

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 19, 2007

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

1. Roll Call

Chairman Mathis called the meeting to order at 9:00 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Mr. Clabby moved to approve the minutes of the June 28, 2007, Board of Directors meeting. Mr. Emery seconded the motion, and the vote was 9 to 0 in favor.

3. Public Comment

There were no comments from the public.

CONSENT ITEMS

6. MTS: Proposed 2007/2008 Internal Audit Plan (LEG 492)

Recommend that the Board of Directors approve the proposed 2007/2008 Internal Audit Plan (Attachment A of the agenda item).

7. This number was not used.

8. MTS: Proposed Amendments to Board Policy No. 22 (Rules of Procedure for MTS) (LEG 405)

Recommend that the Board of Directors approve the proposed revisions (Attachment A of the agenda item) to Board Policy No. 22 (Rules of Procedure for MTS).

9. MTS: Memorandum of Understanding with SANDAG for Construction Management Services on the Mission Valley East Landscape Maintenance Project (CIP 10426)

Recommend that the Board of Directors authorize the CEO to execute a Memorandum of Understanding, as shown in Attachment A of the agenda item, for SANDAG construction management consultant support services on the Mission Valley East Landscape Maintenance Project.

10. MTS: Adopt Proposed Policy No. 57 – Records Retention (ADM 110.2)

Recommend that the Board of Directors adopt proposed Policy No. 57 – Record Retention (Attachment A of the agenda item).

11. MTS: Proposed Revisions to MTS Policy No. 44 – Travel Expense Policy (ADM 110.2)

Recommend that the Board of Directors approve the proposed revisions to MTS Policy No. 44 – Travel Expense Policy (Attachment A of the agenda item).

12. MTS: SDTI Training Process (LEG 492)

Recommend that the Board of Directors receive an audit report on SDTI's training process for information.

13. MTS: Annual Anticipated Disadvantaged Business Enterprise Participation Level Methodology for Federal Fiscal Year 2007/08 (LEG 430)

Recommend that the Board of Directors receive the Annual Anticipated Disadvantaged Business Enterprise Participation Level Methodology for Federal Fiscal Year 2007/08 for information.

14. MTS: Investment Report (FIN 300)

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

15. MTS: Authorization for CEO to Execute Competitively Bid Revenue Contract with Transit Television Network and North County Transit District (LEG 405)

Recommend that the Board of Directors authorize the CEO to execute a revenue contract with Transit Television Network and North County Transit District in substantially the same form as outlined in Attachment A of the agenda item.

Recommended Consent Items

Mr. Emery moved to approve Consent Agenda Items No. 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15. Mr. Lewis seconded the motion, and the vote was 9 to 0 in favor.

CLOSED SESSION:

24. Closed Session Items (ADM 122)

The Board convened to Closed Session at 9:01 a.m.

- a. SDTI: CONFERENCE WITH LABOR NEGOTIATORS California Government Code Section 54957.6
Agency-Designated Representative – Jeff Stumbo
Employee Organization – International Brotherhood of Electrical Workers, Local 465
- b. MTS: CONFERENCE WITH REAL PROPERTY NEGOTIATORS PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54956.8

Property: 1104 Fletcher Parkway, El Cajon, California
Agency Negotiators: Tiffany Lorenzen, Tim Allison, Chip Willett
Negotiating Parties: Bob Baker Enterprises, Inc, Bob Baker Auto Group, Rekab Properties, Ltd.

The Board reconvened to Open Session at 10:19 a.m.

Oral Report of Final Actions Taken in Closed Session

Ms. Lorenzen reported the following:

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

NOTICED PUBLIC HEARINGS

There were no noticed public hearings.

DISCUSSION ITEMS

There were no discussion items.

REPORT ITEMS

45. MTS: Fare Structure Overview (SRTP 875)

Mr. Paul Jablonski, MTS Chief Executive Officer (CEO), advised the Board that MTS, North County Transit, and SANDAG are in the process of doing a comprehensive review of the entire transit fare structure. He stated that because the fare structure is currently being studied and fare increases considered that it would be beneficial to refamiliarize Board members with MTS's current fare structure. He added that the Budget Development Committee has already had discussions of this item and will be meeting again next week to discuss this and other budget-related items. He stated that the Committee will most likely be making recommendations for budgetary solutions that involve the fare structure, and these recommendations will be presented first to the Executive Committee and then to the Board.

