

BOARD OF DIRECTORS
REGULAR MEETING
MONTEREY-SALINAS TRANSIT
September 18, 2006

1. CALL TO ORDER

Chairman Armenta called the meeting to order at 10:01 a.m. in the Monterey-Salinas Transit Conference Room.

Present:	Michael Cunningham	City of Carmel-By-The-Sea
	Joseph Russell	City of Del Rey Oaks
	Gary Wilmot	City of Marina
	Libby Downey	City of Monterey
	Ron Schenk	City of Pacific Grove
	Robert Russell	City of Salinas
	Don Jordan	City of Seaside
	Fernando Armenta	County of Monterey
Absent:	Maria Orozco	City of Gonzales (Ex-Officio)
Staff:	Carl Sedoryk	General Manager/CEO
	Lyn Owens	Director of Human Resources
	Hunter Harvath	Director of Administration
	Robert Weber	Transit Services Manager
	Sonia Bannister	Office Administrator
	William Morris	Contract Transportation Manager
	Brigga Mosca	Marketing & Sales Manager
	Dave Sobotka	Controller
	Tonja Posey	Human Resources Supervisor
Others:	Dave Laredo	DeLay & Laredo
	Eli Naor	VBN Architects
	Theresa Obrist	Coach Operator
	Thomas Wittman	Perteet
	Wayne Donney	Monterey resident
	Jim Fink	Salinas resident
	Matthew Melzer	MST
	Lance Atencio	MVT

Apology is made for any misspelling of a name.

2-2. – 2-7. CONSENT AGENDA

The consent agenda items consisted of the following:

- 2-2. Adopt Resolution 2007-04 recognizing Glen Hamilton, Mechanic Revenue Equipment, as Employee of the Month for September 2006.
- 2-3. Disposal of property left aboard buses.
- 2-4. Minutes of the regular meeting of August 14, 2006.
- 2-5. Financial Report – August 2006.
- 2-6. Claim rejection, V. Mata'afa.
- 2-7. Ratify property insurance renewal.

Director Wilmot moved to approve the items on the consent agenda. Director Schenk seconded and the motion carried with Director Joseph Russell abstaining on the minutes.

3. SPECIAL PRESENTATIONS

Roger Vandevent, Maintenance Supervisor, introduced Glen Hamilton, Mechanic, Revenue Equipment, as MST Employee of the Month for September 2006. Recently Glen and another mechanic were able to install new forward facing cameras to 40 buses with existing security systems. The new forward facing camera project has been a valuable tool to assist in accident investigation and recovering costs from individuals who have collided with MST buses.

A Certificate of Achievement for Excellence in Finance Reporting Award was presented to the Accounting Department. This is the 3rd year that MST has received this award.

Hunter Harvath, Director of Administration, introduced Mathew Melzer, Planning/Marketing Intern. He is a recent honors graduate of UC Santa Cruz and is an advocate supporter of public transportation.

The Board also recognized Genaro Verba, Coach Operator, for 25 years of service.

Chairman Armenta recognized Don Jordan, alternate for City of Seaside and Mayor Joseph Russell, alternate for City of Del Rey Oaks.

4. PUBLIC COMMENTS

Jim Fink, Salinas resident, congratulated the Board and staff on the success of Line 55. He expressed concern over problems in connecting to line 28 from Watsonville to Salinas. He suggested having bus stops at ¼ mile intervals in the unincorporated areas of Castroville. He would also like to see service on Sundays run later in the day.

5-1 – 5-2. COMMITTEE MINUTES

The Board accepted and filed the MST RIDES Advisory Committee Minutes – July 17, 2006; and MST Facilities Committee Minutes – August 14, 2006.

6-1. MONTEREY BAY BUS RAPID TRANSIT STUDY

Compared to ordinary bus service, Bus Rapid Transit (BRT) systems are designed to offer some combination of decreased travel and wait times, increased passenger comfort and convenience, and increased operating efficiencies. BRT will usually be differentiated from ordinary service by color-coordinated buses that are more comfortable, cleaner, more fuel efficient and quieter.

Director Schenk moved to authorize staff to negotiate a contract for an amount not to exceed \$170,000 to Wilbur-Smith Associates to perform the Monterey Bay Bus Rapid Transit (BRT) Study. Director Downey seconded and the motion carried unanimously.

6-2. LAND USE AND REAL ESTATE CONSULTING SERVICES

In January, 2006, staff was directed to devise a plan to develop MST properties to create a long-term, continuing source of revenue to support the operations of MST and increase utilization of the community's public transit system. MST has also identified the need to acquire property for future transit stations and to complete the construction of the Frank J. Lichtanski Monterey Bay Operations Center on property it already owns on the former Fort Ord. MST currently owns 11 parcels of land totaling approximately 65 acres throughout Monterey County.

Director Schenk moved to award a contract in the amount of \$47,600 to Bay Area Economics for land use and real estate consulting services. Director Wilmot seconded and the motion carried unanimously.

