

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

July 13, 2006

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

Mr. Young moved to approve the minutes of the June 22, 2006, Board of Directors meeting. Mr. Ewin seconded the motion, and the vote was 9 to 0 in favor.

3. Public Comment

*Donna Erickson:* Ms. Erickson provided the Board with a handout outlining steps that can be taken to fight global warming, including using public transportation. She then objected to 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), and particularly Route No. 25 through Linda Vista, this program should not have been approved. She stated that there are over 1,000 concerned Linda Vista citizens who have been disenfranchised by the service changes and are concerned that the savings from the Comprehensive Operational Analysis will be used to pay bonuses. She discussed how the service changes increase the amount of time it takes Linda Vista residents to travel to Sharp Hospital. She also asked if the cities and the County of San Diego have a contingency-based unspecified bonus program and, if not, why does MTS? She also asked for a description of the purpose of the MTS Board of Directors.

*Don Stillwell:* Mr. Stillwell provided Board members with a map showing the current routing of Route Nos. 13 and 14 and again requested that the Board add a stop at the Grantville Trolley Station to Route No. 14. He objected to the fact that passengers have to cross Mission Gorge Road on foot rather than by bus because of the change to this route.

4. MTS Coca-Cola Scholarship Awards

Mr. Rob Schupp, MTS Director of Marketing and Communications, introduced Mr. Charles Simpson of Coca-Cola and Mr. Jim Esterbrooks of the San Diego County Office of Education. He stated that these two organizations partner with MTS to provide this program to eligible students and spearhead the effort. He indicated that the Padres also participated in the program this year. Mr. Schupp then introduced Paulina Gilbert, MTS Community Relations

Coordinator, who reviewed eligibility requirements for the program and reported that 28 notebook computers were given to students who completed essays and were selected as winners by the awards committee. She reported that the essay theme for this year was *120 Years of Public Transit in San Diego* and that there were some very impressive essays with superior content and quality. Ms. Gilbert also reported that Coca-Cola donated tickets for the Padres/LA Dodgers game to the winners. Photos were taken of the students who were able to attend the Board meeting. Mr. Simpson and Mr. Esterbrooks both made comments about the importance of the program. Chairman Mathis, Mr. Roberts, Mr. Monroe, Ms. Atkins, and Mr. Young all thanked the San Diego County Board of Education and Coca-Cola for their involvement, recognized the importance of partnerships, the diversity of the students and schools, and the importance of the program. In response to a question from Mr. Monroe, Mr. Esterbrooks reported that all schools received scholarship award application packets. Mr. Monroe stated that he would do what he could to get increased participation by Coronado students. Ms. Zarate told the students that the Board was proud of them and to keep up the good work.

#### CONSENT ITEMS

6. MTS: LRV Paint and Body Rehabilitation Services Work Orders (OPS 970.6, PC 30102)

Recommend that the Board of Directors authorize the Chief Executive Officer (CEO) to issue Work Order Nos. 07-01 (Attachment A of the agenda item) and 07-02 (Attachment B of the agenda item) to MTS Doc. No. L0744.0-06 with Carlos Guzman, Inc. for painting/bodywork rehabilitation on eight U2 light rail vehicles (LRVs) and extraordinary bodywork services on LRVs on an as-needed basis, for a total cost not to exceed \$308,000 and \$175,000, respectively.

7. MTS: Increased Authorization for Legal Services (LEG 491, PC 50633)

Recommend that the Board of Directors authorize the CEO to enter into contract amendments with Mark Barber of the law firm Wismar & Barber (MTS Doc. No. G0750.11-02) for legal services, in substantially the same form as attached (Attachment A of the agenda item), and ratify prior amendments entered into under the CEO's and/or previous General Manager's authority(ies).

8. MTS: CCTV System Contract Award (OPS 970.6)

Recommend that the Board of Directors authorize the CEO to execute a Standard Services Agreement (in substantially the same form as Attachment A of the agenda item) with Electro Specialty Systems, Inc. for furnishing, installing, commissioning, and providing one year of warranty support for the closed-circuit television video surveillance systems for the Bayfront/ESTreet, H Street, and Palomar Street Stations, for a total cost not to exceed \$380,191.12.

9. MTS: Increased Authorization for Legal Services (LEG 490, PC 50121)

Recommend that the Board of Directors authorize the CEO to enter into a contract amendment (MTS Doc. No. G0934.4-04) with R. Martin Bohl of the Law Offices of R. Martin Bohl, for legal services related to joint development projects, in substantially the same form as attached (Attachment A of the agenda item).

