

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

April 13, 2006

MTS  
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

**Finance Workshop – 8:00 a.m.**

1. Roll Call

Budget Development Committee Chairman Rindone called the meeting to order at 8:05 a.m. A roll call sheet listing Board member attendance is attached.

2. MTS: FY 2007 Budget Development (FIN 310.1, PC 50601)

Chairman Rindone reported that the budget being presented by staff today had been reviewed by both the Executive Committee and the Budget Development Committee. He added that projected cost savings as a result of the Comprehensive Operational Analysis (COA) have not yet been incorporated into the budget. He stated that, even without the cost savings from the COA, revenues are projected to exceed expenditures for FY 2007.

Mr. Larry Marinesi, MTS Budget Manager, provided a historical recap as well as projections for funding sources for both operating and capital purposes. He also reviewed projected revenues and expenses as well as projections for capital needs and the availability of funding to meet those needs. Mr. Monroe asked why the \$4.5 million in TransNet funding that is listed on the Five-Year Capital Improvement Program Summary table is classified as nonrecurring. Staff replied that this is funding that remains from TransNet I that was not used for Bus Rapid Transit (BRT) as originally planned and is therefore nonrecurring. Mr. Monroe felt that the Total Deficit line should be cumulative. Mr. Jantz suggested that staff add a line to the table showing a cumulative total. Mr. Jablonski referred to the \$7.6 million in Debt Service shown in the table and stated this is debt service for the new fareboxes with smart card technology and the new radio and automated vehicle locator systems. He stated that this is the last payment.

Mr. Marinesi also reviewed projected FY 2007 revenues and projected expenses. He stated that revenues are projected to exceed expenses by 3.7 percent. He then reviewed the budgetary assumptions being recommended for approval by the Board.

In response to a question from Ms. Hanson-Cox, MTS Chief Executive Officer Paul Jablonski reported that MTS is projecting an expenditure of approximately \$400,000 to \$500,000 to communicate and market the service changes that will result from the COA and to promote new services in an effort to increase ridership.

The Board and staff briefly discussed the fluctuation in fuel prices and explained how the projection was developed for Compressed Natural Gas (CNG). Mr. Roberts explained that the

Budget Development Committee increased staff's recommended assumption for CNG because the Committee felt it was too conservative. He also reported that revenues that exceed expenses during FY 2006 would not be shifted into the FY 08 Capital Improvement Program until it is clear these funds will not be needed. Mr. Jablonski pointed out that these funds could be used to cover fuel costs if they begin to exceed budget.

Action Taken

Mr. Clabby moved to receive a report on the MTS fiscal year 2007 operating budget and approve the following budgetary assumptions for the fiscal year 2007: (1) Nonrecurring TransNet funding shift to FY 08 Capital Improvement Program (CIP) (\$4,479,710); (2) FY 06 energy rate amendment to \$1.50 per therm for compressed natural gas and \$2.32 per gallon for diesel; and (3) funding shift of any budgetary revenues exceeding budgetary expenses to the FY 08 CIP. Mr. Monroe seconded that motion, and the vote was 9 to 0 in favor.

3. Public Comment

There was no Public Comment.

The next Budget Development Committee meeting will be held on April 26, 2006. The Finance Workshop was adjourned at 8:45 a.m.

**Board Meeting – 9:00 a.m.**

3. a. Roll Call

Vice Chair Rindone 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. Clabby moved to approve the minutes of the March 23, 2006, Board of Directors meeting. Ms. Zarate seconded the motion, and the vote was 9 to 0 in favor.

c. Public Comment

*Donna Erickson:* Ms. Erickson presented a copy of a letter from her to Mr. Conan Cheung, MTS Director of Planning and Performance Monitoring, in which she advocated for Route No. 25 bus riders who don't support changes proposed for that route as part of the COA. She reiterated the reasons outlined in her letter for the community's opposition to the service change. Mr. Jablonski provided a brief description of the changes that were approved by the Board and reported that staff will be monitoring the service changes to ensure they function as anticipated. He stated that staff can make refinements as needed.

*Chuck Lungerhausen:* Mr. Lungerhausen requested sponsorship donations for this year's MS Walk. He also thanked Ms. Atkins, Mr. Emery, and Mr. Monroe for their jointly produced editorial piece in the San Diego Union-Tribune on April 7. He stated that he hoped readers would come to the conclusion that more local tax dollars will draw more state and federal tax dollars.

