

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

BOARD OF DIRECTORS MEETING

JANUARY 15, 2004

BOARD OF DIRECTORS MEETING ROOM, 10TH FLOOR
1255 IMPERIAL AVENUE, SAN DIEGO

MINUTES

1. Roll Call

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

2. Approval of Minutes

Mr. Emery moved to approve the minutes of the December 11, 2003, Board of Directors meeting. Mr. Clabby seconded the motion, and the vote was 10-0 in favor.

PUBLIC SPEAKERS ON ITEMS NOT ON THE AGENDA

3. Public Comment

William Hoffman – Mr. Hoffman said that he sent a letter to the Board regarding the Carrizo Gorge Railroad. He has been going to the Anza Borrego State Park for 50 years. He wanted to be sure the issues in this area were addressed and adequately dealt with. He is concerned about a misunderstanding that the railroad would restrict people from crossing the tracks in about 30 locations. This is unacceptable to residents and visitors. His other concern is environmental. He had seen the devastation of Hurricane Cathleen when it washed out the tracks and other areas. It's fine to be investing in this area, but he is concerned about environmental impacts. He asked what happens if there is an accident or fire. The insurance policy doesn't seem to address this adequately.

Mr. Monroe said that he would not champion all the issues in Mr. Hoffman's letter right away, but he has raised a number of legitimate issues. He asked if this could be placed on a future agenda. Ms. Lorenzen stated that staff would report back to the Board. She has started addressing the issues in his letter, as well as another correspondence from the Center of Biological Diversity regarding the environmental impacts with regard to the Big Horn sheep. Mr. Monroe stated that there are issues with regard to access and crossings. Mr. Jablonski stated that this would be placed on an upcoming agenda, and Mr. Hoffman will be notified as to when the Board would hear it.

Ed Kravitz – Mr. Kravitz stated that he has been coming to the Board meetings since 1999 to speak on the Coronado Branch Railroad. He has been a major advocate on keeping the railroad. He recommended that the Board go to his Web site and look at the documents there. The Board needs to be sure it has all the information. This has been a dirty deal for a long time. He recommended that the Board leave it alone and not vote on it.

Chuck Lungerhausen – Mr. Lungerhausen welcomed Mr. Jablonski to our fine city. He had a fund-raising packet with him for the 2004 Multiple Sclerosis (MS) walk. He wanted to request sponsorship donations. He thanked the Board for its previous support. He has recently received information about advances made in 2003 for MS. He feels we are getting closer to solving the puzzle of MS, and hopefully we will not need to do the walk again in 2005. Mr. Lungerhausen stated he was also going to Sacramento to review the low-floor trolleys for Americans with Disabilities Act (ADA) compatibility. He hears that things are not looking good on this issue.

R. Mitchell Beauchamp – Mr. Beauchamp said he was here to speak as a biological consultant to the Carrizo Gorge Railway. His job is to monitor activities in the Gorge as a biological consultant and advise the Carrizo Gorge Railway on how to conduct its activities so as not to disrupt the Big Horn sheep. He noted that it is tempting to be nice to the animals in the wild; however, we need to leave the sheep to their own environment. He stated that the situation is under control and biologically positive. We have needed to repair two tunnels because others have accessed the tunnels and caused damage; one had a bonfire. We can't have people accessing the tunnels along the Desert Line. He noted that this area is a State Park; however, the railroad was there before the State Park was created. He suggested forming a subcommittee of interested persons for this system. He said the Desert Line is a stepchild of this organization. We would be sued by the Center for Biological Diversity, and it is our obligation to defend this lawsuit. It will be found to be without merit.

