

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 8, 2007

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

Finance Workshop – 8:00 a.m.

1. Roll Call

Chairman Mathis called the meeting to order at 8:09 a.m. A roll call sheet listing Board member attendance is attached.

2. MTS: FY 2008 Budget Development (FIN 310.1, PC 50601)

Mr. Larry Marinesi, MTS Budget Manager, provided the Board with an overview of operating revenues as projected in the FY 2008 budget and pointed out where revenues are increasing and decreasing. He then reviewed the updated assumptions for revenue miles and hours, total miles, revenue and total hours, passenger boardings, and average fare.

Mr. Monroe congratulated Mr. Telfer on his recent promotion to Chief Financial Officer. In response to a question from Mr. Monroe, Mr. Telfer, MTS CFO, reported that MTS could do a fare analysis, but he predicted that study would find that fare revenue is higher than the cost of collecting it. Mr. Monroe stated that MTS needs to know that. In response to another question from Mr. Monroe, Mr. Telfer explained that Congestion Mitigation and Air Quality (CMAQ) funds can currently be used for the first three years of a new-start project. He stated that the Federal Highway Administration (FHWA) wants to change that to two years. Ms. Sharon Cooney, Director of Governmental Affairs and Community Relations, stated that MTS has provided comments in response to the issuance of the new preliminary guidelines to that effect, and staff has spoken to the FHWA as well. She added that letters have also been sent to San Diego's congressional delegation and that staff discussed this matter with them in Washington, D.C. during the legislative advocacy trip in February. Ms. Cooney stated that CMAQ funding can also be used for capital items, and MTS has been talking to SANDAG about shifting funds to address this potential change in the guidelines. Mr. Jablonski, MTS CEO, pointed out that the level of CMAQ funding to the San Diego region would not be diminished by this change in the guidelines. It would just be used for a different purpose. He also pointed out that this would be a one-year issue as it pertains to the use of CMAQ funding for the first three years of operation of the Green Line because TransNet funds will be used after the third year to fund this service.

Mr. Marinesi provided the Board with details on the recent budget amendment to address the miscalculation of SDTC's contribution to the San Diego Transit Employees Pension Plan. He explained that overtime hours had inadvertently been excluded from the original calculation. He also provided, as requested at the last Board meeting, an explanation of how MTS has been able to reduce security costs from FY 2006 levels. He explained that there were extraordinary events in 2006 that caused security costs to increase. Mr. Marinesi also pointed out that a new

security contract was recently negotiated that is more efficient and, as a result, less costly. He reported that no reductions have been made in field deployments or shift assignments. In response to a question from Mr. Ewin, Mr. Peter Tereschuck, President-General Manager of SDTI, reported that there is a security presence at stations where there have been problems but not at every station. In response to a question from Mr. Monroe, Mr. Tereschuck reported that security coverage of Street Scene had to be increased because Qualcomm is a larger venue with more adjacent stations that required coverage.

In response to a question from Mr. Young regarding MTS's strategy for addressing MTS's reserve levels, Mr. Jablonski stated that reserves are currently at \$15 million to \$16 million. He stated that he would like to see MTS's reserves closer to \$25 million to \$26 million (10 percent of the operating budget), but he felt that capital needs outweighed the need to build reserves. He advised Mr. Young that MTS's vulnerability would come from facing the potential costs of multiple accidents.

In response to a question from Mr. Monroe, Mr. Telfer reported that MTS will have a \$2.4 million deficit if expenses increase 3.5 percent; therefore, work is underway to keep expenses from increasing that much. Mr. Jablonski stated that revenues, both operating and nonoperating, are not growing as fast as the cost of operation, and MTS may ultimately need to make some hard choices. He stated that MTS will have a clearer picture of its budget when issues regarding State Transit Assistance funding and the Governor's budget are resolved.

Mr. Jablonski advised Mr. Monroe that the APTA Annual Meeting and Expo, which is being held in San Diego, will not impact MTS's FY 08 budget except in a minimal way. He reported that FY 09's budget will be impacted by any additional service that is provided during the event, extra passes that are issued, etc. He stated that MTS staff will be involved in hosting the event.

