

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

September 1, 2005

MINUTES

A. ROLL CALL

Chairman Williams called the meeting to order at 9:06 a.m. Committee members present: Bob Emery, Jerry Rindone, Ron Roberts, and Leon Williams. Ex Officio members present: Shirley Kaltenborn and Harry Mathis. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Mr. Emery moved approval of the minutes of the August 4, 2005, Executive Committee meeting. Mr. Rindone seconded the motion, and the vote was 3 to 0 in favor.

C. COMMITTEE DISCUSSION ITEMS

1. MTS: Update on Rural Bus Service Adjustments (OPS 950.7, PC 50451)

Mr. Conan Cheung, MTS Director of Planning and Performance Monitoring, provided the Committee with a recap of discussions to date on Rural Bus Service adjustments. He briefly reviewed the six routes currently being considered for adjustment. He also stated that staff is currently exploring three different options as follows: Option 1) Based on productivity - eliminates all services except Route 894 with a projected annual savings of \$626,901; Option 2) Based on a Lifeline Service Policy - discontinues Routes 891, 892, and Route 889 for an annual cost savings of \$289,556; and Option 3) Based on coverage - reduces service levels of each of the routes by one half and eliminates 889 for an annual cost savings of \$507,453. Mr. Paul Jablonski, MTS Chief Executive Officer (CEO), reported that staff may actually recommend a hybrid of Option 2 and 3. Mr. Cheung pointed out that these are savings on variable costs only; fixed-cost elements will have to be renegotiated with the contractor.

Mr. Roberts asked that staff estimate the impact service reductions and/or eliminations would have on fixed costs. Mr. Jablonski agreed to provide such an estimate for the Board. Mr. Roberts stated that these cost savings make a very compelling argument in favor of these service adjustments.

Mr. Brandon Farley, MTS Senior Planner, provided the Committee with an overview of the community meetings that were held to inform the respective communities of the service changes being considered. Mr. Farley reported that some rural residents stated that they would be willing to accept a \$1 fare increase. He also reviewed operator comments, preliminary findings, and reviewed the next steps to be taken. He stated that a survey will be conducted on rural routes, and the

information gathered would be used to refine options for service and fare adjustments.

Mr. Rindone stated that the MTS Board is responsible for providing as much service as possible to as many people as possible. He added that cutting all service is not always the best solution and suggested that staff spend more time studying fare options. There was a brief discussion of the size of the vehicles needed to provide this service.

Mr. Emery stated that it was interesting that many of the individuals who attended the community meetings were not bus riders. He expressed support for a hybrid of Options 2 and 3 to get maximum savings while maintaining lifeline service levels. He didn't feel that raising fares by \$1 would help that much. He suggested \$15 to \$20 to bring fares closer to current subsidy levels for rural bus service. Mr. Roberts agreed with Mr. Emery's support of a hybrid of Options 2 and 3. He suggested that the language in staff's report be changed to indicate that the community "prefers" a \$1 fare increase. He suggested that the Board adopt a multiyear increase for three years (each of the increases to be defined as part of the original adoption). He added that, with the savings generated by cuts in Rural Bus Service, MTS could provide service to 10 to 20 times more people. He stated that lifeline service could maybe be one trip per week. Chairman Williams suggested that the adopted fare increase include a clause stating that, if ridership falls below a specified level, the service would be terminated.

Chairman Williams stated that a mechanism should be put in place to provide guidance in the future regarding the extent to which service would be provided under varying circumstances.

Action Taken

Mr. Rindone moved to receive the update on rural bus service adjustments and direct staff to incorporate Executive Committee suggestions into follow-up recommendations on this matter. Mr. Emery seconded the motion, and the vote was 4 to 0 in favor.

2. MTS: Update on Status of Senate Bill 1703 (SB 1703) Consolidation (LEG 410, PC 50121)

Mr. Jablonski reminded the Committee of staffing adjustments that have already been made post-consolidation. He stated that he and Mr. Gary Gallegos, SANDAG Executive Director, have also reached agreement on the return of other positions to MTS along with the corresponding \$400,000 in Transportation Development Act (TDA) funding. He stated that they had also reached agreement regarding some specific functions; i.e. the administration of the Pass By Mail Program by SANDAG and the return to MTS of some Web site maintenance. He stated that SANDAG would maintain the infrastructure of MTS's Web site, but a central point of contact at MTS would be designated to keep information on the MTS's Web site up to date.

