

JOINT MEETING OF THE BOARD OF DIRECTORS FOR THE
METROPOLITAN TRANSIT SYSTEM,
SAN DIEGO TRANSIT CORPORATION,
AND SAN DIEGO TROLLEY, INC.

June 9, 2005

BOARD OF DIRECTORS MEETING ROOM, 10TH FLOOR
1255 IMPERIAL AVENUE, SAN DIEGO

MINUTES

1. Roll Call

Chairman Williams called the meeting to order at 9:04 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Mr. Young moved to approve the minutes of the May 26, 2005, Board of Directors meeting. Mr. Emery seconded the motion, and the vote was 8 to 0 in favor.

3. Public Comments

There were no Public Comments.

4. Presentation of Employee Awards

There were no Employee Awards.

5. Closed Session Items (ADM 122)

There were no Closed Session items.

CONSENT ITEMS

6. MTS: Internal Audit Report on the Payroll Process (LEG 492, PC 30100)

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

7. MTS: San Ysidro Intermodal Transportation Center Project Update and Phase III Ticket Booth Project Construction Contract Award (CIP 10453)

Recommend that the Board of Directors (1) waive the irregularity in the bid submitted by HAR Construction, Inc. (HAR); (2) authorize the Chief Executive Officer (CEO) to

execute a contract (MTS Document No. L0726.0-05) with HAR to construct the San Ysidro Intermodal Transportation Center (SYITC) Phase III Ticket Booth Project (LRT-10453C), in substantially the same form as shown in Attachment A of the agenda item, in an amount not to exceed \$393,888; and (3) approve a 10 percent construction contingency totaling \$39,389.

Mr. Lewis asked if MTS was adopting new guidelines that would allow the acceptance of bids even though they are not properly completed. Mr. Jablonski explained that staff has some latitude with respect to bids and engineering estimates. SANDAG Director of Transit Engineering and Construction Jim Linthicum stated that minor deviations can be accepted as outlined on page 3 of the agenda item. He stated that, if the bidder submits a bid with a deviation that doesn't affect the end result, the competitive balance, or the second bidder, the contract can be awarded if it is the lowest responsive and responsible bid.

Mr. Lewis pointed out that, as a result of change orders, the low bidder may eventually be paid more than the next lowest bidder. He felt that there may have been a problem with engineering estimates for this project, in particular in the estimate of the amount of material that would be needed. He stated that the contractor should be held to the engineering estimate, or MTS needs to get more accurate engineering estimates. Mr. Monroe asked for an explanation of the difference between the engineering estimate of \$236,000 and the low bid of \$393,888. Mr. Linthicum stated that this difference is a reflection of how fast costs are rising in San Diego County. In response to a question from Mr. Monroe, Mr. Linthicum stated that the ticket booth is necessary. He explained that the person with the franchise is currently housed in a trailer on General Services property via a permit as a temporary measure only.

8. SDTC: Leased Bus Tires and Related Services: Contract Award
(OPS 920.6, PC 30101)

Recommend that the Board of Directors authorize the MTS Chief Operating Officer-Bus to execute a three-year contract with 2 one-year options (SDTC Doc. No. B05-001 – Attachment A of the agenda item), in substantially the same form as attached, in an amount not to exceed \$3,791,182.43 with Michelin North American, Inc. for leased bus tires and related services for the Imperial Avenue and Kearny Mesa Divisions.

In response to a question from Mr. Young, SDTC Manager of Procurement Kent Tsubakihara explained that staff has discussed and examined whether to buy or lease tires a number of times. He stated that SDTC would have to hire employees, purchase equipment, and dispose of discarded tires if tires were purchased rather than leased. Mr. Jablonski stated that leasing is a very common practice in the bus industry and is a long-standing issue in terms of cost comparison, cost of inventory, personnel, and the disposal of discarded tires. Mr. Jablonski explained that the contract amount increased primarily due to the larger and more costly tires needed for the New Flyer CNG-powered buses, which weigh more than conventional buses. MTS Chief Operating Officer – Bus Claire Spielberg reported that, under the Michelin contract, SDTC will not have to pay for damaged tires, which is contrary to industry standard.