Mr. Cliff Telfer, MTS Chief Financial Officer, provided the Board with an overview of MTS's fare structure. He reviewed the schedule, status, and goals of the Regional Fare Study. He also reviewed the existing fare structure pointing out that only about 1/3 of MTS's customers pay cash fares. He pointed out that Senior & Disabled (S&D) as well Youth fares are dictated by TransNet. He added that TransNet also dictates 60 as the age for qualifying for senior fares and that most states use 65 as the qualifying age for senior fares. He also reviewed MTS's average fare versus subsidy reporting that, as a result of the opening of Mission Valley East, MTS has experienced an increase in ridership without a corresponding equal increase in revenue. He reported that MTS has experienced a 25 percent increase in ridership with a 10 percent increase in revenue. He then reviewed passengers by fare type compared to revenue by fare type as well as passes sold and pass revenue by fare type. He reported that 88 percent of MTS's passes are discounted with an average discount of 25 percent.

Mr. Telfer reported the following key findings: (1) MTS's average fare is \$0.84 and declining as more trips are made and more discount passes are used; (2) Adult Cash passengers are significantly subsidizing S&D Pass passenger; (3) S&D Pass passengers represent the lowest average fare [\$0.29] and highest number of trips per month [52]; and (4) regular adult passes represent only 11 percent of prepaid media sales. The remaining 89 percent are discounted an average of 25 percent.

Mr. Monroe stated that this was an inevitable result given the Board's decision not to increase S&D fares the last time fares were increased. Mr. Lewis stated that he would like to see a simplified fare structure with one fare. Mr. Telfer stated that simplifying the fare structure is one of the options being studied.

Mr. Roberts stated that he didn't think the Board anticipated that MTS would be paying more in subsidies than it would be receiving in fares for any given trip. He stated that average fare must track more closely with subsidy if MTS wants to avoid major problems in the future. Mr. Telfer pointed out that this is especially true if subsidies become less reliable. In response to a question from Mr. Monroe, Mr. Telfer confirmed that revenues have gone up but that ridership has also increased. Mr. Jablonski pointed out that revenues are not growing at the same rate as ridership, and that the growth is coming from S&D and Youth categories, which erodes revenues received from the adult full fare.

Mr. Young requested that samples of actual fare media be presented as part of the next discussion of this item. He stated that he was interested in how fare media might affect how MTS brings in revenue. In response to a question from Ms. Atkins, Mr. Mathis explained that other cities have larger tax-based funding sources that San Diego has. Ms. Atkins stated that she appreciated Mr. Roberts' focus on being efficient but added that MTS is not a typical business but an agency that provides a public service. She briefly discussed the importance of finding a balance between achieving business efficiencies and providing public services. She also stated that she felt the public was not in the mood to pay more for services.

Mr. Roberts advised the Board that he has been having discussions with Gary Gallegos, Executive Director of SANDAG, regarding the use of TransNet funding for beach sand replenishment. He stated that they have been discussing the possibility of introducing a ballot measure to secure ongoing operational funding for transit along with beach sand replenishment, habitat monitoring and maintenance, and storm water. He stated that such a measure, if passed, would free up TransNet funding for other purposes.

Action Taken

Mr. Emery moved to receive a report on the MTS fare structure. Ms. Atkins seconded the motion, and the vote was 12 to 0 in favor.

60. Chairman's Report

The Chairman had nothing to report.

61. Chief Executive Officer's Report

The CEO did not give a report.

62. Board Member Communications

APTA Board Members Seminar: Mr. Emery reported that he had recently attended the APTA Board Members Seminar in Norfolk, Virginia. He advised the Board that it was a good seminar similar to the one held annually in Monterey for mayors and city council members. He briefly discussed the structure of counties and cities in Virginia. He also reported that Ed Gallo, Chairman of North County Transit District (NCTD), participated in a panel and discussed the recent consolidation of functions at SANDAG, MTS, and NCTD. He also reported that many other transit properties are experiencing the same types of problems that MTS is experiencing.

Mr. Emery stated that it might be beneficial to consider holding a retreat somewhere in San Diego that gets Board members together in a less formal setting. He also stated that one of the points made during the conference was that a board member may represent a city or county, but that the board member's job is to advocate for transit when he or she is sitting on the transit board.

2008 APTA Annual Meeting & Expo: In response to a question from Mr. Monroe, Mr. Jablonski stated that MTS staff is already working with APTA on the 2008 APTA Annual Meeting and Expo, which will be held in San Diego in 2008. He stated that MTS is providing minimal assistance as APTA is making most of the necessary plans and arrangements. He stated that MTS has prepared a video that will be played at the end of the APTA Annual Meeting this year, and \$40,000 has been budgeted for the 2008 event. Ms. Atkins suggested asking CONVIS to put together some promotional packets that could be handed out at the end of the 2007 meeting.

Mr. Mathis stated that MTS is taking the lead among the agencies in San Diego in working with APTA on this meeting. Mr. Monroe requested that a report be brought back to the Board on this matter.

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 16, 2007, at 9:00 a.m. in the same location.

65. Adjournment

Chairman Mathis adjourned the meeting at 11:05 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](#)