

EXECUTIVE COMMITTEE MEETING FOR THE
METROPOLITAN TRANSIT SYSTEM (MTS),
SAN DIEGO TRANSIT CORPORATION (SDTC),
AND SAN DIEGO TROLLEY, INC. (SDTI)

June 21, 2007

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

A. ROLL CALL

Vice Chair Rindone called the meeting to order at 9:07 a.m. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Mr. Ewin moved approval of the minutes of the May 17, 2007, Executive Committee meeting. Ms. Atkins seconded the motion, and the vote was 3 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

The Committee convened to Closed Session at 9:08 a.m. to discuss the following item:

1. MTS: CLOSED SESSION: 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)

The Committee reconvened to Open Session at 9:44 a.m.

Oral Report of Final Actions Taken in Closed Session

Ms. Lorenzen, MTS General Counsel, reported the following action taken in Closed Session:

The Committee received a report and gave direction to outside counsel.

2. MTS: State Budget Update (AG 220, PC 50101)

Mr. Paul Jablonski, MTS CEO, advised the Committee that Sharon Cooney, MTS Director of Government Affairs and Community Relations, has been actively involved in discussions of this issue at the state level. Ms. Cooney reported that the conference committee that was working on the Spillover funding issue has stopped holding hearings and has handed the issue over to legislative leaders. She estimated that the funding that will be given to transit could range anywhere from \$200 million to \$450 million. Mr. Jablonski stated that, if the funding is \$200 million, MTS would receive \$4 million of the \$23 million in PTA Spillover funds that it expected to lose. Ms. Cooney confirmed that this would be one-time funding, and

it was pointed out that this funding would be part of the MTS FY 2008 budget. She also pointed out that Spillover is a very volatile source of funding. Vice Chairman Rindone pointed out that this money is generated for but not guaranteed to transit and added that the State sees this as an opportunity to cover its budget shortfalls. Ms. Cooney stated that MTS would like to see most of this funding designated as State Transit Assistance (STA), which would allow more flexibility in terms of using the funding for operating or capital purposes.

In response to a question from Vice Chairman Rindone, Ms. Cooney reported that local delegates are arguing on MTS's behalf and that Senator Denise Ducheny is being very vocal about getting funding for the STA portion of the formula. Ms. Atkins stated that she has talked with Senator Ducheny who said that they are very familiar with MTS's needs and issues as a result of their very informative meetings with Ms. Cooney.

Ms. Cooney advised the Committee that the budget should be approved by the end of June. Ms. Atkins stated that she would be having lunch with Senator Ducheny next week and asked that she be given the latest information on this issue by Wednesday afternoon or Thursday morning in preparation for that meeting.

Action Taken

The Committee received this report. No formal action was taken.

3. MTS: Fare Structure Overview (SRTP 875, PC 50451)

Mr. Jablonski reported that staff is reviewing all options for matching budgeted expenses with projected revenues prior to any recommendations regarding a fare increase. He stated that this agenda item as well as Agenda Item C4 are updates on staff's progress in looking at ways of closing the gap. He added that it has been a long time since MTS has done anything with fares, and staff felt it was important for the Board to be familiar with the current fare structure.

Mr. Conan Cheung, Director of Planning and Scheduling, provided an overview of the current fare structure. He then reviewed average fare vs. subsidy, breakdown of passenger revenues by fare type, breakdown of pass sales and revenues by fare type, regular pass usage vs. average fare, and a breakdown of discounted pass sales and revenues. He reported that SANDAG is doing a regional fare study and will make recommendations in approximately six months to MTS and North County Transit after discussing potential changes to the fare structure and the impact on ridership and revenue.

In response to a question from Mr. Atkins, it was confirmed that TransNet II codified the way Senior and Disabled (S&D) fares are set. Mr. Jablonski stated that the federal government mandates that S&D pass be one-half of the standard pass price, and TransNet II mandates that the pass be sold for one-half of that. He stated that TransNet II contains a subsidy to help MTS pay for that, but it is only about \$5 million compared to MTS's cost of about \$10 million.

In response to a question from Mr. Ewin, Mr. Cheung explained that average fares are declining, in part, from the implementation of Mission Valley East and the increased use of transfers. Mr. Ewin suggested that staff's presentation to the Board include reasons for the decline in the average fare and stated that the people who are using transit the most are not the ones who are paying for it. He stated that traditional marketing approaches therefore are not effective. In response to a question from Mr. Rindone, Mr. Mark Thomsen, MTS Senior Planner, reported that North County Transit has a simpler fare structure. He stated that the fare study will analyze whether the current revenue-sharing agreement is equitable. Mr. Rindone stated that MTS should simplify its fare structure.