Mr. Jablonski then explained that he and Mr. Gallegos also reached an understanding regarding Section 5307 funds. He stated that, under this agreement, certain capital projects would be identified to be handled by MTS, and

MTS would then become a subrecipient with funding flowing directly to MTS for those projects. He added that MTS will need to add a staff member to handle grants administration. He stated that a draft Memo of Understanding regarding this matter is in the process of being reviewed. He stated that this arrangement will facilitate the timely purchase by MTS procurement staff of items that are critical to operations.

Mr. Rindone added that there will be no more transferring of staff members between MTS and SANDAG. He added that this does not preclude MTS or SANDAG staff members from applying for positions that are posted at either of the two organizations. In response to a question from Mr. Mathis, Mr. Jablonski stated that there may be other issues that will need to be resolved in the future. He stated that MTS and SANDAG will need to establish how the operating entities will ensure that construction projects are designed and built to be practical from an operating standpoint. Chairman Williams stated that the manner in which operating entities have input into this process should not be perpetually negotiated, but should be made clear at the beginning. Mr. Jablonski stated that he could suggest language to be incorporated into the Memo of Understanding to codify this process. Chairman Williams stressed that the MTD Board supported the consolidation with the understanding that it would have a better organization – not burdened with additional bureaucracy. Mr. Mathis stated that certain items should automatically be within MTS's purview.

Mr. Jablonski stated that federal formula funds are typically split 70/30 (70 percent for MTS and 30 percent for NCTD) after SANDAG takes a portion off the top. He stated that, to date, MTS has automatically received its share of funding and has prioritized projects for which this funding is used. He stated that there have been recent discussions about changing this approach. He added that the continuation of the current process is vital to the management of the MTS system, and the current process needs to be formalized. Mr. Emery stated that this item should be placed on the SANDAG Transportation Committee agenda. Mr. Jablonski stated that he will try to codify this process in the Memorandum of Understanding currently being reviewed.

Mr. Jablonski thanked members of the Executive Committee and Ad Hoc Transition Committee for their direction and assistance with these issues and for their support.

Action Taken

Mr. Rindone moved to receive the update on the status of SB 1703 consolidation with SANDAG and integrate Executive Committee's comments into future actions taken by staff. Mr. Emery seconded the motion, and the vote was 4 to 0 in favor.

3. MTS: Update on Legislative Analyst's Office (LAO) Consolidation Report (LEG 410, PC 50121)

Mr. Jablonski advised the Committee that the LAO's office initially made contact with MTS in May. They asked Chairman Williams to participate in a high-level meeting at SANDAG to gather information to be used in preparation of their report on the consolidation. He reported that there had been no further contact from the LAO's office so he contacted them to obtain their schedule. They advised him that

they had interviewed the members of the original peer review panel, the Executive Director of NCTD, and North County Board members. He advised them that MTS was the organization most impacted by SB 1703. As a result of his conversation with them, they agreed to conduct a telephone interview with him. He also told the LAO's office that MTS Board members who were involved in the consolidation should also be interviewed and provided the LAO office with contact information for Leon Williams, Tom Clabby, Bob Emery, Jerry Rindone, and Ron Roberts. He stated that he provided the LAO's office with the following information: (1) a sense of MTS's size and its challenges; (2) a recap of issues that arose connected with the transfer of staffing and funding and advising them that an agreement had been reached; (3) a description of the former organization; (4) the agreement that was reached by MTS and SANDAG regarding the reestablishment of a service planning function at MTS, and the Comprehensive Operational Analysis that is being conducted by that function; and (5) the need for adequate involvement of the operating entities in the design and construction phase of projects to ensure that the projects make sense from an operating perspective.

Mr. Jablonski asked that Executive Committee members contact him if they are not contacted by the LAO's office. Ms. Ellen Roundtree, SANDAG Director of Government Relations, stated that the LAO's office is tasked with making recommendations regarding the consolidation, and their conclusions could possibly result in a proposal for additional legislation.

