

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

BOARD OF DIRECTORS MEETING

FEBRUARY 12, 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 9:02 a.m. A roll call sheet is attached listing Board member attendance.

2. Approval of Minutes

Mr. Clabby moved to approve the minutes of the January 29, 2004, Board of Directors meeting. Mr. Emery seconded the motion, and the vote was 9-0 in favor (Mr. Mark Lewis abstained).

PUBLIC SPEAKERS ON ITEMS NOT ON THE AGENDA

3. Public Comment

Barbara Winton – Ms. Winton stated that she still had not seen any plants along 16th Street. She hoped this was being worked on as the area is stark and cold. She provided a letter regarding the needs for trolley service. She said that the parking lots at trolley stations are going to be more important. She asked how many Board members came to the meeting using mass transit. When a vehicle is left in a parking lot to take the trolley, the occupants would most likely be gone for an extended length of time. She noted that with the opening of PETCO Park, there would be massive problems with traffic in the downtown area. She noted the need for fenced parking lots with roving security. She added that downtown trolley stations have no latrines. She thinks that is stinky. It is not a very nice welcome to a World Class city. She would like the Board to look at both of these issues.

Wilmer Wolf – Mr. Wolf said that he was representing the seniors in his building. There are 156 apartments in his building. It is difficult for seniors to walk or take another form of transportation to Twelfth Avenue and C Street, take the trolley to Old Town, then need to cross three sets of tracks, or navigate stairways, and walk nearly one block to transfer to the Route 34 bus to go to Midway or La Jolla. He noted that for the Marines at the Marine Corp Recruit Depot, there is no form of public transportation available to them. This should be looked into. Ms. Lorenzen said that she would have staff look into these issues and report back to the Board.

Chuck Lungerhausen – Mr. Lungerhausen noted that he would be participating in the MS Walk/Swim on Saturday, March 6. He was requesting sponsorship donations. He would like to eclipse the \$4,000 amount this year. Checks should be made out to the National MS Society. He also noted that he is consistently traveling to downtown in 30-

40 minutes, while needing two transfers, and has no parking problems. This is unlike most of the people looking for parking tokens.

Clive Richard – Mr. Richard noted that the Mission Valley East (MVE) trolley will be going through his community at Alvarado Canyon. He said that one thing has become obvious. At the bottom of the hill is a beautiful trolley station. At the top of the hill is a beautiful community library. It's quite a walk up the hill from the trolley station. It is interesting that people will be asked to walk up the hill to get to the new library. On the other side of the Mesa is a new facility – the Kroc Center. All of these would be easily connected. He noted that he has not seen a plan for anything that will be done to connect these three areas. He noted that in February 2004, the Board was to be discussing the MVE light rail feeder bus service. He does not see it on any upcoming agenda. He wanted to know how the public would know what is being planned so the community can take advantage of these facilities.

Mr. Monroe said that he was trying to get a handle on where we were going in terms of the operation of the transit system. He noted that there was an item at an earlier Board meeting that included extensive charts, yet the item was delayed due to time constraints. When he looked at the charts, it showed that ridership and on-time performance were down, while costs were going up. He wanted to know when we would start talking operationally about the performance of our system. We are in charge of something that is not working very well. We have some real serious work to do. Mr. Williams noted that staff is working on some of these problems. Mr. Jablonski said that the Board would be getting performance data on a regular basis along with an analysis of the data.

CONSENT ITEMS

4. Controller's Report for November 2003 (FIN 305, PC 30100)

Action would receive the controller's report for November 2003.

5. Metropolitan Transit System (MTS) Operators Budget Status for November 2003 (FIN 310, PC 30100)

Action would receive the MTS Operator Budget status for the month of November 2003.

6. San Ysidro Intermodal Transportation Center Project: Request for Substitution of DBE Subcontractor (CIP 10453)

Action would authorize the Chief Executive Officer (CEO) to: (1) find that Stacy and Witbeck made sufficient good faith efforts in attempting to replace the disadvantaged business enterprise (DBE) Sapper Construction, and (2) approve Stacy and Witbeck's request to replace Sapper Construction with a subcontractor acceptable to MTDB or perform the work itself.

