

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 22, 2006

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

1. Roll Call

Chairman Mathis called the meeting to order at 9:07 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Ms. Atkins moved to approve the minutes of the June 8, 2006, Board of Directors meeting. Mr. Young seconded the motion, and the vote was 8 to 0 in favor.

3. Public Comment

Mark Perino: Mr. Perino explained that the rerouting of buses to Amaya Station, a temporary measure being implemented as part of the Grossmont Trolley Station Joint Development Project, is causing problems with noise and traffic congestion. He explained the physical characteristics of the area and the specific noise and traffic problems that are occurring. He stated that the station is too small to accommodate the number of buses being routed through the station. He also stated that no environmental impact study was done and the neighborhood was not notified of the changes. Mr. Perino requested that the Board do the following: 1) take any actions to reduce noise created by this situation; (2) permanently station a supervisor at this location to ensure that operators are following company policies; (3) ask planners to investigate alternatives that would reduce the impact of these issues; (4) investigate using the other half of Grossmont Station to alleviate problems created at Amaya Station; and (5) notify the community. He also requested that the station be moved off Amaya Court. Chairman Mathis requested that Mr. Perino submit his comments in writing.

Donna Erickson: Ms. Erickson provided the Board with a handout and then requested that the Board rescind its approval of the FY 2007 Performance Incentive Program that provides bonuses to MTS employees. She stated that, in light of the recent service changes made during the Comprehensive Operational Analysis (COA), this program should not be approved. She discussed the impacts of the service changes on bus patrons and asked the Board to stand up for MTS customers. She requested that the Board restore some of the service cuts made during the COA; specifically, Route No. 25 as well as Route No. 14 to the Grantville Trolley Station stop.

Don Stillwell: Mr. Stillwell provided Board members with a map showing the current routing of Route Nos. 13 and 14 and reported that he has been working with school children to ensure

they can safely access the new service as it is currently routed. He stated that he is also trying to get parents of these children to appear before the Board to make comments on this matter.

CONSENT ITEMS

6. MTS: Microsoft Licensing Renewal (CIP 11162)

Recommend that the Board of Directors authorize the Chief Executive Officer (CEO) to enter into a three-year service agreement contract with Softchoice Government to provide software licensing renewal and allow participation under an existing state contract with the County of Riverside and Microsoft Corporation.

7. SDTC: Automated Trip Itinerary System Upgrade (OPS 960.6, CIP 10940)

Recommend that the Board of Directors authorize the Chief Operating Officer-Bus to execute a sole-source contract with Trapeze Software Group for an upgrade to the MTS Automated Trip Itinerary System.

8. MTS: Towing Contract Award (OPS 960.6)

Recommend that the Board of Directors authorize the CEO to execute a contract (in substantially the same form as Attachment A of the agenda item) with A to Z Enterprises, Inc. (DBA RoadOne Towing) for towing services for a 3-year period and two 1-year options (to be exercised at MTS's discretion) at a total contract amount not to exceed \$351,375.

9. MTS: Americans With Disabilities Act (ADA) Complementary Paratransit Client Certification Services Contract – Option Years (OPS 920.5, PC 30127)

Recommend that the Board of Directors authorize the CEO to exercise both option years 1 and 2 that are allowable under the current contract (MTS Document No. B0394.1-03) with the Orthopaedic Hospital for ADA client certification services. The extension of the option period would run from July 1, 2006, through June 30, 2008 (MTS Doc. No. B0394.2-03, Attachment A of the agenda item).

10. SDTC: Fire-Suppression System Contract Award (CIP 11080)

Recommend that the Board of Directors authorize the Chief Operating Officer-Bus to execute a sole-source contract (in substantially the same form as Attachment A) with Transit Marketing Group, Inc. to upgrade the existing Amerex fire-suppression systems on 24 of SDTC's 1995 New Flyer C40HF (1400 series) buses for an amount not to exceed \$51,918.48.

11. MTS: Transportation Development Act/State Transit Assistance Claims (FIN 310, PC 50601)

Recommend that the Board of Directors adopt Resolution Nos. 06-7, 06-8, 06-9, and 06-10 (Attachments A through D of the agenda item) approving Fiscal Year 2007 Transportation Development Act and State Transit Assistance claims.

Recommended Consent Items

Mr. Ewin moved to approve Consent Agenda Items No. 6, 7, 8, 9, 10, and 11. Ms. Atkins 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 9:20 a.m.

