

JOINT MEETING OF THE BOARD OF DIRECTORS FOR THE
METROPOLITAN TRANSIT SYSTEM (MTS),
SAN DIEGO TRANSIT CORPORATION (SDTC), AND
SAN DIEGO TROLLEY, INC. (SDTI)
AND
FINANCE WORKSHOP

1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

March 24, 2011

MINUTES

FINANCE WORKSHOP

1. Roll Call

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

2. a. MTS: FY 2011 Midyear Adjustment and FY 2012 Preliminary Projections

Mike Thompson, Budget Manager, gave the Board an update on the fiscal year 2011 midyear budget adjustment and the fiscal year 2012 preliminary projections. He gave a brief background on the operating and capital budgets. He then discussed revenue, and stated that passenger revenue remains unfavorable, and advertising revenue is projected to decrease. He also stated that subsidy revenues resulted in a \$14,145,000 favorable midyear adjustment. He explained that in total, consolidated revenues resulted in \$12,059,000 favorable midyear adjustment.

Mr. Thompson talked about expenses and stated that total operating expenses resulted in \$12,059,000 unfavorable midyear adjustment primarily due to changes within personnel-related costs relating to additional pay down of the variable pension debt loan. He explained that outside services, staff projects, energy, general and administrative costs, and vehicle and facility leases resulted in unfavorable midyear adjustments. He explained further that risk management and debt service produced a favorable midyear adjustment.

Mr. Gloria wanted clarification on the amount of STA funds received, the amount used, and the amount of funds still reserved. Mr. Thompson stated that MTS received a total of \$18.8 million in STA funds, and \$1.7 million is left for use in fiscal year 2012. Mr. Gloria asked for an explanation as to the 0.7% ridership loss versus the budgeted fare revenue average decrease of 2.1%. Mr. Thompson explained that the average fare rises and falls depending on the mix of cash or pass passengers. Mr. Mathis added that the migration away from the monthly pass to purchasing day passes for the days riders travel on also has an effect on the numbers.

Ms. England wanted to know based on the increase of personnel costs, the amount of workers' comp payments. Mr. Thompson stated that roughly \$1 million went to workers' comp. Cliff Telfer, Chief Financial Officer, stated that the workers' comp payments are

for injuries and surgeries to employees who are no longer with MTS who have an open medical plan.

Mr. Young questioned if there had been any positive or negative effects on the changes to fare tickets such as the sale of day passes. Mr. Telfer explained that there has been a major transition to 30-day passes, and that currently about 50% of riders purchase a monthly pass and 50% purchase a rolling, 30-day pass, which has had a slight decrease on average fares. He stated that selling day passes has had a positive impact on average fares. Mr. Jablonski added that three years ago, the average revenue per passenger was \$0.78 and now it is \$1.00, so selling day passes was very positive in terms of revenue.

Action Taken

Mr. McClellan moved to (1) approve the combined MTS FY 2011 midyear budget adjustment; and (2) receive a report regarding preliminary projections for FY 2012 and provide guidance on budgetary closure. Ms. England seconded the motion, and the vote was 12 to 0 in favor.

b. MTS: Fiscal Year 2012 Capital Improvement Program (CIP)

Mr. Thompson gave the Board an update on the fiscal year 2012 capital improvement program (CIP). He stated the total estimated funding for fiscal year 2012 is \$89.3 million. He explained that after the utilization of \$41.5 million in preventative maintenance, \$3.9 million for Americans with Disabilities Act (ADA) preventative maintenance (fiscal year 2011 operating budget), and funding for planning studies for the San Diego Association of Governments (SANDAG) totaling \$881,591, \$43 million is available for capital projects. He also stated that 30 projects would be funded by the fiscal year 2012 CIP with a total of \$43,003,000 in funds.

Mr. Thompson talked about the development of the CIP and the funding levels for the year as well as some capital project highlights. He talked about the capital project categories and the funding for each category; bus revenue fleet replacement, major facility and construction projects, information technology, light rail vehicle components, rail infrastructure, other equipment and installations, and miscellaneous operating capital. Mr. Thompson explained that a five-year plan has been created for the fleet replacement in which \$15.7 million will be put into the fund in fiscal year 2012 and \$22.5 million will be put into the fund over the next five years.