Mr. Rindone stated that he is concerned that, at some time in the future, there will only be one MTS Board member who also participates in SANDAG Transportation Committee discussions. He felt that a mechanism should be put in place to ensure that operational issues are placed in a timely fashion on Transportation Committee agendas. Mr. Jablonski stated that it is MTS's responsibility to communicate those issues to SANDAG. Chairman Williams stated that MTS members of the Transportation Committee should be able to add items to the agenda. Mr. Rindone stated that MTS's representative on the Transportation Committee should be directly involved in the development of the Committee's agenda as it relates to policy issues effecting operations. Mr. Jablonski stated that the Joint Committee on Regional Transit could be used as a mechanism for raising operating issues. Mr. Jablonski stated that the first responsibility of an MTS Transportation Committee member should be to ensure that transit is well viewed at SANDAG in terms of its relationship within the entire transportation infrastructure.

Action Taken

Mr. Emery moved to receive the update on the LAO Consolidation Report due December 31, 2005 and provide direction to staff. Mr. Rindone seconded the motion, and the vote was 4 to 0 in favor.

4. MTS: Fiscal Year 2006 Performance Incentive Program (PIP) (FIN 310, PC 50601)

Mr. Jablonski reminded Committee members that this item had been presented at the August 11, 2005, Executive Committee meeting, and staff had been asked by the Committee to revise budgetary goals beyond simply meeting budgetary projections. He stated that the Executive Committee also asked staff to eliminate

budgetary elements, such as energy, that are beyond staff's control. Mr. Jablonski stated that these changes have been made.

In response to a question from Mr. Mathis, Mr. Jablonski stated that staff intends to consider an employee suggestion program. He stated that this issue will be brought back to the Board after staff determines how to make such a program efficient and effective. Mr. Mathis stated that the program should emphasize to employees that there will be an evaluation of the potential cost savings for each suggestion. Mr. Emery stated that under the City of Poway's program, department managers nominate employees for an end-of-the-year recognition event.

Mr. Jablonski added that it is staff's objective to have next year's Performance Incentive Plan ready at the same time the budget is adopted so performance goals can be communicated to employees at the beginning of the fiscal year.

Action Taken

Mr. Rindone moved to forward a recommendation to the Board of Directors to authorize the CEO to implement the fiscal year 2006 Performance Incentive Program. Mr. Emery seconded the motion, and the vote was 4 to 0 in favor.

5. MTS: Updated on California State Senate Bill 959 (SB 959) (LEG 410, PC 50121)

Ms. Tiffany Lorenzen, MTS General Counsel, distributed a proposed amendment to Senate Bill 959 and provided the Committee with an update on status of this legislation. She reported that this legislation was designed to clean up MTS's enabling legislation, particularly with the passage of SB 1703. She stated that passage of this bill would provide MTS with an updated procurement process and would allow MTS to consolidate San Diego Trolley, San Diego Transit, and MTS at some point in the future. She stated that the bill also includes a provision that would allow MTS to officially issue pension obligation bonds as well as language interpreting Trolley and Transit as public agencies within the California Tort Claims Act.

Ms. Lorenzen then referred to Attachment A of the agenda item, pages A-11 and A-12 (a), (b), (c), and (d), which amends Section 120508 of the Public Utilities Code. She stated that this section was added to SB 959 by AB 117, and this provision specifies that routes that belonged to San Diego Transit prior to January 1, 2004, cannot be removed from San Diego Transit. In response to a question from Mr. Emery, Ms. Lorenzen stated that a route can be changed or eliminated but cannot be bid out to a contract operator. She then referred to language in lines 23 and 24 "or binding upon the Board as a joint employer." She stated that this particular language was proposed by the Amalgamated Transit Union, Local 1309, and added into the bill by Senator Kehoe.

