

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

August 16, 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. McLean moved to approve the minutes of the July 19, 2007, Board of Directors meeting. Mr. Lewis seconded the motion, and the vote was 9 to 0 in favor.

3. Public Comment

*Don Stillwell:* Mr. Stillwell stated that the Green Line doesn't make connections with Route No. 14. He felt that ridership on Route No. 14 would be increased if there was a connection. He stated that this could be accomplished by delaying the departure of Route No. 14 from Fashion Valley by five minutes. He also requested that Route No. 14 stop at the Grantville Trolley Station for connection purposes.

Staff confirmed for Mr. Monroe that delaying this route out of Fashion Valley would affect timed transfers all along the route. Chairman Mathis stated that it is easy to look at only one station, but there is a ripple effect throughout the entire route if changes such as those requested by Mr. Stillwell are made. Mr. Monroe pointed out that the Board makes decisions based on the entire route, not service a just one stop.

*Clive Richard:* Mr. Richard stated that he is concerned because the display is not working on S70 trolley cars when they are the trailing car in a mixed consist. He stated that he was told by staff during an Accessible Services Advisory Committee that when transit television services were installed, that problem would be resolved; however, the contract with Transit Television Network specifically excludes S70 cars from the installation. Ms. Tiffany Lorenzen, MTS General Counsel, stated that he must have misread the contract. She stated that the S70 cars are included in the installation, but the Sprinter is excluded until it is brought online.

## CONSENT ITEMS

6. MTS: San Diego and Arizona Easter (SD&AE) Railway Company Quarterly Reports and Ratification of Actions Taken by the SD&AE Railway Company Board of Directors at its July 24, 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 July 24, 2007 (Attachments B-D of the agenda item).

7. MTS: September 2007 Service Changes (SRTP 830, PC 50451)

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

8. This number was not used

9. MTS: Kearny Mesa Division (KMD) Steam Rack Retrofit Project (CIP 11194)

Recommend that the Board of Directors authorize the CEO to award a contract to Autolift Services, Inc. (in substantially the same format as Attachment A of the agenda item – MTS Doc. No. G1094.0-07) for the KMD Steam Rack Retrofit Project.

10. MTS: Nonrevenue Vehicles – Contract Award (CIP 11202)

Recommend that the Board of Directors authorize the CEO to execute a contract (insubstantially the same format as Attachment A of the agenda item – MTS Doc. No. L0813.0-07) with Villa Ford to supply five nonrevenue vehicles to SDTI's Security Department.

11. MTS: Office of Homeland Security Grant Applications (AG 210.9)

Recommend that the Board of Directors approve Resolution 07-10 (Attachment A of the agenda item) authorizing the CEO to submit applications for FY 06 Transit Security Grants Program funding.

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

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

### Recommended Consent Items

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

- a. MTS: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
Pursuant to California Government Code Section 54956.9(a) Balfour Beatty/Ortiz v. MTS. (Superior Court Case No. GIC 868963)
- b. MTS: CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION  
Significant Exposure to Litigation Pursuant to California Government Code section 54956.9(b): (One Potential Case)

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 and gave direction to agency-designated representatives.
- b. The Board received a report and gave direction to agency negotiators.

NOTICED PUBLIC HEARINGS

There were no noticed public hearings.

DISCUSSION ITEMS

30. MTS: FY 2008 Budget Amendments (FIN 300, PC 50601)

Chairman Mathis introduced this item explaining that the Board was being asked to approve measures that would address MTS's FY 2008 budget deficit and put MTS in a better financial position in coming years. Mr. Paul Jablonski, MTS CEO, provided a recap of the development of the FY 2008 budget, reminding the Board that MTS was able to return \$2.2 million in FY 2007 to reserves because MTS was under budget for that year. He also reminded the Board that a balanced budget for FY 2008 had been developed by staff and approved by the Board prior to notification in May that projections for sales tax revenues had been overstated. He stated it appears that sales tax revenues will be lower than projected for a number of years. He stated that the recommended budget amendments should position MTS to match its budget with its recurring revenues going forward.

