

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

February 15, 2007

MTS  
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

**Finance Workshop – 8:00 a.m.**

1. Roll Call

Vice Chairman Rindone called the meeting to order at 8:11 a.m. A roll call sheet listing Board member attendance is attached.

2a. MTS: Midyear Adjustment and FY 2008 Budget Development (FIN 310.1, PC 50601)

Mr. Paul Jablonski, MTS CEO, advised the Board that MTS is currently about \$2 million under its FY 2007 budgeted level. He stated that the Board is being asked to make a budget adjustment to transfer these surplus funds to reserves and adjust the budget accordingly. He stated that this savings is primarily due to fuel prices that are lower than budget. He advised the Board that it appears, at this early point in the budgeting process, that the FY 2008 budget will have a shortfall of \$3 million to \$4 million. He stated that this shortfall is primarily due to the Governor's proposed budget, which severely limits State Transit Assistance (STA) funding. He stated that, if the funding is restored during the State's budget process, MTS's shortfall would be significantly reduced.

Mr. Larry Marinesi, MTS Budget Manager, provided a recap of the elements of the FY 2007 Midyear adjustment. He also reviewed FY 2008 preliminary operating revenues, preliminary assumptions, and preliminary issues and policy decisions. Mr. Marinesi pointed out that the midyear adjustment for revenues from the parking agreement with the Padres is only \$45,000 for FY 2007 (revenue for six months), but will be \$90,000 (annualized) for FY 2008 and after. He pointed out that the Inland Breeze Subsidy Reduction of \$570,000 is the funding MTS receives from FasTrak revenues.

In response to a question from Mr. Monroe, Mr. Marinesi explained that the midyear adjustment of \$1,631,000 for Multimodal Operations Operating Revenue is due to the absorption of National City Transit service that was not anticipated in the FY 2007 budget. In response to another question from Mr. Monroe, Mr. Marinesi explained that some of the midyear adjustment of \$1,792,000 in Subsidy Revenue Increases will be an ongoing stream of revenue, and some, such as Section 5311 funds, are granted through a competitive process. Mr. Jablonski pointed out that if Section 5311 funds are not granted for a particular service, then that service could be potentially eliminated. Mr. Marinesi also explained for Mr. Monroe that the Transit Services Sick/Vacation Payouts item consists of sick leave and vacation payouts upon an employee's retirement, and that Transit Service Operator Wages were higher than budgeted because of overtime costs.

Mr. Rindone stated that the school district has a policy that places a limit on the amount of sick leave and vacation that can be accumulated by an employee. Mr. Telfer reported that unionized

employees have a limit that is negotiated under the labor agreement. In response to a question from Mr. Ewin, Mr. Tom Lynch, MTS Controller, reported that staff takes MTS's liability for accrued sick leave and vacation into consideration when developing the budget. Mr. Marinesi explained in response to questions from Mr. Ewin and Mr. Monroe, that the Consolidated Pension Adjustment was necessary to address a miscalculation of SDTC's contribution to the San Diego Transit Employees Pension Plan.

Mr. Marinesi then reviewed preliminary revenue figures, historical fuel price information and projections, as well as preliminary assumptions for revenue miles, total miles, revenue hours, and passenger boardings. He reported that while STA funding is projected to be \$2.6 million lower in FY 2008 than FY 2007, TransNet is projected to be \$662,000 higher, and Transportation Development Act (TDA) is projected to be \$2.5 million higher. Mr. Ewin requested that staff provide the Board with the impact on the budget of a one-cent increase in fuel prices.

In response to a question from Mr. Monroe regarding the subsidy on Inland Breeze service, staff explained that the service provided by the Inland Breeze has been folded into other routes that carry more passengers. In response to a question from Mr. Ewin, Mr. Jablonski explained that MTS will only realize four months of savings in its FY 2007 budget because the National City changes are not being implemented until March 1. He projected an annual savings as a result of this action of \$560,000. He added that the savings are being reinvested in more productive service. Mr. Jablonski confirmed for Mr. Roberts that MTS is not paying rent on any other transit facilities such as it was paying to National City. He also clarified for Mr. Roberts how MTS is handling the accounting for the revenues received from the Padres for parking privileges in the MTS Mills Building parking structure.

Mr. Ewin requested that staff meet with him to discuss the math on the Consolidated Pension Adjustment. In addition, Mr. Ewin pointed out that less was budgeted for security in FY 2007 than was actually expended in FY 2006. He stated that he would therefore like to get more detail about how MTS is projecting security expenses. He stated that he would like to see how MTS is allocating those dollars and the goal. As requested by Mr. Rindone, Mr. Jablonski stated that both the security and the Consolidated Pension Adjustment issues will be brought back to the Budget Development Committee. Mr. Ewin withdrew this request to meet separately with staff to discuss this issue until after the requested presentation on this item.

