

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

August 14, 2008

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

A. ROLL CALL

Chairman Mathis called the meeting to order at 9:03 a.m. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Mr. Monroe moved approval of the minutes of the July 10, 2008, Executive Committee meeting. Mr. Emery seconded the motion, and the vote was 4 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

1. MTS: Chargers Express Service (OPS 970)

Mr. Paul Jablonski, MTS CEO, provided an overview of recent changes in the Federal Transit Administration's (FTA) charter regulations and recent discussions regarding how those changes will affect MTS's Chargers service. Mr. Jablonski reported that North County Transit has discontinued its service to Chargers games as a result of these new regulations. He stated that the new regulations change the FTA approach from providing an overriding rule to implementing an interactive process. He stated that agencies must now post this kind of service in order to provide private charters an opportunity to provide it. He added that the FTA should be taking a policy-setting approach, not an operational approach to its charter regulations.

Mr. Jablonski explained that he didn't feel that MTS's Chargers service is in conflict with the new regulations. He stated that no third party (Chargers) is paying for the service, MTS is charging a fare that is consistent with its existing fare structure for similar types of services, there is a single destination, and the service is available to the general public. He stated that it was decided to ask the FTA for an Advisory Opinion on this service because the sanction for not complying could be the loss of FTA funding, in MTS's case \$50 million. Mr. Jablonski stated that the first opinion given by the FTA stated that MTS was in compliance with the new regulations, and the second opinion said it was not. He reported that FTA staff decided, after discussions with MTS staff, that the new charter regulations would apply to the three longer routes as a result of a distance-based analysis but not the two shorter routes. He added that after discussions with the FTA Administrator, James Simpson, MTS was authorized to operate the three longer routes in question until November 1, 2008. Mr. Jablonski reported that, even though temporary permission has been granted, the FTA suggested that MTS go through the required "posting"

process for those three routes. Mr. Jablonski stated that charter regulations should not be based on mileage but should instead be based on the type of service relating to the fare.

Mr. Jablonski reported that only 2 of the 108 private operators that received MTS's posting for its Chargers service responded. He added that the charter operator wants to charge \$850 per bus and seemed to think that MTS would be paying for the service. Mr. Jablonski stated that the FTA charter regulations do not require that MTS subsidize this type of service in any way. He added that he didn't feel that the operator would be interested in providing this service when they are advised that no one is subsidizing it and that they have to get authorization to use Park and Ride locations. Chairman Mathis pointed out that the charter company only has to express an interest in providing the service – they don't have to necessarily provide it. Mr. Jablonski stated that the only recourse MTS has if the charter company fails to provide the service is to file a complaint after the fact. He added that MTS would continue to work with the FTA to resolve this issue.

In response to a question from Mr. Roberts, Mr. Jablonski explained that MTS basically breaks even on providing Chargers service. He also advised Mr. Roberts that this is an administrative, not a legislative matter. Ms. Tiffany Lorenzen, MTS General Counsel, reported that transit service to Baltimore Ravens, Seattle Seahawks, and Washington Redskins games is also being affected by the new regulations, and the National Football League is involved in similar discussions with the FTA.

Mr. Monroe requested that he be provided with correspondence and e-mails between MTS staff and the FTA. He added that, even if MTS does not break even in providing Chargers service, it provides an opportunity to promote transit to choice riders. Mr. Jablonski pointed out that 2,700 passengers used this particular service last year, and it does provide an opportunity from a marketing standpoint to attract choice riders.

In response to a question from Mr. Roberts, Mr. Jablonski reported that it costs MTS \$450 per bus to provide this service. There was also a question about whether MTS should be providing transit service to private events. Mr. Roberts stated that when there are major community events, sponsored by private companies or not, MTS should be making it easier for people to get to those events. Mr. Ewin stated that MTS should do everything it can to break even, especially given recent budget problems and the fact that MTS has cut service and raised fares. Mr. Jablonski stated that is exactly why MTS is charging \$10.00 rather than one of its lower fares. Chairman Mathis stated that, because of the variability of factors involved in providing this service, including ridership levels, MTS may not always break even but does most of the time. He added that MTS is still serving the taxpayers by providing these types of service. He added that MTS may be using new articulated buses for some of this service, which will increase the potential passenger load to 60 people per bus. Mr. Jablonski pointed out that MTS is limited to a \$10 round-trip fare by its own fare structure. Ms. Lorenzen pointed out that North County Transit could not continue its Chargers service because they were charging a \$12 fare and have no other \$12 fares.

In response to a question from Mr. Monroe, SDTC Director of Transportation Jim Byrne reported that the MTS subsidy per passenger for regular service is \$2.00. In response to a comment by Mr. Rindone, Mr. Jablonski stated that MTS participated in a recent press conference with Congressman Filner with the intent of making the public aware that MTS does not want to discontinue this service but may be forced to because of new government regulations.

