

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

August 9, 2007

MTS
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

A. ROLL CALL

Chairman Mathis called the meeting to order at 9:04 a.m. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Mr. Rindone pointed out that the June 21, 2007, meeting was adjourned by him, not Chairman Mathis as indicated in the minutes.

Ms. Atkins moved approval of the minutes of the June 21, 2007, Executive Committee meeting with the aforementioned correction. Mr. Rindone seconded the motion, and the vote was 5 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

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

Mr. Cliff Telfer, MTS Chief Financial Officer, provided Committee members with historical information regarding the development of the FY 2008 budget and the current funding difficulties. He provided an update on subsidy projections pointing out that there is very little left in Transportation Development Act reserves for FY 2008. He stated that staff will be working with SANDAG to monitor funding forecasts on a monthly basis.

Mr. Telfer reported that staff presented recommendations to the Budget Development Committee in five different areas: Non-fare revenue adjustments, non-service expense adjustments, personnel benefit adjustments, fare adjustments, and service reductions. He also pointed out that after the recommended adjustments, MTS would have a deficit of \$2,411,000 that would be funded using nonrecurring revenues. Mr. Telfer then reviewed staff's recommendations to the Budget Development Committee in each of the five aforementioned categories. He also provided comparative data on senior fares and pass rates at other California peer transit properties. He advised Committee members that Policy 21 - Revenue-Generating Display Advertising, Concessions, and Merchandise – would have to be revised so that the advertising-related recommendations could be implemented. During his discussion regarding the changing of the age at which a senior qualifies for the Senior & Disabled Pass, he

pointed out that this entails a change to TransNet II and would require a 2/3 vote by the SANDAG Board of Directors. Chairman Mathis pointed out that MTS will be putting procedures in place to ensure that only those riders who are truly qualified will be able to buy the Senior & Disabled (S&D) pass. In response to a question from Mr. Ewin, Mr. Conan Cheung, MTS Director of Planning and Scheduling, stated that the only riders who would not be affected by the recommended fare adjustments would be those riders paying the full cash fare of \$2.25.

Mr. Rindone stated that North County Transit District (NCTD) is also facing a budget deficit and has indicated an unwillingness to implement fare adjustments. He pointed out that the fare adjustments being recommended do not increase the highest fare levels but simply make adjustments to the structure below the highest level. In response to a question from Mr. Ewin, Mr. Cheung reported that ridership projections have been developed as part of this process using an elasticity model.

Mr. Telfer clarified for Mr. Rindone that the term "management employees" refers to all nonunionized employees. Mr. Rindone suggested that the term "nonunionized employees" be used instead in order to prevent confusion. Mr. Telfer also reported that staff has factored assumptions related to ongoing contract negotiations as well as upcoming contract negotiations into budget estimates. Ms. Tiffany Lorenzen, MTS General Counsel, reported that an update on ongoing contract negotiations will be given at the next Board meeting.

Mr. Cheung then reviewed each of the recommended service changes providing information on the number of passengers affected and subsidy. He reported that a public hearing on the service changes will be held in January 2008 for all the recommended changes with the exception of the changes to Route Nos. 8/9 and the Chula Vista routes. Ms. Atkins asked for as much advance notice as possible regarding hearing dates. In response to a question from Mr. Ewin, Mr. Cheung reported that MTS has not asked the airport to subsidize Route 992, which serves the airport. In response to another question from Mr. Ewin regarding DART service, Mr. Cheung reported that bus routes will be modified to provide feeder service to the Rancho Bernardo Transit Center.

Mr. Telfer then presented a financial summary of the budget adjustments and reported that there will still be a budget deficit in FY 2009 (\$679,000), but there should be no deficit in subsequent years.

Public Comment

Clive Richard: Mr. Richard made the following comments: 1) he was opposed to advertising on MTS's web site; 2) he was not clear on what MTS was doing with the S&D pass; 3) he felt MTS should continue with discounts for bulk purchase of tokens; 4) he opposed elimination of Route 28 service to Pt. Loma; 5) he was opposed to not making service improvements to Route Nos. 7 and 20; and 6) he asked for information on the concession for pay phones. He also asked for information on the effect of eliminating transfers.

Mr. Tereschuck explained that AT&T has placed MTS on a very conservative tiering plan for the sharing of revenues for pay phones. He stated that MTS will be bringing a new contract to the Board that provides for a 50 percent sharing of revenue for the first year of the contract. He stated that the new contractor will replace many of the phones that AT&T removed.

