

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

December 8, 2005

Board of Directors Meeting Room, 10th Floor
1255 Imperial Avenue, San Diego

MINUTES

1. Roll Call

Chairman Williams called the meeting to order at 9:06 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Mr. Young moved to approve the minutes of the November 10, 2005, Board of Directors meeting. Mr. Emery seconded the motion, and the vote was 13 to 0 in favor.

3. Public Comments

Recognition of Charles Simpson and The Coca-Cola Company. Mr. Jablonski, MTS Chief Executive Officer (CEO), recognized Mr. Charles Simpson and Coca-Cola for participating in a partnership project with MTS, which created and distributed a Rosa Parks DVD to libraries. He also recognized Mr. Simpson and Coca-Cola for the role they play in educating the public about the benefits of public transportation. Chairman Williams presented Mr. Simpson with a plaque and a signed poster commemorating Rosa Parks and the project. Mr. Simpson stated that he was proud to be part of public transportation and efforts to encourage the public to use it.

Chuck Lungerhausen: Mr. Lungerhausen referred to the recent shooting of an individual at the La Mesa Spring Street Station and stated that MTS has the need for a complete video monitoring system and the presence of law enforcement personnel on the system.

Don Stillwell: Mr. Stillwell spoke in favor of making service changes to Route Nos. 13 and 14 as minor service changes, which don't require Board approval, prior to implementation of the COA. He spoke about the dangers of passengers crossing the busy streets around Kaiser Hospital in the dark. He stated that implementation of these service changes would result in the bus stopping in front of the hospital rather than across the street.

Clive Richard: Mr. Richard spoke in favor of MTS's policy allowing minor service changes, defined as less than 15 percent of the total route, without Board approval.

4. MTS: Nomination and Election of the New MTS Chairperson (ADM 110, PC 50101)

Chairman Williams opened this item by stating that he has taken great pleasure from being on the MTS Board, and that the organization has done an excellent job. He added that he is retiring because of a desire to travel. Chairman Williams then reviewed the procedures to be used for the nomination and election of a new MTS Chairperson as follows: (1) Chairman opens the agenda item; (2) Nominating Committee makes its report and makes a motion to nominate its candidate including the date upon which the Chairperson would assume office; (3) Chairman asks if there are any other nominations. Nominations do not require a second; (4) Chairman closes nominations; (5) Chairman invites the candidate(s) to address the Board for three minutes; (6) Chairman asks for any Board discussion; (7) Chairman calls for the vote on each motion. The vote is taken on the motion(s) for each candidate based upon the order in which they were nominated. The vote continues until a candidate is elected. If a candidate is not elected, the Chairman will call for a motion to refer the item back to the Executive Committee; and (8) The election is effective immediately if the candidate is present and does not decline, or if he or she is absent and has consented to the candidacy, it takes effect when he or she is notified of the results of the election. An officer elect takes possession of his or her office immediately unless otherwise specified by the Board. Mr. Williams advised the Board that he was not involved in this process at the Executive Committee level and would be abstaining from voting. It was clarified by General Counsel Lorenzen that ten votes would be needed to elect a new Chairperson. Mr. Monroe and Mr. Rindone both recognized Mr. Williams's efforts on behalf of MTS, expressed a desire to see Mr. Williams vote, but also expressed respect for his decision to abstain. Mr. Rindone stated that Mr. Williams is the last of the original MTS Board members with 29 years of service. The audience applauded Mr. Williams.

Mr. Rindone provided a report from the Executive Committee, which served as the Board's Nominating Committee. He reported the following: Mr. Clabby was nominated by an outside party but declined the nomination. Julianne Nygaard, who submitted a letter of interest, withdrew because of the time commitment. The Executive Committee interviewed Ms. Lynn Schenk and Mr. Harry Mathis for the position. Board members were reminded that they had been provided with minutes outlining the results of those interviews in advance of the meeting. Mr. Rindone reported that Executive Committee members had a difficult time choosing a candidate as both were outstanding but voted three to one to nominate Lynn Schenk. Board members were provided with a list of the interview questions in response to a question from Mr. Ewin about the major criteria used by the Executive Committee in making its decision. Mr. Ewin requested that those minutes detailing the interviews (November 18 and December 1) be incorporated into the minutes of these proceedings as a reference. Mr. Rindone directed the Clerk of the Board to do so.