*Clive Richard:* Mr. Richard stated that his comments relate to whether or not bus service changes impact the environment. He stated that when the concept of the Grantville Trolley Station was presented to the San Diego Planning Commission, they were told that Route No. 40 express service would serve that station. He stated that there will be no such service after implementation of the COA. He stated that this will have a significant impact on Grantville and asked if a negative declaration should be done.

*Don Stillwell:* Mr. Stillwell presented a letter to the Board asking for reinstatement of the Grantville Trolley Station bus stop for Route No. 14. He also presented copies of individual letters that were sent to Council Member Jim Madaffer making the same request.

Mr. Monroe complimented Ms. Erickson on her demeanor and passion for her cause. He stated that profound changes need to be made to San Diego's bus network in order to make it more effective, and the COA is part of that process. He stated that an argument not to change the current system does not resonate.

4. MTS: Election to Fill Vacancies in Committee Appointments for 2006 (LEG 410, PC 50101)

Vice Chair Rindone requested that the Board nominate and elect a Board member to replace Mr. Ron Morrison on the Joint Committee for Regional Transit (JCRT) and as an alternate on SANDAG's High-Speed Rail Task Force for the remainder of the calendar year.

Action Taken

Mr. Roberts moved to nominate Ms. Hanson-Cox to replace Mr. Ron Morrison on the Joint Committee on Regional Transit and as an alternate on SANDAG's High-Speed Rail Task Force to serve for the remainder of the 2006 calendar year. Mr. McLean seconded the motion, and the vote was 12 to 0 in favor with Ms. Hanson-Cox abstaining.

CONSENT ITEMS

*(Taken Out of Order)*

6. MTS: Salary Range Cost-of-Living Increase for the MTS (ADM 150.3, PC 50711)

Recommend that the Board of Directors increase the salary ranges of management employees at the Metropolitan Transit System, San Diego Trolley, Inc., and San Diego Transit Corporation by 2.5 percent.

7. MTS: Negotiated Lease Agreement for The Transit Store (MKPC 670, PC 50513)

Recommend that the Board of Directors authorize the CEO to execute a lease agreement with Executive Complex, LP, for rental space at 102 Broadway for The Transit Store with the following terms: (1) A five-year fixed term with an option (at market value) for an additional five-year term at \$2.25 per usable square foot (\$4,920.65) per month, for the first 12 months, with an annual increase of 3 percent on the anniversary date (April 1, 2006); and (2) a tenant improvement allowance of \$11,450.00 to be used by MTS for any physical improvements to The Transit Store as MTS deems necessary.

Recommended Consent Items

Mr. McLean moved to approve Consent Agenda Nos. 6 and 7. Mr. Emery seconded the motion, and the vote was 13 to 0 in favor.

CLOSED SESSION:

5. Closed Session Items (ADM 122)

The Board convened to Closed Session at 9:20 a.m.

- a. SDTI: CONFERENCE WITH LABOR NEGOTIATORS Pursuant to California Government Code Section 54957.6. Agency-Designated Representative: Jeff Stumbo. Employee Organization: International Brotherhood of Employee Workers (IBEW), Local 465.
- b. MTS: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to Government Code Section 54956.9(a): Save Our Heritage Organisation (SOHO) v. City of San Diego, et. al., Superior Court Case No. GIC 837743.
- c. MTS: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(a): MTDB v. KHS&S and Commerical Scaffolding, Inc.

The Board reconvened to Open Session at 10:04 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 and gave direction to agency negotiators.
- b. The Board received a report and gave direction to outside counsel. City of San Diego representatives were not present for the discussion of this item.
- c. The Board received a report from outside counsel and gave direction to outside counsel.

NOTICED PUBLIC HEARINGS

There were no Noticed Public Hearings.

DISCUSSION ITEMS

30. MTS: Update on the Status of the Grossmont Trolley Station Joint Development Project (LEG 460, PC 50787)

Ms. Tiffany Lorenzen, MTS General Counsel, introduced MTS outside counsel Marty Bohl and Wesley Epinoza and Pat Gavin of Fairfield Residential LLC. She then provided the Board with an update on the status of the Grossmont Trolley Station Joint Development Project. She reported that some significant issues have arisen that have not been resolved in spite of substantial discussion between the involved parties. She stated that Fairfield's general counsel

has also identified, as of yesterday, seven new issues. She recommended that the Board not take action to review and approve the Disposition and Development Agreement (DDA) and the Ground Lease. She suggested that the Board authorize and direct staff and outside counsel to continue negotiations with Farifield and Fairfield's lender working one-on-one with Executive Committee members as needed, and bring the DDA and Ground Lease back to the Board at its April 27, 2006 meeting. She added that the appraisal of the property will also be included for the Board's review and approval on April 27.

