

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

March 22, 2007

MTS  
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

1. Roll Call

Chairman Harry Mathis called the meeting to order at 9:01 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Mr. Monroe moved to approve the minutes of the March 8, 2007, Board of Directors meeting. Mr. Rindone seconded the motion, and the vote was 11 to 0 in favor.

3. Public Comment

*Donna Erickson:* Ms. Erickson handed out a story from the January 2007 Saint Paul's Manor newsletter about riding buses. She advised the Board that she was speaking as the representative of the Transportation Committee of the Linda Vista Planning Group. She stated that members of the group have been asking her if the bonus program was implemented and bonuses paid. She stated they would also like to know if a performance incentive program will be included in the FY 08 budget. Chairman Mathis stated that she could be put in touch with someone who could answer her questions.

CONSENT ITEMS

6. MTS: Property Insurance Renewal (LEG 491, PC 50633)

Recommend that the Board of Directors authorize the CEO to renew the property insurance coverage for MTS, SDTC, and SDTI with the California State Association of Counties (CSAC) Property Insurance Program, effective March 31, 2007, through March 31, 2008, with a basic coverage deductible of \$25,000, \$100,000 for collision on buses and light rail vehicles, and \$1,500,000 on roads, bridges, and tunnels.

7. MTS: Light Rail Vehicle Tires – Contract Award (CIP 11167-0200)

Recommend that the Board of Directors authorize the CEO to execute a four-year contract (MTS Doc. No. L0805.0-07 – Attachment A of the agenda item) with Siemens Transportation Systems to procure light rail vehicle tire kits for SDTI.

8. MTS: Audit Report on Fixed-Asset Accounting (LEG 492, PC 50121)

Recommend that the Board of Directors receive the internal audit report on the fixed-asset accounting process.

9. MTS: Liability Insurance Renewal (LEG 491, PC 50633)

Recommend that the Board of Directors authorize the CEO to ratify and confirm the placement of the liability insurance policy (limits of \$75 million less a \$2 million self-insurance retention) at an annual cost of approximately \$2,248,524, effective March 1, 2007, through March 1, 2008.

10. MTS: Liability Claims Management Services – Contract Amendment (LEG 491, PC 50633)

Recommend that the Board of Directors authorize the CEO to enter into a contract amendment with McDowell Adjustment Company (MTS Doc. No. G0848.3-03, Attachment A of the agenda item) to provide liability claims administration services, supervision, and support of the self-insurance program for a term of up to one year.

11. MTS: Workers' Compensation Claims Management Services – Contract Amendment  
(LEG 491, PC 50633)

Recommend that the Board of Directors authorize the CEO to enter into a contract amendment with Hazelrigg Risk Management Services (MTS Doc. No. G0843.1-03, Attachment A of the agenda item) to provide workers' compensation claims administration services, supervision, and support of the self-insurance program.

12. MTS: Policies and Procedures No. 54: Rules of Procedure for MTS Administrative Hearings  
(LEG 405)

Recommend that the Board of Directors enact Policy No. 54 (Attachment A of the agenda item) to establish Rules of Procedure for MTS administrative Hearings.

13. MTS: Follow-Up Report on 2006 Internal Audit Recommendations (LEG 492, PC 50121)

Recommend that the Board of Directors receive a follow-up report on 2006 internal audit recommendations.

14. MTS: Engineering Services for H Street Trolley Station Hazardous Waste Contamination Investigation – Contract Amendment (ADM 160.2, PC 50788)

Recommend that the Board of Directors (1) ratify the CEO's previous authorization of \$50,935 for Work Order No. 06.42; and (2) authorize the CEO to execute Amendment No. 2 (in substantially the same form as Attachment A of the agenda item) to Work Order No. 06.42 (MTS Doc. No. L0606.6-02) with Berryman & Henigar, not to exceed \$69,282.00, for engineering services for the investigation of hazardous waste contamination at the H Street Trolley Station.