In response to a question from Mr. Young, Mr. Rindone stated that both candidates felt they would be able to make the necessary time commitment. He added that the Executive Committee felt that the Chairperson's ability to use his or her time effectively was a key criteria. He stated that one of the candidates felt that participating in organized legislative-related activities, such as Transit Lobby Day in Sacramento, may not be as critical as having the right contacts outside of that process. Another measure of effectiveness would be the candidate's success in obtaining funding at the state and federal levels as well as being able to foster the relationship between the San Diego Association of Governments (SANDAG) and MTS. The Board viewed recorded video comments made by Lynn Schenk regarding her background and commitment to public transportation.

Mr. Rindone, as Chairman of the Executive Committee/Nominating Committee, moved to elect Lynn Schenk as Chairperson of the MTS Board of Directors effective January 19, 2006.

Mr. Emery, moved to elect Harry Mathis as Chairperson of the MTS Board of Directors effective January 1, 2006.

Public Comments

Chuck Lungerhausen: Mr. Lungerhausen stated that if Lynn Schenk could not serve in the same manner that Leon Williams did at SANDAG, Harry Mathis may be a better choice for MTS.

Don Stillwell: Mr. Stillwell stated that he has known Mr. Mathis for approximately 16 years, and he is the best person to run MTS. He stated that if MTS is looking for funding, Ms. Schenk should be hired to provide that service.

Clive Richard: Mr. Richard stated that MTS has a fiduciary responsibility to select an effective Chairperson. He stated that while having a good lobbyist is important, it is more important to have someone serve on the SANDAG Transportation Committee.

Steve Alcove, President, Amalgamated Transit Union, Local 1309: Mr. Alcove stated that he submitted Lynn Schenk's nomination and felt that she met the qualifications of the position. He stated that this is about a person who can move the agenda of MTS and has the vision to get the funding MTS needs to move forward. He added that she has a proven record on transportation issues and is the best candidate for the job.

Chairman Williams closed nominations.

Ms. Atkins stated that the Executive Committee faced a very difficult choice between two people with different styles and strengths. She felt that Lynn Schenk could raise MTS to a new level in terms of visibility and her ability to use her network of contacts to advance the cause of MTS. She added that the Board does not need to let this matter become politicized and was disappointed that some outside parties have attempted to do that. She stated that the Board should elect the best person to do the job. She added that Ms. Schenk has indicated that she cannot commit to being at all SANDAG meetings. She added that there was a discussion during Ms. Schenk's interview regarding time commitments versus the quality and effectiveness of the commitment, and the Committee evaluated her on the effectiveness of her commitment. She stated that the Board's Vice Chair should eventually rise to the Chairperson level and can supplement Ms. Schenk's attendance at SANDAG to provide the stability and visibility that MTS needs at that level. She stated that this follows the concept of succession planning as well. Ms. Atkins stated that Ms. Schenk sets out to be successful, and she wants to serve as MTS's Chairperson.

Mr. Emery stated that he was the one no vote at the Executive Committee. He felt that Mr. Mathis would make an exemplary successor to Chairman Williams, and he has the time to devote to the position. He felt MTS should be led by a person who is passionate. He referred to a letter from him that was conveyed to Board members prior to the meeting outlining his reasons for supporting Mr. Mathis. He felt it was absolutely necessary to have the closest relationship with SANDAG and other related agencies. He also stated that Ms. Schenk's inability to attend the SANDAG meetings was a serious drawback to her candidacy.

Mr. Morrison stated that the person in this position needs to be available for more than just Executive Committee and Board meetings. He stated that the relationship issues connected with this position are major in importance, and stated that, for that reason, he had to disagree with the nomination made by the Executive Committee.

