

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

September 14, 2006

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

1. Roll Call

Chairman Harry 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

Ms. Atkins moved to approve the minutes of the August 10, 2006, Board of Directors meeting. Mr. Rindone seconded the motion, and the vote was 10 to 0 in favor.

3. Public Comment

Chuck Lungerhausen: Mr. Lungerhausen reported that Route No. 955 is running empty and late for its 3:30 p.m. stop at Euclid Station yet is passing up passengers at that location. He explained the delays that he has experienced as a result of this problem. He also stated that he did not care for the look of the mixed consists of trolley cars (SD-100 paired with an S70) and felt that it degraded the system. Chairman Mathis explained that using mixed consists allows MTS to provide low-floor service to more areas of San Diego and, therefore, more customers are able to take advantage of this type of service.

Donna Erickson: Ms. Erickson distributed a handout detailing her concerns about the Comprehensive Operational Analysis (COA), which dismembered and affected ridership on Route No. 25. She also objected to MTS's provision of a performance incentive program, which she felt was a nonessential expenditure. She then detailed her concerns regarding the COA and its alleged violation of the Brown Act, California Environmental Quality Act, and the spirit of the Americans with Disabilities Act (ADA). She also felt there was resentment on the part of MTS staff toward the president of the Linda Vista Planning Group, and that MTS ignored petitions submitted by the public in response to the COA.

Mr. Monroe stated that he strongly supports MTS's performance incentive program and stated that it is a good idea to reward employees who are doing a good job. He added that MTS's bonus percentage is significantly lower than the percentage typically given in the private sector. He also stated that it detracts from Ms. Erickson's message when she introduces the subject of the performance incentive program when she is discussing these other issues.

Don Stillwell: Mr. Stillwell stated that terminals do not always have to be at the northern-most end of a route and requested that MTS stop parking buses on Crawford Street. He also reported that Route Nos. 13 and 14 do not make efficient connections with each other.

Richard Finn: Mr. Finn stated that many of the people who use buses outside of peak hours are seniors who are going to the grocery store or doctor appointments. He stated that only Route No. 3 provides service on University Avenue through Hillcrest and into downtown, and this route is now overcrowded. He stated that better service is needed for senior citizens. He also asked if more bus stops could be established north and south at Cedar. He stated that there are two apartment buildings with over 400 people who would benefit from additional stops.

CONSENT ITEMS

6. MTS: State Transit Assistance Claims Amendment (FIN 340.2, PC 50601)

Recommend that the Board of Directors adopt Resolution No. 06-12 (Attachment A of the agenda item) amending the Fiscal Year 2006 State Transit Assistance claims.

7. MTS: Election to Fill Vacant Positions of San Diego and Arizona Eastern (SD&AE) Railway Company Board Members (SDAE 710.1, PC 50771)

Recommend that the Board of Directors (1) receive the San Diego and Imperial Valley (SD&IV) Railroad, Pacific Southwest Railway Museum Association (Museum), and Carrizo Gorge Railway, Inc. (Carrizo) quarterly reports (Attachment A of the agenda item); (2) ratify actions taken by the San Diego and Arizona Eastern (SD&AE) Railway Company Board of Directors at its meeting on July 25, 2006 (Attachment B of the agenda item); and (3) ratify and appoint Ray Stephens as Chairman and Secretary replacing Thomas Schlosser, Bob Jones as Mr. Stevens' alternate, and Alejandro De La Torre as Treasurer to replace James Bertram, as recommended by the SD&AE Board of Directors.

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

Recommend that the Board of Directors authorize the Chief Executive Officer (CEO) to enter into contracts and amendments with Roger Bingham of the law firm Butz, Dunn, DeSantis, Bingham, APC (MTS Doc. No. G0723.17-02, Attachment A of the agenda item), James B. James of the law firm Gray & Prouty, APC (MTS Doc. No. G0736.8-02, Attachment B of the agenda item), and David Skyer of the Law Offices of David C. Skyer, APC (G1022.0-07, Attachment C of the agenda item) for legal services, in substantially the same form as attached, and ratify prior amendments entered into under the CEO's and/or previous General Manager's authority(ies).

