

MEETING OF THE BOARD OF DIRECTORS FOR THE  
METROPOLITAN TRANSIT SYSTEM (MTS)  
AND  
FINANCE WORKSHOP

1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101

April 18, 2013

MINUTES

**FINANCE WORKSHOP**

1. Roll Call

Chairman Roberts called the Finance Workshop to order at 9:02 a.m. A roll call sheet listing Board member attendance is attached.

2. Proposed Fiscal Year 2014 Operating Budget

Mike Thompson, Budget Manager discussed the Fiscal Year 2014 budget including subsidy revenue assumptions, MTS sustainability, passenger fare revenue assumptions, revenue projection, personnel expense assumptions, energy expense assumptions, expense projection, consolidated revenues less expenses, the contingency reserve policy, open items, the budget timeline and provided a staff recommendation.

Ms. Salas questioned regarding growth in revenue with regard to ridership. Mr. Thompson advised the ridership dropped from fiscal year 2012 to 2013 and it is expected to rise in fiscal year 2014 and the growth in ridership is driving the growth in revenue of \$1.3M. Mr. Roberts stated that a new system was put into place to properly account for ridership as the current calculation used is outdated, but it requires Federal approval.

Mary Salas asked with regard to pension contribution why there was a disparity. Mr. Roberts explained that some employees pay into Social Security and other employees do not. Paul Jablonski, Chief Executive Officer further explained that certain employees do not pay into Social Security and they contribute the equivalent of social security to their pension which is why it appears they contribute at a higher level where other groups pay into their pension as well as Social Security. Cliff Telfer, Chief Financial Officer stated that certain Union employees chose to contribute to their pension in exchange for receiving a higher wage pursuant to collective bargaining.

Mr. Roberts commented that there is a lot of good news in the budget with regard to the direction MTS is moving. MTS is starting to see an improvement on the revenue side and MTS puts a premium on adding service where needed and ultimately it will drive the passenger counts and revenue without raising fares.

Mr. Gloria asked for further explanation in the progress of one-time resources. Mr. Jablonski commented that MTS is being cautious with regard to the STA state funds and MTS has not designated those as recurring funds. The MTS Board agreed to consider a portion of the STA funds as recurring funds in order to add services, but not the full amount to prevent MTS from possibly getting into an uncomfortable position.

Mr. Gloria questioned with regard to the new systems in place to calculate ridership. Mr. Jablonski stated that the board previously approved automatic passenger counters and those

are up and operating with MTS currently getting counts, but the business of counting passengers on the rail side is regulated by the Federal Government. The current formula previously approved by the Federal Government for calculating passengers needs to be updated and this new formula needs to be

-presented to the Federal Government by SANDAG and approved by the Federal Government. Without a fare increase, passenger revenue doesn't go up if ridership doesn't go up. Revenue has increased and MTS believes ridership has also gone up since there have been no fare increases, but the way the current formula is set up, ridership is not properly reflected. The current formula was developed many years ago based on one ride tickets and since many day passes and monthly passes are purchased today, there is a very small sample driving the ridership number so the formula is not accurate in accounting for ridership.

Mr. Gloria questioned with regard to the student bus pass pilot program and asked if MTS needs to make any allowances for this in the budget at this time. Mr. Jablonski advised it is MTS's expectation that it will be of no cost to MTS. Mr. Roberts commented that the San Diego Unified School District has asked MTS to participate in a program for free passes for a couple thousand students. MTS will come back to the Board when it is known specifically what is being requested and there are many items in the proposal that need to be addressed.

Mr. Cunningham inquired about the Contingency Reserve Policy and if an increase of \$5M over a two year period is going to be a budgeted item to increase these reserves or if it would be funded by unexpected revenues. Mr. Roberts advised it would be a prudent thing to budget this amount. Mr. Jablonski advised the amount could fluctuate based on revenue but MTS is committed to increase the Contingency Reserve.

#### Action Taken

Mr. Minto moved to set a public hearing on May 16, 2013, for the purpose of reviewing and approving the proposed combined MTS fiscal year 2014 operating budget. Mr. McClellan seconded the motion, and the vote was 14 to 0 in favor with Mr. Alvarez absent.

#### 3. Public Comments

There were no public comments.