Mr. Jablonski advised the Board that MTS used a modeling system provided by TranSystems to test different fare scenarios during the development of the fare increase recommendations. He added that TranSystems is being used by SANDAG to do a fare study of the entire region. He also pointed out that the annualized savings for each of the proposed actions will not be fully realized in FY 2008. He stated that this is the cost of receiving late information.

Mr. Larry Marinesi, MTS Budget Manager, reviewed in detail the recommended budget adjustments for non-fare revenue, non-service cost, personnel benefit, and fare adjustments. It was pointed out that this covers 45 percent of the funding shortfall. It was also pointed out that staff's goals as they relate to the fare structure are to simplify the structure and increase revenues. Mr. Marinesi explained that changing the senior eligibility age to 65 would be accomplished by moving the age one year each year so that passengers who are currently eligible would not be impacted. He also pointed out that a TransNet II ordinance amendment would have to be approved in order to implement this change.

Mr. Conan Cheung, MTS Director of Planning and Scheduling, reviewed the recommendations for service reductions. He stated that the benefit of implementing fare increases is that it reduces the need to make service changes. He stated that the Comprehensive Operational Analysis (COA) has already streamlined service and eliminated many of the inefficiencies in MTS's system. He reminded the Board that many riders who spoke during the public hearings for the COA stated that they would be willing to accept fare increases in order to preserve service. He stated that the recommended adjustments for Route Nos. 8/9, 701, 709, and 712 are minor in nature with minimal impact on ridership and will be implemented as part of the September service changes without public hearing. He reviewed the remaining recommended service changes and reported that these changes all require a public hearing, which will be held in January 2008.

#### Public Comment

*Don Stillwell:* Mr. Stillwell expressed support for the replacement of transfers with day passes if passengers can purchase them from bus operators and fare vending machines.

*Clive Richard:* Mr. Richard stated that he was opposed to raising the senior eligibility age to 65 and wondered how MTS determines eligibility for a Senior & Disabled (S&D) Pass. He was also opposed to the elimination of the discount for the bulk purchase of tokens and expressed support for the recommended changes for Route No. 28. He also objected to the recommendation that service improvements not be implemented for Route No. 7, which is overcrowded and has poor on-time performance.

Mr. Cheung explained that MTS added 36 hours to the running time of Route No. 7 in January. He explained that this route operates in an urban environment with many variables. He stated that Planning staff members conducted a two-week intensive campaign to identify those variables and will address each one of them. He stated that some changes have already been implemented such as deploying different types of buses to speed up the boarding and alighting process.

Mr. Rindone, Chair of the Budget Development Committee, advised the Board that the Committee looked at many options for addressing the deficit and tried to select alternatives that would minimize impact. He stated that once the fare-related recommendations are approved by the MTS Board, they will proceed to SANDAG for approval. He stated that while North County Transit is also trying to address a budget deficit that resulted from the same faulty projections, they are opposed to fare increases that might detract from the opening of their Sprinter service. Mr. Rindone also pointed out that top cash and pass fares are not being increased – that the recommended changes affect the structure of fares that are less than the top fares. He also pointed out that MTS is the only agency that does not have a senior eligibility age of 62 or 65.

He added that a \$5 day pass would be an increase of only 50 cents (\$2.25 base fare/\$4.50 round trip fare) over using a transfer and would enable the passenger to ride multiple times throughout the day. He pointed out that North County Transit no longer uses transfers. Mr. Jablonski pointed out that bus operators and fare vending machines will be able to issue day passes.

Mr. Jablonski explained for Mr. Emery that MTS is recommending that its planning staff do the operations planning for SANDAG. He stated that these services are currently contracted out and, under this recommendation, SANDAG would pay MTS for this service instead. He also explained for Mr. Emery that the five trolley cars that would be "wrapped" are in need of extensive refurbishment. He explained that an evaluation of the entire trolley infrastructure is underway and that these cars may be replaced with new cars. He stated that it was felt it would be better to gain advertising revenues from these cars than to spend money refurbishing them when they may be replaced as part of the larger plan. Chairman Mathis explained for Mr. Monroe that only buses that have not been painted with the new branding and the five trolley cars that are in need of refurbishment will be available to be wrapped. Mr. Roberts stated that this is a very narrow authorization for a limited period of time and will be an improvement in the look of this particular equipment. Mr. Young expressed his support of the advertising recommendation.