Mr. Rindone reminded Board members that the next Finance Workshop will be held on Thursday, April 12, 2007.

Public Comment

Donna Erickson: Ms. Erickson stated that she represented the Linda Vista Planning Group's Transportation Committee. She requested that MTS allocate funding for cleaning the pavement around trolley stations and bus stops, particular at 1st & C Street. She also reported problems with cleanliness at the Civic Center trolley and the 12th & Imperial trolley stations. She suggested that landscaping be added to the station at Civic Center.

Ana Huerta, UCSD California Student Public Interest Research Group (CALPIRG): Ms. Huerta stated that CALPIRG is willing to work with MTS toward ensuring that transportation-related funding cuts currently in the Governor's budget do not get approved. Mr. Jablonski directed Ms. Cooney to meet with Ms. Huerta regarding this matter.

Action Taken

Mr. Young moved to receive a report on the FY 2008 operating budget and provide guidance. Ms. Hanson-Cox seconded that motion, and the vote was 11 to 0 in favor.

Board Meeting – 9:00 a.m.

4. a. Roll Call

Chairman Mathis called the meeting to order at 9:00 a.m. A roll call sheet listing Board member attendance is attached.

b. Approval of Minutes

Mr. Roberts moved to approve the minutes of the February 15, 2007, Board of Directors meeting. Mr. McLean 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. He reported that he has collected \$510.00, of which \$150 was contributed by him. He briefly discussed his dedication to finding a cure for MTS, which has impacted his life since he was 25. He recognized County Supervisor Bill Horn, who was his largest donor last year with a \$1,000 donation.

Mr. Mathis stated that Mr. Lungerhausen's courage and perseverance inspires everyone.

CONSENT ITEMS

6. MTS: Audit Report on San Diego Transit Corporation's Revenue Process (LEG 492, PC 50121)

Recommend that the Board of Directors receive the internal audit report on SDTC's revenue process.

7. MTS: Audit Report on the Taxicab Administration (LEG 492, PC 50121)

Recommend that the Board of Directors receive the internal audit report on Taxicab Administration.

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

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

9. MTS: Office of Homeland Security Grant Applications (AG 210.9, PC 50102)

Recommend that the Board of Directors approve Resolution No. 07-3 (Attachment A of the agenda item) authorizing the CEO to submit applications for Transit Security Grants Program funding.

10. MTS: Federal 5311 (f) Intercity Bus Program Grant Application (OPS 950.7, PC 50451)

Recommend that the Board of Directors approve Resolution No. 07-4 (Attachment A of the agenda item) authorizing the CEO to submit applications for three Federal 5311 (f) Intercity Bus Program grant applications: (1) to support FY 08 operating-subsidy costs for rural services; (2) for the East County Bus Maintenance Facility (ECBMF) Vehicle Steam Facility; and (3) for ECBMF security gates and cameras.

11. MTS: Budget Transfers and Construction Management Contract Amendment for Mission Valley East (CIP 10426.12)

Recommend that the Board of Directors authorize the CEO to (1) transfer funds as shown in Attachment A of the agenda item between various Mission Valley East Light Rail Transit (MVE LRT) Project budget line items to provide funding for the proposed contract actions and fund negative line items; (2) execute Contract Amendment No. 45 (MTS Doc. No. L6343.44-01) with Washington Group International (WGI), in substantially the same form as shown in Attachment B of the agenda item, in an amount not to exceed \$328,650 for Construction Management (CM) services on the MVE LRT Project, including extension of the CM services through June 30, 2007; and (3) execute Amendment No. 1 to Work Order No. 07.22 (MTS Document No. L0606.6-02; 07.22.01) with Bureau Veritas North America, Inc. (BVNA), formerly Berryman & Henigar, Inc., in substantially the same form as shown in Attachment C of the agenda item, in an amount not to exceed \$76,363 for General Engineering Consultant (GEC) services on the MVE LRT Project, including the extension of such services to September 17, 2007.