#### 4. a. Next Meeting Date

The MTS proposed fiscal year 2014 budget Public Hearing is May 16, 2013, at 9:00 a.m.

#### b. Adjournment

Chairman Mathis adjourned the Finance Workshop at 9:52 a.m.

### **BOARD MEETING**

#### 5. a. Roll Call

Chairman Mathis called the Board meeting to order at 9:52 a.m. A roll call sheet listing Board member attendance is attached.

b. Approval of Minutes

Mr. Cunningham moved to approve the minutes of the March 21, 2013, MTS Board of Directors meeting. Mr. Minto seconded the motion, and the vote was 13 to 0 in favor with Ms. Salas abstaining and Mr. Alvarez absent.

c. Public Comments

Mike Werner – Mr. Werner advised he was charged two different fares on Route 7 and Route 1. Route 7 leaves 10:05 a.m. from La Mesa Blvd. The driver charged \$1.30 for fare and he had to renew his pass so he could not remember the cash fare and there was no label on the fare box. There were no schedules in the bus so he could not verify the fare. The driver advised he did not know the fare and his job was to drive the bus. He transferred to Route 1 and he was charged \$1.10. He filed a report with MTS and the report has seemed to have gotten lost. He used to have a relationship with Bill Burke. He discussed a Union Tribune article regarding Bill Burke's security team. He sent an email and certified letter to Bill Burke and had not received a response. Mr. Mathis asked that Mr. Werner speak with Sharon Cooney, Chief of Staff and Bill Burke, Director of Security and Chief of Police as they were both attending the meeting.

Diane Pitzel – Ms. Pitzel said she's speaking on behalf of rider's rights. She had spoken to Paul Jablonski and other employees with SANDAG. She spoke about "vehicular discrimination".

CONSENT ITEMS

6. Investment Report - January 2013

Action would receive a report for information.

7. Investment Report - February 2013

Action would receive a report for information.

8. CBS Outdoor Advertising - Contract Extension

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. T0068.9-91 with CBS Outdoor to extend the existing bus shelter advertising and maintenance contract until December 31, 2013.

9. Hi-Rail Bucket Trucks - Contract Award

Action would authorize the CEO to execute MTS Doc. No. L1147.0-13 with Altec Industries for the purchase of two hi-rail bucket trucks.

10. MTS Code Compliance Records Management System - Contract Award (Sole Source)

Action would authorize the CEO to execute MTS Doc. No. G1528.0-13 with Intellichoice, Inc. (doing business as eForce) for the purchase of a Code Compliance Records Management System (RMS) software, including the option to exercise additional programming support and two additional years of system maintenance (pending available funding).

11. Proposed Revisions to MTS Policy No. 36 (MTS Reserve Funds)

Action would approve revisions to MTS Policy No. 36 (MTS Reserve Funds), including amending the contingency reserve rate to 12.5%.

12. MTS Job Order Contract Work Order for Bus Pavement Replacement at 12th & Imperial Avenue

Action would authorize the CEO to execute Work Order No. MTSJOC1431-07 (under MTS Doc. No. PWL135.0-12) with ABC Construction, Inc. to remove the existing bus concrete paving and install new with curb and gutter.

13. Fiscal Year 2013 Transportation Development Act Claim Amendment

Action would adopt Resolution Nos. 13-9, 13-10, and 13-11 approving the revised fiscal year (FY) 2013 Transportation Development Act (TDA) Article 4.0, 4.5, and 8.0 claims.

Action on Consent Item 6-13

Mr. Minto moved to approve Consent Items 6-13. Mr. McClellan seconded the motion, and the vote was 14 to 0 in favor with Mr. Alvarez absent.

CLOSED SESSION

24. None.

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

30. Los Angeles-San Diego-San Luis Obispo Rail Corridor (LOSSAN) Amended Joint Powers Agreement (JPA)

Mr. Jablonski provided an overview regarding the amended LOSSAN JPA. He explained the issues with NCTD accepting the amendment. MTS previously approved the amended JPA with three amendments that were approved by the LOSSAN Board with very slight changes. MTS came to an agreement with NCTD and the Board approved the amended JPA with a new voting structure.

Brent Boyd, Senior Transportation Planner affirmed that MTS Resolution 13-2 applies, explained the voting structure of the three San Diego County Member agencies, provided recommendations and discussed Managing Agency status.