Recommended Consent Items

Mr. Emery moved to approve Consent Agenda Items No. 6, 7, 8, 9, 10, 11, 12, 13, and 14. Mr. Ewin seconded the motion, and the vote was 11 to 0 in favor.

CLOSED SESSION:

24. Closed Session Items (ADM 122)

The Board convened to Closed Session at 9:06 a.m.

- a. MTS: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(a) National Railroad Passenger Corporation (Amtrak) v. San Diego Trolley, Inc. Claim No. TL10339906
- b. MTS: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(a) City of National City v. Metropolitan Transit System (Superior Court Case No. GIC 880322)

The Board reconvened to Open Session at 9:21 a.m.

Oral Report of Final Actions Taken in Closed Session

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

- a. The Board received a report and gave direction to General Counsel.
- b. The Board received a report. The City of National City representative was not present for the discussion of this item.

NOTICED PUBLIC HEARINGS

25. There were no Noticed Public Hearings.

DISCUSSION ITEMS

30. MTS: Second Contract Award for MTS Legal Services (LEG 490, PC 50121)

Ms. Tiffany Lorenzen, MTS General Counsel, explained that staff had issued a second Request for Proposals for Legal Services and reviewed the process that was used to arrive at an overall score for each firm's proposal. She reported that each firm that received a score over 70 was put on the list of approved attorneys. She reviewed the criteria on which the firms were ranked and the weighting of each. She reported that two were disqualified and one did not meet the pass/fail criteria. She stated that MTS, if this contract award is approved, will now have access to attorneys with railroad operations experience and taxicab experience. She added that having additional attorneys on the list also brought the average rate down. She stated that staff's recommendation is contingent upon no protest being received by March 27, 2007, and added that she did not anticipate that any protests would be submitted.

In response to a question from Mr. Jones, Ms. Lorenzen reported that the same three firms that did not qualify initially did not qualify again. In response to a question from Mr. Monroe, she reported that the evaluation committee consisted of herself, Cliff Telfer (MTS Chief Financial Officer), Carmen Naranjo (Risk Administrator), Jim Dow (Risk Manager), and Mike Ceragioli (Procurement Officer). Ms. Lorenzen advised Mr. Ewin that MTS now has access to four firms with transit-oriented development experience. She added that MTS could also solicit additional proposals if experience outside the purview of the approved firms is needed. In response to a question from Mr. Young, Ms. Lorenzen reported that she runs a conflict check before an attorney is asked to work on a case.

Action Taken

Mr. Monroe moved to authorize the CEO or appropriate staff persons to execute contracts on an as-needed basis to attorneys and firms from the second prequalified list (Attachment A of the agenda item) for MTS and its subsidiaries contingent upon no protests being received by March 27, 2007. Mr. Emery seconded the motion, and the vote was 14 to 0 in favor.

REPORT ITEMS

45. MTS: 2006 Year-End Security Report (OPS 970.11, PC 50102)

Mr. Bill Burke, SDTI Director of Transit System Security, reviewed the 2006 Year-End Security Report for 2006. He reviewed statistics for passenger inspections, incidents, SWARM activities, and arrests. He reported that SWARM activities have also been conducted in plain clothes for the last month or two and explained that officers have badges on chains that they pull out once they board the trolley. He added that a positive response is being received from trolley patrons in response to SWARM activities. He pointed out that the occurrence of both Part I and II incidents has remained fairly level since 2003. Mr. Ewin and Mr. Jones requested statistics for each of their cities. Ms. Hanson-Cox suggested that staff fax statistics to each Board member for their respective cities. Mr. Burke also reviewed how grant funding, primarily provided by the Department of Homeland Security through its Transit Security Grant Program, has been utilized. He discussed the features of some of the closed-circuit television (CCTV) installations. He also reviewed the details of grants being pursued for 2006.

In response to a question from Mr. Ewin, Mr. Burke reported that enforcement of the recently approved no-smoking ordinance cannot begin until signage is in place. Mr. Jablonski, MTS Chief Executive Officer, reported that SANDAG is in the process of requesting bids for this signage, which is being funded by Supervisor Ron Roberts' office and the American Lung Association. Mr. Rob Schupp, Director of Marketing and Communications, anticipated that the signs should be ordered within the next couple of weeks. He added that MTS will be utilizing youth groups, including students from Hilltop High who were volunteered by Mr. Rindone, to handle placing the signage.