In response to a question from Mr. Roberts, Mr. Jablonski explained that MTS has combined sick leave and vacation, but these two items are not combined for unionized employees. He stated that this item is part of collective bargaining agreements. Mr. Roberts requested that staff consider combined sick leave and vacation in future negotiations.

### Action Taken

Mr. Ewin moved to (1) approve the combined MTS FY 2007 midyear adjustment (Resolution No. 07-2, Attachment A of the agenda item); and (2) receive the following MTS reports: FY 2008 Preliminary Operating Revenue, FY 2008 Preliminary Assumptions, and FY 2008 Preliminary Issues/Policy Decisions. Mr. Monroe seconded that motion, and the vote was 11 to 0 in favor.

### 3. Public Comment

There was no Public Comment.

**Board Meeting – 9:00 a.m.**

4. a. Roll Call

Chairman Mathis called the meeting to order at 9:02 a.m. A roll call sheet listing Board member attendance is attached.

Chairman Mathis introduced Steve Schmidt of the San Diego Union-Tribune and explained that Mr. Schmidt replaces Jeff Ristine, who changed beats. Mr. Monroe introduced his new alternate, Carrie Downey, and provided the Board with an overview of her background. He stated that she was recently appointed to lead SANDAG's committee that will consider how TransNet environmental mitigation funds should be used.

b. Approval of Minutes

Mr. Emery moved to approve the minutes of the January 28, 2007, Board of Directors meeting. Ms. Atkins seconded the motion, and the vote was 11 to 0 in favor.

c. Public Comment

*Chuck Lungerhausen:* Mr. Lungerhausen requested sponsorship donations for the 2007 MS Walk and thanked Board members for their support in previous years. He pointed out that his Letter to the Editor regarding the need for an increase in the sales tax of half a cent to be used to purchase low-floor trolley cars appeared in the Union-Tribune recently. He requested that elected officials support this idea.

*Don Stillwell:* Mr. Stillwell reported that there appears to be a problem with the volume level on recent Executive Committee and Board meeting recordings. He asked if there was a standard to be met in this regard. Mr. Mathis clarified that the audio of the most recent tape provided for Mr. Stillwell was adequate when played on MTS's equipment.

**CONSENT ITEMS**

6. MTS: San Diego and Arizona Eastern (SD&AE) Railway Company Quarterly Report and Ratify Actions Taken by the SD&AE Railway Company Board of Directors at Its January 23, 2007, Meeting (SD&AE 710.1, PC 50771)

Recommend that the Board of Directors (1) receive the San Diego and Imperial Valley Railroad, Pacific Southwest Railway Museum Association, and Carrizo Gorge Railway, Inc. quarterly reports (Attachment A of the agenda item); and ratify actions taken by the SD&AE Railway Company Board of Directors at its meeting on January 23, 2007 (Attachments B – D of the agenda item).

7. MTS: State Transit Assistance Claim Amendment FIN 340.2, PC 50601)

Recommend that the Board of Directors adopt Resolution 07-1 (Attachment A of the agenda item) amending the FY 2007 State Transit Assistance claims.

8. SDTI: Right-of-Way Vegetation Control Services Contract Amendment (OPS 970.6)

Recommend that the Board of Directors authorize the San Diego Trolley, Inc. President to approve Contract Amendment No. 5 to SDTI Doc. No. C.O.008.0-04 (Attachment A of the agenda item) with Allied Weed Control for right-of-way vegetation control services using

chemical applications on 190 acres and ratify all previous contract amendments for a total contract value of \$126,180.62.

9. MTS: Trapeze Software Group, Inc. – Contract Amendment (OPS 980.5, PC 30117)

Recommend that the Board of Directors authorize the CEO to execute a contract amendment (MTS Doc. B0399.4-03), in substantially the same format as attached (Attachment A of the agenda item), to establish a reimbursement schedule for maintenance fees to Trapeze Software Group, Inc.

10. MTS: Investment Report (FIN 300, PC 50601)

Recommend that the Board of Directors receive a report for information.

11. MTS: Creative Development and Image Advertising Services (MKPC 620, PC 50551)

Recommend that the Board of Directors authorize the CEO to execute Option Two of two 1-year option extensions (MTS Doc. No. G0919.3-04 – Attachment A of the agenda item) with Wash Creative, Inc., for continuation of creative development and image advertising services.

12. MTS: SDTI Yard Security Project (CIP 11210)

Recommend that the Board of Directors approve Work Order No. 07.06 to MTS Doc. No. L0606.6-02 (Attachment A of the agenda item) for design and construction support services for San Diego Trolley, inc. Yard security hardening.