9. MTS: Construction Contract Change Orders for Mission Valley East
(CIP 426.2, 426.3, 426.4, 426.5)

Recommend that the Board of Directors authorize the CEO to (1) execute Contract Change Order (CCO) No. 206, Supplement No. 3, with Balfour Beatty/Ortiz Enterprises, Inc., Joint Venture (BBO), in substantially the same form as Attachment A of the agenda item, for additional removal and disposal of rock, and furnishing bedding materials for pipelines, under Contract LRT 426.4, La Mesa Segment, in an amount not to exceed \$41,654.48. This will increase the CCO total amount to \$131,654.48; (2) execute CCO No. 124, Supplement No. 2, with Stacy & Witbeck, Inc. (SWI), in substantially the same form as Attachment B of the agenda item, for increases in bid item quantities under Contract LRT-426.5, Track & Systems, in an amount not to exceed \$108,260; and (3) execute CCO No. 121 with Orion/Balboa Construction, Joint Venture (OBJV), in substantially the same form as Attachment C of the agenda item, to construct a pressure-reducing vault under Contract LRT-426.2 in an amount not to exceed \$165,000. This CCO would pay OBJV to install water main improvements, which were originally slated to be installed by the contractor for the Grantville Segment of the Mission Valley East (MVE) Project under Contract LRT-426.3 but were deleted.

10. MTS: Disadvantaged Business Enterprise (DBE) Semiannual Report (LEG 430, PC 30100)

Recommend that the Board of Directors receive the semiannual fiscal year 04 DBE reports for the Federal Highway Administration (FHWA)- and Federal Transit Administration (FTA)-assisted contracts (Attachments A and B of the agenda item).

11. MTS: Rural Bus Services – Contract Amendment (OPS 920.5, PC 30207)

Recommend that the Board of Directors authorize the CEO to execute (1) Amendment No. 1 to Contract No. B0397.0-03 for Rural Bus services for the first one-year option period; and (2) Amendment No. 1 to Contract No. B0439.0-04 for Rural Bus automated vehicle location services for a 17-month period.

Mr. Monroe stated that he would like to see expense and ridership data for these routes. In response to another comment from Mr. Monroe, Mr. Jablonski stated that the contract allows MTS the latitude to modify or eliminate routes even though the contract amendment extends the contract to August 2006. Mr. John Davenport, MTS Contract Services Administrator, stated that Rural Bus Services carry approximately 5,000 passengers per month, and the subsidy is about \$24.50 per one-way trip. Mr. Davenport also stated that this service is considered life-line service, and Mr. Emery pointed out that many of these individuals either don't have a car or are not able to drive and have no other options but to use transit. He stated that it is important to keep this in mind when making service-related decisions.

Mr. Jablonski pointed out that these discussions are more appropriately held as part of the COA process, not as part of the decision to amend the contract, which is necessary in order to keep the service in place. MTS Director of Planning and Performance Monitoring Conan Cheung reported that the decision-making phase as it relates to service policies will begin shortly. Mr. Ewin suggested that staff approach Laidlaw Transit Services regarding a month-to-month arrangement. Ms. Tiffany Lorenzen, MTS

General Counsel, stated that the contract may be federally funded and therefore subject to certain procurement guidelines that would prohibit a month-to-month arrangement. She offered to research this matter. It was agreed to continue this item.

12. MTS: Election to Fill Vacant Position of San Diego and Arizona Eastern (SD&AE) Railway Company Treasurer and Alternate Board Member (SDAE 710.1, PC 40099)

Recommend that the Board of Directors (1) receive the San Diego and Imperial Valley (SD&IV) Railroad, Pacific Southwest Railway Museum Association (PSRMA), and Carrizo Gorge Railway, Inc. (CZRy) quarterly reports (Attachment A of the agenda item); (2) ratify actions taken by the San Diego and Arizona Eastern (SD&AE) Railway Board of Directors at its meeting of May 10, 2005 (Attachment B of the agenda item); and (3) appoint Jim Bertram, as recommended by the SD&AE Board, to replace Mike Ortega's positions as Treasurer and Alternate for Tom Schlosser (Board Member).

