

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

May 12, 2005

BOARD OF DIRECTORS MEETING ROOM, 10<sup>TH</sup> FLOOR  
1255 IMPERIAL AVENUE, SAN DIEGO

MINUTES

**Finance Workshop – 8:00 a.m.**

1. Roll Call

Budget Development Committee Chairman Rindone called the meeting to order at 8:18 a.m. A roll call sheet listing Board member attendance is attached.

2. a. MTS: FY 2006 Budget Development (FIN 310.1, PC 30100)

Mr. Jablonski, MTS Chief Executive Officer (CEO), advised the Board that the budget information being provided does not differ much from the information presented in staff's last report to the Board. He stated that the Board is being asked to codify last week's Board action on the Comprehensive Operational Analysis (COA) and incorporate the impact of the approved service efficiencies into the budget. He advised the Board that staff is recommending the inclusion of Jobs Access Reverse Commute (JARC) funding and Air Pollution Control District (APCD) funding in the budget at this time. He stated that meetings have been held with APCD, and he is optimistic that this funding will be forthcoming. He stated that JARC funding is still in question, but MTS is lobbying for the allocation of these funds during the next appropriations cycle. He stated that mid-year budget adjustments can be approved if either of these funding sources do not materialize. He stated that MTS's services that are funded through these sources are productive services, and economies may be sought elsewhere if the funding does not materialize.

MTS Controller Tom Lynch reported on the amount of APCD and JARC funding included in the budget. It was also pointed out that Congestion Mitigation and Air Quality (CMAQ) monies will be available to fund Green Line operations for the first three years of service only as this funding is earmarked for start-up services. Mr. Jablonski provided a definition of reverse commute at Mr. Monroe's request. Mr. Lynch also pointed out that the implementation of approved service efficiencies will not take place until September 2005; therefore the associated

savings will only be realized for three-quarters of the fiscal year. He stated that staff is recommending that \$2,371,000 of Bus Rapid Transit (BRT) funding be used to balance the FY 06 operating budget, and that the remainder of the BRT funding, \$2,043,000, be applied to capital needs. Mr. Lynch presented an operating budget overview and also reported on projected operating and subsidy revenues for FY 06. He also reviewed projected expenses for FY 06. He stated that the debt service primarily consists of a payment schedule on leaseback options and debt service funding on the farebox-collection system. He stated that most of these costs are covered by increased revenues.

Mr. Ewin asked if there was a process in place for the allocation of funds to MTS by SANDAG. Mr. Jablonski explained how that process currently works and stated that there is no mechanism for covering shortfalls. Mr. Ewin also stated that he appreciated the need to identify service efficiencies, but pointed out that MTS will not increase its ridership by discouraging riders. He added that, especially given voter-approval of TransNet, MTS should ensure it is doing things to cause choice riders to view transit as an attractive option. Mr. Rindone echoed Mr. Ewin's concern regarding SANDAG's process for the allocation of funding, which will become a very important issue in 2008 when CMAQ funding is no longer available for Mission Valley East operations. Mr. Rindone also recognized that the FY 06 budget reflects a significant reduction in the reliance on nonrecurring revenues.

Mr. Jablonski stated that there is a 16.5 percent allocation for operations in TransNet II compared to the 13 percent allocation in TransNet I. He added that consideration is being given to holding this difference in a discretionary fund that SANDAG would administer and for which they would set the criteria. Mr. Jablonski stated that funds are currently allocated to the two systems based on a formula. He pointed out that this concept has not yet been presented for a policy-level decision. He added that he plans to bring to SANDAG Executive Director Gary Gallegos's attention that MTS will be facing the loss of CMAQ funding in 2008 and stressing how important those funds are going to be to the continued operation of the Green Line. Mr. Ewin expressed concern over having funding allocated on a discretionary basis. He stated that the Board needs to convey to SANDAG that, for planning purposes, MTS needs to know the basis for its funding allocations. Mr. Rindone stated that it is important that funds be allocated in accordance with TransNet as it was presented to and approved by the voters. In response to a question from Mr. Monroe, Mr. Jablonski stated that there is funding in TransNet II that is specifically and separately allocated for the operation of new projects.