9. MTS: Mission Valley East – Budget Transfer and Construction Management Contract Amendment (CIP 10426.12)

Recommend that the Board of Directors authorize the Chief Executive Officer (CEO) to (1) transfer \$250,000 into the Construction Management (CM) line item (WBS #10426-0700) from the SDSU Mitigation line item (10426-1099225D) to fund Contract Amendment No. 42 with Washington Group International (WGI) to extend CM services on the Mission Valley East (MVE) Light Rail Transit (LRT) Project (see Attachment A of the agenda item, Budget Transfer History); and (2) execute Contract Amendment No. 42 (MTS Doc. No. L6343.40-01) with WGI, in substantially the same form as shown in Attachment B of the agenda item, in an amount not to exceed \$219,444 for CM services on the MVE LRT Project, including extension of CM services through December 31, 2006.

10. MTS: Capital Improvement Program Budget Transfers
(CIP 11074, 11114, 11116, 11117, 11118, 11147, 11166)

Recommend that the Board of Directors forward a recommendation to the SANDAG Transportation Committee to approve transferring funds in various SANDAG Capital Improvement Programs to MTS capital Improvement Programs (as shown in Attachment A of the agenda item – Budget Transfer Summary.

11. MTS: Onboard Surveillance Systems – Contract Award (CIP 11184, 11185, 20289)

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 Integrian, Inc. to install onboard video surveillance systems on buses and trolleys. The contract would be completed in three phases and would also include three option years for additional onboard video surveillance system requirements dependent upon available funding.

12. MTS: Service Trucks Contract Award (CIP 11121, 11180, 11197, 11121)

Recommend that the Board of Directors authorize the MTS CEO to execute a contract with Villa Ford, Inc. for four service trucks at a cost of \$271,195.88 and a contract with Raceway Ford for two sign trucks for a cost of \$61,807.82. The total cost of this procurement, including California sales tax, would not exceed \$333,003.70.

13. MTS: Mincom, Inc. Annual Support Maintenance – Contract Amendment (ADM 130, PC 53910)

Recommend that the Board of Directors authorize the MTS CEO to enter into a contract amendment with Mincom, Inc. (MTS Doc. No. G0740.6-02, Attachment A of the agenda item) for annual software support maintenance for the Ellipse financial system package.

Recommended Consent Items

Staff clarified for Ms. Atkins that the State Transit Assistance (STA) Claims Amendment (Agenda Item No. 6) relates to funding already included in the FY 2007 budget.

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

CLOSED SESSION:

24. Closed Session Items (ADM 122)

The Board convened to Closed Session at 9:25 a.m.

- a. SDTI: Conference with Labor Negotiators. Pursuant to 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 Government Code Section 54945.8

Property: 522 West 8th Street, National City, California

Agency Negotiators: Tiffany Lorenzen, Paul Jablonski, Sharon Cooney, and Tim Allison

Negotiating Parties: City of National City

Under Negotiation: Price and Terms of Payment

- c. MTS: Conference with Legal Counsel – Anticipated Litigation. Significant Exposure to Litigation California Government Code section 54956.9(b) (One Potential Case)
- d. MTS: Conference with Legal Counsel – Existing Litigation. Pursuant to California Government Code Section 54956.9(a): MTS, MTDB, SDTC v. Louis Pellegrin, Rosemary Pellegrin Superior Court Case Number GIC857180
- e. MTS: Conference with Legal Counsel – Existing Litigation. Pursuant to California Government Code Section 54956.9(a) Stella Reed v. MTS et al., Claim No. Unassigned
- f. MTS: Conference with Legal Counsel – Existing Litigation. Pursuant to California Government Code section 54956.9(a) California Regional Water Quality Control Board v. MTS Complaint No. R9-2005-0062
- g. MTS: Conference with Real Property Negotiators. Pursuant to California Government Code Section 54956.8
Property: Right-of-Way adjacent to Grossmont Center 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: City of La Mesa
Under Negotiation: Instruction to Negotiators Will Include Price and Terms of Payment

The Board reconvened to Open Session at 11:05 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 the Director of Human Resources & Labor Relations.
- b. The representative from National City was not present for the discussion of this item because the City is a negotiating party. The Board received a report and gave direction to the Chief Executive Officer (CEO).
- c. The representative from National City was not present for the discussion of this item. The Board received a report and gave direction to the Chief Executive Officer (CEO).
- d. The Board received a report and gave direction to outside counsel.
- e. Representatives from San Diego County and the City of San Diego were not present for the discussion of this item. The Board received a report and gave direction to staff and General Counsel.