10. MTS: Americans with Disabilities Act (ADA) Paratransit Vehicle Paint Scheme (CIP 11418)

Recommend that the Board of Directors approve the modified branding scheme (Attachment A of the agenda item) for the new ADA paratransit vehicles and authorize reallocating the savings to amenities that would enhance service quality/efficiency.

Recommended Consent Items

Mr. Young moved to approve Consent Agenda Items No. 6, 7, 8, 9, and 10. Mr. Ewin seconded the motion, and the vote was 12 to 0 in favor.

Chairman Mathis pointed out that Agenda Item 10 includes color photos of the new paint scheme for paratransit vehicles. Mr. Rindone thanked MTS staff for working toward greater security for the Chula Vista stations with the CCTV project. He pointed out that Chula Vista is covering one-half of the cost for this project. Chairman Mathis acknowledged Chula Vista's participation and stated that this project was accelerated because of that participation. He stated that he would like to see more partnerships of this nature.

CLOSED SESSION:

24. Closed Session Items (ADM 122)

The Board convened to Closed Session at 9:27 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 9:41 a.m.

Oral Report of Final Actions Taken in Closed Session

Ms. Julie Wiley, San Diego Association of Governments (SANDAG) General Counsel, reported the following:

- a. The Board received a report from staff and outside counsel.

NOTICED PUBLIC HEARINGS

25. There were no Noticed Public Hearings

## DISCUSSION ITEMS

30. MTS: Update and Ratification of Action Taken by the Executive Committee on the Grossmont Trolley Station Joint Development Project (LEG 460, PC 50787)

Mr. Paul Jablonski, MTS Chief Executive Officer (CEO), reviewed the recommendation for this item. He reported that the Ground Lease is for a full term with options for 99 years. He reported that revenue for the first year will be \$381,000 and for the full 99 years will be \$635,000 million, which takes into consideration a \$7 million value for MTS's land.

Chairman Mathis acknowledged the City of La Mesa and its City Manager, Sandra Kerl, who was in the audience. He also acknowledged Wesley Espinoza of Fairfield Residential, LLC, who was also in the audience. Mr. Monroe pointed out that the San Diego Union-Tribune made positive comments in a recent article about this project and its incorporation of Smart Growth concepts. Chairman Mathis thanked Jeff Ristine of the Union-Tribune and stated that MTS looks forward to his articles.

### Action Taken

Mr. Ewin moved to (1) receive an update from the CEO regarding the status of the Grossmont Trolley Station Joint Development Project; and (2) ratify the Executive Committee's approval or authorization of the following documents: (a) authorize the CEO to execute the Disposition and Development Agreement and Ground Lease, in substantially the same format as provided to the Board; (b) approve the appraisal report; and (c) authorize the CEO to execute and sign any other documents necessary to complete the transaction, including the lenders' Estoppel Certificate and the Parcel Map. Mr. Monroe seconded the motion, and the vote was 11 to 0 in favor, with Mr. Rindone abstaining.

31. MTS: Contract Services Fixed-Route Procurement Award (OPS 920.5)

Mr. Jablonski reported that about one-half of MTS's service is contracted out and some of those contracts were scheduled for renewal. He added that the passage of Senate Bill (SB) 1703 gave MTS the ability to use a number of new procurement methods, including negotiated procurements, which was used for this particular contract. He reported that the evaluation team consisted of personnel from Multimodal, Procurement, and Finance supported by other MTS staff.

Ms. Susan Hafner, Director of Multimodal Operations, reviewed the particulars of the contract and provided an overview of the contract model. She stated that this contract combines four separate contracts, which were bid together to maximize cost efficiencies. She also reviewed the results of the evaluation process and provided a comparative price analysis. She reported that the new contract yields an estimated savings of \$7.1 million, and that the contract is 7.8 percent less than the next closest price submittal with the negotiated procurement process producing 5.1 percent of the cost reduction.

Mr. Monroe stated that he appreciated the letter of support from the Amalgamated Transit Union, Local 1309. He requested that future performance indicator reports present information separately for this contract. He also requested that the data be defined consistent with the definitions used for the other service segments being reported.

Chairman Mathis introduced Mr. Justin Augustine of Veolia Transportation, Inc., who thanked the Board for allowing Veolia the opportunity to continue to serve MTS. He stated that MTS was very well represented during negotiations and that the negotiating team was very tough. Mr. Jablonski stated that this contract is one of the largest private sector contracts in the country, both in terms of the dollar amount and the amount of service. He pointed out that the contract process was very elaborate, and no protests were received from the other two bidders. Mr. Rindone stated that Chula Vista participated with MTS in the project, and that he was happy to support the project and see the savings that resulted from combining the contracts. Chairman Mathis congratulated staff members who played a key role in the negotiations.