Mr. Clabby stated that this matter was discussed at the Lemon Grove City Council meeting the previous evening, and they directed him to vote for Mr. Mathis. He stated that he believes that if you have a quality candidate within your organization, you “promote from within.” He stated that Mr. Mathis is a hands-on individual who would have the time to work with SANDAG on resolving funding issues. Mr. Monroe stated that he received many calls regarding this matter including from James Mills. He stated that it would not be good for MTS to involve politics in this matter. He felt that the time commitment the candidates could make was a very important factor in this matter.

In response to a question from Mr. Jones, Ms. Atkins stated that Ms. Schenk has the same contacts at SANDAG as Mr. Mathis. She stated that, in fact, Ms. Scheck hired SANDAG’s Executive Director Gary Gallegos at Caltrans. She stated that the Executive Committee gave weight to the argument that the effectiveness of the time commitment is more important than amount of time commitment. She also reiterated that most legislative decisions are made before they get to the legislative body, and that is where Ms. Schenk would focus her efforts. She also reported that Ms. Schenk felt she could be effective at SANDAG without attending every meeting. Mr. Rindone added that she would be able to identify those occasions when it was critical that she be present.

Mr. Jones moved to pursue some type of formal arrangement with Ms. Schenk, if not elected MTS Chairperson, so that MTS could use her to pursue its legislative agenda. Ms. Atkins stated that Ms. Schenk would be willing to do her utmost if called upon to do so for MTS. She didn’t feel it was necessary to formalize that relationship. Mr. Jones agreed and withdrew his motion. Mr. Ewin thanked the Executive Committee for its work in interviewing the candidates and conveying the information from those interviews.

Action Taken

The motion to elect Lynn Schenk as MTS Chairperson effective January 19, 2006, failed by a 5-to-8 vote with 1 abstention, with Clabby, Emery, Ewin, Janney, Maienschein, Monroe, Morrison, and Young casting dissenting votes and Chairman Williams abstaining. Atkins, Cox, Lewis, Rindone, and Jones voted in favor.

The motion to elect Harry Mathis as MTS Chairperson effective January 1, 2006, passed by a 13-to-0 vote with one abstention by Chairman Williams.

CONSENT ITEMS *(Taken Out of Order)*

6. MTS: FY 06 Vendomat Tickets – Exercise Final Contract Option (FIN 330.3, PC 40060)

Recommend that the Board of Directors authorize the CEO to exercise the final of four options with Digital Printing Systems, in substantially the same form as in Attachment A of the agenda item, to produce and deliver a total of 7.3 million vendomat tickets, for a total cost not to exceed \$58,200.99 (including tax and shipping), based on a \$2.01 unit price per 1,000 for rolled stock, \$4.34 unit price per 1,000 for thermal stock FF, and \$11.76 unit price per 1,000 for Cubic rolled thermal stock.

7. MTS: An Ordinance Amending Ordinance No. 4, an Ordinance Establishing a MTS Fare-Pricing Schedule (ADM 110.3, PC 50451)

Recommend that the Board of Directors adopt the ordinance entitled “An Ordinance Establishing a MTS Fare-Pricing Schedule” and direct publication of an ordinance summary.

8. MTS: Increased Authorization for Legal Services (LEG 491, PC 50633)

That the Board of Directors authorize the CEO to enter into contract amendments with Roger Bingham of the law firm Butz Dunn DeSantis Bingham, APC (MTS Doc. No. G0723.14-02, Attachment A of the agenda item), John Madsen of the law firm Liebman, Quigley, Sheppard & Soulema, APLC (MTS Doc. No. G0721.7-02, Attachment B of the agenda item), and Mark Barber of the law firm Wismar & Barber (MTS Doc. No. G0750.8-02, Attachment C of the agenda item) for legal services, in substantially the same form as in the attachments, and ratify prior amendments entered into under the CEO's and/or previous General Manager's authority(ies).

9. MTS: Anderson and Rancho Industrial Park, a Limited Partnership, Right-of-Entry Permit and Licenses (SDAE 710.1, PC 50771)

Recommend that the Board of Directors authorize the CEO to execute an agreement and entitlement documents with Walter H. Anderson and Jessie L. Bernloehr-Anderson, trustees, and Rancho Industrial Park, a limited partnership, owners of Assessor Parcel Nos. 482-320-08 and 482-320-10, respectively, to cover proposed encroachments onto property owned by MTS and San Diego and Arizona Eastern Railway Company.