Bruce Coons – Mr. Coons is the Executive Director of the Save Our Heritage Corporation (SOHC). He noted that his corporation is a supporter of the bike path along the Coronado Branch Line. They are strong supporters, including the safety issues. He said that to proceed with the appeal on the historic designation of the bike path provides no upside for the project or the Environmental Impact Report (EIR). The SOHC has met the fair argument standard as a historic resource, and it needs to be treated as such. There is a huge downside to try and overturn the designation. SOHC will defend it in the most vigorous manner. The coalition that supports this railroad includes more than 20,000 members, and SOHC will report results of all voting. He believes the bike path and railroad can coexist. There is no reason this project cannot go forward.

4. Election of Vice Chair and Chair Pro Tem and Appointments to Committees for 2004
(LEG 410, PC 30100)

Public Comment

Margo Tanguay – Ms. Tanguay stated that she supported all the nominations. She said that Mr. Maienschein has done an extremely responsible job as Taxicab Committee Chairman.

Action Taken

Mr. Roberts moved that Mr. Rindone and Mr. Emery be elected as Vice Chairman and Chairman Pro Tem, respectively. Mr. Emery seconded the motion, and the vote was 13-0 in favor. Mr. Emery moved to appoint representatives to the various committees as outlined in the agenda item. Mr. Clabby seconded the motion, and the vote was 13-0 in favor.

Ms. Lorenzen stated that she had been attempting to contact Mr. Ron Rogers to serve as Chairman on the Accessible Services Advisory Committee (ASAC), but has been unsuccessful

to date. Mr. Monroe asked if the Chairman of this committee needed to be a Board member. Ms. Lorenzen stated it could be a Board appointee.

CONSENT ITEMS

5. Contract Amendment for Financial and Maintenance Management System (CIP 10887)

Action would: (1) approve amendments, as issued by the General Manager, for inclusion of California sales tax, an additional Maintenance Management Consultant, and additional Payroll and Human Resources consulting services; (2) authorize the CEO to execute an amendment with Mincom, Inc., for Software Support and Maintenance Services; and (3) authorize additional contingency and authorize the CEO to execute contract amendments not exceeding the approved contingency amount.

6. MTS Operator Budget Status Report for October 2003 (FIN 310, PC 30100)

Action would receive the MTS Operator Budget Status Report for October 2003.

7. Proposed Federal Legislative Goals for 2004 (LEG 410, PC 30100)

Action would approve the federal legislative goals for 2004, consistent with goals adopted by the American Public Transportation Association (APTA) and San Diego Association of Governments (SANDAG).

8. MTDB/SDTC/SDTI Liability Claims Analysis Report (LEG 491, PC 30100)

Action would receive the MTDB/San Diego Transit Corporation (SDTC)/San Diego Trolley, Inc. (SDTI), Liability Claims Analysis Report.

9. Amendment to Ordinance No. 4 – PETCO Park Pilot Program for Trolley Ticketing Programs: Second Reading (MKPC 620.8, PC 40050)

Action would adopt an amendment to Ordinance No. 4, "An Ordinance Amending Ordinance No. 4 to Allow for Issuance of Padres Game Day Tickets and Passes," and direct publication of an Ordinance summary.

11. FY 04/05 Daily-Dated Universal Transfer Slips: Exercise of Contract Option (FIN 330.3, PC 40060)

Action would authorize the CEO to exercise the first of four options with The Ticket Factory to produce and deliver a total of 24,959,200 daily-dated Universal Transfer Slips, based on a unit price per 1,000.

12. Refurbish and Standardize Traction Power Substations Project: Contract Change Order (CIP 10799)

Action would authorize the CEO to execute a contract change order (CCO) with Mass Electric Construction Company for refurbishing and standardizing the Front Street traction power substation No. 2.

13. Use of Mills Building Reserve Funds for Trolley Station Improvements (ADM 110.4, PC 30100)

Action would authorize the CEO to use James R. Mills Building reserve funds for 12th and Imperial Station improvements and lighting improvements on the Mills Building property.

14. Mission Valley East LRT Project: Construction Contract Change Order (CIP 10426.5)

Action would authorize the Chief Executive Officer to execute CCO No. 64 with Stacy & Witbeck, Inc., to install railroad signal cable along a portion of the existing Orange Line guideway for signal revisions required by the Mission Valley East Light Rail Transit (LRT) Project Trackwork & Systems Project.