Mr. Emery stated that he was interested in the removal of sand from the right-of-way on the Desert Line by the Carrizo Gorge Railway, Inc. (CZRy) as referenced in their 1st Quarter 2005 Report. He stated that he has viewed their sand-removal operation, and it seems excessive. He stated that their report did not provide any details regarding this operation. He stated that he would like to know how much money they are making on this operation, the yards of earth moved, etc. He stated that he asked for this information previously but does not yet have it. He felt that future quarterly reports from CZRy should include that level of detail. Mr. Jablonski stated that some of that information is already available in the mandatory quarterly financial reports submitted by CZRy. He stated that this information can be provided as a recap of the San Diego & Arizona Eastern (SD&AE) Railway Board meeting. Ms. Lorenzen stated that this information has already been brought before the Board for the last three months, but staff will bring back annual information as well.

In response to a question from Mr. Ewin, Mr. Jablonski described the sand removal operation and its necessity. He advised the Board that a SANDAG engineer and MTS's Right-Of-Way Manager have both observed and evaluated the sand removal currently being done by CZRy. He added that CZRy has also hired an independent engineering firm to help them prepare for inspection of the track so they can maintain their Class II rating. Mr. Linthicum reported that the sand removal was necessary to keep the sand from the dunes along the railway from blowing onto the tracks and for drainage purposes. Mr. Emery stated that he was particularly concerned about the sand removal being done in the Ocotillo trench. Mr. Linthicum stated that CZRy may have over-excavated slightly, but he felt that it had legitimate value. He added that the questions that remain to be answered are whether they are doing it properly from an engineering standpoint so it doesn't exacerbate problems, and whether or not they are overdoing it.

Mr. Emery stated that, since this operation is being conducted on MTS property, MTS needs to be aware of the amount of work being performed there, whether or not CZRy has the appropriate permits, and the extent of MTS's liability. Mr. Jablonski stated that the Federal Railroad Administration (FRA) recently conducted an inspection of the Desert Line and identified 30 to 40 deficiencies that the CZRy must fix within 30 days. He stated that these deficiencies have to be corrected, and CZRy must get the bridges

and tunnels inspected and repaired as needed to maintain their Class II rating. In response to a question from Mr. Ewin, Ms. Lorenzen, MTS General Counsel, reported that the next meeting of the SD&AE Board of Directors will take place on July 26 at MTS. Mr. Jablonski reported that CZRy is submitting its reports as required in the scope of the contract although sometimes the reports are not timely. He stated that, once CZRy begins freight operations, MTS has a contractual requirement that the line be maintained at a Class II level. He added that he would like to see a copy of all inspection reports and will follow up to ensure that MTS receives documentation of repairs of deficiencies within 30 days or there will be a contractual issue. He added that CZRy's last report did not include information on revenue generated by freight, which is minimal right now but will increase in the future.

Mr. Clabby asked if staff knows the value of the sand that is being removed and if MTS has audit rights to ensure that the value is being put back into the rail operation. He stated that, with all the construction activity occurring in the San Diego area, sand is a very valuable commodity. Mr. Jablonski reported that MTS does know what revenue is being generated by the sand-removal operation, and MTS does have audit rights. Mr. Emery requested that staff direct the MTS auditor to audit CZRy's reports.

13. MTS: An Ordinance Amending Ordinance No. 13, an Ordinance to Repeal and Adopt Document No. 164, Codified Rules and Regulations, as Ordinance No. 13: Second Reading (ADM 122.2, PC 30100)

Recommend that the Board of Directors adopt the attached (Attachment A of the agenda item) ordinance "An Ordinance to Repeal and Adopt Document No. 164, codified Rules and Regulations, as Ordinance No. 13," and direct publication of an ordinance summary.

Recommended Consent Items

Mr. Monroe moved to approve Consent Agenda Item Nos. 6, 7, 8, 9, 10, 12, and 13 and continue Consent Agenda Item No. 11. Mr. Ewin seconded the motion, and the vote was 10 to 0 in favor.

NOTICED PUBLIC HEARINGS

Chairman Williams opened the public hearing at 9:51 a.m.

25. MTS: FY 2006 Budget: Public Hearing and Adoption (FIN 310.1, PC 30100)

Mr. Jablonski advised the Board that staff's presentation would be brief as nothing in the FY 06 budget had been changed since staff's last presentation to the Board. Mr. Larry Marinesi, MTS Budget Manager, reviewed the process that was used to develop the budget and the FY 06 budget in summary form. He pointed out that total operating revenue is projected to increase 1.9 percent, and subsidy is projected to increase by 11.3 percent. He stated that the FY 06 subsidy utilizes \$4.58 million in Congestion Mitigation & Air Quality (CMAQ) funds and \$2.37 million in bus rapid transit (BRT) funding. He reported that total expenses are projected to increase by 8.0 percent, which includes expenses related to Mission Valley East. Mr. Marinesi also reviewed FY 06 operational/budget highlights and a summary of five-year budget projections. He

pointed out that the budget projects a decrease in the use of nonrecurring revenues from \$12.5 million in FY 05 to \$2.5 million in FY 06.