12. MTS: Capital Improvement Program Budget Transfers (CIP 10740, 11151)

Recommend that the Board of Directors forward a request to the San Diego Association of Governments Board of Directors to approve a transfer of funds to the Light Rail Transit Station Shelter Replacement project from the Capital Assessment Project as shown on Attachment A (Budget Transfer Summary) of the agenda item.

Recommended Consent Items

Ms. Atkins requested that the Board receive a status report once the four recommendations outlined in the Audit Report on SDTC's Revenue Process (Consent Agenda Item No. 6) have been implemented. She stated she was particularly interested in the recommendations regarding security. Mr. Jablonski reported that MTS's internal auditor follows-up to ensure that all recommendations have been properly implemented.

Ms. Atkins moved to approve Consent Agenda Item No. 6, 7, 8, 9, 10, 11, and 12. Mr. Rindone seconded the motion, and the vote was 12 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): City of National City v. Metropolitan Transit System (Superior Court Case No. GIC 880322)

The Board reconvened to Open Session at 9:40 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 General Counsel. The National City representative was not present for the discussion of this item.

NOTICED PUBLIC HEARINGS

There were no Noticed Public Hearings.

DISCUSSION ITEMS

30. MTS: C Street Master Plan Update (ADM 124, PC 50451)

Mr. Brandon Farley, MTS Senior Transportation Planner, presented a map displaying the consultant's proposal for accommodating S70 three-car consists in the C Street Corridor between 6th and 7th. Mr. Farley reported that the City of San Diego will not accept this plan because it involves narrowing traffic lanes and interferes with pedestrian access around the trains. He pointed out that the proposal actually gives MTS two feet more in platform length than it needs. Mr. Farley advised the Board that the platform length could be reduced by two feet, the island at the northwest corner of 6th and C Street could be reduced or eliminated, and an easement could be obtained on the northeast corner of 7th and C Street to reduce the sidewalk width. He stated that if these actions were taken, an S70 three-car consist could be accommodated, and the desired traffic lane widths and pedestrian access around the trains could be maintained.

Mr. Farley also reviewed projections made by City traffic engineers regarding traffic levels in 2030 on 6th, 7th, and 8th Avenues. He also reported that other options that are being considered include pedestrian scrambles or "C"-type crosswalk configurations and having trains span a street such as 6th or 7th.

In response to a question from Mr. Jones, Mr. Farley explained that the proposed islands were added to facilitate southbound left-hand turns and to provide pedestrian refuge. In response to a question from Mr. Monroe, Mr. Farley stated that the Centre City Development Corporation is working cooperatively with MTS toward a workable solution.

Mr. Monroe pointed out that having intersections or streets blocked by train traffic is not a new concept in San Diego. Mr. Jablonski stated that the couplers on trolley cars currently extend into the intersection when a trolley is in the station at 5th. He added that the City's objective as C Street gets developed is to reestablish the crosswalks and maintain traffic flow on 6th and 7th.

Mr. Roberts suggested that traffic lanes be reduced when trains are in the station and pointed out that MTS will ultimately want four-car trains serving this area. He stated that any solution should not only address accommodating three-car trains but four-car trains at some time in the future. He felt that there was more work to do toward a solution for the C Street corridor for that reason. He didn't anticipate that everyone would be happy with the solution or that traffic flow would not be disrupted. He felt that it would be less disruptive to have longer, less frequent trains than shorter trains, more frequent trains. He also pointed out that this particular station is the only one that poses a problem for four-car trains, and that traffic problems in the C Street Corridor will never be as bad as those on Ash. Mr. Jablonski advised the Board that MTS staff is looking at this in stages – an interim and then a final solution. He stated that the solutions being considered would not preclude four-car trains.

Mr. Monroe stated that approving a plan that would interfere with traffic on 6th and/or 7th may cause people to choose other routes thereby reducing traffic levels on those streets now and in the future. Mr. Conan Cheung, MTS Director of Planning and Scheduling, indicated that any changes to the roadway will have an impact on traffic-count numbers. He added that the proposed through street on C Street would increase traffic volumes in this area.

