose. He added that during a recent visit to see Los Angeles Metropolitan Transit Authority joint developments it was learned that they don't sell any of their properties.

In response to a comment from Mr. Young about the possibilities of leasing properties with no structures on them, staff pointed out that these properties could be used as lay-down yards or for the storage of cars or other items. In response to a question from Mr. Ewin, Mr. Allison reported that the Prospect and Cuyamaca properties are going to end up being at the I-52 interchange when it is completed, which would have a positive impact on the value of these properties. Mr. Roberts felt that the current lease rate for the Prospect Square property was rather meager and should be adjusted. In response to a question from Mr. Roberts, staff reported that no response had been received to MTS's inquiry about purchasing the privately

owned property between the two MTS-owned Grantville parcels. Mr. Monroe suggested using the Palomar parcel to expand MTS's parking availability at Palomar Station.

Mr. Clabby suggested pursuing cell phone companies to determine interest in erecting cell phone towers on these properties. He stated that Lemon Grove is repeatedly being contacted regarding these opportunities and pointed out that these towers can be very effectively camouflaged. Mr. Allison reported that MTS has contacted cell phone companies regarding cell phone towers but has been unsuccessful to date in attracting additional business. He stated that MTS staff members have been told by these companies that they are not expanding their infrastructure. He stated that staff would continue to pursue these opportunities.

Mr. Hueso asked if any of these properties were purchased using state or federal dollars. He stated that MTS is in the business of providing transportation resources, and he stated the Board should strongly consider selling those properties that have no future use for transit. He stated that MTS is robbing local jurisdictions of property taxes revenues and neighborhoods of neighborhood resources. He also stated that some of these properties contribute to blight. He also suggested that staff contact redevelopment agencies for the areas where these properties are located.

Mr. Hueso moved to direct staff to (1) contact local jurisdictions to explore the possibilities of working together to develop, put to productive use, or sell parcels within their jurisdictions; and (2) pursue lease opportunities for those parcels with the potential to be used for transit purposes. Mr. Jones seconded the motion.

Mr. Roberts stated that the intention of the Board's direction to staff on this item was to focus on short-term opportunities for increasing revenues by leasing MTS-owned properties. He felt that Mr. Hueso's direction to staff had lost focus on that objective. He stated that MTS Board members should be focused more on transit and getting the best return for transit and less on their roles within their respective cities. He stated that MTS should continue to hold and attempt to lease out properties whether they have potential transit use or not. He stated that the Board's top priority should be increasing recurring revenues in order to avoid future budgetary problems. He added that if it becomes clear as a result of staff analysis that the best option is to sell the property, then the Board would consider taking that action. Mr. Roberts felt that Mr. Hueso's motion was not in step with that approach.

Mr. Jones stated that he agreed with Mr. Hueso. It was pointed out that MTS could put the proceeds from the sale of properties into annuities or certificates of deposit in order to generate recurring revenues.

Mr. Emery stated the Mr. Hueso's motion appears to be a change in policy direction. He stated that the Board should put these properties to the best use on behalf of MTS. He did not feel that properties should be divested and given back to the communities. He stated that the properties should be used to generate income on a short-range basis where no long-term development opportunities exist. He agreed that properties that cannot be leased could be sold.

Ms. Atkins did not see Mr. Hueso's motion as a change in policy direction. She stated that she agreed with Mr. Roberts that MTS should identify properties that could be used for long-range transit purposes and agreed with Mr. Jones that this process of analysis should be started. She stated that staff should identify the properties that are needed for transit use and then breakdown whether that use is short or long term. She also suggested that the Board discuss

this topic more regularly. She added that Mr. Jablonski and MTS staff have done a good job or reviewing MTS's issues.

Mr. Monroe felt that Mr. Hueso's motion went beyond what the Board should do. He stated that the Board should be focused on short-term revenues from the properties it owns and added that he would be against any change in policy direction. He also felt that there was a change of policy direction that was inherent in Mr. Hueso's motion. Mr. Hueso stated that his motion was being mischaracterized. He stated that is intention was to continue moving forward but with the involvement of local agencies.

Mr. Roberts clarified that the properties being presented to the Board have already been identified as having no transit use. Ms. Lorenzen provided a brief history of how the properties were acquired and stated that no federal or state funding was used – that only local monies were used. Mr. Allison pointed out that federal money was only used for Grantville.

Mr. Hueso stated that he would be willing to support staff's recommendation in this matter and made a motion to that effect. Mr. Jones would not second this motion because he did not feel that the original motion was a change in policy direction. He felt that staff should bring options back to the Board for those properties with no potential use for transit purposes. Mr. Hueso then reverted back to his original motion.

Mr. Ewin stated that, as stewards of public assets, the Board has a responsibility to see that they are used in an appropriate and best fashion. He stated that the Board's end goal revolves around its fiduciary responsibility to maximize the return to the transit agency and, in the end, to the benefit of the transit user.