Mr. Thompson summarized a high-level look at the five-year capital program and explained that the federal 5307 and 5309 funding levels are projected to increase by 2 percent for fiscal year 2013 and increase by 4 percent through 2016. He also explained that the total capital needs for fiscal year 2013 and beyond exceed the available projected funding levels. He stated that the fiscal year 2013 capital needs total \$95.9 million, and the available funding for the year is 47.2 percent of total project needs.

Mr. Jablonski added that the revenue projections are fairly conservative. He stated that the challenge over the long term is dealing with the recurring fiscal unbalance, and commented that a couple of possibilities could help us have a sustainable budget, such

as STA and TransNet growth, ridership numbers bouncing back, and perhaps a state program being reinstated to rely on funding.

Mr. Castaneda wanted clarification on the basis of operating revenue growth. Mr. Telfer stated that there has already been a slight increase in ridership over January and February, and as fuel prices climb we should continue to see ridership growth.

Action Taken

Mr. McClellan moved to (1) approve the fiscal year 2012 Capital Improvement Program (CIP) with the estimated federal and nonfederal funding levels. As the federal appropriation figures are finalized and/or other project funding sources become available, allow the Chief Executive Officer (CEO) to identify and adjust projects for the adjusted funding levels; (2) recommend that the San Diego Association of Governments (SANDAG) Board of Directors approve the submittal of Federal Sections 5307 and 5309 applications for the MTS fiscal year 2012 CIP; (3) approve the transfer of \$199,312 from previous CIP projects to the fiscal year 2012 CIP; and (4) recommend that the SANDAG Board of Directors approve the amendment of the Regional Transportation Improvement Program (RTIP) in accordance with the fiscal year 2012 CIP recommendations. Mr. Minto seconded the motion, and the vote was 12 to 0 in favor.

3. Public Comments

There were no public comments.

4. a. Next Meeting Date

The next MTS Finance Workshop is scheduled on April 28, 2011, at 9:00 a.m.

b. Adjournment

Chairman Mathis adjourned the Finance Workshop at 9:39 a.m.

BOARD MEETING

5. a. Roll Call

Chairman Mathis called the Board meeting to order at 9:39 a.m. A roll call sheet listing Board member attendance is attached.

b. Approval of Minutes

Mr. Ovrom moved to approve the minutes of the February 17, 2011, MTS Board of Directors meeting. Ms. England seconded the motion, and the vote was 12 to 0 in favor.

c. Public Comments

There were no public comments.

CONSENT ITEMS:

6. MTS: Increased Authorization for Legal Services

Action would authorize the CEO to execute MTS Doc. No. G1078.6-07 with Ryan, Mercaldo & Worthington, LLP for legal services and ratify prior amendments entered into under the CEO's authority.

7. MTS: Investment Report - January 2011

Action would receive a report for information.

8. MTS: Property Insurance Renewal

Action would authorize the CEO to renew the property insurance coverage for MTS, San Diego Transit Corporation (SDTC), and San Diego Trolley, Inc. (SDTI) with the California State Association of Counties (CSAC) Property Insurance Program, effective March 31, 2011, through March 31, 2012, with a basic coverage deductible of \$25,000, \$100,000 for collision on buses and light rail vehicles, and \$1,500,000 on roads, bridges, and tunnels.

9. MTS: Contract Assignments for On-Call Construction Management Services

Action would authorize the CEO to execute assignments of contracts from the San Diego Association of Governments (SANDAG) for on-call construction management services with AECOM/LAN, PGH Wong Engineering, Inc., and CALTROP.

Action on Recommended Consent Items

Mr. Van Deventer moved to approve Consent Agenda Item Nos. 6, 7, 8, and 9. Mr. McClellan seconded the motion, and the vote was 12 to 0 in favor.