Mr. Minto asked if any former votes on the amended JPA need to be rescinded. Karen Landers, General Counsel advised that the resolution was very broad and vague and it still applies but MTS felt it was best to affirm that these minor modifications didn't invalidate the action the Board took in January, 2013.

Mr. Ewin advised LOSSAN Board member Jerry Rindone had been following this issue for some time and with the enabling legislation that provided this change and transfer of control of

responsibility for the corridor specifically for the Surfliner operations, this gives MTS a lot more flexibility and control of the rail corridor over time.

Action Taken

Mr. Minto moved to: (1) affirm that MTS Resolution No. 13-2 applies to and approves the final amended LOSSAN Joint Powers Agreement (JPA) approved by the LOSSAN Board on February 20, 2013; and (2) approve and authorize the (CEO) to execute an agreement concerning voting representation of the three San Diego County member agencies (MTS, North County Transit District [NCTD], and the San Diego Association of Governments [SANDAG]) on the LOSSAN Board). Ms. Emerald seconded the motion and the vote was 14 to 0 in favor with Mr. Alvarez absent.

31. Taxicab Contract Extensions for Santee, El Cajon, La Mesa, Poway, Lemon Grove, and Imperial Beach

Bill Kellerman, Taxicab Administration Manager discussed the taxicab contract extensions for suburban cities and provided a recommendation.

Ms. Cooney advised MTS would work with the cities over the course of the next year to determine what approach will be taken with regard to regulations in their respective cities. The City of San Diego has expressed they want to hire a consultant to study the transition as well as to perform changes as to how regulations occur in city of San Diego and it may take more than one year. Staff is working on a proposal which would allow MTS to continue to regulate the suburban cities without the city of San Diego. It is a work in progress but MTS will continue to work with the staff at the suburban cities.

Mr. McClellan asked if and when San Diego takes over taxicab if the San Diego cabs would still have permission to go to the suburban cities to pick up fares in these cities. Mr. Kellerman said that has yet to be determined, but currently the MTS medallion is set up where the San Diego taxis can currently pick up in seven cities. If the city takes back taxicab they would no longer have an MTS medallion so it is not clear how it would impact the surrounding suburban cities. Mr. McClellan commented the drivers in the suburban cities would appreciate if San Diego taxis were not permitted to pick up riders in the suburban cities and the suburban drivers don't have a chance to pick up those fares. Ms. Cooney advised this would be negotiated with the suburban cities.

Public Comments

Margo Tanquay – Ms. Tanquay strongly suggested that the MTS Board approve the one year extensions for the suburban cities. She advised of procedural issues within each of the suburban cities with regard to regulations and inspections.

Action Taken

Mr. Minto moved to approve a one-year extension of existing agreements for the Taxicab Administration with the cities of Santee, El Cajon, La Mesa, Poway, Lemon Grove, and Imperial Beach. Ms. Bragg seconded the motion and the vote was 14 to 0 in favor with Mr. Alvarez absent.

32. Exercise Option for Purchase of Additional Low-Floor Light Rail Vehicles from Siemens Industry, Inc. (Karen Landers)

Mr. Jablonski discussed the prior procurement with the Utah Transit Authority, the contract with Siemens, the option exercise strategy, Siemens pricing, pricing conditions, the option exercise process and provided a recommendation. Ms. Landers stated that because of the nature of how the option exercise is structured MTS has not committed any funding at this point. MTS staff will come back to the Board at a later date with the specifics of the number of cars, price and if there were any additional mobilization costs before a specific release for production is issued.

Public Comments

Margo Tanquay – Ms. Tanquay said the trolley passenger numbers have increased across the Board. She discussed cost and advised it was a wise decision to exercise this option to purchase additional cars.

Action Taken

Ms. Emerald moved to authorize the CEO to execute MTS Doc. No. L0914.10-10 to exercise the option to purchase up to 45 additional low-floor light rail vehicles (LRVs). Mr. McClellan seconded the motion and the vote was 14 to 0 in favor with Mr. Alvarez absent.