- f. The Board received a report and gave direction to the CEO.
- g. The representative from La Mesa was not present for the discussion of this item because the City of La Mesa is a negotiating party. The Board received a report and gave direction to outside counsel and General Counsel.

NOTICED PUBLIC HEARINGS

25. There were no Noticed Public Hearings

DISCUSSION ITEMS

30. MTS: Federal Railroad Administration Horn Rule – Quiet Zones (AG 210.3, PC 50111)

Chairman Mathis read a letter dated September 14, 2006, from Councilmember Kevin Faulconer into the record as follows: "Dear Chairman Mathis: I am writing this letter to convey my continued support for the Downtown Quiet Zone. While I am unable to attend today's meeting due to a special meeting of the San Diego City Council, I would like the Board to know how important this project is to thousands of San Diego residents. The continued ability of MTS to work alongside other organizations such as NCTD, BNSF and CCDC is vital in order to see the Quiet Zone come to fruition. I greatly appreciate the responsiveness of MTS staff who have been working closely with me these past several months, and I urge the Board to move forward today. I apologize again for not being able to attend today's meeting, and I thank you for taking the time to read this letter into the record."

No presentation was made by staff on this item since a full presentation had already been made at the August 10, 2006, meeting. Mr. Roberts stated that he was disappointed that City of San Diego representatives were not present to discuss this item. He felt that it was important to extend Quiet Zones all the way to Old Town and pointed out that the City of San Diego just approved a new condominium project at Washington Station that would benefit from this extension. Ms. Lorenzen pointed out that item 1 of this agenda item states "to support the Quiet Zone concept at public grade crossings between Old Town Transit center and Fifth Avenue..." She reported that she recommended to the Centre City Development Corporation (CCDC) and the City of San Diego that two "tracks" be created for this project, with the second track, which includes Old Town, running concurrently. She stated that she has not yet received a response to this recommendation. Mr. Roberts stressed that at least as much effort should go into including Washington Station in this project and requested that this item be carried over to the Board's September 28, 2006, agenda so City representatives can be involved in the discussion. Mr. James Lawson, aide to Mr. Faulconer, approached the podium and advised the Board that Mr. Faulconer encourages the Board to take action today so there is no delay in the implementation of this project. It was pointed out that the delay would only be for two weeks, and negotiations related to the Memorandum of Understanding (MOU) are still underway.

Public Comment

Chuck Lungerhausen: Mr. Lungerhausen completed a speaker's slip but did not make any comments.

Action Taken

Mr. Emery moved to delay discussion of this item to the Board's September 28, 2006, meeting and direct staff to proceed with negotiations for the MOU with the objective of having two "tracks" with the second track, which includes Old Town, running concurrently. Mr. Clabby seconded the motion, and the vote was 9 to 0 in favor.

31. MTS: Proposed Plan for Use of State Infrastructure Bond Initiative Funding (FIN 340.2, PC 50111)

This item was carried over to the Board agenda for September 28, 2006.

Action Taken

No action was taken.

32. MTS: Comprehensive Annual Financial Report (CAFR) for FY 2005 (FIN 310, PC 50601)

Mr. Tom Lynch, Controller, reviewed the status for the FY 2005 and FY 2006 audits. In response to a question from Mr. Ewin, Mr. Telfer explained that the farebox recovery rate is going down because MTS expenses are increasing, primarily because of fuel costs, and no fare increases have been implemented to offset that increase. Mr. Jablonski pointed out that ridership numbers are up, but many passengers are making more trips using monthly passes, so there isn't a corresponding increase in the number of fares paid. Mr. Jablonski stated that the overall objective of the COA is to improve farebox recovery by increasing ridership, generating more revenue, and improving efficiency of the system. Mr. Ewin stated that MTS should make improvements in farebox recovery rate but that MTS services should be priced to balance performance issues with the need to provide adequate service to people who have no other options for transportation.