CLOSED SESSION:

24. a. MTS: CLOSED SESSION - PUBLIC EMPLOYEE PERFORMANCE EVALUATION CHIEF EXECUTIVE OFFICER Pursuant to California Government Code Section 54957 (Jeff Stumbo)

b. MTS: CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant to California Government Code Section 54956.8;
Property: The Transit Store, 1010 Second Avenue, Suite 102, San Diego, CA 92101;
Agency Negotiators: Paul Jablonski, CEO; Karen Landers, General Counsel; Ryan McCrary, Hughes Marino; Mark Lowthian, Manager of Passenger Services;
Negotiating Parties: Executive Complex LP and Jamison Realty, Inc.
Under Negotiation: Price and Terms of Payment

c. SDTC: CLOSED SESSION - CONFERENCE WITH LABOR NEGOTIATORS Pursuant to California Government Code Section 54957.6; Agency-Designated Representative - Jeff Stumbo; Employee Organization - International Brotherhood of Electrical Workers, Local Union 465

- d. MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(a) Beverly W. Bickler v. MTS, et al. (San Diego Superior Court Case No. 37-2009-00086688-CU-PO-CTL)

Oral Report of Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

- a. The Board conducted a performance evaluation of the CEO and authorized the Chairman to execute Amendment No. 4 to the Executive Employment Agreement with MTS CEO Paul Jablonski, awarding a one-time, one-year adjustment to the CEO's fringe benefits pursuant to Paragraph 4(b) of the CEO's Executive Employment Agreement.
- b. The Board received a report on the lease negotiations for The Transit Store at 1010 Second Avenue (aka 102 Broadway) and gave directions to staff.
- c. The Board received a report regarding labor negotiations with IBEW, Local 465 and gave directions to staff.
- d. The Board received a report on the status of the *Bickler v. MTS* litigation and gave directions to staff and outside counsel.

NOTICED PUBLIC HEARINGS:

- 25. None.

DISCUSSION ITEMS:

- 30. MTS: Leon Williams Station Dedication

Sharon Cooney, Chief of Staff, explained that on January 26, 2006, the Board of Directors instructed the CEO to form a working group to dedicate the San Diego State University (SDSU) Transit Center to former Board Chairman Leon Williams. She further explained that the Board of Directors conveyed its wishes that the dedication include a visual display at the station. She stated that with help from Michel Anderson, funding from a private source for a plaque honoring Leon Williams, has been obtained, and a visual of the plaque was provided and shown for approval.

Mr. Young stated that he had worked for Leon Williams who had given him his first political position. He explained that Leon Williams' vision and advocacy for public transportation is something to be honored.

Mr. Janney also commented that Leon Williams was deserving of recognition and supports the recommendation. He also thanked Michel Anderson for his work on the dedication.

Action Taken

Mr. Young moved to authorize the CEO to move forward with dedication of the San Diego State University (SDSU) Trolley Station to former MTS Chair Leon Williams and to accept the gift of a plaque to commemorate this dedication at the station. Mr. Castaneda seconded the motion, and the vote was 10 to 0 in favor.

31. MTS: Refunding of the 2001 MTS Tower Refunding Certificates of Participation

Ms. Landers provided the Board with an overview of the refunding of the 2001 MTS Tower refunding certificates of participation (COP). She explained that the COP term will remain the same and will be paid off in 2019. She also explained that refinancing will result in an annual savings of roughly \$400,000, and the MTS share will be \$112,000 per year.

Ms. Landers stated that there is a ground lease which leases the land under the office building to the San Diego Regional Board Authority (SDRBA), a lease which leases the office building and the parking garage between SDRBA and the County, and a sublease between the County and MTS, which subleases the 1st, 9th, and 10th floors plus 220 parking spaces in the parking garage. She explained that the 2011 net costs for MTS including the ground lease rent and sublease rent is \$877,363. She further explained that for the years 2012-2019, net costs will be \$723,385 and for 2020, the net costs will be close to \$0.

Action Taken

Mr. Van Deventer moved to (1) adopt Resolution No. 11-3 approving, authorizing, and directing the execution and delivery of certain documents relating to the County of San Diego Certificates of Participation (2011 MTS Tower Refunding); (2) authorize the CEO, General Counsel, and Chief Financial Officer to execute the documents necessary to complete the transaction; and (3) authorize the CEO to execute the "MTDB Option to Purchase County Improvements." Mr. McClellan seconded the motion, and the vote was 9 to 0 in favor.