Mr. Emery stated that MTS should ensure that the high subsidy of DART service is highlighted during discussions of the elimination of this service. It was clarified for Mr. Emery that fare vending machines both accept and return dollar coins as change.

In response to a question from Mr. Monroe, Mr. Cheung reported that ten percent of MTS's ridership uses transfers. He also advised Mr. Monroe that MTS has an agreement with UCSD under which they pay MTS for each ride taken by their students and faculty members using bus service to get to UCSD. He stated that the rider, who would be forced to transfer to get to UCSD, would not experience an increase in fare because UCSD is paying their fare.

Mr. Monroe pointed out that one of the routes being recommended for service adjustment has a subsidy of \$1.56 while MTS is operating routes with much higher subsidies. He asked if MTS should be adjusting this particular route. Ms. Atkins stated that she didn't feel that subsidy per passenger should be the only criteria considered when deciding where to make service cuts. She stated that MTS has a responsibility to provide service throughout the region and that needs to be balanced with cost efficiencies. Mr. Emery requested that the total cost of high subsidy service, such as that provided to Borrego Springs, be provided to the Board. He stated that while the subsidy may be high, the amount of service provided is very low so the total cost may be low.

Mr. Monroe asked how MTS determines eligibility for an S&D (disabled) pass. Mr. Jablonski explained that MTS has criteria for that and is in the process of reviewing how these passes are sold in order to ensure that only those who are truly qualified are able to purchase them. Ms. Lorenzen pointed out that the Americans with Disabilities Act (ADA) specifically identifies the qualifications. Mr. Jablonski stated that he has been discussing the possibility of having identification photos on the new Compass Card so that riders don't need to carry additional identification.

Ms. Atkins thanked the Budget Development Committee and staff for all their hard work on this issue. She stated that having gone through the COA gives her comfort that MTS knows its baseline of service. She also stated that she has resisted service cuts and fare increases in the past but feels these may be the only options at this point in time. She added that MTS still needs to work on educating the public because there is not a complete understanding of what MTS is up against. She stated that MTS is a very well-run agency and thanked Mr. Jablonski and the entire MTS team. She added that everyone worked hard to extend TransNet and to support state bond measures that would bring funding to the region but that this was not enough.

Mr. Clabby questioned whether approval of these budget items was premature as the state budget has not yet been approved. Mr. Jablonski explained that operating monies that come to MTS from the state are relatively safe. He stated that it is money for funding MTS capital needs that is uncertain at this point. Mr. Roberts pointed out that the state budget will never be structurally balanced and, therefore, funding levels are perpetually in question.

Mr. Monroe suggested that the California League of Cities be approached about helping further the cause for transit and pointed out that Councilmember Jim Madaffer will be chair of that group. He also pointed out that, as a result of the recent bridge collapse in Minneapolis, there is discussion that too much funding has been allocated to transit. Mr. Jablonski stated that he will ask the California Transit Association to pursue this avenue of support.

Mr. Young offered his apologies to the Board that, although he is a member, he was unable to participate in Budget Development Committee meetings because of the conflict with his city council meetings.

#### Action Taken

Mr. Emery moved to (1) approve a waiver of provisions of MTS Policy No. 21 that conflict with advertising proposals contained in Attachments A-1 to B-4 of the agenda item and direct staff to implement the proposed advertising plan; (2) direct staff to implement proposed changes on nonservice changes and personnel benefit adjustments contained in Attachments A-1 to B-4 of the agenda item; (3) direct staff to begin a process with SANDAG to amend fare ordinances with proposed fare increases as contained in Attachments A-1 to B-4 of the agenda item; (4) direct staff to schedule public hearings to implement service changes as contained in Attachments A-1 to B-4 of the agenda item; and (5) direct staff to bring back a revised budget based upon changes as contained in Attachments A-1 to B-4 of the agenda item. Mr. Young seconded the motion, and the vote was 11 to 0 in favor.

#### 31. MTS: Authorization for Use of Additional City of San Diego Billboard Reserve Funds (AG 250)

Ms. Lorenzen provided the Board with an overview of how the Billboard Reserve Fund originated as part of a negotiated settlement and its purpose. She stated that proposals for the use of these funds must be transit related and approved by the Board.