Mr. Jablonski stated that the decline of the average fare is the result of the current fare structure and pass sales. He stated that when prices stay the same and people ride more, MTS receives less revenue per trip. He stated that almost 70 percent of the system's riders use passes and about 25 to 30 percent use the S&D pass. Mr. Ewin suggested that staff also include a slide about the shifts in fare categories that are taking place. Mr. Jablonski pointed out that when a passenger uses an S&D pass, MTS only receives 23 cents a trip – that is how deeply discounted passes are. Mr. Ewin also suggested that staff add a "definitions page" to its presentation and add the cost per trip to the Regular Pass Usage vs. Average Fare chart. Mr. Jablonski pointed out that MTS's complex fare structure provides a lot of deeply discounted fares, and adjustments may be made to this part of the fare structure prior to any wholesale fare increase.

Mr. Ewin pointed out that MTS offers discount fares in order to increase ridership and has been successful at doing that – to the point that it is now having a negative effect on MTS's average fare. Mr. Jablonski pointed out that some riders are getting an extraordinary bargain. He added that offering a pass that is 25 percent of the regular pass price provides incentive for people to try to qualify for the purchase of that pass. He stated that having multiple pass outlets makes it hard to ensure that only those individuals who are truly qualified get these specially priced passes. He added that MTS is discussing ways of tightening up this process. In response to a question from Mr. Rindone, Mr. Jablonski stated that individuals 60 and older are classified as seniors for the S&D pass.

In response to a question from Mr. Rindone, Mr. Jablonski stated that MTS together with the Padres have implemented a pilot program for a special pass for Padres employees. He stated that the program has not been that successful to date.

Mr. Atkins stated that anytime the Board looks at an issue related to fare programs it should also consider the fiscal impact. She stated that a balance needs to be found between providing programs that stimulate ridership and protecting MTS's fare revenues. She stated that there is an inherent conflict between the Board's policy goals and its financial and fiduciary responsibilities.

Mr. Rindone thanked staff for the information provided and stated that MTS should have two overarching goals as follows for its fare structure: (1) having a simpler structure and (2) attempting to increase revenues without losing passengers. He suggested that a slide be added to staff's presentation to include this information.

Action Taken

The Committee received this report. No formal action was taken.

4. MTS: Revenue-Generating Real Estate Assets (ADM 160.2, PC 50121)

Mr. Jablonski reported that staff has identified opportunities for generating revenues using its real estate assets. He stated that staff has divided these opportunities into two categories – the larger parcels that can generate higher revenues on a long-term basis and smaller parcels that can be used to generate revenues more quickly.

Mr. Tim Allison, MTS Right-of-Way Manager, referred to the detailed list that was provided as part of the agenda item that identifies all of MTS's properties. He then reviewed the parcels categorized in the second group mentioned by Mr. Jablonski. He estimated that a minimum of \$170,000 could be realized in the FY 2008 budget from the lease of these smaller parcels. In response to a question from Ms. Atkins, Mr. Jablonski stated that this revenue would be \$250,000 on an annualized basis. In response to a comment by Mr. Emery, Mr. Allison stated that all of the lease arrangements for these parcels would be on a short-term basis, which would make it possible to end the lease arrangement in order to use these properties for transit purposes if needed. Mr. Jablonski stated that there is a mechanism in place to bring planning personnel into the process to identify if a property is needed for transit before MTS commits to a project. Mr. Allison reported that none of these parcels were federally funded so no revenues would have to be returned to the federal government. Mr. Rindone asked why E Street was not on the list. Mr. Allison informed him that E Street is one of the sites that MTS has identified as a top priority for near-term joint development.

Mr. Allison reported that there was an underground storage tank spill from a 7-11 store on the Prospect Square property that is very close to being resolved. He stated that the Cuyamaca/Prospect-Northwest parcel was also affected by this spill.

Mr. Rindone suggested that the Committee take a bus tour of these properties sometime when the Executive Committee has a light agenda.

In response to a question from Mr. Ewin related to the Baltimore Junction parcel and the possibility of doing a Green Line to Orange Line transition on this parcel, Mr. Jablonski stated that MTS will soon be entering into a trolley-related planning process that will evaluate these types of options. Mr. Ewin reported that there is a parcel on the other side of I-8 from Baltimore Junction that is being reviewed, and La Mesa is considering ways of tying these two properties together. He stated that it is not unusual to bridge a freeway.

Mr. Ewin stated that he would like to see MTS set a goal of getting 10 percent of its properties into revenue production per year and stated that if a property cannot be leased, it should be sold. Mr. Allison introduced Mr. Pierre Saladin, whose job it is to handle these properties.

Ms. Lorenzen stated that both Tony Young and Brian Jones, who asked questions about this matter at the last Board meeting, were provided with copies of this agenda item. Mr. Rindone asked for an update on this item in 90 to 120 days and requested that the presentation made by staff also be presented to the full Board.