In response to a question from Chairman Mathis, Mr. Jablonski stated that MTS, if required to post its Chargers service, will have to post once per season, not for each game.

Mr. Monroe stated that he was very appreciative of staff's efforts to resolve this issue and that staff had done a very good job. In response to his question, Mr. Jablonski explained that APTA is not really involved in helping resolve this issue. He added that APTA was even reluctant to influence the development of these regulations when input was requested by the FTA. He added that charter operators put together a group that made a powerful argument to the FTA and therefore effected how the regulations were written.

Action Taken

Mr. Rindone moved to receive an update on Chargers Express Service and discussions with the Federal Transit Administration. Mr. Emery seconded the motion, and the vote was 6 to 0 in favor

2. MTS: Increased Ridership Impacts (SRTP 830)

Ms. Sharon Cooney, Director of Government Affairs and Community Relations, provided the Committee with an overview of ridership trends for FY 2008 and pointed out that these increases are being experienced in spite of a budget-related decrease in revenue miles operated by MTS and the implementation of a fare increase. She also briefly discussed efforts MTS is making to deal with overcrowding issues that have arisen on some routes.

In response to a question from Chairman Mathis, Ms. Cooney stated that monthly pass use appears to have increased in all categories of passes. Mr. Jablonski suggested that staff look into how much Senior & Disabled pass sales have increased compared to other pass types. In response to a question from Mr. Roberts, Mr. Jablonski stated that the average fare per passenger has gone from 82 cents to 89 cents, and pass use has increased from 64 percent to 68 percent of all riders. Ms. Cooney reported that for January through June 2008, the fare per passenger has been closer to 92 cents. Mr. Jablonski reported that farebox recovery rate has also improved, and it was also reported that subsidy per passenger has decreased. Mr. Jablonski added that expenses have been kept below inflation. Mr. Monroe pointed out that MTS is operating fewer revenue miles as a result of the Comprehensive Operational Analysis, which made the system more efficient and effective. Mr. Jablonski added that recent increases in fuel prices have contributed to the increase in ridership levels. Mr. Monroe felt that the effect of National City Transit service changes should be reflected differently in the ridership numbers. Mr. Jablonski added that the data-gathering process being used for MTS's contract operator is being improved.

Action Taken

Mr. Rindone moved to receive a report on increased ridership. Mr. Roberts seconded the motion, and the vote was 6 to 0 in favor.

3. MTS: Interstate 805 Buses on Shoulders Service (BOSS) Demonstration Project – Status Update (AG 230.11)

Mr. Samuel Johnson, SANDAG Chief Technology Officer, introduced SANDAG Project Manager Eric Adams, Caltrans I-805 Corridor Director Joel Haven, and SANDAG Senior Transportation Planner Jennifer Williamson. He provided a project overview for the Interstate 805 Bus on Shoulder Service three-year demonstration project and described and showed visuals of the concept. He stated that buses would be using the shoulder lanes initially, but that commercial vehicles and tolling could be introduced later in the project. Mr. Johnson stated that Route No. 960 has been operating on the shoulder as a test. Ms. Williamson stated that there have been no accidents, on-time performance is 95 to 97 percent, and there has been an increase in ridership (4 percent). She stated that passengers and bus operators were surveyed at the beginning of the test and the initial apprehensions they expressed have abated. She stated that the operator and passengers see the benefits of and are now comfortable with the service.

In response to a question from Mr. Rindone, Ms. Williamson reported that stalled vehicles on the shoulder do negatively affect on-time performance. She stated that efforts continue to ensure that those delays are minimized. She added that operators can see up to a mile ahead if there is a car broken down or if there are enforcement activities occurring in the shoulder because this route operates on fairly flat, straight roadway. Mr. Johnson stated that there are various advance-warning technologies that can be considered during the contract process. He added that there are various sensors and reflective tapes that can be used to maintain bus distance from the road-side edge of the shoulder also.

Mr. Adams reviewed the corridor that is part of this project reporting that the route will travel from Chula Vista to Sorrento Valley/University Towne Center. He added that it parallels a portion of the Bus Rapid Transit route that is planned in that area. He showed how lanes would be downsized by taking one foot each away from other lanes to provide the extra space needed on the shoulders for this project. Mr. Adams then reviewed infrastructure challenges that would have to be addressed and reviewed elements of the operating plan, which is being developed in conjunction with MTS staff. He also reviewed the alignment and benefits as well as the budget and schedule for the project. In response to a question from Mr. Monroe, Mr. Adams reported that the BOSS route would be 20 miles long.

Mr. Adams reported that there is federal funding allocated for up to ten buses for this project, and that funding is also allocated for infrastructure, operations, maintenance, and staff time for developing the operating plan.