10. SDTI: Right-Of-Way Vegetation Control Services – Contract Amendment and Extension (OPS 970.6)

Recommend that the Board of Directors authorize the President-General Manager of San Diego Trolley, Inc. to (1) approve contract Amendment No. 3 (SDTI Doc. No. C.O. 008.3-04), in substantially the same form as shown in Attachment A of the agenda item, with Allied Weed Control to add 16 acres of chemical application on the Mission Valley East track right-of-way in an amount not to exceed \$2,216.49; and (2) approve contract Amendment No. 4 (SDTI Doc. No. C.O. 008.4-04) in substantially the same form as shown in Attachment B of the agenda item, with Allied Weed Control to exercise a contract option to extend the right-of-way vegetation control services contract, including Amendment No. 3 above, and add an additional cost of \$4,712.00 for a new chemical, for one additional year, for a total cost not to exceed \$35,009.40.

11. SDTI: LRV Pantograph Parts Procurement – Contract Award (OPS 970.6)

Recommend that the Board of Directors authorize the President-General Manager to execute a Standard Procurement Agreement (Attachment A of the agenda item) with Schunk Graphite Technologies, Inc. for light rail vehicle pantographs and pantograph parts, for a total cost not to exceed \$48,994.36, including California sales tax.

12. MTS: Creation of an Ad Hoc Policy Review Committee to Review Board Policy No. 22 (ADM 110, PC 50121)

Recommend that the Board of Directors receive a recommendation from the Executive Committee and create an Ad Hoc Policy Review Committee consisting of Toni Atkins, Tom Clabby, Bob Emery, Jerry Rindone, and Ron Roberts to review and revise MTS Board Policy

No. 22 to allow for a clearly defined Chairperson appointment process, committee member appointment process, and Executive Committee composition and rotation schedule. The Ad Hoc Policy Review Committee would meet in December and report to the Executive Committee on January 5, 2006. Proposed revisions would then be presented to the Board on January 12, 2006.

Recommended Consent Items

Mr. Ewin asked how a Board member could have input to Item No. 12 prior to its presentation to the Board by the Ad Hoc Policy Review Committee. MTS General Counsel Tiffany Lorenzen responded that she would accept any comments from Board members or comments could be submitted to Mr. Rindone.

Mr. Cox moved to approve Consent Agenda Item Nos. 6, 7, 8, 9, 10, 11, and 12. Mr. Rindone seconded the motion, and the vote was 13 to 0 in favor.

5. Closed Session Items (ADM 122)

The Board convened to Closed Session at 10:28 a.m.

- a. SDTI: CONFERENCE WITH LABOR NEGOTIATORS California Government Code Section 54957.6. Agency Designated Representative - Jeff Stumbo. Employee Organization – International Brotherhood of Electrical Workers, Local 465.
- b. MTS: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION California Government Code Section 54956.9(a): MTDB vs. Johnson (Sid's Auto Body), Case No. GIC 765960-01.
- c. MTS: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION California Government Code Section 54956.9(a): Balfour Beatty/Ortiz v. MTS (Case Number Unassigned)

The Board reconvened to Open Session at 11:37 a.m.

Oral Report of Final Actions Taken in Closed Session

Ms. Lorenzen reported the following:

On Item 5a, the Board received a report.

On Item 5b, the Board received a report and gave direction to outside counsel.

On Item 5c, the Board received a report and gave direction to outside counsel.

NOTICED PUBLIC HEARINGS

There were no Noticed Public Hearings.