Mr. Williams stated that, at the time of consolidation, the MTS Board insisted that it have membership on the SANDAG Transportation Committee because MTS Board members are the most knowledgeable and most devoted to public transportation. He stated that it is important that Board members as well as staff convey that knowledge and the value of public transportation to SANDAG. He stated that all Board members need to understand and represent the interests of MTS. Mr. Williams also stated that it is important to increase the number of

riders who are not transit dependent, and that can't be done if you keep diminishing public transportation's value.

At the request of Mr. Ewin, Mr. Lynch explained that the increase in debt service is the result of increases in lease and lease-back payments and debt service for the automated fare-collection system. He stated that there is an increase in expense associated with these items but also an offsetting increase in revenues. He stated that the funds used to pay the debt service for the fare-collection system (\$7 million) are taken off the top of the capital program. Mr. Ewin stated that the Board needs to be cautious about making commitments to items that will have a substantial impact in the future. In response to a question from Mr. Ewin, Mr. Lynch reported that the debt service on the fare-collection system will be \$7 million annually through 2010, at which time it drops to \$3 million. Mr. Jablonski advised Mr. Ewin that fareboxes installed this year have an effective life of about 12 years. Mr. Roberts pointed out that the new fareboxes have a new technology that potentially may produce not only better service for MTS customers but also potential revenues. Mr. Rindone requested that staff make a presentation on smart card technology when appropriate.

Mr. Rindone stated that the public hearing for the budget will take place Thursday, June 9, 2005.

Mr. Lewis stated that funding should be allocated within the budget for upcoming contract negotiations.

#### Public Comment

*Steve Alcove, President, Amalgamated Transit Union, Local 1309:* Mr. Alcove informed the Board about the number of contract negotiations that will be coming up in future years, and pointed out that these type of things should be taken into consideration when budgets are being developed. He also stated that budgetary savings should be identified and continued. Mr. Alcove expressed concern that the start-up of the Green Line will cause a reduction of 6 percent in transportation services – bus. He stated that there is no guarantee that people who lose bus service will ride the trolley.

#### Action Taken

Mr. Emery moved to receive the Combined MTS FY 2006 operating budget reports (Attachments A-N of the agenda item) and approve the following budgetary assumption for the fiscal year 2006 budget: BRT Funds: BRT funds will be utilized to balance the fiscal year 2006 budget. Mr. Ewin seconded that motion, and the vote was 11 to 0 in favor.

**Board Meeting – 9:00 a.m.**

3. a. Roll Call

Chair Williams called the meeting to order at 9:03 a.m. A roll call sheet listing Board member attendance is attached.

b. Approval of Minutes

Mr. Emery moved to approve the minutes of the April 28, 2005, Board of Directors meeting. Ms. Atkins seconded the motion, and the vote was 11 to 0.

c. Public Comment

There were no Public Comments.

4. Presentation of Employee Awards

San Diego Transit Corporation employees were presented with service awards as follows: For 20 years of service: Victoria Williams, Operator. For 25 years of service: Ronald Bonslater, Mechanic C.

5. Closed Session Items (ADM 122)

There were no Closed Session Items.

**CONSENT ITEMS**

6. MTS: Rural Bus Maintenance Services Contract – Exercise Carryover Months (OPS 920.5, PC 30207)

Recommend that the Board of Directors authorize the Chief Executive Officer (CEO) to exercise the three carryover months allowable under the current contract (MTS Document No. B0374.2-03 – Attachment A of the agenda item) with Laidlaw Transit Services, Inc., for rural bus maintenance and support services. The extension of the carryover months would run from July 1, 2005, through September 30, 2005.

7. MTS: Historic Austrian (Vienna) Streetcar Vehicles (OPS 970, PC 30102)

Recommend that the Board of Directors authorize the CEO to execute an agreement to transfer ownership and possession of three Austrian vintage streetcar vehicles to the San Diego Electric Railway Association (SDERA) in accordance with Policy No. 33 (Attachment A of the agenda item).