Public Comment

Clive Richard: Mr. Richard stated that he was initially opposed to this concept because it didn't seem safe. He stated that the recent test has proven that not to be the case.

In response to a question from Mr. Rindone, Ms. Williamson stated that SANDAG's model projects ridership of over 600 to 700 riders per day on the BOSS route. She stated that there will be a marketing program to encourage that ridership. Mr. Rindone suggested that MTS consider realigning some of its service in Chula Vista to feed into the south-end terminus for this route to encourage the development of ridership. In response to a question from Mr. Rindone, Mr. Adams said that no decision has been made regarding the name for this service.

In response to a question from Mr. Monroe, Ms. Cooney reported that Will Kempton, California Secretary of Transportation, was with MTS and SANDAG in Washington, D. C. when the request for this and other funding was presented to the U.S. Department of Transportation. In response to a question from Chairman Mathis, Mr. Haven reported that there are no other 11-foot-wide lanes that are 20 miles long but there are 11-foot lanes for shorter distances in San Diego. Mr. Adams clarified that buses will only use the shoulders during peak periods and can only go 15 miles per hour faster than the flow of traffic with a limit of 40 miles per hour.

Mr. Monroe asked how MTS would be impacted once the funding for the initial phases of the project is gone. Ms. Williamson stated that, if this project is a success, SANDAG could shift operating funding from TransNet II for beyond the initial two-year period. Mr. Monroe stated that he was concerned that the funding for this project might be taken away from potential funding for other things for MTS. He also stated that SANDAG has not previously gotten involved in making operational types of decisions that are usually in the purview of MTS and didn't feel comfortable about it. He stated that SANDAG is basically deciding what service MTS will be providing. Mr. Haven stated that this is a policy issue that will be taken back to staff and subsequently reported to the SANDAG Transportation Committee/Board. Chairman Mathis stressed that Mr. Monroe's concern needs to be addressed. Mr. Jablonski stated that, since MTS already has service in the I-805 corridor, the funding demarcations between old and new funding will be clouded.

In response to a question from Mr. Emery, Ms. Williams clarified that either San Diego Transit or MTS's contract operator would provide this service.

Action Taken

Mr. Rindone moved to receive an update on the San Diego Association of Government's Interstate 805 Buses on Shoulders Service Demonstration Project. Mr. Emery seconded the motion, and the vote was 6 to 0 in favor.

4. MTS: Pension Obligation Bonds Update (OPS 960.6)

Mr. Cliff Telfer, MTS Chief Financial Officer, provided the Committee with an update on the steps already taken to address turbulence in the bond market. He reported that UBS has been replaced by E. J. De La Rosa and Company, MTS has adopted a swap policy, and MTS has purchased its own bonds. He stated that the Letter of Credit is still in the process of being developed. Mr. Keith Curry, Public Financial Management, reported that MTS is now in an excellent position to staunch its cost of funding and make up its interest losses. He stated that documents to effectuate the financing should be in place by the middle of next week, and the entire transaction should be completed by the middle of September. Mr. Curry reported that short-term ratings are needed from S&P and Moody's. Mr. Curry confirmed for Mr. Jablonski that the interest rate should be below three percent. Mr. Jablonski advised the Committee that the swap agreement is in effect through 2012 but could be terminated by UBS in 2010.

Action Taken

Mr. Rindone moved to receive an update regarding Pension Obligation Bonds. Mr. Roberts seconded the motion, and the vote was 6 to 0 in favor.

D. **RECOMMENDED BY THE EXECUTIVE COMMITTEE FOR THE BOARD CONSENT AGENDA**

1. SDTI: Train to Wayside Communication Equipment – Contract Award (CIP 11218-0200)

That the Board of Directors authorize the CEO to execute a sole-source contract (in substantially the same form as Attachment A of the agenda item) with VECOM USA to replace existing train to wayside communication equipment with an up-to-date model.

2. MTS: El Cajon Transit Center Demolition MOU and Budget Transfer (CIP 11217)

That the Board of Directors (1) authorize the CEO to execute a Memorandum of Understanding (in substantially the same form as Attachment A of the agenda item) with the San Diego Association of Governments (SANDAG) for the El Cajon Transit Center building demolition work to be done under the SANDAG/San Diego County Job Order Contracting Agreement and for providing construction management services; and (2) approve a fund transfer from the MTS Blue and Orange Line station Improvement Project CIP 11217 to SANDAG's El Cajon Transit Center Demolition Projection CIP 1129550 (in substantially the form as shown on Attachment B – Budget Transfer Summary).

Action Taken

Mr. Ewin moved to approve placing Agenda Items D1 and D2 on the Consent portion of the August 21, 2008, Board agenda. Mr. Rindone seconded the motion, and the vote was 6 to 0 in favor.