- a. MTS: Conference With Real Property Negotiators Pursuant to Government Code Section 54956.8
Property: Grossmont Center Trolley Station Parking Lot at the intersection of Grossmont Center Drive and Fletcher Parkway
Agency Negotiators: R. Martin Bohl, Paul Jablonski, Tim Allison, and Tiffany Lorenzen,
Negotiating Parties: Fairfield Residential, LLC, JP Morgan Chase Bank, and Mass Mutual
Under Negotiation: Instructions to Negotiators will Include Price and Terms of Payment

The Board reconvened to Open Session at 9:56 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 from General Counsel and gave direction to agency negotiators. The City of La Mesa representative was present for this item -- the City of La Mesa is not a party to this item; therefore, no conflict of interest exists.

NOTICED PUBLIC HEARINGS

- 25. There were no Noticed Public Hearings

DISCUSSION ITEMS

30. MTS: Auditing Services Contract Award (FIN 320, PC 50601)

Mr. Cliff Telfer, MTS Interim Chief Financial Officer, reviewed the particulars of this contract. He reported that the recommended firm, Caporicci & Larson, is the current auditor for both MTS and SANDAG. He stated that there are efficiencies that result from having one firm audit both organizations since many transactions affect both agencies. Ms. Atkins indicated that the City of San Diego may be involved in litigation with Caporicci & Larson and, therefore, city representatives should probably recuse themselves from the vote on this item. Mr. Rindone stated that the City of Chula Vista does business with Caporicci & Larson so he would prefer to abstain from voting on this item. Ms. Lorenzen stated that Mr. Rindone could vote because this is not a case where there is a conflict of interest, but that it was his option to vote or not.

Mr. Jablonski stated that MTS's FY 2004 audit would be completed by the end of the day. He stated that the completion of this audit will provide Caporicci & Larson with the numbers they need to complete the FY 2005 audit, which should be done in 2½ to 3 weeks. He added that the completion of these audits addresses all of the Transportation Development Act (TDA) issues that have resulted from the incompleteness of the audits. He added that MTS has already started its FY 2006 audit, which should be done by the close of the calendar year. He stated that this will put MTS back on its regular schedule for the completion of audits and related reports, and MTS will once again be in compliance with audit standards.

Action Taken

Mr. Monroe moved to authorize the CEO to execute a five-year contract with 3 one-year options (MTS Doc. No. G1013.0-07), in substantially the same form as attached (Attachment A of the agenda item), in an amount not to exceed \$2,718,197, with Caporicci & Larson for auditing services. This amount would be for eight years assuming the three options years are exercised. Ms. Jillian Hanson-Cox seconded the motion, and the vote was 7 to 0 in favor with Mr. Rindone, Ms. Atkins, Mr. Maienschein, and Mr. Young abstaining and recusing themselves.

31. MTS: Repeal MTS Policy Nos. 7, 11, and 13 and Enact a Consolidated Procurement Policy (ADM 110.2, PC 50121)

Ms. Tiffany Lorenzen, MTS General Counsel, briefly summarized why changes are being recommended for Policy Nos. 7, 11, and 13. She stated that approval of these policies will ensure that all procurements are standardized and filtered through a consolidated procurement department under the direction of Mr. Kent Tsubakihara, SDTC Manager of Procurement. She added that provisions of Senate Bill 959 that pertain to procurement have been incorporated into the new policy (No. 52) as well as applicable portions of Policy Nos. 7, 11, and 13. She provided highlights of changes that were made to certain provisions pertaining to approval levels, the use of informal procurements, and the use of negotiated procurements. She added that Policy No. 7 would be repealed in its entirety because all of its provisions are being absorbed by Policy No. 52. She added that the remainder of the provisions in Policy Nos. 11 and 13 will be retained and the policies renamed, Construction Claims and Contractor Debarment and Conflicts of Interest Regarding Service Contracts, respectively. Ms. Lorenzen advised the Board that these changes will significantly streamline the procurement process and ensure that MTS is complying with all related procurement regulations.

Mr. Monroe spoke in favor of using negotiated procurements so that both price and quality are considered. He stated that MTS should look at "total lowest cost" for each procurement, which would take quality and warranty issues into consideration. Ms. Lorenzen stated that MTS can use a negotiated procurement process for everything except construction contracts, which are governed by state law, which mandates that contracts be awarded to the lowest responsive, responsible bidder. Mr. Jablonski stated that this type of procurement has saved and will save MTS millions of dollars because MTS can negotiate the price of the contract.