Action Taken

The Committee received this report. No formal action was taken.

D. REVIEW OF DRAFT JUNE 28, 2007 BOARD AGENDA

Recommended Consent Items

6. MTS: Rebuilt Transmissions – Contract Award (OPS 900, PC 53810)

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 – MTS Doc. No. B0480.0-07) with HD Industries, Inc. for rebuilt ZF transmissions.

7. SDTI: Light Rail Vehicle Vandalism and Accident Repair Services – Contract Amendment (OPS 970.6, PC 50356)

Recommend that the Board of Directors authorize the President to exercise the first of two single-year contract extensions with Carlos Guzman, Inc. (in substantially the same format as Attachment A of the agenda item, SDTI Doc. No. C.O.011.1-05) for light rail vehicle accident and vandalism repair services.

8. SDTI & SDTC: Parking Lot Sweeping Services – Contract Award (OPS 970.2, 960.2, PC 50381, 05331)

Recommend that the Board of Directors authorize the President to execute a contract (SDTI Doc. No. C.O.106.0-07) for a three-year based period with 2 one-year options (in substantially the same form as Attachment A of the agenda item) with San Diego Sweeping for parking lot sweeping services for San Diego Trolley, Inc. and San Diego Transit Corporation.

9. MTS: Transportation Development Act Claim (FIN 300, PC 50601)

Recommend that the Board of Directors adopt Resolution Nos. 07-7, 07-8, and 07-9 (Attachments A through C) approving the Fiscal Year 2008 Transportation Development Act claim.

10. MTS: Light Rail Vehicle Rehabilitation Services – Contract Amendment (CIP 11165)

Recommend that the Board of Directors authorize the CEO to exercise the first of two single-year contract extensions with Carlos Guzman, Inc. (MTS Doc. No. L0744.1-06 – Attachment A of the agenda item) to continue to provide light rail vehicle paint and body rehabilitation services for a total cost not to exceed \$480,000.

11. MTS: Policy No. 55 – Requests for Quiet Zones (FIN 300, PC 50601)

Recommend that the Board of Directors enact Policy No. 55 (Attachment A of the agenda item) regarding requests for the establishment of Quiet Zones.

12. 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 the law firm of Hecht Solberg Robinson Goldberg & Bagley, LLP (MTS Doc. No. M6655.1-07) for legal services (in substantially the same form as Attachment A of the agenda item) and ratify prior amendments entered into under the CEO's authority.

13. MTS: An Ordinance Amending Ordinance No. 5, an Ordinance Relating to the Enforcement Authorities of Code Compliance Inspectors, Assistant Code Compliance supervisors, the Code Compliance Inspection Supervisor, and Taxicab Inspectors I & II (ADM 110.3, PC 50121)

MTS: An Ordinance Amending Ordinance No. 13, an Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions On or About a Transit Facility or a Bus Stop

Recommend that the Board of Directors adopt the attached (Attachments A and B of the agenda item) ordinances entitled: "Ordinance No. 5, An Ordinance Relating to the Enforcement Authorities of Code Compliance Inspectors, Assistant Code Compliance Supervisors, the Code Compliance Inspection Supervisor, and Taxicab Inspectors I & I" and "Ordinance No. 13, An Ordinance Regarding Prohibited Conduct Onboard Transit Vehicles and Prohibited Actions On or About a Transit Facility or a Bus Stop." The ordinances would take effect 30 days after enactment on July 28, 2007.

Recommended Consent Items

There was no discussion of the recommended Consent Item.

Recommended Board Discussion Items

There was no discussion of the recommended Discussion Item.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

There was no discussion of this item.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

Audit Oversight Committee Meeting: In response to a question from Mr. Ewin, Ms. Lorenzen stated that the first meeting of the Audit Oversight Committee will take place July 12, 2007.

Pedestrian Accident with Trolley: Mr. Peter Tereschuck, SDTI General Manager, reported that the pedestrian injured in an accident with the trolley is still in the hospital's Intensive Care Unit and is in serious but stable condition.

G. PUBLIC COMMENTS

Peter Warner: Mr. Warner asked what percent of MTS's revenue is attributed to special events. Mr. Jablonski stated that MTS does not discount fares for special events, and Mr. Emery stated that this was the correct policy to have for special events. Mr. Jablonski stated that the availability of parking around PETCO Park makes it harder to draw people to transit for Padres games. He added that, for four people attending the game together, it would be more reasonable to drive and park than to use transit to get to the ballpark.

H. NEXT MEETING DATE:

The next meeting is scheduled for Thursday, July 12, 2007, in the Executive Conference Room.

I. ADJOURNMENT

Vice Chair Rindone adjourned the meeting at 11:00 a.m.

Chairman

Attachment: A. Roll Call Sheet

[gail.williams/minutes](#)