Action Taken

Mr. Ewin moved to receive the MTS FY 2005 Comprehensive Annual Financial Report. Mr. Rindone seconded the motion, and the vote was 9 to 0 in favor.

33. MTS: FY 2005 Final Budget Comparison (FIN 310, PC 50601)

Mr. Lynch provided an overview of the final reconciliation of the FY 2005 budget. He provided a comparison of combined operations to amended budget for operating subsidies, revenues, expenses, and contingency reserves.

Action Taken

Mr. Ewin moved to approve applying the FY 2005 positive variance to budget of \$4,337,435 to the MTS Contingency Reserve. Mr. Emery seconded the motion, and the vote was 9 to 0 in favor.

34. MTS: Operations Budget Preliminary June 2006 Report (FIN 310, PC 50601)

Mr. Tom Lynch provided a comparison to budget for FY 2006 to date. He reviewed operating subsidies, revenues, and expenses. Mr. Lynch clarified for Mr. Monroe that \$8.1 million in reserves were used to balance the FY 2005 budget. He added that, at the end of fiscal year 2005, \$4.3 was transferred back to reserves due to a favorable variance in the budget. He reminded the Board that no reserves are being used to balance the FY 2006 budget.

Action Taken

Mr. Roberts moved to receive a report for information. Mr. Monroe seconded the motion, and the vote was 9 to 0 in favor.

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

Ms. Lorenzen provided the board with a status report on the Grossmont Trolley Station Joint Development Project. She reported the following: The Disposition and Development Agreement (DDA) has been signed, the Ground Lease has been finalized, the CCRT Properties License Amendment has been completed and will be forwarded to the recorder's office today, and all license and easement amendments for AAA and adjacent property owners have been completed. She reported that escrow is scheduled to close on October 5. Mr. Wesley Espinoza, Fairfield Residential stated that they hoped to break ground in the second week of October. Ms. Lorenzen added that the City of La Mesa will be approving the final parcel map on September 26, and a ground-breaking ceremony will be scheduled at the end of October.

Action Taken

Mr. Jones moved to receive an update from General Counsel regarding the status of the Grossmont Trolley Station Joint Development Project. Mr. Roberts seconded the motion, and the vote was 9 to 0 in favor.

REPORT ITEMS

45. SDTI: SD-100/S70 Vehicle Compatibility Status Report (OPS 970.6)

This item was carried over to the Board agenda for September 28, 2006.

Action Taken

No action was taken.

46. MTS: 2007 Regional Transportation Plan – Revised Transit Services Evaluation Criteria and Regional Transit Capital Replacement and Rehabilitation Criteria (ADM 121.10, PC 20484)

Ms. Rachel Kennedy, SANDAG, provided an overview of the Draft Transportation Project Evaluation Criteria as developed by the Transportation Project Evaluation Criteria Working Group. She thanked Mr. Conan Cheung, MTS Director of Planning and Performance Monitoring, for representing MTS in this effort. She reported that the criteria that were

developed will be utilized to rank transportation projects within the Regional Transportation Plan (RTP). She reviewed the different modal categories, composition of the criteria working group, goals to be accomplished by using the criteria, and how the criteria would be weighted. Ms. Susan Brown, SANDAG, provided details on how the process will be used. She reported that this process will be used to determine how new regional discretionary transit funds are used, e.g. infrastructure bond funding, and that the projects evaluated will be those that are not funded under the Capital Improvement Program. She reviewed each individual criteria.