In response to a question from Mr. Emery, Mr. Burke reported that the dog handler who was recently trained and left SDTI's employment was a five-year employee. He stated that SDTI asks prospective dog handlers for a five-year commitment. He added that contract security personnel now have a five-year pay progression, which should have a positive impact on SDTI's ability to retain these particular employees.

In response to a question from Mr. Monroe, Mr. Burke stated that he is confident that the inspection statistics presented to the Board are accurate. He stated that an in-the-field audit was recently conducted to affirm these numbers. He confirmed for Mr. Monroe that code compliance activities are as active on the weekends as weekdays and explained how work schedules are coordinated to ensure that is possible. Mr. Burke advised Mr. Jones that each code inspection officer is required to do 1,000 fare inspections per day.

In response to a question from Mr. Faulconer, it was agreed that staff would determine how much of the fines levied as a result of citations is funneled back to MTS. Mr. Burke reported that many times the fine is equal to the amount of the fare. Mr. Faulconer stated that he would like to see the amount of the fines and the amount collected. Ms. Lorenzen pointed out that people who are cited are prosecuted by the City Attorney's office, and MTS gets only a small portion of the fine that is levied. She stated that this varies according to the regulations of the

member city in which the citation was issued. Mr. Faulconer stated that he would like to see a comparison of the cost of enforcing fares compared to the amount of money recovered. Mr. Ewin asked if there would be any benefit to sending letters to the presiding judges informing them that levying fines that are equal to the fare does not fulfill civic duty and fairness to the public and does not offset MTS's burden for enforcing fares. He suggested a simple fact sheet. Ms. Lorenzen stated that she would look into this.

Mr. Young stated he would like to see the crime statistics broken down by station, and felt that grant monies should be pursued on this basis. Mr. Burke pointed out that funding from Homeland Security comes with restrictions on its use and cannot be used to deal with criminal issues. Mr. Young felt that staff could be more creative in identifying funding with no such restrictions. He suggested an ad hoc committee come back to the Board prior to the semiannual security report with recommendations for dealing with funding for and crime issues at particular stations. Mr. Jablonski directed staff to include the requested information in future reports, along with the ranking of the stations, which already exists, by community. Mr. Jones clarified that he would like to see the information by station and by community. Mr. Jablonski reported that MTS and North County Transit District anticipate receiving about \$20 million to \$30 million from the recent passage of Proposition 1B. He stated that another bill is in the Senate that would appropriate security dollars that could be available as early as next year. He added that these funds would not carry the same type of restrictions as Homeland Security funding. Mr. Jablonski stated that some member cities have residual Transportation Development Act funding that could be used to address these issues as well.

#### Action Taken

Mr. Ewin moved to receive this report for information. Mr. Young seconded the motion, and the vote was 13 to 0 in favor.

#### 46. MTS: Trolley Dances 2006 Recap (MKPC 620.8)

Ms. Judy Leitner, Marketing Manager, introduced Ms. Jean Isaac, San Diego Dance Theatre Director, and Sharon Hancock, Program Director. She then presented a recap of Trolley Dance activities during 2006. She stated that Trolley Dances has been named *San Diego's Best Annual Art Event*. She added that this program generates extensive local and national media coverage and introduces many people to the art of dance and the trolley, and introduces art to trolley patrons. She also reviewed the results of a survey of the people who attended the Trolley Dance program during 2005. She stated that, according to survey results, 13 percent rode the Trolley in order to see the program, and 25 percent were riding for the first time.