Public Comment

Chuck Lungerhausen: Mr. Lungerhausen advised the Board that, as a member of the Accessible Services Advisory Committee since 1995, he has been very pleased to see the increased access that low-floor buses and trolleys are providing to people with disabilities and to seniors. He pointed out that having the new S70 low-floor trolleys on C Street would reduce the time-consuming process for lift boardings and would also reduce the use of fuel.

Action Taken

Mr. Rindone moved to receive an update regarding the Centre City Development Corporations' C Street Master Plan. Mr. Monroe seconded the motion, and the vote was 12 to 0 in favor.

31. MTS: Update on Regional Compass Card Project (CIP 11457)

Mr. James Driesbach-Towle, SANDAG Systems Integration Administrator, provided the Board with an overview of the Automated Fare Collection Project Compass Card System. He provided a Compass Card to each Board member. He provided an overview of the project goals, scope, and duration. He stated that there are currently 208 different categories in the San Diego region at this time, and there is a fare study going on to determine how to simplify the fare structure and make it more equitable. He also provided the Board with information regarding Cubic's claim against SANDAG for schedule delays and out-of-scope work. He advised the Board that the mediator who worked with SANDAG and Cubic to resolve this matter felt that the contract did not clearly indicate who was responsible for integration of the system. He further advised the Board that, under the mediated contract settlement, all current and past claims will be dismissed, SANDAG will pay an additional \$1.75 million in contract costs, Cubic will pay \$700,000 for contract-value additions, and a new completion schedule with liquidated damages was developed. He reported that \$700,000 in bond interest will be used to increase the project budget. He added that this \$700,000 is interest accrued that is not part of the MTS budget. Ms. Lorenzen reported that these funds will not be used to pay the settlement per bond counsel.

Action Taken

Mr. Young moved to (1) receive an update on the Compass Card Project, and (2) authorize the CEO to use the interest earned on the debt proceeds in the project fund (\$700,000) for increasing the Regional Automated Fare Collection Technology Project budget. Mr. Cafagna seconded the motion, and the vote was 12 to 0 in favor.

REPORT ITEMS

45. MTS: Second Quarter 2007 Performance Indicators (OPS 920.1, 960.5, 970.5, PC 50451)

Ms. Anika Smart, Associate Transportation Planner, reviewed the operating environment, ridership, on-time performance, mean distance between failures, collision accidents, and customer complaints for the second quarter of FY 2007.

Mr. Monroe asked if a different method was used to calculate the Mean Distance Between Failures for MTS Bus versus Contract Services. Ms. Spielberg stated that, with the recent consolidation of MTS Bus and Contract Services, it will be possible to use a consistent comparative method. She stated that the high distance between failures for demand-responsive service is due to the fact that they are using new buses. She stated that MTS performance in this area experienced a small decline due to the fact that MTS Bus's new maintenance manager is including certain road calls that weren't previously included.

Mr. Ewin requested that the goals for each of these performance indicators be included in future written agenda items on this topic. Mr. Cheung stated that, as the Comprehensive Operational Analysis is implemented, the Planning and Scheduling Department will be revamping Policy No. 42, New and Existing Service Evaluation, according to MTS's new vision statement and service development plan. He stated that staff will provide the Board with new goals and criteria in approximately two months. Mr. Ewin stated that he would like to have a separate sheet of paper summarizing MTS's goals.

Action Taken

Mr. Ewin moved to receive this report for information. Ms. Hanson-Cox 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

Water Leak: Mr. Jablonski reported that the City recently had to locate a water leak on Commercial just west of Cesar Chavez Parkway. He stated that the City found the leak 30 to 40 feet from where they started excavating. He stated that SDTI was able to run a single-track operation with no significant delays during this process, and service should be completely restored within 24 hours.

62. Board Member Communications

Brown Act: Ms. Lorenzen advised Board members that she had updated copies of the Brown Act for Board members who were interested. She stated that the revised Brown Act incorporates updates from the 2006 legislative session, none of which were significant.

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 22, 2007, at 9:00 a.m. in the same location.

65. Adjournment

Chairman Mathis adjourned the meeting at 10:34 a.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

gail.williams/minutes