15. Compressed Natural Gas (CNG) Pricing Commitment (OPS 920.5, PC 30103)

Action would authorize the CEO to execute, when appropriate, a letter agreement with Clean Energy to obtain approximately 3 million therms of natural gas in an average amount below \$4.50 per mm BTU over a 12-month period.

16. Contract Extension and Increased Authorization for General Right-of-Way Consultant Services (ADM 125.2, PC 30100)

Action would authorize the CEO to execute a contract amendment with Jane Wiggans of The Wiggans Group, LLC, for general right-of-way services to exercise the first of three, one-year extension options, ratify prior work orders entered into under the CEO's authority, and increase the contract amount.

Motion on Recommended Consent Items

Mr. Emery moved to approve Consent Agenda Item Nos. 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, and 16. Mr. Clabby seconded the motion, and the vote was 12-0 in favor.

Mr. Mathis wanted to bifurcate item No. 10 to withhold action on the personnel portion. He would like to have the CEO provide input on this issue. He felt this part of the item should be brought back as a discussion item. There appears to have been a drain of resources over to SANDAG. The Board needs a better understanding. Mr. Roberts agreed and had expressed his concerns. There has been a looting of human resources that needs to be looked at.

Mr. Jablonski stated that he appreciates the Board's concern, and he had considered the same. His understanding is that the transfer of the Human Resources person would be to a different payroll (SANDAG); however, the individual will continue on-site until he retires, probably next June. We can return to the Board with further information.

10. Two Years of Additional Service Credit with the Public Employees Retirement System (PERS) (ADM 150.3, PC 30100)

Action would give notice of intention to adopt a resolution on January 29, 2004, designating a time frame for retirement and MTDB positions eligible for two years of additional service credit based on mandatory transfers to the new consolidated agency (SANDAG).

Action Taken

Mr. Emery moved to approve item No. 10 as bifurcated. Mr. Clabby seconded the motion, and the vote was 12-0 in favor.

NOTICED PUBLIC HEARINGS

There were no public hearings.

FINANCE WORKSHOP

Ms. Wasmund stated that this was the first in a series of Budget Workshops for the MTS Board. This is a transition year in which SANDAG will play a larger role. She introduced the MTS Finance Manager Lauren Warrem, who will participate in this process. It is proposed to continue with a series of workshops leading to budget adoption in June. Today we are asking the Board to approve some guiding objectives and budget assumptions.

The SANDAG Transportation Committee will consider revenue estimates, provided by SANDAG, the guiding objectives, and key assumptions. We will then go to MTS and the North County Transit District (NCTD) to develop their operating budgets within those estimates.

The MTS operators include San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), MTS Contract Services, Chula Vista Transit (CVT), National City Transit (NCT), and the Coronado Ferry.

Some of the guiding objectives include a sustainable level of service, an annual fare structure review, productivity and service coverage standards, and the flexibility to adjust service due to changing conditions. Mr. Monroe asked for examples of recurring revenue besides the fare revenue. Ms. Wasmund stated this would be anything that is not a one-time revenue source, i.e., TransNet and Transportation Development Act (TDA).

Key budget assumptions include a zero-based approach for each operator; using a 5-year projection, with low and high ranges; assuming current service levels for FY 05; recurring expenses not exceeding recurring revenue; recurring revenue sources, including federal and TransNet funds for operations; and a consistent presentation of budget information.

MTS sources of revenue include fares, TDA, federal formula funds, State Transit Assistance (STA), and TransNet. Expense categories include personnel, purchased transportation, maintenance, energy, and other minor categories.

Future significant events to be aware of include the TransNet ballot decision to take place in November 2004; a continued transition to the consolidated agency; reauthorization of the Transportation Equity Act for the 21st Century; and the federal, state, and regional economy and budgets.