6-3. BUS SHELTER PURCHASE

MST has received numerous requests from passengers to install shelters in the communities served south of Salinas in rural Monterey County since Line 23 Salinas-King City was implemented in May of 2002. The agreement through which MST provides service on Line 23 stipulates that each of the South County cities and Monterey County are responsible for providing shelters in their respective jurisdictions.

With the assistance of the Transportation Agency for Monterey County, staff has identified a strategy to pay for the cost of one shelter for each of the five South County communities and the costs associated with installation that would not adversely impact MST's operating or capital budgets.

Director Schenk asked staff to look into different types of trash receptacles to be more proactive with regards to possible terrorism threats.

Director Wilmot moved to approve a contract with LNI Custom Manufacturing, Inc. for \$42,344.85 for the purchase of 5 passenger shelters equipped with benches and trash receptacles and an option to purchase up to 15 more at a cost of \$8,468.97 each. Director Schenk seconded and the motion carried unanimously.

7-1. PENINSULA AREA SERVICE STUDY AND ROUTE CHANGES

The Peninsula Area Service Study evaluated how well MST's bus service in and around the Monterey Peninsula area is meeting passenger demand with regards to on-time performance, safety and convenience, and examined present and anticipated development and travel patterns. The following lines will have route changes to improve service, convenience and connectivity for the majority of MST's passengers: Line 1 Asilomar-Lovers Point; Line 2 Pacific Grove; Line 4 Carmel Rancho; Line 5 Carmel Rancho; Line 11 Edgewater-Carmel Express; Line 16 Edgewater-Marina; Line 17 Edgewater-Marina; Line 24 Carmel Valley-Grapevine Express; Line 54 Monterey-Airport Business Center; and DART Monterey Peninsula.

Director Joseph Russell asked staff to look into providing service to Stone Creek Shopping Center using line 54.

Chairman Armenta opened the public hearing to receive comments on the proposed changes at 10:50 a.m.

John Slobodin, Pacific Grove resident is concerned about having no service to MPC on weekends. He attends classes and needs the bus. With regards to line 2, the 5:20 p.m. trip from Monterey is always very full.

Jim Fink, Salinas resident, noted that lines 16, 17 and 27 no longer serve DeForest Road and Beach Road in Marina. Also, Reindollar, Carmel Avenue, and Bayer Street neighborhood no longer have service, as well. With regards to the library at MPC, he said it is open on Sunday from 1pm - 5pm. The library is heavily used during this time. He also asked what modifications will be done on line 21. He wants to see service from South Salinas to east Monterey, Del Rey Oaks corridor reinstated.

Chairman Armenta closed the public hearing at 10:57 a.m.

Mr. Harvath summarized the comments received at various public hearings. He said staff received petitions to take bus service off Monte Verde Street in Carmel; letters were also received stating to keep service on Monte Verde Street; positive remarks were made at the other public hearings regarding the proposed changes.

Director Wilmot would like staff to look at rerouting those lines service MPC to check the feasibility of stopping on Fremont Street instead of going up the hill to MPC.

Director Wilmot moved to approve the final Peninsula area route changes to be implemented in January 2007. Director Downey seconded and the motion carried unanimously.

8-1. BUS PURCHASE AND REFINANCE

In 2001, Municipal Service Group (MSG) arranged financing for MST's acquisition of 48 buses and trolleys in the amount of \$19.1 million over a 10-year period with an interest rate of 4.64%, of which MST has a current outstanding debt of \$9.5 million. MSG has proposed restructuring the debt to finance an additional 15 vehicles over their 12-year life at a blended interest rate of 4.44%. MST expects to make 12 additional annual payments of approximately \$715,967.02 for the purchase of these 15 vehicles.

MST has 78 heavy-duty buses, of which 17 are CNG powered. The CNG fleet is comprised of 8 – 1995 Flexible 35 ft. buses eligible for replacement in 2008 and 9 – 1996 Orion 30 ft. buses eligible for replacement in 2007. It will take approximately one year to receive this order of buses. Despite the recent lower CNG fuel cost, the operating cost per mile for the CNG fleet in FY2006 averaged \$1.27, as compared to \$.78 per mile for the diesel fleet, a 62% higher operating cost. In FY2005, CNG operating costs were 117% higher than diesel buses. The continued poor reliability and high operating cost of the CNG fleet, and the maintenance of the Clean Air Refueling Station (CARS) for MST, the Monterey Unified School District and other CARS users, is an ongoing financial and maintenance burden for MST.

Since MST's takeover of the CARS in August 2005, this station has proven to be costly and unreliable, with frequent equipment failures. Since August 2005, MST has incurred costs in excess of \$360,000 to maintain the CARS. Additionally, the station's back-up compressor is out of service, with a replacement unit expected to cost between \$50,000 and \$100,000. Keeping this station operating beyond the life of MST's CNG vehicles will require significant additional capital resources.

The decision not to replace the CNG fleet will require the rehabilitation of the CNG fleet at a cost estimated at \$200,000 per vehicle, or \$3 million for problematic vehicles with a life expectancy of 6 extra years. Rehabilitation will require extensive work and replacement parts, while one of the original manufacturers (Flexible) is no longer in business. Additionally, if the CNG vehicles are rehabilitated, versus replaced, they will be due for retirement in 2013, with their replacement date converging around

the time an additional 67 vehicles are due for replacement: 6 trolleys and 21 buses (plus the 15 rehabbed CNG buses) in 2013, 16 buses in 2014; and 24 buses in 2015, – essentially requiring the entire fleet to be replaced within a 3 year period. Operation of the CNG fleet will also require ongoing maintenance, upgrades and continued staff support at CARS and at MST's CNG infrastructure in our bus yard to ensure the station/fueling equipment is safe and reliable until 2013. The estimated cost to maintain and upgrade the CARS through 2013 is *estimated* to cost between \$500,000 and \$800,000.

Spence Erickson, PG&E, said the CNG bus program needs to be given a chance to succeed. The whole MST yard is equipped to fuel CNG buses. The buses currently being used by MST are older technology buses and are not as reliable. Newer technology buses are cleaner and more efficient than the older CNG buses currently being used by MST. PG&E is ready to assist MST in the purchase to continue to use CNG buses.

Dave Fairchild, Air District, said he had originally submitted a staff report that stated that going back to diesel would cost MST \$1.5 million a year in fuel. In actuality, it would only be \$210,000. Despite the experience MST has had with CNG buses, he said the only buses that will meet emissions standards for 2010 are CNG buses, not diesel buses. CNG is much cleaner than diesel and doesn't have any toxic contaminants.

Jim Fink commented that MST should reexamine the total package before a decision is made too hastily. He is impressed with the CNG buses. They are a lot cleaner to operate. He suggested looking at newer CNG equipment.

Mr. Sedoryk, General Manager/CEO, doesn't argue that the newer CNG technology is better than the old technology. However, currently MST has two different divisions 17 miles apart. It is also maintaining two different fueling infrastructures, two separate safety programs, and training programs. He noted that other transit systems within the state are looking to move towards clean-diesel technology and moving away from CNG.

Director Joseph Russell expressed concern over some of the statements made with regards to CNG.

Director Schenk moved to: 1) Approve the purchase of 15 new buses from Gillig Corporation in the amount of \$6,200,000; and 2) Authorize a financing package with Municipal Services Group (MSG) for this purchase and refinancing the existing bus loan. Director Wilmot seconded and the motion carried with Director Downey opposed and Director Jordan abstaining on the vote.

9-1. MV RATE INCREASE

Under the contract with MV Transportation, Inc., MST may purchase an additional 25% in annual Vehicle Revenue Hours at the original contract rate over those

that were originally identified within the Request For Proposal. Any hours above this "25% threshold", essentially trigger a re-opener in the contract for those hours to be purchased at a negotiated rate.

With the recent expansion of the DART service, and the Line 24 Grapevine Express total annual purchased hours of service under this contract comes to approximately 28,318, which exceeds the contract threshold by approximately 4,100 hours, which is equivalent to a 7.5% increase to \$34.50 per vehicle revenue hour.

With the anticipated implementation of the Peninsula Area Service Study (PASS) in January and the further expansion of the Line 24 Grapevine Express to 7-day service, staff negotiated a second tier to this contract amendment. The second tier of this amendment would allow MST to purchase between 35,397 and 44,250 annual hours for \$37.08 per hour - an additional 7.5% increase per hour, which if realized, would bring the total increase for all hours purchased under this contract to 15%. The cost per hour is still less than MST's variable hourly cost (excluding depreciation) of \$65.94.

Director Schenk moved to approve a contract amendment between MST and MV Transportation Inc. providing for up to a 15% rate increase per hour for all fixed route and DART purchased transportation services. Director Wilmot seconded and the motion carried unanimously.

10-1. – 10-4. REPORTS & INFORMATION ITEMS

The reports consisted of the General Manager/CEO Report; TAMC Highlights – August 23, 2006; Washington D. C. Lobbyist Report – August 29, 2006; and Sacramento Lobbyist report – July & August.

11. COMMENTS BY BOARD MEMBERS

Director Wilmot said with the upcoming Frank J. Lichtanski Operations Facility, he suggested agendaizing a fuel decision at a future meeting.

Chairman Armenta requested that the Performance Evaluation for Mr. Sedoryk be turned in to him by the end of the month.

12. ANNOUNCEMENTS

APTA Annual Meeting – October 8-11, 2006, San Jose, CA.

13. CLOSED SESSION

The Board adjourned to Closed Session to meet with legal counsel regarding potential litigations.

Upon returning to open session, Mr. Laredo reported that the following actions were taken:

13-1. Director Downey moved to authorize MST's worker's compensation third party administrator up to \$235,000 to settle multiple claims of Robert Wallace. This settlement would be in the way of a Compromise and Release with no provision for future medical treatment. Director Wilmot seconded and the motion carried unanimously.

13-2. Director Jordan moved to authorize MST's worker's compensation third party administrator up to \$55,325 to settle the claims of Carole Badiny. Director Downey seconded and the motion carried unanimously.

14. ADJOURNMENT

There being no further business, Chairman Armenta adjourned the meeting at 12:20 p.m.

PREPARED BY: 
Sonia AR Bannister