Action Taken

Mr. Monroe moved to (1) receive a report from General Counsel regarding the proposed consolidated procurement policy and provide direction to staff; and (2) repeal MTS Policy No. 7; (3) repeal Sections 11.1 through 11.8 of Policy No. 11, revise the remainder of Policy No. 11,

and rename the policy; (4) repeal Sections 13.1 through 13.8 of Policy No. 13, revise the remainder of Policy No. 13, and rename the policy; (5) enact Policy No. 52; (6) authorize General Counsel to change the reference from "MTDB" to "MTS" in Policy Nos. 1 through 51; and (7) authorize General Counsel to change any references to Policy Nos. 7, 11, and 13 to Policy 52, where appropriate, in all other MTS policies. Mr. Cafagna seconded the motion, and the vote was 12 to 0 in favor.

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

Chairman Mathis reported that there is no new information to present on this item.

Action Taken

Mr. Rindone moved to continue this item to the July 6, 2006, Executive Committee meeting. Mr. Ewin seconded the motion, and the vote was 12 to 0 in favor.

REPORT ITEMS

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

Mr. Larry Marinesi, MTS Budget Manager, provided a financial review for fiscal year 2006 through April 2006. In response to a question from Mr. Cafagna regarding page A11 of the agenda item, Mr. Marinesi explained that the 78 percent variance (\$25,000) is just for the administration portion of the budget.

Action Taken

Ms. Atkins moved to receive the MTS Operations Budget status Report for April 2006. Ms. Zarate seconded the motion, and the vote was 11 to 0 in favor.

46. MTS: New Disadvantaged Business Enterprise (DBE) Race-Neutral Program (LEG 430, PC 50121)

Ms. Tiffany Lorenzen advised Board members that a revised agenda item had been placed at the table prior to the start of the meeting. Ms. Traci Bergthold, MTS Contracts Specialist, reviewed recent legal actions that have occurred that prompted Caltrans to conclude that there was a lack of evidence to continue with a race-conscious DBE Program. She stated that Caltrans, therefore, ordered that all federally funded subrecipients implement a race-neutral program. Ms. Bergthold stated that bidders will no longer be required to meet a DBE goal on federally funded contracts. She added that MTS instead will set DBE availability advisory percentages. She stated that, under the new program, contractors cannot not be eliminated from consideration and award of a contract because they are unable to meet advisory percentages. She added that, instead, MTS will encourage contractors to meet DBE availability advisory percentages. She also stated that MTS will now be submitting to the Federal Transit Administration (FTA) an Annual Anticipated DBE Participation Level (AADPL) instead of DBE goals.

Mr. Young asked if contractors who are economically disadvantaged or emerging businesses and who were previously under the previous program would be eligible to participate in the new

program. Ms. Bergthold stated that they will still be eligible, and Mr. Tsubakihara reported that MTS will still continue its outreach efforts in this regard. In response to other questions from Mr. Young, Ms. Bergthold reported that MTS uses a DBE consultant, Teresa Gonzales-White, to develop realistic DBE goals for contracts, and MTS will continue to use her to develop advisory percentages instead. Mr. Tsubakihara added that Ms. Gonzales-White is provided with a scope of work for each contract MTS lets and she determines the availability of DBE firms for that contract. He added that she refers DBE firms to MTS based on the Caltrans list of certified DBE firms. The Board was also informed of other ways that MTS identifies potential DBE bidders for contracts, including internally maintained bidder lists. Mr. Young was advised that Ms. Gonzales-White will be developing MTS's "goals", and Ms. Bergthold will be tracking MTS's performance against those goals.

In response to a question from Mr. Young, Ms. Lorenzen stated that she would research if MTS can set its own goals based upon economic criteria. Ms. Lorenzen also advised Mr. Young that MTS has always met or exceeded its DBE goals. She agreed to provide Mr. Young with previous Board agenda items that report on MTS's performance in reaching its DBE goals.

Mr. Monroe suggested that MTS join economic development organizations in order to make contacts that could lead to the recruitment of new DBE firms. Mr. Tsubakihara stated that MTS is a member of the San Diego Supplier Council, which has monthly meetings where companies make presentations on contracting opportunities with their organizations. He stated that MTS meets many contractors who come to those meetings seeking information on contracts that are being bid.