The next phases of the budget process would be to provide FY 04 experience to date in February, preliminary 5-year projections in March, the FY 05 operating budget with an update of five-year projections and a review of the draft operating budgets in May, and Board approval of the FY 05 MTS budgets on June 24.

Mr. Mark Lewis asked whether it would be SANDAG's or MTS's responsibility for training with regard to customer service. Ms. Lorenzen stated it would be an MTS responsibility. Mr. Mark Lewis asked where money for training would be found in the budget. Ms. Wasmund stated that each of the operating budgets have training and customer relations listed. The details should be available in May. Mr. Mark Lewis asked how the self-insured portion of our insurance would be funded. It appears we budget money that invites lawsuits. Ms. Wasmund said that we have a self-insured retention limit. To be fiscally prudent, we set aside this amount. Sometimes there is no draw on this reserve. If a draw is needed, the Board would approve it in closed session. Also, there is a Board policy that states if a draw is needed during the fiscal year, the amount would be replaced in the next budget cycle.

Ms. Kaltenborn asked what part of the budget workers' compensation falls under. Ms. Wasmund said it would be under Personnel. Ms. Kaltenborn asked if the Governor calling for a revision of the workers' compensation system would release some funds. Ms. Wasmund said that we are hoping for a positive effect.

Action Taken

Mr. Rindone moved to approve the use of the guiding objectives and budget assumptions for SDTC, SDTI, and MTS Contract Services and recommend that the SANDAG Board of Directors also approve the guiding objectives and budget assumptions for all the MTS operators and NCTD. Mr. Emery seconded the motion, and the vote was 11-0 in favor. (Mr. Maienschein was temporarily out of meeting.)

DISCUSSION ITEMS

30. MTS Appearance and Identity Vehicle Options (MKPC 620, PC 40057)

Mr. Lopez stated that staff has returned with updates and one variation of the paint scheme options presented to the Board. Also, at Board direction, we conducted public surveys, one at transit stations and one through our Web site. We would be presenting the two options recommended by the Board, and what could be done in the short or long term.

Ms. Andrews said that Option A offers a bold new solution. It represents a radical departure from the standard. When it is used on larger vehicles (i.e., articulated buses), the "MTS" could be shown in both white letters on red, and red letters on white. Based on Board direction to look at a variation of Option A to provide a large white "MTS" on a red background, Option A1 was created. The variation pushes the red color forward and reduces the white space. Examples were provided of both options in an environmental setting and on the various vehicles.

Staff was directed to obtain rider input. Two forms of surveys were conducted. The first survey was conducted at various stations, the other on the Web site. We surveyed a total of 174 passengers at different transfer stations on November 5 and 6, 2003. This gave staff the opportunity to have one-on-one contact with our riders. Most are supportive of the proposed

changes, regardless of the chosen final design. The survey indicated that Option B was the preferred option.

We received 807 responses to our web poll. Statistics from the Web site poll were similar to the one-on-one survey. Based on the input from the survey and poll, pictures of Option B were shown on buses. This option is a more traditional design.

MTS logo options were developed that would complement the paint scheme options. Logo Option A was the most supported among those surveyed. It is recommended that the logo selected complement the chosen paint scheme.

We currently have 47 new buses on order, 11 for SDTC, and 6 for MTS Contract Services. Final input on the paint scheme is due in February. There is a tentative delivery date of spring 2005. There is also an order for 11 light rail vehicles (LRVs). The original procurement called for the solid red paint scheme. Changes can still be made, but could include additional cost. The LRVs have a tentative delivery starting in May 2004. Any changes to the paint scheme should be decided in February 2004.

We currently have 889 buses and 122 LRVs. With the approval of a new paint scheme and based on the projected replacement schedule, approximately 50 percent of the bus fleet would be completed in five years. In ten years all buses should be replaced. None of the LRVs are scheduled for replacement in the near term. The existing fleet could be repainted as funds become available.