Recommended Consent Items

In response to some questions from Mr. Monroe regarding the capability to run reports using the Trapeze software being approved under Agenda Item No. 9, Ms. Susan Hafner, Director of Multimodal Operations, reported that this particular software is used for scheduling purposes, not performance monitoring or planning purposes. She added that there is nothing within the industry that is more effective than what MTS is using today.

Ms. Atkins requested that staff present at a future meeting a brief report on MTS's marketing activities, in particular with regard to direct mail by geographic area and to support changes made during the Comprehensive Operational Analysis (COA). She stated that this request is not urgent.

Mr. Monroe moved to approve Consent Agenda Item No. 6, 7, 8, 9, 10, 11, and 12. Ms. Atkins seconded the motion, and the vote was 11 to 0 in favor.

NOTICED PUBLIC HEARINGS

There were no Noticed Public Hearings.

DISCUSSION ITEMS

30. MTS: Kobey Corporation Master Concessionaire Contract Extension (OPS 970.6)

Mr. Peter Tereschuck, SDTI President-General Manager, provided the Board with a brief overview of this item. He stated that staff is recommending a four-month extension of the existing contract, which expired in February 2007. He stated that this contract does not include soda machines or pay phones.

Action Taken

Mr. Young moved to authorize a four-month extension of the existing Master Concessionaire contract with Kobey Corporation (SDTI Doc. No. C.A.007.0-02 – Attachment A of the agenda item). Mr. Emery seconded the motion, and the vote was 11 to 0 in favor.

REPORT ITEMS

46. MTS: Year-To-Date Operations Budget Status Report Through December 2006  
(FIN 310, PC 50601)

Mr. Marinesi reported on the total combined net operating subsidy variance and also reviewed operating revenues and costs for FY 2007 through December 31, 2006.

Action Taken

Mr. Young moved to receive the MTS Year-to-Date Operations Budget Status Report through December 2006. Mr. McLean seconded the motion, and the vote was 11 to 0 in favor.

47. MTS: Leon William Station Dedication Working Group Report (ADM 110, PC 50101)

Ms. Sharon Cooney, MTS Director of Governmental Affairs and Community Relations, provided an overview of the activities of the working group for the Leon Williams Station Dedication. She reviewed the decision-making process that was used to identify a location at the SDSU Station, select an artist, determine what type of display would be commissioned, and how funding would be raised. She provided visuals of the location selected. She reported that the working group has decided on a full-size, bronze sculpture and that the sculpture would be on a pedestal with a plaque detailing Mr. William's accomplishments. Ms. Cooney reported that a local artist, Jess Dominguez, was selected and showed some examples of his work.

Action Taken

Mr. Young moved to receive a report on the efforts to date in regard to dedicating the San Diego State University Station to former Board Chairman Leon Williams. Mr. Emery seconded the motion, and the vote was 11 to 0 in favor.

CLOSED SESSION:

24. Closed Session Items (ADM 122) *(Taken Out of Order)*

The Board convened to Closed Session at 9:29 a.m.

- a. MTS: CONFERENCE WITH LABOR NEGOTIATORS Pursuant to California Government Code Section 54957.6: Agency-Designated Representative – Jeff Stumbo; Employee Organization – Amalgamated Transit Union, Local 1309
- b. MTS: PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Chief Executive Officer) Pursuant to Government Code Section 54957
- c. MTS: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to California Government Code Section 54956.9: Stella Reed v. MTS Et. Al. (Claim Number Unassigned)

- d. MTS: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
Pursuant to California Government Code Section 54956.9: (OPM, Inc. v. MTDB, Et Al.)  
(Superior Court Case No. GIS 8067-1.

The Board reconvened to Open Session at 11:18 a.m.

Oral Report of Final Actions Taken in Closed Session

Ms. Tiffany Lorenzen, General Counsel, reported the following:

- a. The Board received a report from the agency-designated representative.
- b. Board approved a \$22,000 salary increase and a \$10,000 bonus.
- c. The Board received a report from outside counsel. County and City of San Diego representatives were not present for the discussion of this item.
- d. The Board received a report from outside counsel.

DISCUSSION ITEMS (Continued)

45. SDTI: Chargers Football 2006 Year-End Summary (OPS 970) (*Taken Out of Order*)

Mr. Tom Doogan, SDTI Special Events Coordinator, provided the Board with data on trolley ridership to Chargers Football games. Mr. Doogan reviewed game attendance and Trolley ridership, manual ticket sales history, booth sales, and ridership trends. He reported that Grantville Trolley Station has become increasingly popular with fans due to parking capacity, freeway access, and visibility. Mr. Doogan also reviewed recent enhancements that have been made to improve customer service, e.g. directional signs, an eastbound express lane for passenger postgame boarding of the trolley, and video broadcasts displayed outside.