REPORT ITEMS

45. Compass Card

Ms. Cooney discussed the Compass Card fare system, the smart card technology, the types of passes and products, fare structure, fare revenue and ridership. She discussed the intensive outreach effort with the conversion of day pass to Compass to address the illegal resale of day passes. She discussed that Compass would be moved to MTS as fares are such a significant portion of MTS's operating revenue and important to MTS's customers so it is important for MTS to control this program. She discussed the moving phases of Compass from SANDAG to MTS.

Ms. Rios asked how old a child needs to be in order to ride free on MTS's transportation on the weekends. Rob Schupp, Director of Marketing advised that two children under twelve can ride free on the weekend.

Mr. Gloria asked if Ms. Cooney could discuss stored value and college passes. Ms. Cooney advised stored value is a selling point as consumers don't want to carry cash, they may be infrequent users and load value on a card and every time they ride they only tap their card to delete the cost of fare. Mr. Jablonski advised that MTS is doing surveys how customers would like to use stored value. Ms. Cooney advised that MTS works with various colleges with some subsidized and some not and with UCSD it's all on the Compass Card or other schools put a sticker on their ID and they show this in order to ride. UCSD would like the Compass Card and their student ID to be one with the same and UCSD is working with Cubic directly to try to implement this way of usage.

Mr. Gloria inquired about the cost of a Compass Card. Ms. Cooney advised you can still purchase a paper card on the bus, but you have to pay \$2 extra and this is to incentivize someone to purchase a Compass Card. If a rider trades their paper day pass at the Transit Store for a Compass Card they would get back their \$2.

Mr. Gloria asked about MTS's relationship with Albertson's in regard to selling the Compass Card. Ms. Cooney advised their employees have been very committed and supportive of MTS. MTS is concerned that Albertson's could pull out if it is not the right business decision. The contract will expire in a few years.

Mr. Gloria asked if passes could have different graphics. Mr. Schupp advised MTS has done special Compass Cards in the past with special graphics. Ms. Cooney discussed limited use.

Mr. Minto asked what happens if the system goes down and the fare box doesn't read the card. Ms. Cooney said there is a redundant system in place now. James Towle-Dreisbach of SANDAG advised that the value is on the card and not in a back office system, but if there is equipment failure the policy of MTS is that riders will board for no charge and a new bus will be called in and that there are very low failure rates.

Mr. Minto asked if there was a way to track stolen cards. Mr. Towle-Dreisbach advised the system only collects data with regard to riding patterns, but not the individual using the card and there are robust privacy laws. Serial #'s are tracked. If there is a theft, certain serial #'s can be deactivated rendering the stolen cards unusable.

Ms. Zapf asked if the cards could be registered and Ms. Cooney answered that they could in the event of theft and making the card reloadable and reusable.

Ms. Zapf asked with regard to development of the Compass Card Technology. Mr. Jablonski advised MTS was the third agency in the country to implement smart card technology. He stated that there is a weekly Compass Card meeting to discuss status and issues.

Ms. Zapf asked about potential use of a Compass Card to control parking in trolley lots. Mr. Jablonski stated there may be something where if you have a Compass Card who can have access to the parking lot and if not a person would have to pay to park in the lot.

#### Public Comments

Margo Tanquay – Ms. Tanquay said MTS is in a unique position of being a directional agency to cross the bridge to the transit center. She watched the trolley passes being sold and the Albertson's in the East Village is wonderful.

Lorraine Leighton – Ms. Leighton discussed her troubles loading the Compass Card.

Diane Pitzel – Ms. Pitzel said it would be nice to access proof of use of the Compass Card for reimbursement purposes. Mr. Towle-Dreisbach advised Compass Cards users can register their cards and through the website users can get their transaction history or can call the Compass Card center.

#### Action Taken

Mr. Minto moved to receive a report for information. Mr. McClellan seconded the motion and the vote was 11 to 0 in favor with Messrs. Alvarez, Cunningham, Roberts and Ms. Emerald absent.

60. Chairman's Report

Mr. Mathis advised the San Diego Vintage Trolley, Inc. was formed to raise money to restore PCCs and currently MTS houses six of them and after taking a hard look at number and a need of space and the likelihood of being able to continue this program the Board of Directors to dispose of one of the cars and it will go the San Diego Electric Railway Association in National City and they will pay any costs associated with moving the car and the overall is the cut down the number of cars from six to four.