Both Mr. Monroe and Mr. Clabby expressed concern that funding for the maintenance and replacement of aging infrastructure was not included as one of the ranking criteria. Mr. Monroe maintained that the criteria for items beyond their useful life was not adequate to address the system's reliability issues that result from aging infrastructure, and that these issues should be given top priority. Mr. Clabby stated that he was also concerned about the reliability of the system. Ms. Brown reported that infrastructure reliability could also be considered under the safety criteria. Mr. Mathis requested that any other Board member comments on this item be directed to Mr. Jablonski outside of the meeting.

Action Taken

Mr. Emery moved to receive an update from SANDAG staff regarding the revised transit services evaluation criteria and regional transit capital replacement and rehabilitation criteria used to prioritize projects for the Regional Transportation Plan. Mr. Jones seconded the motion, and the vote was 8 to 0 in favor.

47. MTS: Comprehensive Operational Analysis: Implementation Update (SRTP 805.1, PC 20484)

Mr. Cheung provided the Board with a three-month evaluation of the June 2006 service changes, initial statistics related to the September 2006 service changes, and a six-month evaluation of rural fare and service changes. He reviewed the service changes in terms of productivity, quality of service, connectivity, and efficiency. He also reported that two grants were submitted and approved under the Caltrans Intercity Bus Program.

Public Comment

Donna Erickson: Ms. Erickson declined to speak.

Clive Richard: Mr. Richard did not speak.

Jonathan Johnson: Mr. Johnson commended MTS's efforts to improve the system and stated that MTS has many good operators. He added that many drivers are not familiar with the service changes recently implemented and are therefore unable to assist riders with questions.

Ms. Claire Spielberg, Chief Operating Officer – Transit Services, reported that many sessions were held to inform operators of the service changes, and operators were supplied with cards detailing the changes that could be passed out to passengers. She stated that a phone number was listed on the card that customers could call to get route-related information. Mr. Mathis added that operators may drive a number of different routes and asked Mr. Johnson to be patient. He added that these service changes were a major undertaking.

Mr. Monroe agreed that MTS has many good operators and thanked Mr. Johnson for appearing before the Board. Mr. Monroe stated that he was still dissatisfied with some of the subsidy amounts for rural bus service. He stated that public transit is meant to be an urban, not rural, service. He stated that he was willing to wait another three months before looking at rural bus subsidies but felt that MTS was exceeding the dollar amount that it should be subsidizing. He suggested that MTS establish a dollar threshold and not provide service that requires subsidizing above that threshold.

Action Taken

Mr. Rindone moved to receive this report on the early results of the Comprehensive Operational Analysis implementation for June and September as well as the six-month review of rural bus service changes. Mr. Monroe seconded the motion, and the vote was 8 to 0 in favor.

60. Chairman's Report

Chairman Mathis had nothing to report.

61. Chief Executive Officer's Report

Sandra Bushue, Federal Transit Administration (FTA) Deputy Administrator: Mr. Jablonski reported that Ms. Bushue visited MTS for about five hours on August 23, 2006, and was provided with a briefing and then a tour of the Green Line. He stated that this event was very productive. He stated that Ms. Bushue was very impressed with both bus and rail operations, the yard, and the Green Line, especially the SDSU Station. He stated that SDSU President Stephen Weber participated in the tour of SDSU Station and made very enthusiastic comments regarding the impact of the station on SDSU. Mr. Jablonski advised the Committee that Ms. Bushue said she found the session very informative and added that she also made complimentary statements about MTS operations and staff. He added that she felt she now has a better understanding of how much MTS does for transit in San Diego. Mr. Jablonski recognized Mr. Rindone, who talked to Ms. Bushue at a recent APTA conference and encouraged her to visit MTS. Chairman Mathis stated that it was clear that she enjoyed her visit and was very enthusiastic in her support of MTS operations.

62. Board Member Communications

Ethics Training: In response to a question from Mr. Clabby, Ms. Lorenzen explained that MTS does not need documentation from Board members who have received the required ethics training through their respective cities. She stated that this is a self-reporting requirement. MTS only needs to maintain documentation for those Board members who are provided ethics training by MTS.

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, September 28, 2006, at 9:00 a.m. in the same location.

65. Adjournment

Chairman Mathis adjourned the meeting at 12:11 p.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