If an option were approved, the next steps would depend on the action plan. An early action plan, as funds become available, would add a new large "MTS" to the existing vehicles; replace the existing "MTS" circle logo with the new logo on vehicles, print materials, and signage; and highlight the new "MTS" in upcoming marketing campaigns. Future action would be to order all new vehicles and system hardware with the new paint scheme, large "MTS," and new logo.

There are currently 33 types of decals ranging from vehicle numbers and operator names to partnership and marketing messages. With implementation of a new paint scheme option, decals would be limited to the new "MTS" branding elements, vehicle and California regulation number with provider name, and compressed natural gas (CNG) and safety decals when appropriate.

Sample pictures of the early action application were included as well as paint scheme applications to the trolley. The paint scheme on the trolley could be difficult as the front of the LRV also serves as the back. Also, the trolley has international recognition. Therefore, it is recommended that the paint scheme option be approved for the buses, but defer trolley application to future discussion.

Mr. Emery stated that he would support either Option A or alternative Option A1. He likes the circles and swirl. He felt the idea was to integrate the entire system so there would be a familiarity. He would like to see the system integrated. Just having the white "MTS" on the trolley does not achieve that.

Mr. Mark Lewis stated that we want to consolidate the idea of a transit system. He likes the idea of Option A because it is new and refreshing. He also is looking forward to the day when you can transfer from the buses to the trolley only using a Smart Card. Option B gave him the vision of a wedgie. We need a clean break. This is a new system, a new organization. He would encourage a hard look at Option A.

Mr. Rindone said he originally liked Option B. However, he felt Option A1 was superior to Option A. He likes the white letters against the red background. He agreed that we are trying to show continuity. He could accept the larger red trolley with only the MTS. We are trying to show integration, and he thought this would be enough to do that. He supports Option A1 for the buses and to continue the red trolley with white letters.

Ms. Atkins said all the designs look good. She likes Option B and logo C; however, she will defer to her colleagues on the design. She stated that when the new design would be implemented, it was decided to discontinue outside advertising on the buses. She wanted to know the financial impact of not having the advertising. Ms. Lorenzen stated that we receive approximately \$800,000 to \$1 million per year on this advertising. Ms. Atkins noted that whatever decision is made, the citizens would get onboard and like it. She said that the Graphics Department has done a very good job.

Ms. Rose stated that she too likes Option A1. She likes the white letters on red; they stand out better. She would like to maintain the all red on the trolley. It is well known. She is also concerned that the design that might work well on the bus would be difficult on the trolley.

Public Comment

Chuck Lungerhausen – Mr. Lungerhausen is concerned about the maintenance and cost with a paint scheme where red is the primary color. We seem to be compounding the problem. He is also concerned about eliminating advertising on the buses. He questioned why we would throw away \$1 million a year. He thinks other designs would suit the design change. He's not sold and does not agree with eliminating advertising.

Clive Richard – Mr. Richard said that he doesn't like Option A or Option A1. He likes the wedge. It shows motion, even when the vehicle is standing still. However, he doesn't have a vote. He noted that red fades rapidly, and it's costing \$30,000 to keep the trolleys red. Now we are adding red to an entire fleet of buses. However, the buses are not as large, so the cost might be less. He still wonders where this money would be coming from. He noted that there are more pressing issues, such as bus rapid transit. The wedge or circle will not make the bus run faster. It's not as important as other issues.

Margo Tanguay – Ms. Tanguay has driven a cab for many years. She noted that we have lived through over 300 cab companies. We have lived through cabs that come in different colors, sizes, and shapes. The essence of creating a logo is to build the business and to get more people to use the services. The regular users and others liked Option B. It is a system, and all systems should be the same so that tourists, upcoming riders, and others know that it's part of the system. Whichever option is picked, it should all be the same.

Mr. Williams noted that others mentioned that the red paint degenerates faster than others; however, the trolleys have been running for 20 years. We shouldn't change the well-known red because of the thought it would deteriorate too quickly.