#### Action Taken

Mr. Monroe moved to authorize the CEO to execute a contract (in substantially the same format as Attachment A of the agenda item – MTS Doc. No. B0453.0-07) with Veolia Transportation, Inc. for the provision of fixed-route bus services in East County, Chula Vista, South Bay and regional express service for a 5½-year base period with 3 one-year options, in an amount not to exceed \$234,551,353 for the initial 5½-year term of the contract. This would include purchased transportation mileage-based costs, performance surety costs, performance bonuses, fuel pass-through costs, and other miscellaneous pass-through costs as defined in the contract. Mr. Clabby seconded the motion, and the vote was 12 to 0 in favor.

#### REPORT ITEMS

45. MTS: Comprehensive Annual Financial Report (CAFR) for FY 2004 (FIN 300, PC 50601)

Mr. Cliff Telfer, MTS Interim Chief Financial Officer, reported that the FY 2004 audit has been completed and that the Comprehensive Annual Financial Report presents MTS's financial position as of June 30, 2004. He added that MTS's FY 2005 audit should be completed by the end of next week.

Mr. Tom Lynch, MTS Controller, reported that completion of the FY 2004 audit was delayed because of KPMG resource issues, complications caused by the consolidation, and turnover of MTS staff. He added that the FY 2004 CAFR reflects the split of MTS and SANDAG assets and liabilities related to SB 1703 and the combining of agencies under MTS. Mr. Jablonski recognized the tremendous amount of work done by the Accounting Department on the FY 2004 audit under difficult circumstances. He added that the FY 2006 audit should be completed by the end of the calendar year within the normal timeframe for the completion of MTS audits. Chairman Mathis pointed out that completion of the FY 2004 audit provided the necessary information for completion of the FY 2005 audit.

#### Action Taken

Mr. Ewin moved to receive this report for information. Ms. Zarate seconded the motion, and the vote was 12 to 0 in favor.

46. MTS: May 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 May 2006.

Mr. Monroe stated that staff should report back to the Board on two items. He referred to the new method of tracking on-time performance and questioned why previous on-time performance data wasn't more accurate. He also questioned why there was such a difference between San Diego Transit and Multimodal Operations mean distance between failures.

Ms. Claire Spielberg, Chief Operating Officer-Bus, reported that San Diego Transit is using the on-time performance data to identify the four worst-performing routes and doing an analysis to determine how on-time performance can be improved. She stated that route schedules may need to be adjusted for that purpose. She added that they will then take the next four routes and continue in that manner to improve on-time performance for all San Diego Transit routes. She stated that staff will report back to the Board on the success of this effort. Ms. Spielberg also advised the Board that San Diego Transit's preventive maintenance program has been extremely effective. She reported that there were 67 road calls in June 2004, 28 in June 2005, and 8 in June 2006.

Mr. Jablonski stated that staff is working through differences in the way that contractors have reported miles between road calls. He stated that staff is working toward having all agencies and contractors reporting using the same definitions, criteria, and data-gathering process to ensure that valid comparisons can be made.

In response to a question from Mr. Ewin, Ms. Spielberg reported that San Diego Transit has an excellent Customer Service Department that logs and reviews every complaint, verbal or written. She added that San Diego Transit has also retrained more than 100 operators in the last year in customer relations skills.

#### Action Taken

Ms. Atkins moved to receive this report for information. Mr. Monroe 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

*The CEO had no verbal comments to make.*

#### 62. Board Member Communications

*SANDAG Transportation Committee Funding Actions:* Mr. Monroe reported that the Transportation Committee was asked at its last meeting to approve the transfer of funding for one MTS project to another MTS project, and this item had not been brought to the attention of the MTS Board for approval prior to Transportation Committee review. Mr. Monroe stated that staff consider at least an e-mail briefing. Chairman Mathis stated that staff is developing a

process for dealing with these types of matters. In response to a question from Ms. Atkins, Mr. Jablonski stated that the Transportation Committee approved the funding transfers contingent upon approval at the MTS level. Ms. Atkins pointed out that the longer it takes to get a project started, the more it usually costs.

*Catenary Wire Accident:* In response to a question from Mr. Ewin, Mr. Jablonski reported that the catenary pole has been reinstalled and operations returned to normal about 10 days ago. He stated that MTS is pursuing a claim in this regard that should be less than \$25,000.

*Quiet Zones:* Mr. Faulconer reported that Mr. Jablonski will be attending a public workshop Monday night at the City Concourse regarding Quiet Zones downtown. He stated that participants include the Centre City Development Corporation, MTS, North County Transit, and the Burlington Northern Santa Fe Railway.

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, August 10, 2006, at 9:00 a.m. in the same location.

65. Adjournment

Chairman Mathis adjourned the meeting at 10:27 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