DISCUSSION ITEMS

30. MTS: Ten-Year Capital Financial Analysis (FIN 310.1, PC 50902)

Mr. Jablonski reviewed MTS Capital Needs for FY 2007 to FY 2016. He reported that the Capital Improvement Program (CIP) for FY 06 currently has unfunded projects that total \$51 million. He provided an overview of MTS infrastructure needs and then detailed specific Contract Bus and San Diego Transit capital needs. He also reviewed San Diego Trolley rail operation capital needs and gave five different scenarios for trolley vehicle rehabilitations and/or replacements. He provided estimates of the ten-year funding requirement for each of these scenarios, which ranged from maintaining the status quo for \$125.6 million to achieving system-wide low-floor service for \$535.0 million. He stated that approximately \$275 million in capital funding is projected to be available over this ten-year period. He then briefly reviewed the combined bus and rail needs. He stated that even if his projections are only 75 percent right, MTS will still need \$20 million per year to meet its ten-year capital needs. He stated that he continues to refine and document capital assumptions and will continue to review MTS's ten-year capital needs with the SANDAG. He then reviewed a number of options that could be considered for meeting these needs.

Mr. Rindone stated that this presentation exemplifies MTS's challenge. He stated that MTS must provide the public with a system that maintains the quality and level of service that is already in place. He also pointed out that it was the Board's objective to have low-floor cars available over the entire system, not just on part of the trolley system. Mr. Williams stated the public needs to be made aware of MTS's challenge in this area. Mr. Rindone stated that, along with the Comprehensive Operational Analysis (COA), this is the most important policy decision the Board has to make. He stated that the Board should have an entire meeting on this subject alone.

In response to a question from Mr. Cox regarding funding for operations, Mr. Jablonski reported that MTS came very close to balancing its operating budget this year and is at a relatively stable point at this time. Mr. Monroe stated that he has a personal bias against the term "useful life" and that much of the system's equipment is beyond useful life and is still operating. He also pointed out that San Diego Transit's miles between road calls has actually improved. Mr. Monroe stated that he preferred a term such as projected or scheduled life. He stated that he would be more interested in the point in time when it becomes more cost effective to buy new buses. Mr. Jablonski stated that useful life is a Federal Transit Administration (FTA) term. He also stated that compressed natural gas (CNG) tanks are only certified to 15 years.

Mr. Ewin stated that he would support having a meeting to discuss ten-year capital issues. He also stated that he would like more specific information about the funding that is available through TransNet II and where those funds are going. He stated that there should be a spirit of cooperation between MTS and SANDAG and specific identification of items for which SANDAG should provide funding to MTS. He also stated that the Board should not just be looking at expansion but also at how it can maintain the existing system in good working order. Mr. Emery agreed that the Board should have a meeting that focuses on this matter. He asked that particular attention be paid to identification of funding sources. He suggested dissecting TransNet II to determine what funding is available and where it is being allocated.

Mr. Clabby stated that MTS needs \$3 million a month in additional funding just to maintain its system and this message needs to be publicized.

Public Comment

Chuck Lungerhausen: Mr. Lungerhausen declined to speak.

Action Taken

Mr. Rindone moved to receive this report and direct staff to identify a specific upcoming Board meeting at which the Board's business will focus primarily on the MTS Ten-Year Capital Financial Analysis. Mr. Clabby seconded the motion, and the vote was 14 to 0.

33. SDVTI: Update on Vintage Trolley Project (OPS 970.6, PC 50109)
(Taken Out of Order)

There was no discussion of this item.

Action Taken

Mr. Young moved to (1) receive this report for information; (2) authorize the Chairman and President of SDVTI to purchase one additional vintage PCC car to support future fleet options; and (3) authorize staff to procure additional parts and/or initiate other actions necessary for the purchase and restoration of the PCC cars to further the Vintage Trolley operating concept utilizing SDVTI-collected funds only (non-MTS). Ms. Atkins seconded the motion, and the vote was 14 to 0.

31. MTS: Fiscal Year 2007 Capital Improvement Program (FIN 310.1, PC 50601)

Mr. Larry Marinesi, MTS Budget Manager, reviewed MTS's proposed Capital Improvement Program (CIP) for FY 2007. He reviewed the dollars available through each funding source as well as excess funding transferred from completed projects back into new projects in the CIP. He also reviewed the process that was used to develop the CIP list for FY 2007 and made comments on projects that are currently unfunded under this program. Mr. Marinesi reported on MTS's capital needs for the next five years and compared it to the projected funding for that same period. He reported that MTS has identified \$79.9 million in capital needs for FY 2007 and has only \$29.9 million in funding available.