Mr. Clabby said it was obvious which designs we like and dislike the most. Design is in the eye of the beholder. He feels very strongly for the red trolley. It is well known. It is a branding that has been in San Diego for over 20 years. He feels strongly that the trolley should stay as it is. He has no strong feeling for the paint scheme on the bus, either Option A or A1. He feels strongly that we maintain the trolleys as they are, just add the "MTS." Also, it would be too costly to repaint them.

Mr. Mathis stated that the red paint on the trolleys was a European brand that some regarded as inferior. We are now using a different paint that should stand up much better. The problem of the red paint fading can be controlled if we use the proper specifications. The trolley is an icon. Every time he sees a clip on TV about San Diego, it includes the red trolley. He is fine with the addition the "MTS." He does not agree with changing something that has been a successful symbol for San Diego. He noted that the designs presented are symmetrical. The trolley goes in both directions. In a three-car train, there would be a weird combination. He wants to leave the red trolley as it is.

Ms. Sterling read comments from individuals with their preferences. It was noted that one person when seeing a wrapped bus for the first time was unaware that it was a city bus. One person would like to expend more effort on security on the vehicles. These comments were interesting because they echoed the survey results.

Mr. Emery stated that he concurs with the idea of keeping the trolley red. He thinks the "MTS" logo could be placed on the side of the trolleys on a larger scale.

Mr. Roberts said that he realizes that successful companies do place their names on their vehicles. However, he counted 11 signs on the back of one bus. He felt this was not a professional image. He felt there should be more than just talk about a logo and paint scheme. He noted that a speaker came to the Executive Committee to testify about not removing the advertising; however, the speaker was from the consulting firm that benefits from the advertising on our buses. We would not be removing the revenue from advertising right away. It would be phased. We have a policy not to place advertising on the new buses. He would like the Board to keep an open mind about repainting the trolleys to see more than just a red color that ties the system together. With regard to the red paint, we are using a better quality red paint. If a good quality red paint is used, there is a better result. The trolley is not separate from the buses. We don't advertise on trolleys, we should not advertise on buses.

Mr. Monroe asked if this was time sensitive. Mr. Jablonski noted that with current state budget status, it is not as time sensitive as it once was.

Action Taken

Mr. Emery moved to adopt Option A1 for the paint scheme on the buses, Option B for the logo, leave the trolley red with a white MTS logo, and defer all advertisements on the buses and trolleys. Mr. Zucchet seconded the motion, and the vote was 14-0 in favor.

Chairman Williams recessed the meeting at 10:50 a.m. The meeting reconvened at 10:55 a.m.

48. Closed Session Items (ADM 122)

Chairman Williams convened the meeting into a closed session at 10:55 a.m. to discuss the following:

a. CONFERENCE WITH LEGAL COUNSEL – Anticipated Litigation

Initiation of litigation pursuant to subdivision (c) of Section 54956.9: consideration of supporting Amicus Brief in Santa Clara Valley Transportation Authority v. Public Utilities Commission of the State of California, Case No. H026101.

b. Mission Valley East – Settlement of Potential Litigation

Action would receive this report on the potential settlement of all claims and disputes to date on the Mission Valley East LRT San Diego State University (SDSU) Project.

c. Coronado Branch Line – Potential Appeal of Administrative Decision

Action would consider possible appeal of decision of City of San Diego Historical Resources Board designation of the Coronado Branch Line as historic.

The meeting was reconvened into open session at 11:53 a.m.

49. Oral Report of Final Actions Taken in Closed Session (ADM 122)

Ms. Lorenzen reported on the following action(s) taken in closed session:

48a. The Board received a report and gave direction to authorize the Chief Executive Officer to sign an Amicus Currie Brief in Santa Clara Valley Transportation Authority vs. Public Utilities Commission of the State of California, case No. H026101.