Mr. Roberts reported that he has observed people waiting at stations to board as trolleys pass by without stopping because they were full. Mr. Tereschuck stated that that situation could be improved by adding a crossover, but that it would cost \$300,000 to \$400,000. Staff pointed out that passengers tend to cluster in a 40-minute period before the game. Mr. Jones suggested using an express bus to help alleviate the problems created by the high number of passengers attempting to board around the same time. Mr. Doogan pointed out that trolley frequency is every four to five minutes for this service, so crowding is alleviated quickly and efficiently. He stated that buses would be subject to traffic conditions on the road.

In response to a question from Mr. Roberts, Mr. Tereschuck explained that San Diego Trolley transports more people to the game than from the game, which accounts for the high number of one-way tickets. Mr. Roberts expressed concern that fare evasion might be the reason for the one-way tickets. Mr. Tereschuck reported on recent actions that have been taken to add security in areas where passengers have been trying to circumvent the fare inspection process. Mr. Roberts stated that he felt more could be done in this area. He also stated that the barriers being used to control the flow of people in the stadium parking lot are not very effective.

Action Taken

There was no quorum at this time so no action was taken.

48. MTS: Comprehensive Operational Analysis (COA) Implementation Update (S RTP 805.1, PC 20484)

Mr. Conan Cheung, Director of Planning and Scheduling, reviewed the performance of routes changed in June and September 2006 as part of the implementation of the COA. He reviewed the effected areas and routes reporting on productivity and on-time performance for each. He also reviewed minor service adjustments that have been made and reported that red curb has been extended so there are now separate layover locations for Route Nos. 13 and 14. He also provided an overview of schedule improvements that were made in January 2007 and reviewed routes on which running time was added. He reported that 34 hours total have been added and that this added running time was balanced out by reductions in weekend service.

In response to a question from Mr. Clabby about the effect of lift boardings on on-time performance, Mr. Cheung reported that staff now has the ability to get real-time data per trip by segments, and therefore these types of factors can be taken into consideration. Mr. Clabby stressed that lift boardings slow down operating schedules and that factor needs to be considered when writing schedules.

Public Comment

*Andrew Bailey:* Mr. Bailey objected to the current routing of Route No. 13 and the fact that the route no longer serves the Grantville Trolley Station. He pointed out that Grossmont Trolley Station has no drinking fountain or bathrooms. He stated that these problems could be having a negative affect on ridership in East County.

*Clive Richard:* Mr. Richard complimented Mr. Cheung on the COA. He also stated that Mr. Cheung answers his questions and is interested in providing him with the information he needs. He stated that he would love to have additional service but understands that there are competing needs for the funding. He stated that the COA is a work in progress and a good first step.

Action Taken

There was no quorum at this time so no action was taken.

60. Chairman's Report

*San Diego County Regional Airport Authority Board Retreat:* Chairman Mathis reported that he attended this retreat and pointed out that a summary of the meeting had been placed at the table prior to the start of the meeting.

*511:* Chairman Mathis pointed out that Board members have also been provided with an invitation to the launch of the new 511 phone and web service on Wednesday, February 21, 2007.

61. Chief Executive Officer's Report

*Mission Valley East Award:* Mr. Jablonski advised the Board that the Mission Valley East Light Rail Transit Extension Project recently received an award as Project of the Year for the State of California from the American Society of Civil Engineers. He stated that this project competed with 25 other projects and will now proceed to the national level. Mr. Ewin requested that

awards be displayed when they are announced. Mr. Jablonski stated that the Green Line is carrying about 20,000 passengers per day, and pass sales are up by about 21 percent.

*APTA CEO's Conference – Tempe, Arizona:* Mr. Jablonski reported that he recently attended this conference. He stated that he participated in the Rail as well as the Bus and Paratransit CEO Committee meetings, and that the technical and effective leadership sessions that he also attended were very beneficial.

*Joint Legislative Trip:* Mr. Jablonski advised the Board that he, along with staff from SANDAG and North County Transit, were in Washington, D.C. earlier in the week to meet with members of congress and senators to discuss the joint legislative agenda. He stated that it was stressed during these meetings that funding is needed for the purchase of buses and for rail infrastructure and rebuilding of the Blue Line.

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, March 8, 2007, starting at 8:00 a.m. with a Finance Workshop and at 9:00 a.m. for the regular Board meeting in the same location.

65. Adjournment

Chairman Mathis adjourned the meeting at 12:10 p.m.

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Chairperson  
San Diego Metropolitan Transit System  
Filed by:

Approved as to form:

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

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Office of the General Counsel  
San Diego Metropolitan Transit System

Attachment: A. Roll Call Sheet

gail.williams/minutes