8. MTS: Sorrento Valley Coaster Connection/Sorrento Valley Caltrans Mitigation Services Contract – Exercise carryover Months (OPS 920.5, PC 30118)

Recommend that the Board of Directors authorize the CEO to exercise up to six carryover months allowable under the current contract (MTS Document No. B0369.2-03)

with Laidlaw Transit Services, Inc. for Sorrento Valley Coaster Connection services. The extension of the carryover months would run from July 1, 2005, through December 31, 2005 (Attachment A of the agenda item) and would be awarded contingent upon funding from the Air Pollution Control District.

#### Recommended Consent Items

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

#### NOTICED PUBLIC HEARINGS

There were no Noticed Public Hearings.

#### DISCUSSION ITEMS

##### 30. MTS: I-15 Bus Rapid Transit Operations (CIP 11481)

Mr. Jablonski advised Board members that there was indecision expressed at the last SANDAG Transportation Committee meeting regarding who would operate Bus Rapid Transit (BRT) service in the I-15 corridor. Mr. Jablonski briefly reviewed the reasons that MTS should operate this service and stated that the resolution being recommended for approval by the Board details those reasons. He stated that this service will operate within MTS's jurisdiction, and only one station will be located within North County Transit's jurisdiction. He also stated that it would be cumbersome for people who use the service to go to North County Transit District (NCTD) for public hearings on service changes, and that this service needs to be integrated with express service, feeder routes, etc. and function as a whole unit. He stated that MTS would lose opportunities for schedule efficiency and coordination if this service were operated by NCTD. He also pointed out that MTS owns most of the property on which the BRT would operate.

#### Public Comment

*Steve Alcove, President, Amalgamated Transit Union, Local 1309:* Mr. Alcove expressed support his support for approval of the resolution and commended the Board for taking this step.

Mr. Emery reported that this issue had been discussed by the Executive Committee, and the Committee agreed with Mr. Jablonski's reasons for MTS operation of this service. He stated that BRT service in the I-15 corridor has been in the planning stages well in advance of the consolidation. He stated that it was important for the Board to approve this resolution in order to memorialize the Board's position on this matter. He stated that the Board supported the consolidation, but nowhere did the Board support dismantling the two separate operating systems.

Mr. Mathis stated that he found it curious that SANDAG would try to control the operating systems, and expressed concern that SANDAG is actually discussing this matter with North County Transit when the service area is in MTS's jurisdiction. He stated that he would be even more concerned if North County Transit is actually considering this.

Action Taken

Mr. Emery moved to adopt Resolution No. 05-3 (Attachment A of the agenda item) reaffirming its interest in and authority to provide service for Interstate 15 bus rapid transit operations. Mr. Clabby seconded the motion, and the vote was 13 to 0 in favor.

31. MTS: Amendment to MTS Administrative Code Granting the CEO Authority to Change Benefits and Create a Unified Human Resources Policy Manual for the Employees of the MTS, SDTC, and SDTI (ADM 150.3, PC 30100)

Mr. Jablonski advised the Board, as he has previously discussed with the Ad Transit Subcommittee, that MTS now has three different agencies with three different benefit structures and levels. He stated that he is trying to unify the three agencies into one and, to the greatest extent possible, unify benefit structures and levels as well. He stated this would simplify matters and would make benefits more consistent between employees. He stated that Human Resources has been functionally consolidated but is currently administering three different benefit plans. He stated that, in many cases, employees with varying levels of benefits are working side by side.

Mr. Jablonski reported that MTS's current Administrative Code is quite lengthy. He stated that the recommendation presents a Code that complies with the law, and the unified Human Resources Manual being recommended would provide the detail regarding benefits. He stated that the recommendation asks that the Board grant the CEO authority to make changes to benefits in the interest of consistency. He stated there are more than 20 different items that need to be aligned. Mr. Jeff Stumbo, MTS Director of Human Resources and Labor Relations, reviewed the goals of the unification process. In response to a question from Mr. Ewin, Mr. Jablonski confirmed that there is no cost associated with this action. Ms. Lorenzen confirmed for Mr. Ewin that she had conducted a legal review of this item, and added that the unified Human Resources Manual will also undergo a legal review. Mr. Young requested that the unified Human Resources Manual be brought back to the Board

Public Comment

*Steve Alcove, President, Amalgamated Transit Union, Local 1309:* Mr. Alcove expressed support of this process. He suggested that the same type of unification process be applied to the bargaining unit employees of San Diego Trolley and San Diego Transit.

Action Taken

Mr. Jones moved to approve an amendment to the MTS Administrative Code, authorize the CEO to modify and unify benefit levels for all three agencies, and create a unified Human Resources Policy Manual. Mr. Ewin seconded the motion, and the vote was 13 to 0 in favor.

REPORT ITEMS

There were no Report Items.

60. Chairman's Report (ADM 121.7, PC 30100)

Chairman Williams advised the Board that he had responded to the initial inquiry received from the Legislative Analyst's Office (LAO) in Sacramento regarding SB 1703. He stated that the LAO is conducting a progress evaluation as mandated in the legislation. Mr. Williams stated that he stressed during his discussion with them the importance of public transportation retaining its role in San Diego. He also stated that he discussed with the LAO the government structure and the Board's consensus to acquiesce to the current structure on the theory that it is a work in progress.

Mr. Jablonski stated that he had talked to Marianne O'Malley, from the LAO office. He stated that the initial invitation to discuss this matter was issued with only a two-day notice. He stated that this is the first step of many in this process, and Board members will have many opportunities to participate in this process through the summer and into fall.

61. Chief Executive Officer's Report (ADM 121.7, PC 30100)

*Certificate of Occupancy:* Mr. Jablonski reported that MTS has received the Certificate of Occupancy for the SDSU station from the Office of the State Fire Marshal. He stated that it was a very arduous process to reach this milestone.

*S70 Trolley Cars:* Mr. Jablonski stated that MTS has accepted its first new S70 trolley car. He stated that staff continues to work with Siemens on compatibility and other minor issues. He added that the remaining trolley cars are being produced on schedule, and all cars should be in San Diego by the end of June.

62. Board Member Communications

*Channel 8 Newscast:* Mr. Monroe played a segment of a recent newscast in which four reporters used varying modes of transportation to travel to their studio in Kearny Mesa from their homes. Three of the reporters used public transportation. He stated that the Board should look at where the three reporters who used public transit had problems. He pointed out that the regular riders the reporters encountered were complimentary regarding public transit.

*Grossmont Trolley Station – Transit-Oriented Development:* Mr. Ewin advised Board members that a presentation on this joint project was given at the April 28, 2005, Board meeting, and that he had copies of the report that he could provide to Board members who were not at that meeting. He stated that this project is a good example of Smart Growth, and an impetus toward what board members can do. He stated that Mr. Jablonski is taking the lead on this project. Mr. Jablonski suggested that renderings of this project be displayed at the Grossmont Trolley Station during the upcoming Community Ride Day being held as part of the festivities for the opening of the Green Line. He also suggested that staff consider collecting participants for the Green Line opening at Park and Ride lots.

*Taxicab Short Rides:* Ms. Atkins referred to a recent news article about the difficulties people are encountering when they try to use taxicabs to go short distances. She stated

that, while she is sensitive to the economic issues for taxicab operators, she also felt that efforts should be undertaken to ensure that people are getting the service they need. Ms. Hafner, in response to a question from Ms. Atkins, stated that the permit allocation process has not been completed. Ms. Hafner stated that MTS regulates the taxicab operators, not the taxicab companies, which makes it difficult to deal with this issue. Ms. Atkins requested that staff raise this issue with the owners. Ms. Hafner offered to report back to the Board with some suggestions regarding short rides. Ms. Atkins pointed out that MTS does have leverage in this issue since the permit allocation process is still in process.

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, May 26, 2005, at 9:00 a.m. in the same location.

65. Adjournment

Chairman Williams adjourned the meeting at 9:59 a.m.

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Chairman  
San Diego Metropolitan Transit  
Development Board

Filed by:

Approved as to form:

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

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Office of the General Counsel  
San Diego Metropolitan Transit  
Development Board

Attachment: A. Roll Call Sheet

gail.williams/minutes