Mr. Jablonski reported that a presentation of this material was given at the last SANDAG Transportation Committee meeting and was favorably received by Committee members. He stated that they expressed appreciation for the detail staff provided, and there were no new issues. He stated that efforts are ongoing to resolve issues related to Jobs Access Reverse Commute (JARC) and Air Pollution Control District (APCD) funding. Mr. Jablonski also reported that the bill for the reauthorization of the Transportation Equity Act for the 21st Century (TEA-21) is currently in conference committee.

In response to a question from Mr. Ewin, Mr. Jablonski stated that MTS's share of the 13 percent TransNet II allocation for operations is included in the five-year projections. He added that TransNet II includes an additional 3.5 percent for operations that has not been included in the five-year projections. He stated that SANDAG is considering placing this portion in a discretionary capital fund. He also stated that he has informed SANDAG Executive Director Gary Gallegos that MTS will lose CMAQ funding in three years and will be looking for replacement funding about the time this additional 3.5 percent becomes available.

Public Comments

There were no Public Comments during the Public Hearing.

Mr. Jablonski credited MTS's Planning and Performance Monitoring Department for the lack of Public Comments on the budget. He stated that their extensive outreach effort to the public was a good mechanism for hearing the public's comments. He stated that staff members did a good job.

Chairman Williams closed the Public Hearing at 9:59 a.m.

Action Taken

Mr. Young moved to adopt Resolution 05-4 (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 National City Transit, and the Coronado Ferry. Mr. Roberts seconded the motion, and the vote was 13 to 0 in favor.

DISCUSSION ITEMS

There were no Discussion Items.

REPORT ITEMS

There were no Report Items.

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

Magnetically Levitated Trains (Maglevs): Chairman Williams reported on he and Mr. Mathis's recent trip to China. Of particular note to the MTS Board was the information they shared about Maglevs in China. He displayed a model. Mr. Mathis reported that they rode the maglev train, which reached a speed of 283 miles per hour in about three minutes in the short distance it traveled to the airport from its station in Shanghai. Mr. Roberts reported that SANDAG and the County Board of Supervisors have taken a position of support for approaching the federal government for grants for the planning and study of this technology. Mr. Roberts suggested that all airports in southern California should be connected using this technology. Mr. Monroe requested that staff report back to the Board on this subject.

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

Rock N' Roll Marathon: Mr. Jablonski reported that the Suzuki Rock 'n Roll Marathon was held last weekend, and the new course worked very well from a transit perspective. He reported that normal service was restored by 8:45 a.m. He advised the Board that a full report will be made at a later meeting.

Federal Transit Administration (FTA) Security and Emergency Management Evaluation: Mr. Jablonski reported that the FTA has completed an evaluation of MTS's security and emergency management as part of their review of the top 20 agencies in the country. He stated that they rate each agency in 20 different categories and like to see an agency achieve a rating of at least 16 (out of 20). He stated that they rated MTS 18. He stated that the FTA made the following suggestions: 1) That MTS continue to develop its total risk assessment of various aspects of its operation; and 2) that MTS develop a more comprehensive program of communications with the public about security issues. He stated that MTS has already started that process with the dissemination of a pamphlet to the public about these matters. He added that the FTA was very complimentary of the recent emergency preparedness drill that MTS conducted.

62. Board Member Communications

Security Procedures: In response to a question from Ms. Kaltenborn, SDTI President-General Manager Tereschuck reported that trolley enforcement officers wear rubber gloves whenever handling "contaminated" items encountered while they are on duty.

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 23, 2005, at 9:00 a.m. in the same location.

65. Adjournment

Chairman Williams adjourned the meeting at 10:20 a.m.

Chairman
San Diego Metropolitan Transit
Development Board

Filed by:

Approved as to form:

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

Office of the General Counsel
San Diego Metropolitan Transit
Development Board

Attachment: A. Roll Call Sheet

gail.williams/minutes