City of San Diego employee Mike Arnold provided the Board with an overview of the proposed improvements to the 47<sup>th</sup> Street and 62<sup>nd</sup> Street Trolley Stations. He provided information on the project team, location of the stations, project features and benefits, and milestones completed and scheduled for the future. He also presented information on the cost and the schedule for completion. Mr. Jim Neri, Neri Landscape, provided details on the specific

improvements that are being proposed each of the stations. He stated that the improvements will improve station appearance, discourage graffiti, and provide shade for people in the stations. Mr. Lorenzen pointed out that once the total project cost (\$310,000), which includes the \$90,000 being requested, is withdrawn from the Billboard Reserve Account, there will be a balance of \$42,817.24. Chairman Mathis stated that billboard revenues will replenish the reserve account.

Mr. Young thanked everyone for doing a good job on this project. He added that community redevelopment dollars will also be used to help make this project a reality. He stated that there is currently a master plan for Imperial Avenue and eventually the 62<sup>nd</sup> & Market/Euclid Station that will provide the type of commercial development MTS wants around its trolley stations. He stated that the end result will be an entire community surrounding a trolley station.

#### Action Taken

Mr. Young moved to authorize additional funds in the amount of \$90,000 from the City of San Diego Billboard Reserve Fund to the City of San Diego for additive alternatives at the 47<sup>th</sup> Street and 62<sup>nd</sup> Street Trolley Stations. Mr. Emery seconded the motion, and the vote was 11 to 0 in favor.

### REPORT ITEMS

#### 45. MTS: American Public Transportation Association (APTA) Conferences (ADM 121.6)

Mr. Rob Schupp, MTS Director of Marketing and Communications, provided the Board with an overview of staff activities to prepare for the APTA Annual Meeting & Expo, which will be held in San Diego in 2008. Mr. Schupp reported that staff will be meeting with APTA representatives next week to work out more details. He reported on the responsibilities of the host agency and provided information on the MTS booth that will be on display at this year's APTA Annual Meeting in Charlotte, North Carolina. He reported that Coke is partnering with MTS on this particular aspect of MTS's involvement. He also advised the Board that MTS will be working with SANDAG and NCTD to determine how the agencies will partner for this project. Mr. Rindone suggested trolley key chains be provided to each participant of the APTA meeting in Charlotte. He stated that this suggestion could be funded through private donations if it proves to be too costly for MTS.

#### Action Taken

Mr. Emery moved to receive a report regarding MTS's participation in the 2007 and 2008 APTA Conferences. Mr. Young seconded the motion, and the vote was 9 to 0 in favor.

#### 60. Chairman's Report

The Chairman had nothing to report.

61. Chief Executive Officer's Report

*APTA Nomination:* Mr. Jablonski reported that he has been nominated to the position of regional director of the west coast region on the APTA Board of Directors. The Board congratulated Mr. Jablonski on his nomination.

62. Board Member Communications

*Agenda Item 61:* In response to a question from Mr. Rindone, Ms. Lorenzen explained that the work order for Padilla as referenced in Agenda Item 61 – Work Orders (Page C-1) refers to an individual who provided Disadvantaged Business Enterprise consultant services.

*Audit Oversight Committee:* Mr. Ewin, Chairman of the Audit Oversight Committee, reported that the Committee had held its first meeting and that everyone had been faxed a copy of the minutes for that meeting. He stated that the Committee spent a lot of time with the auditor going over the basics. He stated that the audit scope is well underway. He added that the minutes are detailed and invited everyone to read them.

*Tijuana Estuary:* Mr. McLean invited Board members to ride the bus and trolley to the 25<sup>th</sup> birthday party for the Tijuana Estuary from 2:00 p.m. to 6:00 p.m. today.

63. Additional Public Comments on Items Not on the Agenda

*Jason Heil:* Mr. Heil thanked MTS for passing its no-smoking ordinance, which will reduce litter at bus stops and stations. He stated that he has submitted letters with suggestions for improving safety and the elimination of litter at stations and that he has other ideas as well.

64. Next Meeting Date

The next regularly scheduled Board meeting is Thursday, September 13, 2007, at 9:00 a.m. in the same location.

65. Adjournment

Chairman Mathis adjourned the meeting at 11:28 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