7. General Engineering Consultant Work Orders and Work Order Amendments (CIP 10426)

Action would authorize the CEO to execute work orders and work order amendments with our General Engineering Consultant (GEC), Berryman and Henigar, for the Mission Valley East (MVE) Light Rail Transit (LRT) Extension.

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

Action would adopt Resolution No. 04-01 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, the San Diego Association of Governments (SANDAG), and approve consolidation of the human resources functions of the Metropolitan Transit System (MTS) with those of SANDAG.

Motion on Recommended Consent Items

Mr. Mark Lewis moved to approve Consent Agenda Item Nos. 4, 5, 6, 7, and 8. Mr. Charles Lewis seconded the motion, and the vote was 11-0 in favor.

NOTICED PUBLIC HEARINGS

There were no public hearing items.

DISCUSSION ITEMS

30. Finance Workshop: FY 04 Mid-Year Budget Amendment (FIN 310, PC 30100)

Ms. Wasmund presented the FY 04 mid-year budget amendment. She noted that each year, we take a look at how we are doing relative to the budget. On a combined basis, our fare revenue is less than expected. We have been able to offset this reduction of revenue with a reduction in expenses for a net budget savings of \$262,000. San Diego Transit Corporation (SDTC) is projecting a net subsidy increase (a negative variance); however, the remaining operators have positive budget variances.

Fare revenue is about \$2.3 million under the budgeted amount. We have revised this amount to \$65.9 million. A number of reasons for the decline in fare revenue include the Cedar fire and scaffolding accident at the 12th and Imperial Transfer Station, which adversely affected ridership. Americans with Disabilities Act (ADA) ridership and the expansion of rural services has been less than anticipated. SDTC ridership is 9 percent lower than expected, and others are within 1-2 percent of expectations.

Personnel is the largest expense item. In the past few years we had some bad experiences with workers' compensation claims. That negative trend seems to be slowing. We have been taking an aggressive approach to closing out old claims and targeting abusive situations. Also, other operators have achieved a savings from job vacancies.

Energy is a volatile line item and can have a significant impact on the budget. Diesel fuel was budgeted at \$1.05 per gallon. Our experience is slightly higher for a \$26,000 negative variance. Compressed natural gas (CNG) is averaging 90 cents per therm, 10 cents per therm more than budgeted. Electricity was budgeted at 16.5 cents per kilowatt hour (kWh). Our experience has been between 10 and 15 cents per kWh. Combining that lower amount with a refund received from San Diego Gas and Electric Company in the fall results in a savings of about \$1.1 million.

There has been a subsidy savings of \$262,830, which includes \$5,000 of Air Pollution Control District (APCD) moneys. The APCD funds are required to be used for the Sorrento Valley

Coaster Connection, so they will be put aside to be used next fiscal year. The remaining \$257,830 will be added to the MTS Contingency Reserve to be used next year.

A budget adjustment for the MTS General Fund was approved in September to reflect the transfer of the engineering and construction function. One additional adjustment is needed for the transfer of the two web development staff to SANDAG.

Our recommendation is to adopt Resolution 04-2 amending the FY 04 budgets and to approve the transfer of \$61,975 in Transportation Development Act (TDA) funds to SANDAG.

Mr. Charles Lewis asked how many riders were lost due to the Cedar fire and scaffolding accident. Ms. Wasmund said it is estimated that about 400,000 transit rides were not taken due to the two incidents, which amounts to about \$350,000. Mr. Jablonski noted that the scaffolding accident created a loss of 30,000 rides alone. Mr. Tereschuck added that 30,000 lost rides was staff's estimate and included in the claim to the insurance company.

Mr. Clabby asked what the difference was between repair and maintenance costs and maintenance parts and supply. Ms. Wasmund said her understanding was that repair and maintenance costs were activities performed by third parties, and maintenance parts and supplies includes the supplies needed to conduct the maintenance.