Ms. Lorenzen advised the Committee that she and Mr. Jablonski have been working with ATU, Local 1309 to clarify what that particular language means. She stated that the proposed amendment that was distributed at the beginning of the discussion of item includes language that is being proposed for addition to the bill. She stated that MTS will most likely reach agreement with the ATU on the language. She also reported that the last day of legislative session is September 9,

and the last day to make changes to the legislation is September 8. She added that the bill was placed on inactive status by the Chairman of the Assembly Committee, and Senator Kehoe will have to move the bill back to active status by Tuesday, September 6. Senator Kehoe has agreed to add any language that MTS and ATU Local 1309 agree upon. Ms. Lorenzen advised the Committee that staff should know by the end of the day tomorrow whether or not MTS will be able to proceed with this particular change or take alternative action. Mr. Emery pointed out that the language "binding upon the Board as a joint employer" may have precluded MTS from contracting out any service. Mr. Roberts suggested that the wording in the last sentence of the proposed amendment to SB 959 "to enlarge or to contract" be changed to "to enlarge or to restrict" or something of that nature.

Mr. Jablonski advised the Committee that this is the most effective approach to this problem. He stated that MTS and ATU are working on a letter of understanding to ensure that the language contained in SB 959 is not misinterpreted. Mr. Jablonski added that MTS labor counsel Rod Betts is comfortable with the language being proposed by MTS supplemented with the letter of understanding. He also reported that the ATU has objected to recent service changes made to San Diego Transit routes to provide feeder service to the Green Line. He added that there would be a substantial cost to MTS if it is precluded from contracting out any service. Chairman Williams pointed out that contract employees are also members of the ATU.

Action Taken

Mr. Rindone moved to receive the report on the current status of Senate Bill 959 (Attachment A of the agenda item) and requested that the Executive Committee be kept informed regarding the progress of SB 959. Mr. Emery seconded the motion, and the vote was 4 to 0 in favor.

The Committee convened to Closed Session at 10:45 a.m. to discuss the following items.

6. Closed Session – MTS: CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Significant Exposure to Litigation Pursuant to California Government Code Section 54956.9 (b) (One Potential Case)

7. Closed Session – MTS: CONFERENCE WITH REAL PROPERTY NEGOTIATORS: Property: Grossmont Center Station Parking Lot. Assessor Parcel Nos.: 49-200-39, 490-200-40, and 490-270-23. Agency Negotiators: Tim Allison, R. Martin Bohl, Gerry Trimble, and Tiffany Lorenzen. Negotiating Parties: Fairfield Residential, LLC. Under Negotiation: Instructions to Negotiators will include Price and Terms of Payment.

The Board reconvened to Open Session at 11:55 a.m.

Oral Report of Final Actions Taken in Closed Session

Ms. Lorenzen reported the following action taken in Closed Session:

6. The Executive Committee received a report and provided direction to staff.
7. The Executive Committee received a report from agency negotiators and provided direction to agency negotiators.

D. REVIEW OF DRAFT SEPTEMBER 8, 2005 BOARD AGENDA

Recommended Consent Items

6. SDTC: Amendment to SDTC Noncontract Retirement Plan (ADM 150.3, PC 50711)

Recommend that the Board of Directors approve an amendment (Attachment A of the agenda item) to the San Diego Transit Corporation Noncontract Retirement Plan.

7. MTS: Follow-Up on the Internal Audit Report on Accounting (LEG 492, PC 50101)

Recommend that the Board of Directors receive the internal audit follow-up memorandum (Attachment A of the agenda item) on the May 2005 audit report on the accounting process for information.

8. MTS: Memorandum of Understanding with the City of National City and the Community Development Commission of the City of National City (SDAE 710.1, PC 50921)

Recommend that the Board of Directors approve a Memorandum of Understanding (MOU) (Attachment A of the agenda item) with the City of National City and the Community Development Commission (CDC) of the City of National City, which includes a new, private at-grade crossing of San Diego and Arizona Eastern (SD&AE) Railway Company tracks, upon the recommendation of the SD&AE Railway Company Board of Directors.

9. MTS: Light Rail Vehicle Blower Motor Replacement: Warranty Claim Settlement (OPS 970.6, PC 50101)

Recommend that the Board of Directors authorize the CEO to enter into an agreement (Attachment A of the agenda item) with Siemens Transportation Systems, Inc. to replace 150 blower motors on the U2 light rail vehicle fleet for a total cost, including delivery and taxes, not to exceed \$42,385.00.