Action Taken

Mr. Roberts made a substitute motion to (1) receive a report on the status of MTS real estate that generates revenue and the opportunities for increased income from underutilized or vacant property; (2) direct staff to work with local agencies while moving forward with this action; and (3) bring back to the Board the policy issue with respect to holding or selling MTS-owned properties. Mr. Emery seconded the motion, and the vote was 13 to 0 in favor.

46. MTS: Marketing Update (MKPC 605, PC 50551)

Mr. Rob Schupp, MTS Director of Marketing and Communications, provided an overview of marketing and communications results for FY 2007 and advertising and promotional programs for FY 2008. He presented the names of the marketing team and reported that marketing has three major initiatives underway for FY 2008 – advertising, the launching of a new web site, and a new major strategic partnership with the Dead Sea Scrolls exhibit.

Mr. Schupp then reviewed MTS's marketing goals and primary audiences and provided detail on the types of marketing activities that were completed in FY 2007 and will be extended into FY 2008. He reviewed various print media being used, community relations activities, and marketing efforts tailored to students, visitors, and new riders. He also briefly discussed marketing for sporting and special events. Ms. Judy Leitner, who is in charge of strategic partnerships, reviewed arts programs in which MTS has been involved. Mr. Schupp then reviewed media-related marketing activities that took place in FY 2007.

Mr. Schupp also provided the Board with a visual tour of MTS's soon-to-be-launched web site, which was developed in house. He reported that MTS will continue to work on and upgrade the site.

Mr. Monroe stated that timetables are very confusing because all stops are not listed. Mr. Schupp stated that there is an initiative underway to provide more detail. He pointed out that there are 7,000 bus stops and 53 trolley stops. Mr. Monroe also suggested that staff use the term climate change instead of global warming because it is less polarizing.

In response to a question from Mr. Young, Mr. Schupp stated that MTS's primary goal is to attract new ridership from the household income demographic of \$35,000 to \$65,000. He stated that this group is MTS's primary target for its television ads. He stated that print and outdoor marketing targets all demographics. Mr. Young stated that marketing should increase the types of ridership that MTS already has and stated that he wanted to see examples of how MTS is doing that through its marketing program. Ms. Leitner stated that a large part of Balboa Park's customers live and work around the park and briefly discussed the new marketing program and coupon book for Balboa Park attractions. She stated that the coupon book provides a more cost effective way for people on a limited budget to go to these places, and MTS is therefore encouraging people to use transit for leisure activities. She stated that this increases ridership during off-peak periods when MTS has more capacity for increased ridership.

Mr. Ewin stated that it is critical for MTS to target the choice rider and agreed that the income demographic that is being targeted is appropriate. Mr. Young stated that he did not disagree but felt that marketing should also encourage people who are already using transit to use it more.

Mr. Monroe stated that MTS will lose its new riders if they are unable to understand how to use ticket vending machines. He briefly discussed how difficult it is to purchase a ticket. Mr. Clabby related an incident where he had difficulty using the ticket vending machine.

In response to a question from Mr. Jones, Mr. Schupp stated that one of the goals of special event service is to attract new riders to the system along with an emphasis on getting existing riders to use transit to get to these events. Mr. Jones suggested that another San Diego Union-Tribune wrapper and coupon be done now that the Comprehensive Operations Analysis has been completed and that staff try to measure the results in terms of ridership increases.

Public Comment

Clive Richard: Mr. Richard expressed his support.

Action Taken

This report was received by the Board. No formal action was taken.

47. MTS: Fare Structure Overview (SRTP 875, PC 50451)

This item was trailed to the July 19, 2007, Board meeting.

60. Chairman's Report

Smart Corner: Vice Chairman Rindone stated that he, along with other dignitaries, attended the recent opening of Smart Corner. He thanked Marketing personnel for staging such an excellent event and stated that Smart Corner will serve the community and enhance MTS ridership.

61. Chief Executive Officer's Report

Urban Partnership Program: Mr. Jablonski reported that he was in Washington, D.C. on Monday and Tuesday to take part in presentations made to the Department of Transportation (DOT) as part of the Urban Partnership Agreement program. He stated that MTS, SANDAG, the City of San Diego, Caltrans, and North County Transit District made a presentation on San Diego's behalf. He added that San Diego was one of nine cities chosen to make presentations under this program. He stated that these presentations are part of the process the DOT is using to award a total of \$1.2 billion in funding for new projects. He stated that he should be able to provide an update to the Board by August.

62. Board Member Communications

There were no communications from other Board members.

63. Additional Public Comments on Items Not on the Agenda

There were no additional public comments.

64. Next Meeting Date

The next regularly scheduled Board meeting is Thursday, July 19, 2007, at 9:00 a.m. in the same location.

65. Adjournment

Chairman Mathis adjourned the meeting at 11:50 a.m.

Chairperson
San Diego Metropolitan Transit System
Filed by:

Approved as to form:

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

Office of the General Counsel
San Diego Metropolitan Transit System

Attachment: A. Roll Call Sheet

gail.williams/minutes