Ms. Lorenzen stated that staff has been spending four to five hours daily in conference calls with the parties involved in this project, and good progress is being made. She stated that these types of projects are very complicated, and staff is trying to work quickly while giving Fairfield the opportunity to resolve their issues and be comfortable with the results.

Mr. Jantz agreed that it would be premature for the Board to review the DDA and Ground Lease at this point in time and thanked staff for the amount of time being dedicated to the resolution of the issues. He stated that the lender is concerned about protecting itself against the risks of the project, which are quite low. Mr. Gavin thanked everyone for their continued patience and explained that what is occurring is normal for a development project.

#### Action Taken

Mr. Emery moved to authorize and direct staff and outside counsel to continue negotiations with Farifield and Fairfield's lender working one-on-one with Executive Committee members as needed, and bring the DDA and Ground Lease back to the Board at its April 27, 2006 meeting. Mr. McLean seconded the motion, and the vote was 13 to 0 in favor.

31. MTS: San Diego Association of Governments (SANDAG) Draft Smart Growth Concept Map and Workshops (AG 230.1, PC 50451)

Ms. Carolina Gregor, SANDAG Sr. Planner, provided an overview of this item. She reported that SANDAG has been conducting workshops throughout San Diego to solicit public input regarding how smart growth could work in San Diego communities. She encouraged Board members to attend one of these workshops. She explained how different areas of the San Diego region were classified in the Regional Comprehensive Plan (RCP), which provides an overall vision and policy framework for better connecting transportation and land use within the region. She stated that a key step in RCP implementation is the preparation of a Smart Growth Concept Map. Ms. Gregor defined smart growth, reviewed smart growth designations, and presented a Regional Scale Concept Map. She stated that there are almost 200 smart growth areas that have been identified – 35 that are existing or planned and 65 percent that are potential. She stated that smart growth includes planning grants as well as capital improvements, such as sidewalks, plazas, streetscape enhancements, improvements to transit stations, and other community initiatives. She stated that the individual jurisdictions in San Diego are making decisions regarding what is included on the map, and there is at least one smart growth project in each jurisdiction. She advised the Board that \$14 billion has been set aside in TranstNet II for a 40-year period (2008-2048), and \$7 million annually has been set aside for smart growth incentives.

Ms. Gregor reported that SANDAG transportation planners have been working with MTS's Planning and Performance Monitoring Department to ensure that the COA and smart growth projects integrate well.

In response to a question from Mr. Monroe, Ms. Gregor provided an overview of community reactions at each one of the workshops already held. She stated that public input will be posted to the SANDAG web site.

Mr. Emery stated that there are always discussions about how transit should be tied to growth. He expressed his frustration that growth occurs as predicted, but transit does not expand along with it, and MTS does not have the resources to provide the service. He stated that a means needs to be identified to make it possible for transit expansion to occur as growth occurs. He pointed out that there is nothing on the horizon for improving transit. He added that the Legislative Analyst Office report points out that SANDAG does not have the land-use authority it needs to make these types of projects happen.

Ms. Atkins stated that planning needs to be tied to resources and not just for transit. She stated that communities are not able to provide recreation centers, libraries, etc. that can provide the service levels needed in growing communities. She stated that improvements need to be made in matching funding to areas that are experiencing the most growth. She added that MTS is not meeting its mandate as a transit agency, and Board members need to convince their peers that transit needs more funding. She stated that choice riders need more options and more services before they will choose transit. Ms. Atkins expressed her support of the plan.

Mr. Jablonski stated that, as a result of the public hearings for the COA, staff has a better understanding of how much more need there is for transit than MTS is able to provide. He stated that the next step in the planning process is to become more proactive in discussing the issues, shortfalls, people's needs, and how transit can make more of an impact by carrying more choice riders. He stated that work is underway on something to step up that activity, and that plan will be brought back to the Board in the near future. Mr. Roberts stated that everyone needs to recognize that there is a limited amount of funding available, and that people need to be educated to appreciate the value of transit. He suggested that the funding be concentrated on elements that have a more significant impact on moving people. He stated that improving sidewalks does not fit that criteria. He stated that, because funding is so split up and spread around, San Diego has not changed the transit-riding experience for anyone. Mr. Rindone stated that this idea should be communicated to SANDAG.