Ms. Sterling said that it was stated that part of the decline in ridership was due to an increase in fares. Ms. Wasmund noted that we had a fare increase in July 2003. We know that we lose ridership with a fare increase and that ridership eventually returns. Therefore, we make an estimate of fare revenue. SDTC is finding that the loss of ridership was greater than expected contributing to lower revenue than anticipated. Ms. Sterling said that she understood that the fare increase was going to be tiered, and we are currently in the first tier. Ms. Wasmund said that was correct, and there will be an increase on passes in July of 2004 and another pass increase in July of 2005. Mr. Elliot Hurwitz added that we are projecting \$500,000 in increased fare revenue for next year. We will be fine-tuning that amount as part of the budget process. We have increased our fare revenue above the FY 03 amount.

Mr. Rindone asked staff to bring back the actual dollar amount, not the projection. It will show that net revenue has increased, what is decreasing is the projection. He noted that our efficiency is improving. The Board has a major obligation to analyze the information and understand it. Mr. Jablonski said that we would provide the information requested.

Action Taken

Mr. Mark Lewis moved to: (1) adopt Resolution No. 04-2 amending the FY 04 budgets of MTDB, SDTC, San Diego Trolley, Inc. (SDTI), MTS Contract Services, Chula Vista Transit, and National City Transit, and (2) approve the transfer of TDA 10 percent funds to SANDAG. Mr. Rindone seconded the motion, and the vote was 10-0 in favor. (Mr. Inzunza was temporarily out of the meeting.)

31. Transit Workshop: Policy Review (ADM 110.2, PC 30100)

Ms. Lorenzen presented a review of the Board's Policies and Procedures No. 11 through No. 21. The purpose of the review is to eliminate unnecessary policies following the consolidation.

Policy No. 11, "Utility Agreements," establishes procedures for placement or relocation of utilities affected by MTS construction projects. The recommendation is to retain this policy indefinitely.

Policy No. 12, "Construction and Contract Administration, Bid, Award, and Claims," establishes state and federally required procedures for construction contracts from bid through award. The recommendation is to retain this policy until the completion of the MTS construction projects, with minor typographical changes.

Policy No. 13, "Ownership and Operation of the San Diego and Arizona Eastern Railway," establishes MTS's oversight responsibilities for the San Diego and Arizona Eastern (SD&AE) railroad. The recommendation is to retain this policy indefinitely and make minor typographical changes.

Policy No. 14, "Procurement of Services," establishes state and federally required procedures for procuring service contracts. The recommendation for this policy is to retain it indefinitely, with minor typographical changes.

Policy No. 15, "Relief from Maintenance and Responsibility and Acceptance of Work on Construction Contracts," sets forth terms and conditions under which final acceptance of construction projects can be made. The recommendation for this policy is to retain it until the MTS construction projects are completed, with minor typographical changes.

Policy No. 16, "Capital Asset Capitalization," establishes guidelines regarding capitalization of MTS's tangible property assets. The recommendation is to retain this policy indefinitely with minor typographical changes.

Policy No. 17, "Legal Action: Damage to MTDB Property," sets forth conditions under which the CEO may institute or settle litigation on behalf of MTS. The recommendation is to retain this policy indefinitely, with substantive changes by granting the CEO limited settlement authority.

Policy No. 18, "Transportation Development Act (TDA) Rules and Regulations," establishes the guidelines for operator eligibility for TDA funds as required by state law. The recommendation is to retain this policy with modifications once SANDAG has completed its policy review.

Policy No. 19, "Joint Use and Development of Real Property," establishes criteria for MTS joint development projects. The recommendation is to retain this policy indefinitely with minor typographical changes.

Policy No. 20, "Licensing of the Use of Registered Marks," provides guidelines for the commercial use of MTS trademarks and logos. The recommendation is to retain this policy indefinitely.

Policy No. 21, "Allocation of State Transit Assistance (STA) Funds," establishes procedures for receipt, allocation, and distribution of STA funds to eligible operators. The recommendation is to retain the policy and make modifications once SANDAG has completed its policy review.

Mr. Ryan asked if the Policy No. 17 settlement authority also applied to personnel.