10. MTS: Disadvantaged Business Enterprise Approval of FY 06 Goals for Publication (LEG 430, PC 50121)

Recommend that the Board of Directors approve the proposed disadvantaged business enterprise (DBE) goals for FY 06 and authorize staff to publish a notice of these proposed goals for public information and comments.

11. SDTI: Light Rail Vehicle Equipment Procedure – Contract Award (OPS 970.6)

Recommend that the Board of Directors authorize the President-General Manager to execute a Standard Procurement Agreement (Attachment A of the agenda item) with Knorr Brake Corporation to supply 36 split brake discs for light rail vehicles for a total cost, including delivery and taxes, not to exceed \$39,790.

12. MTS: Budget Transfers, Construction Management Contract Amendment, and Contract Change Order for Mission Valley East (CIP 10426.7)

Recommend that the Board of Directors authorize the CEO to (1) transfer \$600,000 into the Construction Management (CM) line item (WBS #10426-0700) as shown on Attachment A of the agenda item, Budget Change Summary, to fund Contract Amendment No. 37 with Washington Group International (WGI) to extend CM services on the Mission Valley East (MVE) Light Rail Transit (LRT) Project; (2) execute Contract Amendment No. 37 (MTS Doc. No. L6343.37-01) with WGI in substantially the same form as shown in Attachment B of the agenda item, in an amount not to exceed \$1,037,690, for CM services on the MVE LRT Project, including extension of the CM services through December 31, 2005; (3) transfer \$500,000 into the Administration line item (WBS #10426-0100) as shown on Attachment A of the agenda item, Budget Change Summary, to continue project administration of contract closeout activities, including construction contract closeout, claims resolution, and vehicle procurement activities; (4) transfer \$500,000 into the Track and Systems Construction line item to WBS #10426-109918TR, as shown on Attachment A of the agenda item, to fund a negative balance in the line item; (5) transfer \$250,000 into the Right of Way line item (WBS #10426-0900) as shown on Attachment A of the agenda item, to fund a negative balance in the line item; (6) transfer \$400,000 from the remaining balance in the Grantville Construction line item (WBS #10426-109918GR) and \$1,450,000 from the Project Reserve (WBS #10426-3900) as shown in Attachment A of the agenda item, to fund the budget transfers in Recommendations 1, 3, 4, and 5; (7) transfer \$200,000 from the construction contingency for the San Diego State University (SDSU) Underground Station and Tunnel Contract LRT-10426.1 into the construction contingency for the SDSU Utility Relocation Contract LRT-10426.2, as shown in Attachment C of the agenda item, Construction Contingency Changes, to fund small project closeout change orders through the utility relocation contractor; (8) execute Contract Change Order (CCO) No. 74, Supplement No. 3, with Modern Continental Construction Company (MCC), in substantially the same form as Attachment D of the agenda item, to adjust the joint seal assemblies at the stairs and add steel plates at the Grantville Station under Contract LRT-10426.3, Grantville Segment, in an amount not to exceed \$80,000.

Recommended Consent Items

There was no discussion of Recommended Consent Items

Recommended Board Discussion Items

There was no discussion of Recommended Board Discussion Items.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

There was no discussion of this item.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

Green Line – First Day of Classes at SDSU: Mr. Jablonski provided the Executive Committee with information on the Green Line – first day of classes at SDSU as follows: Average load per consist of 75-100 passengers; over 6,121 trips into and out of SDSU Station; students were complimentary; media were present; trains were on time; there was good security; there was good fare control using turnstiles; and 2,000 semester passes were sold. The Executive Committee was informed that the cost of a semester pass is \$116 compared to \$135 for a parking pass. He also stated that the usual traffic congestion on I-8 and College Avenue on the first day of school did not occur, and there was actually parking capacity on campus.

G. PUBLIC COMMENTS

There were no Public Comments.

H. NEXT MEETING DATE:

The next meeting is scheduled for Thursday, September 15, 2005 in the Executive Conference Room.

I. ADJOURNMENT

Chairman Williams adjourned the meeting at 11:56 a.m.

Chairman

Attachment: A. Roll Call Sheet
gailwilliams/minutes