#### Action Taken

Ms. Hanson-Cox moved to receive a report and forward Board comments on the Smart Growth Concept Map (Attachment A of the agenda item) to the San Diego Association of Governments. Mr. McLean seconded the motion, and the vote was 13 to 0 in favor.

#### REPORT ITEMS

45. MTS: SANDAG Survey Findings on Green Line Trolley Ridership (MKPC 620.7, PC 50551)

Ms. Judy Leitner, MTS Business Development Manager, introduced this item and SANDAG Planner James Floyd. Mr. Floyd provided background on the SANDAG Service Bureau's three surveys on Green Line trolley ridership, which were conducted in the fall of 2005. He reviewed the findings of the surveys and pointed out that the system is gaining new riders and others are riding more often. He briefly discussed modes used previously by new riders and the mode used to get to the Green Line. He reported that passengers are riding the Green Line primarily because they don't have a car available, to avoid traffic congestion, because of the cost of driving, and/or to avoid parking difficulties. He stated that nearly one-third of Green Line users

want late-night service on weekends. Mr. Floyd also advised the Board that use of the SDSU Transit Center has more than tripled, reducing parking demand on campus by 2,000 cars.

In response to a question from Mr. Jones, Ms. Leitner stated that, because of the number of students who used the Green Line the first day of class, San Diego State University (SDSU) did not have to use parking valets as they have in past years. She stated that SDSU sold about 700 semester passes in fall of 2004 compared to 3,000 in the fall of 2005. Mr. Jones asked staff to find out if SDSU has sold fewer parking passes to students.

In response to a question from Mr. Monroe regarding the impact of Green Line ridership on Orange Line ridership, Mr. Jablonski stated that ridership on the Orange Line was down to 17,000 per day at one point in time but has resurged to above 20,000. Mr. Rindone requested that the Board receive an update every three months on Green Line ridership and its impact, if any, on Orange Line ridership. He requested that this update be provided for the duration of Congestion Mitigation and Air Quality (CMAQ) funding for Mission Valley East.

Action Taken

Mr. Jones moved to receive a report on SANDAG's survey findings for Green Line ridership. Ms. Zarate seconded the motion, and the vote was 12 to 0 in favor.

46. MTS: Operations Budget Status Report for February 2006 (FIN 310, PC 50601)

Mr. Marinesi provided a recap of MTS financial results through February 2006. He reviewed the total combined net operating subsidy variance and compared revenues and costs to the amended budget.

Action Taken

Mr. Emery moved to receive the MTS Operations Budget Status Report for February 2006. Mr. McLean 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

*Train Derailment:* Mr. Jablonski reported at the beginning of the meeting that a freight train had derailed in the early morning as it was pulling out of a siding just south of the 24<sup>th</sup> Street Station in National City onto the main line. He stated that the train operator traveled about 200 feet on the main line before he realized he had a derailed car. He advised the Board that the derailment damaged the track, and trolley operations had been suspended through this location. He provided periodic updates throughout the meeting regarding the status of the removal of the derailed cars by an outside contractor from San Bernardino. At the end of the meeting, Mr. Jablonski reported that the derailed train had been cleared off the track by 9:45 a.m. and that the rail had been straightened out. He added that the ties were being temporary replaced by San Diego Trolley staff, and trolley service should be restored shortly.

62. Board Member Communications

There were no board member communications

63. Additional Public Comments on Items Not on the Agenda

*Judith MacLeod:* Ms. MacLeod asked if the new signs being installed at the bus stops would glow in the dark and stated that this is an important issue for people who ride buses after dark. She also stated that there are people who have complained because they were not aware of the changes being made to Route No. 44 and others who are confused about constant bus changes. She stated that some people are not taking responsibility for finding out about service changes.

64. Next Meeting Date

The next regularly scheduled Board meeting is Thursday, April 27, 2006, at 9:00 a.m. in the same location.

65. Adjournment

Vice Chair Rindone adjourned the meeting at 11:12 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