Mr. Young made positive comments about how this program was received at the Euclid Trolley Center. He added that this type of activity will get people excited about riding the Trolley. Ms. Isaac reported that the program costs \$55,000 per year and added that they have applied to foundations for financial support. In response to a question from Mr. Jones, Ms. Isaac reported that it is a challenge to ensure that everyone pays admission in such a public venue. She reported that there are presales and group sales, and trolley riders are offered a reduced rate. Ms. Leitner stated that if you are there as a trolley rider, you can observe, and there is no additional charge. In response to another question from Mr. Jones, Ms. Leitner reported that MTS provides the fare media and some advertising for this program, and the program provides MTS with payment for each adult that pays for the program.

Action Taken

Mr. Emery moved to receive this report for information. Ms. Atkins seconded the motion, and the vote was 12 to 0 in favor.

60. Chairman's Report

There was no Chairman's Report.

61. Chief Executive Officer's Report

*Federal Transit Administration (FTA) Quarterly Report Meeting:* Mr. Jablonski reported that he traveled to San Francisco for the FTA Quarterly Meeting on Monday, March 19, and was able to resolve a two-year issue related to Buy America and MTS's S70 trolley car. He also reported that MTS was able to confirm that the Mission Valley East Project will receive Congestion Mitigation and Air Quality (CMAQ) funding for the third year of operation (\$4.5 million), even if proposed guidelines are approved to limit CMAQ funding to the first two years of a new project.

*California Transit Association – Transit Lobby Day:* Mr. Jablonski advised the Board that he had attended Transit Lobby Day in Sacramento, and he was a group leader for a group that collectively had 11 different meetings with legislators. He reported that, when Proposition 1B passed, the Governor made the assumption that he could fund general State expenses out of State Transit Assistance (STA) funds (\$1.1 billion). He reported that the singular message that was passed on to legislators was the benefit of them building a coalition to get STA funding reinstated in the rewrite of the budget. He stated that legislative offices were attentive and seemed to understand the impact the loss of STA funds would have on transit.

He also summarized two bills currently under consideration by the California legislature as follows: (1) Mr. Nunez, Speaker of the Assembly, bond issue for \$3.6 billion for rehabilitation of transit infrastructure. (Blue Line is this type of project.); and (2) Senator Parada, \$1 billion for safety and security, which will set up the appropriations for the bond dollars. Mr. Jablonski stated that the California budget is short \$3.3 billion, and it was stressed during meetings that it was unfair for transit to shoulder one-third of that shortfall. He stated that Transit Lobby Day participants discussed the possibility of having the legislative delegation send a letter regarding this matter to Senator Ducheny, who is on the Senate Budget Committee.

62. Board Member Communications

*APTA Legislative Conference:* Mr. McLean reported on his experiences at the APTA Legislative Conference, also attended by representatives of SANDAG and North County Transit. He stated that SANDAG prepared an extensive and thorough report on San Diego projects, including Blue Line rehabilitation, which was passed to each legislative office with which meetings were held. He added that Bill Millar, APTA's President, made a pitch for Homeland Security funding for transit. He also reported that a meeting was held with a SAFETEA-LU committee of five members who travel around the country to determine needs.

*Partnership with Coca-Cola and Symphony:* Ms. Atkins thanked MTS for its recent San Diego Symphony event in City Heights. She stated that it was an excellent program, and that the musicians established a good rapport with the younger members of the diverse audience that attended. She added that she is quite impressed with how the partnership with the Symphony and Coca-Cola is working.

*Mother Goose Parade:* Ms. Hanson-Cox reported that she has been selected as President of the Mother Goose Parade Association and is working to get information about the parade on-line. She stated that her goal is to make this parade the second largest parade in the country after the Rose Bowl. She reported that she will be contacting each jurisdiction about how they can help.

*Grossmont Trolley Station Joint Development Project:* Mr. Ewin stated that pipes have been laid in the ground, and this project is ahead of schedule.

63. Additional Public Comments on Items Not on the Agenda

There were no additional public comments.

64. Next Meeting Date

The next scheduled Board meeting will be Thursday, April 12, 2007, with a Finance Workshop at 8:00 a.m. directly followed by the regular Board meeting.

65. Adjournment

Chairman Mathis adjourned the meeting at 10:50 a.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