48b. The Board received a report and gave direction to staff.

48c. The members of the City of San Diego City Council that sit on the MTS Board, Ms. Toni Atkins, Mr. Charles Lewis, Mr. Brian Maienschein, and Mr. Michael Zucchet, were not present during the closed session item. The Board received a report and gave direction to staff to pursue the appeal from the City of San Diego Historical Resources Board's determination. The vote on that item was 9-0 in favor.

31. Mission Valley East Light Rail Transit Project Public Relations (MKPC 620, PC 10426)

Mr. Lopez stated that MTS entered into a contract with Gable, Cook, and Schmidt (GCS) to comply with requirements for public relations work on the Mission Valley East (MVE) LRT Extension Project. The contract expired in October 2003. It was determined to conduct any remaining work with in-house staff and to pay the consultant for work conducted through January 8, 2004.

Ms. Sterling stated that it was her understanding from the last Board meeting that GCS was no longer under contract. She questioned how it was that we would owe them \$17,000 through January 8. Mr. Lopez explained that the contract had expired; however, continuous activity was required. The firm was helpful at a time when we could not do the work ourselves. We now anticipate that this work can be accomplished in house. Mr. Limber stated that when he said that we did not have a contract in effect with GCS, he was unaware the consultant was still providing services. He noted that legal counsel would most likely advise that MTS would be legally liable for that amount.

Public Comment

Tom Gable – Mr. Gable stated that he was representing GCS. He has worked for MTDB since the trolley was launched in 1981. We have been working on the Mission Valley extensions for

nine years. He noted that GCS's work on community outreach has resulted in awards, some on display in our lobby. GCS provides services in four major areas and is available 24 hours a day, 7 days a week. It helps communicate with the community about road closures and eases situations for the engineers. GCS also assists with media relations by putting out news releases to alert the public about major events, milestones achieved, and positive feature stories. He feels their work has generated a return of income at least five times the cost expended. GCS has provided very positive public relations for MTS, including a full color spread in *The San Diego Union-Tribune*. He asked for the Board to refrain from making a decision until GCS could provide further data on the services it has provided.

Keith Turnham – Mr. Turnham is a member of the Public Advisory Committee (PAC) for the MVE LRT Extension Project. He serves on the PAC to make sure the human relations angle has been met. GCS was committed to getting out every bit of information regarding road closures, etc., into the neighborhoods that were affected. Without them, the community would not have had this information. He noted that there has not been one complaint from the Alvarado Hospital area due to the job of GCS. People from the Grantville Business Management Association came down hard on the PAC. GCS was able to address their concerns, but explained that the changes they wanted could not be done.

Rick Cook – Mr. Cook wanted to acknowledge Mr. Roberts' concern regarding consultants addressing the Board. He noted that Mr. Turnham has given a good description of the work provided by GCS. GCS also worked with MTS to reduce its budget by 45 percent. The amount of this contract represents 1/100th of a percent of the project's total budget. They have received consistent positive feedback for their work. He noted that the work would now fall to an overtaxed, very thinly stretched in-house staff. This is a real disservice to thousands of residents and businesses along the route.

Mr. Roberts stated that GCS was not the consultant he referred to in his earlier comments. He hadn't considered this issue when he spoke about the advertising consultant. There are policy decisions to be made, and he had objections to someone under contract for many years suggesting that the Board should not make a policy decision.

Mr. Williams asked what the impact would be on staff if we didn't continue the GCS contract. Mr. Lopez stated that staff would rearrange its workload to accommodate the needs of the project. This project would have our highest attention.

Mr. Mathis asked if the contract was a fixed-fee amount, or if it was open-ended to a certain amount. Mr. Lopez stated that the contract was negotiated in 1998. The contract was extended on September 30, 2003, based on the same prices. A further amendment was negotiated through September 2004 for \$56,000, a reduction on the contract due to lower activity. After the construction phase is done, we would be better able to handle the workload. Mr. Mathis questioned whether we want a relationship with a firm where we have reached a point in which the services are no longer needed. Ms. Lorenzen stated that we have a Board policy that requires us to provide public information and community outreach throughout the duration of the project. Mr. Mathis questioned whether the work is at a level that we continue to need the assistance of a consultant.