E. REVIEW OF DRAFT AUGUST 21, 2008, BOARD AGENDA

Recommended Consent Item

6. MTS: San Diego and Arizona Eastern (SD&AE) Railway Company Quarterly Report and Ratification of Actions Taken by the SD&AE Railway Company Board of Directors at its July 15, 2008 Meeting (SD&AE 710)

Recommend that the Board of Directors (1) receive the San Diego and Imperial Valley (SD&IV), 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 15, 2008.

7. MTS: Agreement for Operation of Passenger Excursion Services and for Custody and Control of a Portion of San Diego & Arizona (SD&AE) Railway Company Right-of-Way as Between SD&AE and the Pacific Southwest Railway Museum (PSRM) (SDAE 710)

Recommend that the Board of Directors authorize Paul Jablonski, SD&AE Railway Company President, to execute the Second Amendment to the Agreement for Operation of Passenger Excursion Services and for Custody and Control of a Portion of the SD&AE Railway Company Right-of-Way (Attachment A of the agenda item) as between SD&AE and the Pacific Southwest Railway Museum.

8. MTS: Job Access and Reverse Commute Grant (AG 220.13)

Recommend that the Board of Directors approve Resolution No. 08-17 (Attachment A of the agenda item) authorizing the CEO to submit applications for federal fiscal years 2007-2009 Job Access and Reverse Commute for Non-Urban (Rural) areas – Federal Transit Administration funding 5316.

9. MTS: September 2008 Minor Service Changes (S RTP 830)

Recommend that the Board of Directors receive a report on service changes scheduled for September 2008 implementation.

10. MTS: Investment Report – June 2008 (FIN 300)

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

Recommended Consent Items

There was no discussion of the recommended Consent item.

Recommended Board Discussion Items

There was no discussion of recommended Discussion Items.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

There was nothing to report on this item.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

Peter Tereschuck Retirement: Mr. Ewin stated that he liked the newspaper article in the San Diego Union-Tribune regarding Mr. Tereschuck's retirement.

APTA Board Members Seminar: Mr. Emery reported that he recently attended this seminar. He stated that most of the workshops he attended discussed the global warming issue.

Mr. Rindone reported that he also attended this seminar. He stated that one of the best sessions he had ever attended dealt with how board members can maintain focus on the mission of the organization.

Assembly Bill 32: Mr. Roberts reported that the California Air Resources Board will be hosting an implementation workshop regarding this legislation in city chambers on Friday, August 15. He invited Committee members and MTS staff to attend. Paul reported that someone from MTS would be at this meeting.

Airport Regional Planning: Mr. Rindone reported that he recently participated in a Saturday workshop for the airport regional planning group. He stated that consideration is being given to creating a transportation connection on Pacific Highway. Mr. Jablonski reported that MTS has formed an internal technical team to help with this project.

Bayshore Bikeway: Mr. Monroe reported that this project may affect the 28th and 32nd Street trolley stop. He stated that he alerted Paul when he discovered that no one at MTS had been notified. Mr. Jablonski reported that MTS staff members have now met with individuals in control of this project. He said it is a very expensive project and may never get built.

G. PUBLIC COMMENTS

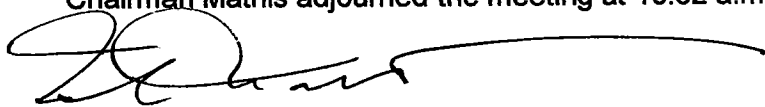
There were no public comments.

H. NEXT MEETING DATE:

The next meeting is scheduled for Thursday, September 4, 2008, in the Executive Conference Room.

I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 10:52 a.m.



Chairman

Attachment: A. Roll Call Sheet
gail.williams/minutes

**EXECUTIVE COMMITTEE
METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) 8/14/08

CALL TO ORDER (TIME) 9:03 a.m.

RECESS _____

RECONVENE _____

CLOSED SESSION _____

RECONVENE _____

ADJOURN 10:52 a.m.

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ATKINS <input type="checkbox"/> (Young) <input type="checkbox"/>		<input checked="" type="checkbox"/>
EMERY <input checked="" type="checkbox"/> (Cafagna) <input type="checkbox"/>		
EWIN <input checked="" type="checkbox"/> (Clabby) <input type="checkbox"/>	9:04 a.m. during AI C1	
MATHIS <input checked="" type="checkbox"/>		
MONROE <input checked="" type="checkbox"/> (McLean) <input type="checkbox"/>		
RINDONE <input checked="" type="checkbox"/> (Emery) <input type="checkbox"/>	9:04 a.m. during AI C1	
ROBERTS <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		

SIGNED BY OFFICE OF THE CLERK OF THE BOARD

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL: