Chair Mary Sessom (Lemon Grove) called the joint meeting of the SANDAG Board of Directors and Transportation Committee to order at 9:03 a.m.

Chair Sessom explained that General Counsel Julie Wiley would be calling roll call for this joint meeting. The attendance sheets for the meeting are attached.

1. **PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS**

   Lorraine Layton, a member of the public, expressed concern about the outgrowth of vegetation adjacent to the Trolley alignment along the San Diego River, especially as we get into the summer fire season. She thought this issue should be addressed.

   Don Stillwell, a member of the public, mentioned two problems: buses leaving Trolley stops five minutes before the Trolley arrives, and the elimination of the Route 14 bus to the Grantville Trolley station, which creates standing room only conditions on the Route 13 bus. He requested that SANDAG disapprove the September changes scheduled for Route 14 by Metropolitan Transit System (MTS). He further requested that SANDAG delay the departure of Route 14 from the Fashion Valley Trolley Station by 10 minutes to allow timed transfers between the Trolley and bus at that location. He said that it is imperative that Route 14 be kept on a 30-minute headway.

   Mary Jo Bartholomew, a member of the public, expressed her belief that the proposed 30-day rolling monthly MTS pass is in violation of Title VI provisions. Title VI provides for people who are socio-economically disadvantaged. She said that 76 percent of MTS riders are monthly pass holders. A 30-day rolling pass is only good for 360 days a year. People who receive public assistance receive their checks on the first of the month. This proposal would mean that they would have to buy a 13<sup>th</sup> bus pass or pay $5 a day for an all-day pass.

   Chair Sessom noted that Ms. Bartholomew’s comments were related to Agenda Item No. 3.

**REPORTS (2 through 4)**

2. **DRAFT FY 2009 TRANSIT AGENCY OPERATING BUDGETS (DISCUSSION/POSSIBLE ACTION)**

   Karen King, North County Transit District (NCTD) Executive Director, introduced Richard Hannasch, NCTD Finance Director. Ms. King stated that she has been working in
public transit for a long time and this is the worst budget year she has had to deal with. This year NCTD has had to take a hard look at what has happened over the last several years and the outlook for the next several years. They had to take some painful and dramatic actions to balance the FY 2008 budget and go into FY 2009 with a reasonable confidence of ending the year in the black. She reviewed the accomplishments from FY 2008 for the COASTER, BREEZE, Americans with Disabilities Act (ADA) paratransit service, and the SPRINTER.

She provided an FY 2008 budget recap noting funding shortages, skyrocketing diesel costs, ending with a $1.3 million deficit. Year-end expenses were reduced by $2 million, but it was not enough to cover this deficit so there will be a drawdown of Transportation Development Act (TDA) reserves of $1.65 million to cover the anticipated deficit. She stated that we have been trimming service to gain efficiency, and we have started laying off employees to further bring down costs. We also have needed to raise fares and further cut service.

Mr. Hannasch reported that there are three primary financial challenges for FY 2009: the rising cost of fuel, vanishing state funding, and evaporating sales tax revenue. He reviewed the impacts of each of these challenges. He also went over actions taken for FY 2009, including proposed fare increases to the COASTER, BREEZE, and SPRINTER, the elimination of FAST demand responsive service, staff reductions, phased-in service adjustments to the BREEZE service, restructuring of the SPRINTER debt, restructuring of COASTER security service, suspension of the Rail 2 Rail program, and cost reductions across all departments. He displayed an FY 2009 Budget overview, revenue sources, and a 5-year outlook. He noted that even with service reductions, they are predicting ridership increases. He presented comparative operating statistics for bus and commuter rail for NCTD and similar transit agencies.

NCTD Board Chair Ed Gallo commented that MTS is in the same financial situation as NCTD, and all of this is at the expense of our core mission to provide transit service.

Supervisor Dianne Jacobs (County of San Diego) expressed concern about the proposal to eliminate the FAST program, particularly for the community of Ramona. She asked which agency will provide lifeline service for that community. She wondered if NCTD has considered charging more for service rather than eliminating routes. Mr. Hannasch responded that the FY 2009 Budget does include some lifeline service to Ramona.

Mayor Pro Tem Patricia McCoy (Imperial Beach) asked if the cuts mentioned were to management or service. Ms. King responded that over the past several weeks we have laid off 17 management and administrative employees through all levels of the organization. As we move forward to implement service reductions in August, we may lay off operators and maintenance employees commensurate with the service reductions. In January if there are more revenue and service reductions, we may have additional layoffs. She mentioned that more than 50 percent of the NCTD budget goes toward salaries and benefits, and the only way to achieve significant savings is to lay off employees. The NCTD Board directed us to look throughout the organization for savings. We have eliminated positions for greater efficiency or productivity and eliminated functions we can no longer afford. Mr. Hannasch stated that of the top six management positions three were eliminated. The result of the cost-cutting measures is an annual savings of $1.4 million.
Council President Pro Tem and Transportation Committee Chair Jim Madaffer (City of San Diego) asked NCTD staff if they are anticipating any other issues that would change the NCTD budget as proposed today. NCTD Chair Gallo responded negatively.

Transportation Committee Chair Madaffer said that NCTD has plans to adopt its budget on June 19. This is a budget that no one likes. It is not a good time to see reductions in service, but it is something that has been beyond our control. The state budget shortfall is $17 billion, and there are a variety of issues that impact the state budget. He complimented both transit operators for doing a great job. He recommended that the Transportation Committee take action today to approve the NCTD FY 2009 budget.

**Action:** Upon a motion by NCTD Chair Gallo, and a second by Councilmember Matt Hall (North County Coastal), the Transportation Committee voted to approve the FY 2009 NCTD Budget, subject to approval by the NCTD Board of Directors on June 19, 2008.

Paul Jablonski, MTS Chief Executive Officer, presented the MTS FY 2009 Budget. He noted that this budget has been approved by the MTS Board of Directors. He mentioned that they have a budget committee that typically meets from January through June. However, this year the budget committee has been active all year long. We are operating less miles and hours but are experiencing increased ridership despite a sizable fare increase in January 2008. He reviewed FY 2008 activities including service changes associated with the Comprehensive Operational Analysis, bus procurements, reaching the 500 millionth trolley passenger milestone, and reaching a five-year agreement with the Amalgamated Transit Union.

Mr. Jablonski reviewed the FY 2008 MTS Operating Budget. They have started an internal process to scrutinize expenses, and have used carryover monies from FY 2007. We will come close to not having to use one-time monies. He spoke about the FY 2009 Budget issues/constraints related to the Governor’s state budget proposal. The Sorrento Valley COASTER Connection (SVCC) had been receiving funding from two sources, the Air Pollution Control District (APCD) and Caltrans construction project mitigation, which are now coming to an end. In addition, there have been fuel and energy price increases. Each $1 per gallon fuel increase results in a $1 million budget impact. We are converting our buses to compressed natural gas (CNG), and 75 percent of our service is provided by CNG vehicles. We had a $6.5 million budget shortfall and looked at four categories for savings to close this gap: nonfare revenue, personnel, fare revenue, and service adjustments. The MTS Board approved the initiatives to close the budget gap, which utilize no reserves or nonrecurring revenues.

Mr. Jablonski reviewed the draft FY 2009 Budget components and a five-year projection, which shows they can manage finances over that period of time. He also provided comparative operating statistics versus several other similar transit systems in the West. He identified FY 2009 capital program budget issues and constraints, which indicated a five-year capital program deficit of about $243 million. He reviewed FY 2009 initiatives including shelter advertising, Trolley fare increases, service adjustments, the SVCC, hosting the American Public Transportation Association (APTA) Annual Meeting and Expo, the opening of Super Loop service, centralized train control with next train arrival announcements, farebox completion on Contracted Services buses, a universal pass agreement with the
University of California at San Diego (UCSD), new Interstate 15 (I-15) transit facilities, and a joint transit-oriented development project at the Grossmont Trolley Station.

Councilmember Hall asked how many MTS positions have been eliminated. Mr. Jablonski replied that 22 positions have been eliminated; 17 on the management side and 5 on the labor side. Some of the positions were vacant. We laid off 10 management personnel.

Councilmember Phil Monroe (South County) pointed out that the NCTD and MTS cost per passenger mile figures do not match. Mr. Jablonski said that MTS did not include paratransit in its figures.

Supervisor Jacob asked about the components of the labor agreement. Mr. Jablonski answered that that there is a 2.8 percent budget impact from the new agreement. On the wage side, there is a tiered bonus and a 5 percent wage increase starting on July 1. He pointed out that drivers did not have a wage increase for two years.

Supervisor Jacob asked if 2.8 percent was an average salary increase. Mr. Jablonski reviewed the wage percentages for each year of the contract. The total for the five years would be about 14 percent.

Supervisor Jacob asked if this percentage included pension and retiree health benefits. Mr. Jablonski said that it did not, but there were no changes to the benefits plan.

Supervisor Ron Roberts (County of San Diego) stated that along with the wage increases in the labor contract were a number of “take-aways.” Mr. Jablonski noted that there were 120 changes to the labor agreement in terms of cost efficiencies and work rule changes.

Councilmember Monroe stated that the work rule changes were very important to us and that is why it took two years to get a contract. Drivers at the starting level are one of the lowest paid people. One of our desires was to raise the starting salaries of drivers. We would get better people, less turnover, and more efficiency. Obtaining this contract with those work rule changes was a major success story for both the labor union and MTS.

Mr. Jablonski said that we raised starting salaries but totally changed the benefits package. He said that this particular bargaining unit has a private pension plan and is not in the California Public Employees Retirement System (CalPERS).

Mayor Pro Tem McCoy commented that gasoline in Europe is $9-$11 per gallon. She asked why we are not looking at merging the two transit agencies to achieve economies of scale.

Transportation Committee Chair Madaffer agreed this needs to be looked at. He was in favor of developing an ad hoc committee at some point in the future to look at this.

Second Vice Chair Jerome Stocks (Encinitas) commented that North County likes have a say about its transportation system. He wondered why we have 18 cities and a county government.

Mayor Pro Tem McCoy said the difference is that one board is elected (cities/County) and the other is appointed (transit agency boards).
Mayor Dave Druker (Del Mar) said that eliminating top people is not necessarily the answer to the budget issues. Most of the transit agency personnel are driving or maintaining the buses.

Mayor Ron Morrison (National City) stated that another angle is that cities are being told we need to densify. Density doesn’t work if we don’t have mass transit. Without a certainty of mass transit how can we have more density?

Action: Upon a motion by Councilmember Monroe and a second by Supervisor Roberts, the SANDAG Transportation Committee approved the FY 2009 MTS Budget.

3. SECOND READING, FINDINGS RELATED TO AMENDMENTS, AND ADOPTION OF AMENDMENTS TO THE REGIONAL COMPREHENSIVE FARE ORDINANCE (SECOND READING, ADOPT FINDINGS, APPROVE)

Dave Schumacher, Principal Planner, provided the introduction for this item, and reviewed actions taken to date. The Comprehensive Fare Ordinance has been coordinated with MTS and NCTD, is consistent with the results of the June 6, 2008, Transportation Committee actions and amendments, and is able to generate the revenue required by the transit operators. He discussed proposed fare changes and the fare study, and provided information related to the federal Title VI requirements.

Mr. Schumacher reviewed proposed changes to fares for the following services: COASTER; BREEZE/SPRINTER; changes to the ADA Para-transit Lift and Access fares; proposed Sorrento Valley Coaster Connection fares; Trolley, including for Senior/Disabled/Medicare/Youth fare changes; and proposed changes to regional passes. There will be no fare changes to the Regional Monthly pass prices, Senior/Disabled/Medicare monthly pass prices, Youth monthly pass prices, MTS or NCTD bus single-trip prices, MTS Adult Day pass prices, and Premium Express Adult pass prices.

Mr. Schumacher said that fare increases are exempt from the California Environmental Quality Act (CEQA) if they are needed to meet operational expenses. SANDAG will file a Notice of Exemption from CEQA. We conducted a Title VI analysis and found potential Title VI issues with the proposed ADA fare structure and Trolley fares; all other proposed fare changes have no Title VI issues. He reviewed the ADA structure under Title VI. The proposed fare structure, which could allow up to a doubling of fares, creates potential Title VI impacts. However, the transit agencies to not propose to charge double fares for the ADA service at this time, and therefore, the current proposed fares do not create disparate impacts under Title VI. For the Trolley fares, he stated that two alternatives to the preferred fare were developed. All three alternatives have disparate impacts, but the preferred alternative ($2.50 flat fare) best meets the public interest and has a less disparate impact.

Mr. Schumacher reviewed the four recommended actions: conduct a second reading of proposed amendments to the Comprehensive Fare Ordinance, approve Resolution No. 2008-30 that finds an exemption under CEQA, adopt the findings regarding Title VI, and approve the proposed amendments to the Regional Comprehensive Fare Ordinance.

Chair Sessom noted that there were several requests to speak on this item.
Clive Richard, a member of the public, pointed out a discrepancy in the footnotes on page 35 of the Ordinance. Mr. Schumacher said that the second footnote should be for the Youth pass and not for the Senior/Disabled pass, and staff would make that correction.

Michelle Beathe, a member of the public, expressed concern that SANDAG and MTS were having some difficulty coming to an agreement with the proposal on bus fares. She asked that the service span of bus Route 83 be extended as it is her transportation for educational purposes. She suggested that a temporary one percent sales tax be levied until the end of the year for public transit purposes.

Michael Walton, a member of the public, said that he is a disabled/senior public transit rider. He was opposed to further increased costs for this group, and asked that bus transfers that were discontinued in January be reinstated. The discontinuation of transfers was, in effect, a fare increase for seniors. He used to be able to go to doctor and hospital appointments and trips to the grocery store on one fare and now it is three fares for a round trip. All the flexibility with the transfer system is now gone and replaced by additional costs. He said that a monthly pass does not work for him.

Chair Sessom noted that we received an e-mail from Tim Ford opposing the implementation of a $40 monthly fare for the Sorrento Valley COASTER Connection service.

Motion: Second Vice Chair Stocks moved approval of the staff recommendation with the exception of the replacement of the NCTD day pass with a $5.00 Regional Day Pass on January 1, 2009.

Mayor Druker noted that it was his understanding that when the Transportation Committee approved the fare changes on June 6, the $5 Regional Day Pass was based upon a revenue-sharing agreement being adopted. The action was conditional and there is nothing here that says it was conditional. The specific language approved by the Transportation Committee was that a revenue-sharing agreement had to be approved prior to the change to the Regional Day Pass in January 2009.

First Vice Chair Lori Pfeiler (Escondido) noted that that item was dependent on a revenue-sharing agreement.

Mayor Druker said that all of the fare ordinance changes that were contingent upon a revenue-sharing agreement were dropped by the Transportation Committee last week except for this one.

Chair Sessom asked our General Counsel to review that issue.

Mayor Morrison asked if the $1.25 downtown fare was for all the downtowns or only for downtown San Diego. Mr. Schumacher replied that it only refers to downtown San Diego.

Mayor Morrison asked if the Centre City Development Corporation (CCDC) will be making up the difference in that fare price. Mr. Schumacher responded negatively.
Mayor Druker suggested that the 30-day rolling pass be based on the month rather than the specific number of days. For example, if you buy a pass on February 14 it should expire on March 13. That would only take a minor software change. He asked if there were any fiscal impact to this suggestion. Mr. Schumacher agreed to look at that suggestion.

Supervisor Jacob asked if the $2.50 flat Trolley fare was for a round trip. Mr. Schumacher answered that it was for a one-way fare.

Supervisor Jacob said that the Senior/Disabled/Medicare fare would be 50 percent of that amount. Mr. Schumacher said that was correct.

Councilmember Bob Campbell (Vista) said he didn’t feel comfortable acting on the particular clause regarding the COASTER ticket until there is a fare-sharing agreement in place between MTS and NCTD. Mr. Schumacher said that the reason for this increase is to be consistent with the MTS policy of no transfers. Most COASTER users are monthly pass holders and would not be affected by this change.

Second Vice Chair Stocks agreed that in the interest of the process and because the $5 fare increase was subject to NCTD reaching a fare-sharing agreement with MTS, he rescinded his earlier motion and moved the staff recommendation.

Councilmember Lesa Heebner (Solana Beach) asked if there is a reason to discourage a monthly pass for the Sorrento Valley COASTER Connection. Mr. Schumacher responded that what we are trying to do is meet the average MTS farebox recovery ratio of 35 percent.

Councilmember Hall noted inconsistencies with the format of the references to SPRINTER/BREEZE in the document.

Supervisor Roberts pointed out that the 30-day rolling pass will cut both ways. He was concerned about the issues raised at the public hearing in Oceanside. We want to do something to help people who cannot afford a monthly pass. Perhaps we could establish a fund that would make loans to families that they would then pay back. He asked if we could use our Compass Card to create a category of people who qualified with monthly income at a certain level and accumulate the cost over a month. If the usage in the first two weeks of a month equaled the cost of a monthly pass, the Compass Card would then convert the daily pass into the monthly pass. He understands that various options will be presented in August as part of the results of a fare study. He thought those options should have been expedited and provided prior to the fare hearings.

Mr. Schumacher explained that SANDAG staff is undertaking a fare study with a consultant. The study results will be shared with the SANDAG Board, Transportation Committee, and the transit operators.

Mr. Gallegos agreed to bring a status report on the progress of the fare study at the next Transportation Committee meeting.

Mayor Morrison noted that the proposed changes will be about a 30 percent increase in fares for short trips on the Trolley.
Councilmember Campbell mentioned that in Section 12.3 on page 23, the Ordinance states that NCTD cannot sell day passes after December 31, 2008. He wondered what will happen if there is no fare-sharing agreement in place by that date.

Mayor Pro Tem McCoy suggested that during the hours of 10 a.m. and 3 p.m. seniors/disabled passengers be allowed to ride at half price or at no price. There are other cities that do this to increase ridership. Mr. Jablonski stated that the federal guidelines indicate the price reduction is only during peak hours. The monthly pass is low for seniors—50 cents a day to ride the entire system.

Chair Sessom mentioned that if there are changes to the Ordinance, the process goes back to a first reading.

Mayor Druker stated that the information about the NCTD Day Pass not being sold after December 31, 2008, was not provided in the Transportation Committee materials.

Second Vice Chair Stocks asked the General Counsel to clarify the process.

Ms. Wiley read into the record the motion from the Transportation Committee: “Upon a motion by Mayor Pfeiler and a second by Councilmember Atkins, the Transportation Committee accepted the staff recommendation to increase the NCTD day pass to $4.50 (S/D/M $2.25) on July 1, 2008, and then replace it with a $5.00 Regional Day Pass on January 1, 2009, if a new revenue sharing agreement is reached. (Motion passed with NCTD, MTS, and South County opposed.)”

Ms. Wiley said that the reason the language appears in the Ordinance is that it is assuming an agreement will be made by December 31, 2008. You have made it clear on the record that it the $5 Regional Day Pass is contingent upon a revenue-sharing agreement being in place. If a revenue-sharing agreement is not in place by that date, we will have to revise the Ordinance.

Second Vice Chair Stocks reiterated that if we modify the Ordinance language at this point we will have to go back to a first reading of the Ordinance. By adopting it as is now allows us to proceed.

Councilmember Dave Allan (La Mesa) clarified that the Ordinance can be changed if needed. Chair Sessom replied affirmatively.

Councilmember Hall asked about the process to amend the Ordinance. Ms. Wiley responded that it is at least a 60-day process requiring first and second hearings.

Councilmember Hall said that means we would have to put an Ordinance amendment on the SANDAG Board of Directors agenda in October for any changes by December 31, 2008.

Ms. Wiley read the Ordinance title into the record.

Chair Sessom stated that there will be four motions.
Action: Upon a motion by Second Vice Chair Stocks and a second by Mayor Jim Wood (Oceanside), the SANDAG Board waived the second reading of the Comprehensive Fare Ordinance. Yes – 18 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – San Marcos.

Action: Upon a motion by First Vice Chair Pfeiler and a second by Second Vice Chair Stocks, the SANDAG Board adopted Resolution No. 2008-30 that finds an exemption under CEQA. Yes – 18 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – San Marcos.

Action: Upon a motion by Transportation Committee Chair Madaffer and a second by First Vice Chair Pfeiler, the SANDAG Board adopted the Title VI findings. Yes – 18 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – San Marcos.

Action: Upon a motion by Second Vice Chair Stocks and a second by Mayor Wood, the SANDAG Board approved the proposed amendments to the Regional Comprehensive Fare Ordinance. Yes – 18 (weighted vote, 0%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – San Marcos.

4. TRANSIT FUNDING OPTIONS IN THE SAN DIEGO REGION (DISCUSSION)

Transportation Committee Chair Madaffer said that this portion of the joint SANDAG Board/Transportation Committee meeting is to discuss possible transit funding options in our region. Due to flat sales tax revenues, rising gas prices, and the diversion of public transit funding at the state level, we are challenged with balancing our transit operating budgets. The SANDAG Board is faced with making a very difficult decision to raise transit fares as part of this year's transit budget process. The NCTD and MTS Boards also have made other tough choices in order to bring their agency operating budgets into balance for FY 2009. We will continue to face an ongoing deficit over the next several years. Our staffs have collaborated to develop several possible funding options. The budget challenge is a structural one, and we will need to come to consensus on how we can address the problem over the long-term. If we can agree to possible long-term solutions, our staffs have identified a number of short-term options that could be used as a temporary funding bridge. He encouraged all members to consider what we may be willing to do to tackle our transit funding issues and come up with possible solutions that we can support together as a region.

Renee Wasmund, Finance Director, reported that staffs from all three agencies have been collaborating on these long-term and short-term, nonrecurring funding options. She presented the pros and cons for each option.

Transportation Committee Chair Madaffer noted that there were several requests to speak on this item.

Carolyn Chase, representing MoveSanDiego.org, applauded SANDAG’s focus on transit funding. As gasoline prices continue to rise, smart transit will be a major requirement to keep our economy competitive. She asked the group to consider options that will help citizens and businesses deal with the high price of gasoline. She was opposed to the
diversion of funds from bicycle/pedestrian and transit programs. She said that we need to revise our forecasts to take this current situation into account. She quoted information from the California Transportation Commission (CTC) related to new guidelines for reducing vehicle miles traveled (VMTs). She suggested that the group take another look at systemwide improvements to improve farebox recovery rates.

Marcela Escobar-Eck, MoveSanDiego.org, asked the Transportation Committee to consider reducing the contingency reserves to a lower amount. We have set up a funding cycle for transit operators that cannot be sustained. We are trying to assist all agencies and groups to improve our performance measures to use the dollars that we have in a performance-based fashion, but also to be the most competitive in the next funding cycle. The assumptions in the original plan for the budget and the Regional Transportation Plan (RTP) could not have predicted the situation today, and contingency reserves are meant to deal with difficult situations.

Kathy Keehan, representing the San Diego County Bicycle Coalition, said that she was very much in opposition to using bicycle/pedestrian funds. There is no money this year, and this program is already massively oversubscribed. She thought this was going to be a discussion of all the options and asked why highway, high-occupancy vehicle (HOV), arterial, the Smart Growth Incentive Program, and the Environment Mitigation Program monies are not on this list. We need healthy, nonpolluting, nongas using methods to be used.

Clive Richard, a member of the public, took exception to the Governor and State Legislature taking funds that were supposedly dedicated to transportation and transit. He was opposed to taking money from TransNet that is dedicated for specific programs.

Dave Beadle, representing COASTER riders, asked if the idea of public/private partnerships has been considered as a long-term possibility. He also wondered what we are doing to increase ridership. He said there is a lot of hotel space in North County. He asked why we aren’t trying to attract visitors to ride the COASTER to come to downtown San Diego from North County. He suggested that people from the private sector be invited to help provide ideas.

Kenneth Grimes, Executive Director of Walk San Diego, stated that our nation ranks third in the nation for pedestrian fatalities. He was opposed to using bicycle/pedestrian funds. All of our jurisdictions are in need of these funds to improve their walk environment. He thought that other sources of funding should be considered including freeway construction and the Environmental Mitigation Program. Funding from both of these sources could be diverted for mass transit. The state requirement to reduce VMTs to affect climate change would also be impacted if these funds are diverted.

Mayor Morrison asked about option #2 to raise the senior age from 60 to 65 years. This is consistent with “several other regions,” but what does that mean. Cliff Telfer, MTS, said that all other transit properties in California with the exception of Sacramento have set the senior age at 65.

Mayor Morrison asked how this would be implemented. Mr. Telfer replied that the age for a senior pass would be increased by one year until it reached 65 years. Anyone currently getting this benefit would not be affected.
Mayor Morrison said that the amount of SANDAG contingency funds is small compared to other government agencies including MTS and NCTD. He was opposed to using these funds.

Mayor Morrison opposed the use of TDA/TransNet Bicycle, Pedestrian, and Neighborhood Safety Program funds as this was a promise to the voters.

Deputy Mayor Bob Emery (Poway) stated that we have to look at what transit will provide in the not-to-distant future. He noted testimony from public hearings where people said they would lose their jobs if there was an increase in fares. We need to look at prioritizing those actions that can help transit and other modes of transportation, to sell transit to the tourist industry, look at the planning dollars, and explore the broad range of what will help transit.

Supervisor Greg Cox (County of San Diego) stated that the TransNet Extension is a contract with the citizens of San Diego County. He would not be in favor of using those monies. He was intrigued about the option of public/private partnerships and thought we should take a serious look at that concept. He also agreed with packaging transit for tourists. He would be in favor of tapping into contingency reserve monies rather than diverting TransNet dollars.

MTS Chair Harry Mathis noted that the TDA guidelines specifically allow for 2 percent to be used for bicycle/pedestrian programs; however, if there is an overriding transit need those funds can be used for public transit purposes. Another point is that we are the only transit agency in California that defines the senior age at 60. He was privy to a presentation by an expert on the cost of fuel that indicated there is no end of gas price hikes in sight because all of the known oil sources have peaked out resulting in a capacity decline in the face of increased global demand.

Transportation Committee Chair Madaffer asked Ms Wiley what action would need to take place to increase the senior age from 60 to 65 years. Ms. Wiley said because this is in the TransNet Ordinance, it would take a two-thirds vote of the SANDAG Board to make that change.

Transportation Committee Chair Madaffer asked MTS Chair Mathis if this item would go to the MTS Board for action. MTS Chair Mathis answered affirmatively, and added that we will analyze that change in terms of revenue.

Mayor Wood stated that we need to see all of the items on the table. Oceanside doesn’t see bicycle traffic as being heavy. However, they receive traffic from both Orange and Riverside counties that impact his city. Perhaps this interregional traffic could be a revenue source.

Mayor Druker thought that two items needed to be added to the long-term options: a parking lot fee and an increase in the amount of the County’s vehicle license fee. In the short term, SANDAG staff should come back quickly with ways to reduce the amount of service reductions for NCTD/MTS. He was opposed to using bicycle/pedestrian funds. He thought the resolution should be a package of funds, not just money from one area.

Councilmember Toni Atkins (City of San Diego) asked if SANDAG conducts value engineering on its new major corridor capital projects. Mr. Gallegos replied that on all of
our major projects we go through a value engineering process. On the transit side, one
discussion with the operators is related to the replacement of the catenary lines. We x-rayed
them and used calipers to see if the x-rays were valid. There are some pieces that need to be
replaced but others still have life in them. By doing that assessment we may not need to
replace the entire catenary line at once and may able to free up MTS capital funds to use for
operations.

Councilmember Atkins commented that this is a practical problem. We are starting to talk
about a ballot measure in 2010. We have to let people know we understand their
circumstances. She was opposed to a transit sales tax prior to 2010. She asked about the
pros and cons of delaying the fare study to obtain more information.

Councilmember Atkins suggested that monies be pulled from all areas for transit
operations. She thought we could drop below 8 percent in contingency funds. She was not
in favor of using bicycle funds. She mentioned an MTS legislative alert and suggested that
we plead our case to Senator Denise Ducheny.

Councilmember Jerry Rindone (MTS Alternate) suggested that members call Senator
Ducheny as soon as possible because the state budget hearing is happening today.

Supervisor Jacob agreed that all options should be evaluated for the long-term. We also
should look at delaying the construction of future transit projects until such time as the
operating budgets can be brought under control. It doesn’t make sense to her to construct
new transit projects without having funds to operate them. She agreed that we should find
out what voters are willing to pay for transit service. She also thought we should explore
public/private partnerships.

She wanted to expand the long-term action list, and was opposed to the short-term options.
Short-term fixes will not resolve the structural budget problems, and it is a bad practice to
use one-time money to fund operations. You cannot continue to spend more than you take
in. She strongly opposed changing the TransNet measure that was approved by the voters.
We need to keep the trust with the voters. One would have to ask the question why we are
not seriously looking at consolidating the transit operators. We could have an independent
person or body analyze what cost savings could result from such a consolidation. We also
should look at other long-term options that have not been considered.

Councilmember Heebner said she would like to see staff come back with a full list of
options, and outlining new project schedules. We need predictability. She also liked the idea
of public/private partnerships. She said that an untapped resource is advertising revenue.
She was opposed to using bicycle/pedestrian funds and a parking fee, except for smart
parking.

Councilmember Monroe asked how much money could be shifted from capital projects to
operations. Ms. Wasmund replied that there are a lot of different pots of money for capital
projects. Federal Transit Administration (FTA) monies can be used for preventative
maintenance purposes. There are some opportunities for MTS to use more. The result would
be further deferral of capital projects.
Councilmember Monroe asked for more specific information. He didn’t want to take funds from the preventative maintenance program. He agreed with putting everything on the table.

Councilmember Jack Dale (Santee) agreed that we should pursue revenue opportunities such as advertising. We also need to take a look at what funds we expect to receive from the state in the future and establish a baseline of reasonable revenues. Then we need to decide what kind of transit system we can afford to operate. We cannot be all things to all people. He wondered if we can afford to provide transit service to areas like Fallbrook. There are benefits and negatives to living in rural areas. Before we determine how we will finance transit in the future, we need to determine what kind of system we can afford and then go from there.

Councilmember Allan wondered why transit services are not consolidated on a regional basis. In La Mesa we are pushing sustainable communities. He was in favor of keeping the bicycle funds untouched.

Mayor Morrison expressed concern about compartmentalizing this situation. SANDAG’s responsibilities are becoming even greater. As much as there is a segment in support of transit, it is not the majority. Councilmember Gallo took this opportunity to introduce interim NCTD Executive Director Ray Patchett.

Second Vice Chair Stocks agreed that we did make a commitment to the voters with TransNet. He disagreed with putting everything on the table. He complimented the transit operators for doing a good job of scaling down efforts to maximize efficiencies.

Transportation Committee Chair Madaffer stated that this issue came forward due to concerns from the Transportation Committee members about where the pots of money are and how we could take care of transit. He was opposed to spending one-time monies to resolve a structural problem. He noted that Los Angeles has a full one cent of sales tax devoted to transit. In San Diego County only one-sixth of a cent goes to transit. We need to look at other options and potential revenue sources for transit. He agreed with increasing the age for the senior fares. He added that transit also is not charging the fares it should be. He agreed with the suggestion that we look at possibly consolidating transit operations, and he will put together an ad hoc committee to review that issue.

Mayor Druker asked if Transportation Committee Chair Madaffer is suggesting that we ignore the financial crisis being experienced by the transit operators.

Transportation Committee Chair Madaffer said that if it means using one-time monies then he was not in favor of that. We need to tighten our belts where we can.

Mayor Druker asked how we can help with the short-term situation of the transit operators.

Transportation Committee Chair Madaffer pointed out that both MTS and NCTD have proposed balanced budgets for FY 2009.
Mayor Druker said that the public is asking for more transit service and we are cutting service.

Transportation Committee Chair Madaffer stated that he is very interested in finding more solutions for transit both in the short-term and long-term. Staff has taken a lot of notes on this today and will be working with staff to see if we can come back with some solutions sooner rather than later.

**Action:** This item was presented for discussion only.

5. **UPCOMING MEETINGS**

The next meeting of the Board of Directors is scheduled for Friday, June 27, 2008, at 9 a.m. and the next meeting of the Transportation Committee is scheduled for Friday, June 20, 2008 at 9 a.m.

6. **ADJOURNMENT**

The meeting was adjourned at 12:19 a.m.

DGunn/M/DGU
ATTENDANCE
REGULAR SANDAG BOARD POLICY MEETING
AND JOINT SPECIAL MEETING OF THE
TRANSPORTATION COMMITTEE
JUNE 13, 2008

<table>
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<th>JURISDICTION/ ORGANIZATION</th>
<th>NAME</th>
<th>ATTENDING</th>
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<tbody>
<tr>
<td>City of Carlsbad</td>
<td>Matt Hall (Member)</td>
<td>Yes</td>
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<tr>
<td>City of Chula Vista</td>
<td>Cheryl Cox (Member)</td>
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<td>City of Coronado</td>
<td>Phil Monroe (Member)</td>
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<td>City of Del Mar</td>
<td>David Druker (Alternate)</td>
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<td>Mark Lewis (Member)</td>
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<td>Jerome Stocks, 2nd Vice Chair (Member)</td>
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<td>Lori Holt Pfeifer, 1st Vice Chair (Member)</td>
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<td>Patricia McCoy (1st Alternate)</td>
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<td>Mary Sessom, Chair (Member)</td>
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<td>Ron Morrison (Member)</td>
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<td>Tony Young (1st Alt.)</td>
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<td>Jim Desmond (Member)</td>
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<td>Lesa Heebner (Member)</td>
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<td>Pedro Orso-Delgado (Alternate)</td>
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<td>Harry Mathis (Member)</td>
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<td>Laurie Black (Member)</td>
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<td>Marilyn Dailey (Member)</td>
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<td>Remedios Gómez-Arnau (Member)</td>
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<tr>
<td>Southern California Tribal Chairmen’s Association</td>
<td>Robert H. Smith (Member)</td>
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