Mr. Ewin referred to the recent shooting discussed earlier in the meeting and asked that, in light of that incident, a specific request be drafted to request that SANDAG fund at least the surveillance camera aspect of MTS's security needs for safety and health reasons. He stated that this is a unique situation and the Board needs to press forward on this issue. He suggested that SANDAG consider using TransNet II funding for this project.

Mr. Janney stated that he could not support a capital program that included resurfacing of parking lots and other items of a similar nature when bus and rail needs are so critical. He asked if these types of projects could be delayed. Mr. Jablonski stated that MTS cannot wait much longer to do these projects.

Action Taken

Mr. Ewin moved to (1) approve the Fiscal Year 2007 Capital Improvement Program (CIP) with the estimated federal funding levels. As the federal appropriation figures are obtained and/or other project funding sources become available, allow the CEO to identify and adjust projects

for the adjusted funding levels; (2) recommend that the SANDAG Board of Directors approve the submittal of federal Sections 5307 and 5309 applications for the MTS fiscal year 2007 CIP (shown in Attachment A of the agenda item) after the federal appropriations are finalized; (3) recommend that the SANDAG Board of Directors approve the transfer of \$2,452,150 from the indicated projects to the fiscal year 2007 CIP; and (4) recommend that the SANDAG Board of Directors approve the amendment of the Regional Transportation Improvement Program (RTIP) in accordance with the fiscal year 2007 CIP recommendations. Ms. Atkins seconded the motion, and the vote was 10 to 1 in favor, with Mr. Janney casting the dissenting vote.

32. This number was not used.

34. SDTI: Security Patrol Services Contract (OPS 970.6)

Mr. Young asked if there were any changes being made to this contract that would improve the handling of gang intimidation and recent acts of violence. Mr. Peter Tereschuck, SDTI President-General Manager, stated that the effectiveness of this contract does not rely so much on the approach MTS take as it does on working in cooperation with local authorities. He added that SDTI has been adjusting the deployment of security officers in certain locations. He added that trolley officials will continue to work with community leaders in an attempt to come up with an effective approach to these problems. It was pointed out that staying with the same contractor allows MTS to take advantage of the contractor's experience on MTS's system and the relationships that they have built during their efforts on MTS's behalf. Mr. Bill Burke, SDTI Transit Security Administrator, provided an overview of his recent discussions with an organized group of reformed gang members and convicts who are also trying to address security issues on the system and within the community. Mr. Young stated that he appreciated staff's efforts in this regard but stated that he will continue to bring up this matter. Mr. Williams pointed out that acts of violence are committed everywhere every day.

Action Taken

Mr. Young moved to (1) approve staff's selection of Transit Systems Security as the best qualified and responsive contractor; (2) authorize the President-General Manager or his designate to negotiate an agreement with Transit Systems Security at an amount not to exceed the budgeted level. If negotiations are not successful with Transit Systems Security, direct the President-General Manager to conduct negotiations with the second-best proposer until a successful agreement is reached; (3) authorize the President-General Manager to execute an agreement upon conclusion of successful negotiations; and (4) authorize an additional one-month extension of the current contract with Heritage Security through January 31, 2006, in order to complete negotiations. Ms. Atkins seconded the motion, and the vote was 11 to 0.

REPORT ITEMS

45. MTS: Comprehensive Operational Analysis (COA) – Public Outreach (OPS 121.10, PC 50451)

This item was deferred.

46. MTS: Operations Budget Status Report for October 2005 (FIN 310.1, PC 50601)

This item was deferred.

47. MTS: October Monthly Performance Indicators (OPS 920.1, 960.5, 970.5, PC 50451)

This item was deferred.

60. Chairman's Report

There was no Chairman's Report.

61. Chief Executive Officer's Report

There was no CEO's Report.

62. Board Member Communications

There were no Board Member Communications.

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, January 12, 2006, at 9:00 a.m. in the same location.

65. Adjournment

Chairman Williams adjourned the meeting at 12:23 p.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
B. Minutes – Executive Committee – 11-18-05
C. Minutes – Executive Committee – 12-01-05