

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

June 14, 2007

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

1. Roll Call

Chairman Mathis called the meeting to order at 9:05 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Public Comment

Clive Richard: Mr. Richard pointed out that Ms. Atkins was referred to as *Mr.* Atkins on page 2 of the minutes.

Mr. Emery moved to approve the minutes of the May 24, 2007, Board of Directors meeting with the aforementioned correction. Mr. Rindone seconded the motion, and the vote was 9 to 0 in favor.

3. Public Comment

Elizabeth Cox, Director of Community Relations for Elite Racing: Ms. Cox thanked MTS for its support of the Rock 'N' Roll Marathon, which raised \$12 million for medical research this year for a ten-year total of over \$122 million. She specifically thanked Tom Doogan, Michelle Shepherd, and Rod See for all of their work. She stated that next year's event will be held Sunday, June 1, 2008.

Joy Sunyata: Ms. Sunyata thanked MTS for providing public transportation for the community. She recognized bus operators for coping with the challenges of their difficult jobs and stated that she hoped that MTS provides bus operators with training on how to deal with homeless and chronically ill people who are feeling challenged, upset, and lost. She also reported that the bike rack, which she tried to use this morning, was blocked by large pieces of equipment. She asked for additional bus racks and that equipment not be stored in a way that blocks the racks.

Mr. Jablonski, MTS Chief Executive Officer, advised Ms. Sunyata that there are additional bike racks on the lower level of the parking garage. He also thanked Ms. Sunyata for recognizing the difficulty of a bus operator's job. He added that MTS does provide its operators with this type of training.

CONSENT ITEMS

Ms. Tiffany Lorenzen, MTS General Counsel, read the titles of Ordinance No. 5, an Ordinance Relating to the Enforcement Authorities of Code Compliance Inspectors, Assistant Code Compliance Supervisors, the Code Compliance Inspection Supervisor, and Taxicab Inspectors I & II; and Ordinance No. 13, an Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions On or About a Transit Facility or a Bus Stop.

6. MTS: San Diego and Arizona Eastern (SD&AE) Railway Company Quarterly Reports and Ratification of Actions Taken by the SD&AE Railway Company Board of Directors at its May 22, 2007, Meeting (SDAE 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 (2) ratify actions taken by the SD&AE Railway Company Board of Directors at its meeting on May 22, 2007, (Attachments B through D of the agenda item).

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

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

8. MTS: Payroll and Human Resources Information System – Contract Award (CIP 11192)

Recommend that the Board of Directors authorize the CEO to award a contract (MTS Doc. No. G1063.0-07, in substantially the same format as Attachment A of the agenda item to Ingentra HR Services, Inc. for payroll processing and a Human Resources Information System.

9. MTS: Capital Improvement Program Project Budget Transfers (CIP 11420, 11287, 11186, 10494)

Recommend that the Board of Directors (1) forward a request to the San Diego Association of Governments (SANDAG) Transportation Committee to transfer funds from the Catenary Contact Wire Replacement Project No. 11420 to the L Street/West Park Avenue Track Rehabilitation Project No. 11287 (as shown on Attachment A of the agenda item, Budget Transfer Summary; and (2) approve a Memorandum of Understanding to transfer funds from the MTS Crane Truck Procurement Project No. 11186 to SANDAG's City College Station Realignment Project No. 10494 (in substantially the form as shown on Attachment B of the agenda item and summarized as shown on Attachment A of the agenda item, Budget Transfer Summary).

10. MTS: An Ordinance Amending Ordinance No. 5, an Ordinance Relating to the Enforcement Authorities of Code Compliance Inspectors, Assistant Code Compliance supervisors, the Code Compliance Inspection Supervisor, and Taxicab Inspectors I & II (ADM 110.3, PC 50121)

MTS: An Ordinance Amending Ordinance No. 13, an Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions On or About a Transit Facility or a Bus Stop

Recommend that the Board of Directors (1) read the title of Ordinance No. 5, an Ordinance Relating to the Enforcement Authorities of Code Compliance Inspectors, Assistant Code Compliance Supervisors, the Code Compliance Inspection Supervisor, and Taxicab Inspectors I & II; (2) read the title of Ordinance No. 13, an Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions on or About a Transit Facility or a Bus Stop;

(3) waive further readings of the ordinances; (4) introduce the ordinances for further consideration at the next Board meeting on June 28, 2007; and (5) direct publication of ordinance summaries.

11. MTS: Proposed Amendments to Board Policy No. 30 (Investments) (FIN 300, PC 50601)

Recommend that the Board of Directors approve the proposed revisions (Attachment A of the agenda item) to Board Policy No. 30.

12. MTS: June 2007 Service Changes (SRTP 830, PC 50451)

Recommend that the Board of Directors receive a report on the service changes scheduled for June 2007 implementation.