61. Audit Oversight Committee (AOC) Chairman's Report

Mr. Ewin advised the Board the preliminary work on the Audit will begin in the middle of May, 2013 and there are three meetings planned.

62. Chief Executive Officer's Report

Mr. Jablonski reported he was in Washington, D.C. to meet with MTS's delegation, senators and others regarding the 13c issue and MTS's grants. He led a delegation to speak to the staff of Senators Feinstein and Boxer and met with Representative Peters, Vargas, Davis and staff. They all understand the issue and are supportive and will collaborate on how they will be most effective. They met with Representative George Miller from the Oakland area who is the ranking member of the Labor Committee in the House, a longtime member and very in tune with labor issues. His staff understands this is affecting California and that something needs to be done. He discussed the amount of money being affected and so the issue is getting more acute as time goes on, but what is more concerning is that the Department of Labor is not keeping to their schedule and those requests have not gone out and it has now been almost a 5 month delay, but hopefully now there will be political influence to move things along. He discussed interim certification.

63. Board Member Communications

There were no Board member communications.

64. Additional Public Comments on Items Not on the Agenda

Dale Chaulk – He discussed Route 41 being habitually late and missing his connection of the Route 30 bus in Old Town because the Green Line was late. The 30 bus doesn't wait for passengers when the Green Line is late. He stated that because of the late hour the 30 bus should wait for the Green Line before pulling out. Mr. Jablonski advised MTS will look into this issue and will try to do something about it and there is no reason that the last 30 bus of the evening cannot wait for the last Green Line to arrive.

65. Next Meeting Date

The next regularly scheduled Board meeting is May 16, 2013.

66. Adjournment

Chairman Mathis adjourned the meeting at 11:08 a.m.





Chairperson  
San Diego Metropolitan Transit System

Filed by:



Office of the Clerk of the Board  
San Diego Metropolitan Transit System

Approved as to form:



Office of the General Counsel  
San Diego Metropolitan Transit System

Attachments: 1. Roll Call Sheet

METROPOLITAN TRANSIT SYSTEM  
BOARD OF DIRECTORS  
ROLL CALL

MEETING OF (DATE): April 18, 2013

CALL TO ORDER (TIME): 9:02 a.m.

RECESS: N/A

RECONVENE: N/A

CLOSED SESSION: N/A

RECONVENE: N/A

PUBLIC HEARING: N/A

RECONVENE: N/A

ORDINANCES ADOPTED: 36 (Revised)

ADJOURN: 11:08 p.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ALVAREZ	<input type="checkbox"/> (Faulconer) <input type="checkbox"/>		
BRAGG	<input checked="" type="checkbox"/> (Bilbray) <input type="checkbox"/>	9:02 a.m.	11:08 a.m.
CUNNINGHAM	<input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/>	9:09 a.m.	10:25 a.m.
EMERALD	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>	9:05 a.m.	10:24 a.m.
EWIN	<input checked="" type="checkbox"/> (Arapostathis) <input type="checkbox"/>	9:02 a.m.	10:24 a.m.
GASTIL	<input checked="" type="checkbox"/> (Jones) <input type="checkbox"/>	9:02 a.m.	11:08 a.m.
GLORIA	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>	9:02 a.m.	11:08 a.m.
MATHIS	<input checked="" type="checkbox"/>	9:02 a.m.	11:08 a.m.
MCCLELLAN	<input checked="" type="checkbox"/> (Ambrose) <input type="checkbox"/>	9:02 a.m.	11:08 a.m.
MINTO	<input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/>	9:02 a.m.	11:08 a.m.
OVROM	<input checked="" type="checkbox"/> (Denny) <input type="checkbox"/>	9:02 a.m.	11:08 a.m.
RIOS	<input checked="" type="checkbox"/> (VACANT) <input type="checkbox"/>	9:02 a.m.	11:08 a.m.
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:02 a.m.	11:08 a.m.
SALAS	<input checked="" type="checkbox"/> (Ramirez) <input type="checkbox"/>	9:02 a.m.	11:08 a.m.
ZAPF	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>	9:02 a.m.	11:08 a.m.

SIGNED BY THE CLERK OF THE BOARD: \_\_\_\_\_

CONFIRMED BY THE GENERAL COUNSEL: \_\_\_\_\_

*[Handwritten signatures in blue ink]*