Ms. Lorenzen said it would apply to any lawsuit filed against MTS or any lawsuit that would be initiated on behalf of MTS. Mr. Ryan said that this issue was raised at SANDAG. A concern was that sometimes the Board would hear about a settlement after the fact, and that the settlement would be with an employee. He would like the policy amended to provide immediate notification to the Board where a settlement involves an employee. Mr. Ryan also asked if we had a timeline for SANDAG updating and adopting its policies. Mr. Jack Limber, SANDAG

General Counsel, said he anticipated this to be accomplished within the next three months. Ms. Lorenzen explained that SANDAG would take over a portion of the function of distributing the funds. It is still being determined how this function would be accomplished. Mr. Ryan asked if all these details would be worked out in that three-month timeline. Mr. Limber said that would be the desire.

Mr. Monroe said that the settlement authority for the CEO would now be in line with that of SDTI and SDTC. He asked if the settlement authority would be taken from the General Managers of these two entities or if we would have three settlement authorities. Mr. Jablonski said this issue should be worked out when the internal organization is implemented. He hopes to offer something preliminary within two to four weeks. Ultimately, the authority to resolve a settlement to the \$25,000 level would rest solely with him.

Mr. Rindone said that the genesis of this Board's desire is to see consolidation into a single organization. With respect to the two operations' general managers, this was his feeling as well. We are not quite getting there yet. As staff works on the details, it would be brought back for approval. Mr. Williams noted that there are some legal issues that still need to be reviewed.

Mr. Jablonski said that there are two levels when talking about consolidation. One is a series of boxes on a chart. The other is the human grid in the three separate entities. Mr. Monroe noted that he has ideas with regard to reorganization and wondered if there would be a workshop on this issue. Mr. Jablonski said his thoughts would be presented to seek input from the Board.

Mr. Williams stated that there had been a subcommittee working on the consolidation issues with SANDAG. He suggested convening that committee to look at the internal reorganization issues.

Mr. Monroe noted that some of the objects of the change was to be more efficient and provide better service. There are ways to determine the success of the consolidation. We have to take a look at all the transfers of people back and forth and not decimate this organization.

Mr. Jablonski noted that one challenge is that the consolidation is still happening. Everyone that has transferred to SANDAG hasn't left the premises yet. A group is leaving at the end of the month, and that will continue until the end of June. We have spent time dealing with major issues, and there are other issues that are more immediate. It is very dynamic right now.

Action Taken

Mr. Emery moved to approve the proposed changes to MTS Board Policies and Procedures No. 11 through No. 21, including the personnel issues raised in discussion. Mr. Clabby seconded the motion, and the vote was 13-0 in favor.

44. Chairman's Report (ADM 110.1)

The Chairman had nothing to report.

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

Mr. Jablonski said that he went to Washington, D.C. to meet with our legislators. Last week, there was activity in the Senate with respect to reauthorization of the Transportation Equity Act for the 21st Century (TEA-21). The good news is that the Senate Finance Committee raised its

amounts for TEA-21, not as high as the House of Representative's amount, but it is a considerable increase.

The President has signed the FY 04 Appropriations Bill, and the major component was \$65 million for MVE.

There is talk about extending TEA-21 for four months to allow for negotiations to happen. Some are working to extend it for another year at current funding levels. The President's budget is considerably lower for transportation. There should be some pressure, as well as ongoing discussion to protect transit funds.

Other good news in the President's proposed budget is that MVE is provided a total of \$81 million; we requested \$65 million. It is felt the higher amount is due to not receiving a full allocation in previous years.

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

Mr. Rindone said that he commented at last week's Executive Committee meeting that staff take efforts to streamline the efficiency of the meetings. Most of the Board members are familiar with joint meetings. He suggested that we consider having a single agenda and joint meetings. This should reduce extra work and simplify the process. Ms. Lorenzen said that she was planning to present a report to the Executive Committee on this issue, and then report to the full Board on February 26. The first joint meeting could be held at the March 25 meeting.

Mr. Mark Lewis agreed with the one agenda/joint meeting concept, as the current process is confusing. He asked why we needed to wait until March. Mr. Jablonski said that we are still conducting a legal review to see if this can be done.

47. Additional Public Comments on Items Not on the Agenda

There were no additional public comments.

48. Closed Session Items (ADM 122)

There were no closed session items.

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

There were no closed session items.

50. Next Meeting Date

The next meeting is scheduled for February 26, 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 10:05 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

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Attachments: A. Roll Call Sheet
B. AI 45, February 12, 2004, Chief Executive Officer's Report