REPORT ITEMS:

46. MTS: South Bay Maintenance Facility Update

Elliot Hurwitz, Contract Services Administrator, provided the Board with an update on the South Bay Maintenance Facility. He explained that the South Bay Maintenance Facility is located in the City of Chula Vista, is owned by MTS with Veolia Transportation operating the facility, and 158 clean natural gas (CNG) buses currently run from the facility. He stated that the South Bay Facility has been expanded over the last few years and is now 10.6 acres. He also stated that the facility is undergoing development construction, which includes demolition of older structures to improve parking, grading and paving, improving site lighting, drainage and storm water pollution prevention, landscaping and irrigation, and minor modifications to existing maintenance facilities.

Mr. Hurwitz discussed the CNG fuel station upgrades taking place at the South Bay Facility. He explained that the upgrades would expand CNG fueling capacity from 160 buses to 240 buses and that the project is 80% complete. He also talked about the master plan for the South Bay Facility and the goal to accommodate 240 buses. He explained the five-step phasing process, including building a new maintenance shop facility and the addition of a new fueling and

servicing facility. He explained further that the new facilities will be design build and that consultant effort has already begun. Mr. Hurwitz stated that the design-build process will take nine to twelve months with an estimated construction completion date of early 2013.

Mr. Castaneda wanted to know how much of the project could be completed, based on the preliminary engineering cost estimate, with the \$30 million available. Mr. Hurwitz stated that the first goal is to complete the maintenance facility to have a greater capability to accommodate bus rapid transit projects coming down the road. He also mentioned that the operations administration might save some costs during the design build phase.

Mr. Castaneda also wanted to ensure that MTS is working with Chula Vista city staff in terms of the streetscape design frontage. Mr. Hurwitz stated that he has been working with the city's staff and there is a plan currently to add additional trees.

Action Taken

Mr. Castaneda moved to receive a report for information. Mr. Van Deventer seconded the motion, and the vote was 9 to 0 in favor.

45. MTS: Year-End Security Report (January through December 2010)

Bill Burke, Director of Security, provided the Board with a year-end security report for the calendar year 2010. He discussed part I security incidents on rail per 100,000 passengers and noted that robbery was down significantly. He stated that there had been an influx in bike thefts so special plainclothes detail began in August 2010, and only 3 bikes had been stolen the remainder of the year. He also showed a part I incident comparison chart with Denver and Los Angeles and stated that MTS has much lower rates of incidents comparatively.

Mr. Burke talked about part II arrests on rail and stated that 2,337 arrests were made per 100,000 passengers. He then talked about part I incidents on buses with 30 incidents occurring, and part II arrests on buses, which was 219.

Mr. Burke discussed the CCTV 8-station project that was completed with the Transit Security Grant Program (TSGP). He stated that currently, 32 transit stations are using CCTV with high-quality cameras that have increased the visibility of incidents. He also stated that beginning next month, installation for onboard CCTV will begin on trolleys with 12 cameras per vehicle.

Mr. Burke briefly talked about the service interruption problems that occur when the rail line is closed for police investigations and explained that a policy has been implemented by MTS and the chiefs of police from seven police jurisdictions.

Action Taken

A quorum was not present for a vote on this item.

60. Chairman's Report

There was no Chairman's report.

61. Audit Oversight Committee Chairman's Report

There was no Audit Oversight Committee Chairman's report.

62. Chief Executive Officer's Report

Mr. Jablonski talked about his recent trip to Mendoza, Argentina. He explained that the Argentina Government paid for the trip, which included County Supervisor Ron Roberts as a guest of the Mendoza Governor, the Chief Operating Officer of Rail, Wayne Terry, the Superintendent of Light Rail Maintenance Lee Summerlott, and three light rail mechanics to join them as the first 4 trolley cars arrived in Mendoza. He showed a slide show of pictures from their trip, and explained that the group attended political and community events with the Governor. He mentioned that a good relationship has been established with Mendoza leaders and will most likely result in the purchase of additional trolley cars in the near future. Mr. Jablonski recognized the light rail vehicle team for their hard work and recognized Joe Martinez, Revenue Supervisor, for his excellent job interpreting.