Mr. Rindone stated that this issue was discussed at the Executive Committee, and there was a great deal of disappointment in the rewritten amendment. The feeling of the Executive Committee was that in-house staff was capable of handling this work.

Ms. Atkins stated that she felt we needed a closer look at the scope of work. The scope of work was never provided. She felt that press releases could be done in-house. Another City Council member whose area is affected has since approached her. She feels responsible to

address those concerns. This council member feels their constituents have received a high level of service and is very concerned about terminating a contract without discussing the services that would be ending. She supports the motion on the floor, but other things need to be discussed. She wondered if our staff has the ability to do the remaining work, or if we should continue with a firm that has been doing the job. Ms. Atkins stated that staff needs to return to the Board with a scope of work for the contract. It sounds like there are others that want to weigh in on this issue. She feels we need to continue the discussion.

Ms. Sterling would like to thank GCS for the work it has done. The firm was hired in 1998 before many of the current members were sitting on the Board. She noted that the MVE project is now 78-80 percent complete. We are currently negotiating with the unions, there is uncertainty of the state's budget, and Proposition 42 is going to be cut. There are a lot of unknowns. We know for sure we will be having a \$30 million deficit for the next five years. She appreciates staff with a "can do" attitude. She would like to stay with the motion on the floor rather than go deeper into debt if the work can be done in-house.

Mr. Clabby noted that we should move forward and pay the final payment.

Mr. Roberts said that his earlier comments did not apply to this consultant. When this issue came before the Executive Committee, we questioned whether we wanted to keep spending these sums of money. The feeling was why not perform the work in-house and save some money. It's not that GCS was doing a bad job, but funds have become increasingly precious. The Executive Committee voted for the recommendation before us. The majority of the remaining work is at the Alvarado and 70th Street Stations, which is the most troubled area of the contract. This would probably impact Ms. Sterling's constituents more than others on the Board. Her feeling is we should save these costs. He has a problem spending any more money than necessary. If we can use staff, he would like to use staff. He supports the motion.

Mr. Mathis asked if any of the staff that has transferred to SANDAG would be available to assist with this outreach. Mr. Lopez stated that we would use all resources available. Mr. Mathis stated that if any of the resources that have transferred to SANDAG are not available, the Board should be informed.

Action Taken

Mr. Rindone moved to authorize the CEO to execute a final payment to GCS Public Relations (GCS) for services rendered until January 8, 2004, and direct staff to do the work in-house with Construction Manager and Marketing and Community Relations Department staff. Ms. Sterling seconded the motion, and the vote was 9-0 in favor.

32. Draft FY 2004-2008 Short-Range Transit Plan Review and Comment (S RTP 810.04, PC 3004000)

This item was deferred.

33. Transit Workshop: Marketing and Community Relations (MKPC 600, PC 40050)

This item was deferred.

44. Chairman's Report (ADM 110.1)

The Chairman had nothing to report.

45. Chief Executive Officer's Report (ADM 121.7, PC 30100)

The CEO had nothing further to add to his written report.

46. Board Member Communications (ADM 110, PC 30100)

There were no Board member communications.

47. Additional Public Comments on Items Not on the Agenda

There were no additional public comments.

50. Next Meeting Date

The next meeting is scheduled for January 29, 2004, at 9:00 a.m. in the Board of Directors Meeting Room, 10th Floor, 1255 Imperial Avenue, San Diego, CA 92101-7490.

51. Adjournment

Chairman Williams adjourned the meeting at 12:36 a.m.

Chairman
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

PSmith
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Attachments: A. Roll Call Sheet
B. AI 45, January 15, 2004, Chief Executive Officer's Report