Ms. Atkins stated that, while she did not like any of the recommendations, there wasn't much of a choice. In response to a question from her, Mr. Cheung reported that North County Transit eliminated transfers a year ago and that MTS's consultant felt it would not have any impact on riders but would have a positive impact on MTS revenues. Mr. Telfer pointed out that one of the most frequent areas of conflict between operators and passengers is regarding the validity of a passenger's transfer slip. He added that MTS is the only operator in southern California that still issues transfers. Mr. Jim Byrne, SDTC Director of Transportation, reported that passengers have a two-hour window in which to use their transfer. He added that the intention of the transfer is to allow a passenger to complete a one-way trip on more than one route without having to pay additional fare. He stated that passengers are sometimes using transfers to make a round-trip within the two-hour period. Chairman Mathis informed Committee members that the transfer program is an administrative nightmare. He also pointed out that MTS incurs printing costs for the transfer slips.

Ms. Atkins asked that staff report in the next couple of months on how the recommended actions would impact the capital program. She stated that it is not going to be easy to make the recommended changes and thanked staff for their hard work on this issue.

Mr. Tereschuck passed around pictures of trolley wraps. Chairman Mathis stated that these wraps would generate \$10,000 per month per car in revenues. He stated that the trolley cars that are selected for this program will be those that require significant exterior refurbishment, which means that the expense of refurbishment will be delayed. He stated that the public's response to the trolley wraps for the Super Bowl was positive.

In response to a question from Mr. Ewin, Ms. Lorenzen reported that Policy 22 prohibits any ads for alcohol or tobacco or that are defamatory, obscene, or political. She stated that the aesthetics of ads cannot be regulated. Mr. Rob Schupp, MTS Director of Marketing and Communications, reported that there is a review process for this purpose, and businesses have been cooperative when MTS has expressed objections to the design of their ads. The Committee was informed that national advertisers are less cooperative in this regard. Chairman Mathis added that only business-related commercial advertising qualifies, and this ad space will not be available for the advocacy of causes. In response to a question from Mr. Rindone, Mr. Tereschuck stated that the wraps will appear most frequently on the Blue Line south but not exclusively so. Chairman Mathis pointed out that the same would be true for bus wraps. It was pointed out that the Board will have to approve a temporary waiver of certain provisions under Policy 22 before this advertising space can be offered.

Mr. Mathis stated that he objected to advertising on MTS's web page. Mr. Tereschuck stated that pop-ups would not be acceptable to MTS. Mr. Schupp explained that MTS would simply offer static banners along the side and bottom of the page with links to the advertiser's page. He stated that the ads would be very unobtrusive.

In response to a question from Mr. Ewin, staff reported that MTS is still expecting credits for MTS's compressed natural gas program.

In response to a comment from Chairman Mathis, Mr. Cheung reviewed an option for the route that serves Pt. Loma. He stated that the service change options being presented are still a work in progress. Mr. Mathis pointed out that Board approval of this item would not prevent staff from continuing to refine the recommendations for service changes. Mr. Cheung reported that Planning Department staff members recently monitored Route No. 7 for a two-week period and have subsequently implemented a number of actions to improve the route's performance (improved signage and the assignment of low-floor buses where large numbers of seniors board). He stated that they are trying to eliminate as many of the variabilities as they can on this route.

Action Taken

Mr. Rindone moved to forward the Budget Development Committee's recommendations to the MTS Board of Directors for approval. Ms. Atkins seconded the motion, and the vote was 5 to 0 in favor.

D. REVIEW OF DRAFT AUGUST 16, 2007 BOARD AGENDA

Recommended Consent Items

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 24, 2007 Meeting (SDAE 710.1, PC 50771)

Recommend that the Board of Directors (1) receive the San Diego and Imperial Valley Railroad (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 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 Stream 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 Kearny Mesa Division 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 (in substantially the same format as Attachment A – MTS Doc. No. L0813.0-07) with Villa Ford to supply five nonrevenue vehicles to San Diego Trolley, Inc.'s Security Department.

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

Recommend that the Board of Directors approve Resolution 07-11 (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

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

LOSSAN (Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency): Mr. Rindone reported that LOSSAN has recently completed the development of a service policy for the allocation of dollars for heavy rail. He stated that he will forward the LOSSAN report to MTS CEO Paul Jablonski. He stated that LOSSAN will now be tackling an evaluation of on-time performance. Chairman Mathis thanked Mr. Rindone for attending LOSSAN meetings.

No-Smoking Program: In response to a question from Mr. Ewin, Mr. Peter Tereschuck, SDTI General Manager, reported that the installation of all no-smoking signage was completed 30 days ago, and enforcement officers are now issuing written warnings and citations. He reported that some citizens have reported that the no-smoking decals at bus

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stops are too small. He stated that, in order to rectify this complaint, separate poles with signage would have to be installed.

G. PUBLIC COMMENTS

There were no public comments.

H. NEXT MEETING DATE:

The next meeting is scheduled for Thursday, September 6, 2007, in the Executive Conference Room.

I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 10:12 a.m.

Chairman

Attachment: A. Roll Call Sheet

[gail.williams/minutes](#)