Public Comment

Clive Richard: Mr. Richard completed a Public Speaker Slip on Consent Agenda Item No. 10 but did not speak.

Recommended Consent Items

Mr. Emery moved to approve Consent Agenda Items No. 6, 7, 8, 9, 10, 11, and 12.
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 9:11 a.m.

- a. MTS: CONFERENCE WITH LEGAL COUNSEL – CONFERENCE WITH LABOR NEGOTIATORS Pursuant to California Government Code Section 54957.6:
Agency-Designated Representative – Jeff Stumbo
Employee Organization – Amalgamated Transit Union, Local 1309

The Board reconvened to Open Session at 9:45 a.m.

Oral Report of Final Actions Taken in Closed Session

Ms. Lorenzen reported the following:

- a. The Board received a report from agency negotiators.

REPORT ITEM *(Taken Out of Order)*

45. MTS: Legislative Update (LEG 410, PC 50121)
(Taken Out of Order)

Chairman Mathis stated that he felt it was important for Board members to hear this item prior to staff's presentation on the FY 2008 budget.

Ms. Sharon Cooney, MTS Director of Government Affairs and Community Relations, provided the Board with an overview of federal legislative activities (FY 2007 Transit Security Grant Program, Urban Partnership Agreements, and FY 2007 Section 5309 Bus and Bus Facilities Program). She reported that San Diego has been selected as a finalist for the Urban Partnership Program, which is a competitive process that will give the winners access to substantial funding. Ms. Cooney reviewed the Governor's proposed budget and provided a historical perspective on how the Public Transportation Account (PTA) was developed.

Ms. Cooney also reviewed the impact of the Governor's budget proposal on MTS's State Transit Assistance (STA) subsidy. She reported that in 2006/07, STA funding was \$28.4 million, and in 2007/08, it will be \$9.4 million. She stated that 2007/08 funding would be \$32.6 million if the Governor were not proposing diversion of the spillover funds. She stated that a conference committee is in the process of resolving the issue with this diversion of funding, the only issue left to resolve, and added that the state budget is supposed to be approved by July 1. Ms. Cooney advised the Board that she has been working with state legislators and the California Transit Association (CTA) to ensure that transit gets as much benefit as possible. In response to a comment by Mr. Ewin, Ms. Cooney stated that spillover funding has historically been diverted for other purposes. She stated that CTA is currently studying this matter from a legal standpoint.

Ms. Cooney pointed out that the spillover account is classified by MTS as nonrecurring funding because it only happens when the price of gasoline is relatively high compared to other taxable goods.

Public Comment

Joy Sunyata: Ms. Sunyata stated that she appreciated Ms. Cooney's willingness to provide her with information on how she, as a private citizen, can help in these types of matters.

Action Taken

Ms. Atkins moved to receive an update on state and federal activities related to transit. Mr. Clabby seconded the motion, and the vote was 12 to 0 in favor.

NOTICED PUBLIC HEARINGS

25. MTS: FY 2008 Budget: Public Hearing and Adoption (FIN 310.1, PC 50601)

Mr. Larry Marinesi, MTS Budget Manager, provided the Board with a recap of previous reports on this item. He reminded the Board that Transportation Development Act (TDA) and TransNet subsidy projections for 2007 and 2008 were recently revised. He also provided an overview of the short-term interim solution that staff brought to the Board at its meeting on May 28, 2007. He then reviewed FY 2008 revenues and expenses as well as five-year projections for recurring and nonrecurring revenues. He reported that the \$9.5 million listed in the presentation as nonrecurring revenues primarily consists of the funds from the FY 2007 budget that were not expended in addition to the third and final year of Congestion Mitigation and Air Quality (CMAQ) funding, which will be replaced in FY 2009 with TransNet II funding.

Mr. Marinesi also presented a list of potential options for reducing MTS's budget that will be reviewed by staff and discussed by the Budget Development Committee at a future date. Mr. Jablonski stated that these options will be considered as a way to bring MTS's budget in line

with its revenues. He stated that the list of options includes raising additional revenues from advertising and the leasing of MTS properties. He stated that also service adjustments and fare levels are also on the list. He stated that all of these areas will be reviewed as ways to balance the budget on an ongoing basis. Mr. Rindone, Chair of the Budget Development Committee, stated that none of these options are good choices. He added that MTS may reach the point where service reductions have to be made to those routes with higher subsidies. He stated that he welcomed feedback from Board members on this matter.

Mr. Ewin stated that he would like more detail regarding those items in the budget that are outside of MTS's control and those that can be adjusted. Mr. Jablonski stated that MTS must make its payments on the pension obligation bonds and payments related to the leasebacks on its trolley cars. He added that the vast majority of MTS's expenses are related to the provision of service or the management of the organization. He stated that he would have further discussions with Mr. Ewin regarding his request.

Chairman Mathis opened the public hearing at 10:15 a.m.

Steve Alcove, President and Business Agent for the Amalgamated Transit Union (ATU), Local 1309, representing bus operators: Mr. Alcove felt that it was not good faith bargaining with the ATU to have an approved budget without knowing the results of contract negotiations and expressed concern about how approval of the budget would impact upcoming negotiations with other unionized employees. He felt that the budget would be balanced on the backs of the operators.

Jerry Butkiewicz, San Diego Imperial County Labor Council: Mr. Butkiewicz stated that he understood that the Board must take action to approve the budget but felt the Board should not do so until the results of contract negotiations are known. He didn't feel that meaningful negotiations could occur if the budget was approved before negotiation results become known. He felt the company's ability to enter into good faith negotiations would be compromised.

Chairman Mathis assured both union representatives that there would be good faith negotiations on the part of MTS. Mr. Roberts added that approving the budget would not preclude good faith bargaining. He also objected to the statement that the budget would be balanced on the backs of the operators saying that this was an incorrect statement.

Chairman Mathis closed the public hearing at 10:20 a.m.

Action Taken

Mr. Roberts moved to (1) hold a public hearing, receive testimony, and review and comment on the fiscal year 2008 budget information (Attachment A of the agenda item) presented in this report; and (2) adopt Resolution No. 07-6 (Attachment B of the agenda item) approving the operating and capital budget for MTS and approving the operating budgets for SDTC, SDTI, MTS Contract Services, Chula Vista Transit, and the Coronado Ferry. Mr. Emery seconded the motion, and the vote was 12 to 0 in favor.

DISCUSSION ITEMS

30. MTS: Revisions to Policy No. 42 (New and Existing Service Evaluation) (SRTP 830, PC 50451)

Mr. Conan Cheung, MTS Director of Planning and Scheduling, reported that changes to Policy No. 42 (New and Existing Service Evaluation) are being recommended in order to incorporate Comprehensive Operational Analysis (COA) principles into how MTS service is evaluated on an ongoing basis. He reviewed the elements of the existing policy and then reviewed the changes staff is recommending for approval by the Board. He also reviewed the recommended evaluation criteria, different route categories, and FY 2008-11 Performance Targets. Mr. Cheung then reviewed the various classifications of service-change types and whether or not each type would require board approval and/or public hearing prior to implementation.

In response to a question from Mr. Lewis, Ms. Claire Spielberg, Chief Operating Officer – Transit Services, reported that the on-time performance criteria is gathered using GPS and an automated vehicle locator system. She stated that the resulting data is used to identify problem areas where schedule adjustments are needed in order to improve on-time performance, not to monitor operator performance.

Ms. Atkins stated that she was very pleased regarding the updates that are being provided to the Board on these matters. She stated that, as a result, she has better information leading to a better understanding than she has had before. She also stated that having this information makes her feel confident that staff is monitoring these things very closely. Chairman Mathis echoed Ms. Atkins' statements.

Mr. Jablonski stated that revising Policy No. 42 is a very natural step following the COA. He stated that this represents the most comprehensive look at MTS's service, which will be done on an annual basis, that is done anywhere. He stated that it is important to evaluate service and make changes on a regular basis to prevent the need for a much larger effort.

Action Taken

Mr. McLean moved to approve amendments to MTS Policy No. 42 as outlined in Attachment A of the agenda item. Ms. Atkins seconded the motion, and the vote was 12 to 0 in favor.

31. MTS: Audit Oversight Committee (ADM 110.7, PC 50101)

The Board agreed with Chairman Mathis to waive the staff report on this item.

Mr. Young requested that his comments regarding this matter from the previous two Board meetings be incorporated into the record and stated that he would not support this item. He stated that the Audit Advisory Committee should be a stand-alone committee. His comments from the two previous meetings are as follows:

April 12, 2007: Mr. Young asked if having the Executive Committee serve as an Audit Oversight Committee is acceptable under official accounting guidelines. He asked legal counsel to review the duties of the Executive Committee and then questioned why MTS would not have a separate committee for audit oversight purposes. He asked if giving the Executive Committee responsibility for audit oversight would increase accountability. Mr. Young asked the Board to consider whether the Executive Committee should be given responsibility for audit oversight.

May 24, 2007: Mr. Young stated that he did not believe that it was in MTS's best interests to have the Executive Committee serve as the Audit Oversight Committee and would therefore not support the recommended action to do so.

Ms. Atkins stated that, as long as she was an Audit Advisory Committee member, she intended to make sure that the proper resources were available to carry out the duties of the Committee. She added that this was the right thing to do and thanked Mr. Ewin for his input and expertise in the development of the audit oversight process. Mr. Ewin stated that he would be the first to recommend a different structure if it becomes apparent, as audit oversight progresses, that the adopted structure does not work. Mr. Rindone recognized Mr. Ewin's expertise and stated that his input was and is critical to the process.

Action Taken

Ms. Atkins moved to create an Audit Oversight Committee and adopted the proposed guidelines and responsibilities in Board Policy No. 22 (Attachment A of the agenda item). Mr. Ewin seconded the motion, and the vote was 11 to 1 in favor with Mr. Young casting the dissenting vote.

REPORT ITEMS

46. MTS: Rock 'N' Roll Marathon Recap (OPS 970.2)

Mr. Jim Byrne, SDTC Director of Transportation, provided the Board with an overview on how and which MTS bus routes were affected by the 2006 Rock 'N' Roll Marathon as well as how bus service was provided during the event. He stated that all agencies worked together to provide timely and effective service for both runners and spectators. He also reviewed the number of buses that provided service that day and the number of passengers that were carried. He reported that the average wait time for runners and spectators was ten minutes or less. He reported that Elite Racing was pleased with the service provided.

Mr. Tom Doogan, SDTI Special Events Coordinators, reported that this was the third year using the new route and that special operations lasted slightly more than two hours with only two stations, City College and Seaport Village, completed isolated. He added that this is the last year that City College will be impacted. He also discussed the passenger experience, cost recovery, and how trolley service was provided. He reported that North County Transit District provided, for the first time during this event, a supervisor to help with operations as they related to Amtrak. He stated that Amtrak operations were slowed through Washington, and radio communications were maintained so event personnel were warned about approaching trains. Mr. Doogan then reviewed proposed changes for the 2008 event.

Chairman Mathis stated that staff did a good job of providing this service. Mr. Lewis reported that he heard that Marine Corp Recruiting Depot personnel interfering with event participants. Mr. Byrne reported that the Recruiting Depot is located two blocks from the finish line, and Marine Corp personnel blocked the buses for about ten minutes because of the large influx of people.

Mr. Roberts reported that Washington was backed up all the way to Goldfinch and I-5 North was also backed up around 1:00 p.m. He asked if anyone was analyzing why these backups occurred and looking for solutions. Mr. Doogan stated that he would contact Elite Racing and the Traffic Division of the San Diego Police Department to see if they were aware of these traffic

situations and how they plan to address this issue during future events. Mr. Roberts stated that there should be signage advising motorists to use alternate routes. Mr. Faulconer stated that he would look into this matter as well. He added that his office received no complaints regarding this event and thanked everyone for a job well done.

Action Taken

Mr. Emery moved to receive this report for information. Mr. Rindone seconded the motion, and the vote was 11 to 0 in favor.

47. MTS: Year-To-Date Operations Budget Status Report Through April 2007 (FIN 310, PC 50601)

Mr. Marinesi provided a brief overview of MTS's performance against budget and reported that MTS has a favorable variance of \$3,607 million for FY 2006/07 through April 2007.

Action Taken

Mr. Rindone moved to receive the MTS Year-To-Date Operations Budget Status Report through April 2007. Mr. Emery seconded the motion, and the vote was 10 to 0 in favor.

60. Chairman's Report

Chairman Mathis reported that he recently attended the APTA Rail Conference in Toronto. He reported that he rode their system, briefly discussed the types of transportation they are providing and the equipment being used, and also provided statistics on the size of their system. He stated that Toronto is a very transit oriented city.

61. Chief Executive Officer's Report

Procurement Audit: Mr. Jablonski reported that MTS's Procurement Department recently underwent an audit initiated by the Federal Transit Administration. He reported that the auditors spent one week doing the audit and reviewed 50 different procurements against a 50-point check list. He stated that MTS received 93 out of a possible 100 points, and the auditors stated that MTS had one of the best procurement processes they had seen.

Assistance to Coaster Passengers: Mr. Jablonski reported that MTS recently assisted nine Coaster passengers who missed their train after a ballgame. He stated that an SDTC operator (Juan Hernandez) and an SDTC dispatcher (Ismael Yeo) coordinated with North County Transit to get these passengers home. He reported that the SDTC operator drove the passengers to University Towne Centre where they were picked up by North County Transit.

New Over-the-Road Coaches: Mr. Jablonski stated that, under MTS's contract with Veolia, Veolia was to provide 26 new over-the-road coaches for service in the I-15 corridor. He reported that these buses have started to arrive. He stated that one of these coaches was parked outside the building for Board members to see.

62. Board Member Communications

There were no communications from other Board members.

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, June 28, 2007, at 9:00 a.m. in the same location.

65. Adjournment

Chairman Mathis adjourned the meeting at 11:10 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