In response to a question from Mr. Ewin about the availability of information on MTS's bidding opportunities, Ms. Lorenzen reported that this information is available from a number of sources, and she has never had a bidder indicate that they couldn't find information on MTS contract opportunities. She stated that she gets between two to four calls per month from people who want to be added to MTS's bidder list. Mr. Jablonski stated that MTS's web site will be going through redesign soon and contract opportunities can be added to the site.

Mr. Young stated that a grass-roots effort is needed to get contractors to go through the Caltrans process to get certified as a DBE.

Action Taken

Ms. Zarate moved to receive a report on the history and implications of the new DBE Race-Neutral Program (Attachment A of the agenda item). Ms. Atkins seconded the motion, and the vote was 11 to 0 in favor.

47. MTS: April 2006 Monthly 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 period ending April 2006.

Mr. Monroe referred to the chart on system ridership at the top of page two of the Power Point presentation and asked how system ridership could be down for bus, trolley, and contract services, but up in total. Ms. Smart stated that she would make the necessary correction to this

information. Ms. Smart pointed out that, according to the chart on the bottom of that same page, the opening of the Green Line had very little impact on ridership on the Orange Line.

Mr. Monroe also asked if there should be a correlation between mean distance between failures and on-time performance. Mr. Jablonski responded that there is no significant correlation. Mr. Jablonski also reported that on-time performance appears to have declined for MTS bus. He stated that this decline has resulted from the new method that SDTC is using to track on-time performance. He stated that on-time performance is now being tracked for every trip, every time, using automated-vehicle-locator (AVL) technology. He stated that SDTC is still in the process of refining how this data is used and provided an example of an express bus driving on the I-15 corridor that arrives downtown early and is counted by the AVL system as not being on time. He added that this system monitors hundreds of thousands of time points each day. He advised the Board that this system will be used to monitor on-time performance by route, by operator, etc., which makes it a tremendous management tool. He felt that, as time goes on, on-time performance will show improvement.

In response to a question from Ms. Hanson-Cox, Mr. Peter Tereschuck, SDTI President-General Manager, reported that special service was not provided to Cox Arena because SDTI has the capacity to handle ridership to the arena with existing service levels. In response to a question from Mr. Monroe, Mr. Tereschuck stated that SDTI is still carrying about 14 to 15 percent of the gate for Padres games, but game attendance is down to the high teens/low twenties.

Action Taken

Mr. Ewin moved to receive this report for information. Ms. Hanson-Cox seconded the motion, and the vote was 11 to 0 in favor.

60. Chairman's Report

There was no Chairman's Report.

61. Chief Executive Officer's Report

APTA Rail Conference in New York: Mr. Jablonski stated that he, Mr. Mathis, Peter Tereschuck, and Conan Cheung recently attended this conference, which was the first time that APTA combined light rail transit with commuter rail. He stated that there was a number of interesting sessions including sessions on vehicle design, including conversion from high floor to low floor. He added that Mr. Cheung was invited to make a presentation on his participation in the ENO Transportation Foundation Study Mission, and there were presentations on innovative financing. He added that Siemens held a users group meeting and there were a number of informative and interesting tours.

Women In Transportation (WTS): Mr. Jablonski advised the Board that MTS received Employer of the Year Award at the recent WTS Annual Meeting. He stated that the award recognizes MTS for its efforts as they relate to promoting women, minorities, and general diversity. He stated that Ms. Hanson-Cox was present to help receive the award. He added that Mr. Gallegos, SANDAG Executive Director, received an Award for Pursuit of Transportation Excellence.

Catenary Incident: Mr. Jablonski reported at a car recently knocked over a pole to which a catenary line was attached. He stated that SDTI has been running a single-track operation through that location since the accident. He added that normal service should be restored early next week. He stated that the concrete base for the pole has to be repoured.

62. Board Member Communications

Trolley Rides: Mr. Rindone reported that he was riding the trolley when this accident occurred, and he was impressed with how communication was handled by trolley staff. He stated that they did an excellent job of notifying passengers regarding the delay caused by the accident. He expressed concern, however, that he has not seen many security officers on the trains since he started riding more. He also stated that he has noticed an increase in the number of vendors who are selling things at trolley stations, and this should not be allowed to continue. He suggested that staff discuss this with trolley security officers to ensure they are effective in carrying out their duties.

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, July 13, 2006, at 9:00 a.m. in the same location.

65. Adjournment

Chairman Mathis adjourned the meeting at 10:59 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