Mr. Jablonski commented that a new San Diego County Regional Transit Map was provided to each Board member. He stated that the map was done in house, took many months to complete, and is one of the best system maps he has seen.

63. Board Member Communications

Mr. McClellan wanted to know if any progress had been made for a shaded area in El Cajon for taxicab drivers. Ms. Cooney stated that the proposal will be taken to the Taxicab Subcommittee within a couple weeks.

64. Additional Public Comments on Items Not on the Agenda

There were no additional public comments.

65. Next Meeting Date

The next regularly scheduled Board meeting is Thursday, April 14, 2011 at 9:00 a.m.

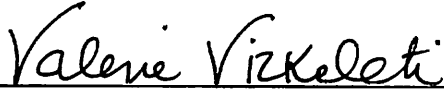
66. Adjournment

Chairman Mathis adjourned the meeting at 11:32 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

Attachment: Roll Call Sheet

h:\minutes - executive committee, board, and committees\minutes - 2010\minutes - board 3-24-11 final.docx

METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS
FINANCE WORKSHOP

ROLL CALL

MEETING OF (DATE): March 24, 2011

CALL TO ORDER (TIME): 9:02 AM

RECESS: _____

RECONVENE: _____

CLOSED SESSION: _____

RECONVENE: _____

PUBLIC HEARING: _____

RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 9:39 AM

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
CASTANEDA	<input checked="" type="checkbox"/> (Rindone) <input type="checkbox"/>	9:05 AM	
CUNNINGHAM	<input type="checkbox"/> (Mullin) <input type="checkbox"/>		
EWIN	<input type="checkbox"/> (Sterling) <input type="checkbox"/>		
EMERALD	<input type="checkbox"/> (Faulconer) <input type="checkbox"/>		
ENGLAND	<input checked="" type="checkbox"/> (Gastil) <input type="checkbox"/>	9:06 AM	
GLORIA	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		
JANNEY	<input checked="" type="checkbox"/> (Bragg) <input type="checkbox"/>		
LIGHTNER	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		
MATHIS	<input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/>		
MCCLELLAN	<input checked="" type="checkbox"/> (Hanson-Cox) <input type="checkbox"/>		
MINTO	<input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/>	9:05 AM	
OVROM	<input checked="" type="checkbox"/> (Denny) <input type="checkbox"/>		
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		
VAN DEVENTER	<input checked="" type="checkbox"/> (Zarate) <input type="checkbox"/>		
YOUNG	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD: Valerie Vizkeleti

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL: Paul Lano

METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS
ROLL CALL

MEETING OF (DATE): March 24, 2011

CALL TO ORDER (TIME): 9:39 AM

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 9:41 AM

RECONVENE: 10:48 AM

PUBLIC HEARING: _____

RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 11:32 AM

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
CASTANEDA	<input checked="" type="checkbox"/> (Rindone) <input type="checkbox"/>		
CUNNINGHAM	<input type="checkbox"/> (Mullin) <input type="checkbox"/>		
EWIN	<input type="checkbox"/> (Sterling) <input type="checkbox"/>		
EMERALD	<input type="checkbox"/> (Faulconer) <input type="checkbox"/>		
ENGLAND	<input checked="" type="checkbox"/> (Gastil) <input type="checkbox"/>		11:13 AM
GLORIA	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		10:47 AM
JANNEY	<input checked="" type="checkbox"/> (Bragg) <input type="checkbox"/>		
LIGHTNER	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		
MATHIS	<input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/>		
MCCLELLAN	<input checked="" type="checkbox"/> (Hanson-Cox) <input type="checkbox"/>		
MINTO	<input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/>		
OVROM	<input checked="" type="checkbox"/> (Denny) <input type="checkbox"/>		
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		10:47 AM
VAN DEVENTER	<input checked="" type="checkbox"/> (Zarate) <input type="checkbox"/>		11:29 AM
YOUNG	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		10:54 AM

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD: Valerie Vizkeloti
 CONFIRMED BY OFFICE OF THE GENERAL COUNSEL: Phyllis Cox