

BOARD OF DIRECTORS
REGULAR MEETING
MONTEREY-SALINAS TRANSIT
July 19, 2004

1. CALL TO ORDER

Chairman Armenta called the meeting to order at 10:00 a.m. in the Monterey-Salinas Transit Conference Room.

Present: Michael Cunningham (10:44) City of Carmel-By-The-Sea
Kristin Clark City of Del Rey Oaks
Bruce Delgado (10:10) City of Marina
Carl Anderson City of Monterey
Morris Fisher City of Pacific Grove
Sergio Sanchez City of Salinas
Thomas Mancini City of Seaside
Fernando Armenta County of Monterey

Absent: Maria Orozco City of Gonzales (Ex-Officio)

Staff: Frank J. Lichtanski General Manager/CEO
Carl Sedoryk Assistant General Manager/CFO
Sonia Bannister Office Administrator
Michael Hernandez Director of Operations
Richard Burton Director of Facilities & Maintenance
Jerry Figuerres Administrative Services Manager
Lyn Owens Human Resource Manager
Hunter Harvath Planning Manager
Robert Weber Operations Support Manager
Brigga Mosca Marketing/Customer Service Manager

Others: Dave Laredo Legal Counsel
Danny Avina Customer Service Supervisor
Steve Matarazzo City of Sand City
Kelly Morgan City of Sand City
Debbie Hale TAMC

Apology is made for any misspelling of a name.

As an urgency item, Director Mancini moved to add item 9-3 Employment Practices liability insurance renewal to the agenda. Director Fisher seconded and the motion carried unanimously.

2-1. – 2-11. CONSENT AGENDA

The consent agenda items consisted of the following:

- 2-1. Adopt Resolution 2005-01 recognizing Danny Avina as Employee of the Month for July 2004.
- 2-2. Disposal of property left aboard buses.
- 2-3. Minutes of the regular meeting of June 14, 2004.
- 2-4. Financial Report – June 2004.
- 2-5. Claim rejection.
- 2-6. Continuation of employment contract with General Manager/CEO.
- 2-7. Approval of 3-year Affirmative Action Plan.
- 2-8. Approve appointment of Marie Swank to MST RIDES Advisory Committee.
- 2-9. Approve FY 2005 hiring ranges.
- 2-10. Adopt revised advertising policy.
- 2-11. Approve disposal of excess bus repair parts.

Item 2-4 Financial Report was pulled for further discussion.

Director Fisher moved to approve the remaining items on the consent agenda. Director Anderson seconded and the motion carried unanimously.

2-4. FINANCIAL REPORT

Mr. Lichtanski reported that MST finally received federal reimbursement. These funds are usually received in March. It was noted that the formula in the cash flow report was wrong. It will be corrected in future reports.

Director Fisher moved to: 1) accept report of June cash flow; 2) approve June disbursements; and 3) accept report of June treasury transactions. Director Clark seconded and the motion carried unanimously.

3. SPECIAL PRESENTATIONS

Danny Avina, Customer Service Supervisor, was recognized as the July 2004 Employee of the Month.

4. PUBLIC COMMENTS

None.

5-1. – 5-3. COMMITTEE MINUTES

The Board accepted and filed the Planning/Operations Committee Minutes – July 2, 2004; MST RIDES Advisory Committee Meeting minutes – May 17, 2004; and Marina Transit Station Ad Hoc Committee Minutes – June 18, 2004.

Director Delgado arrived at 10:10 a.m.

Regarding the Marina Transit Station Ad Hoc Committee Minutes, Mr. Lichtanski reported that MST has been trying to schedule a joint Marina City Council meeting with the MST Board. The tentative date for this meeting is scheduled for September 14, 2004 at 6:00 p.m. at the Marina City Hall. Another option is to have the MST Board meeting at the Marina Council Chambers and convene the joint meeting after MST's Board meeting.

6-1. RUN-CUTTING, SCHEDULING CONTRACT

Mr. Weber, Operations Support Manager, reported that the new software will build efficient service and vehicle schedules; build economical Coach Operator work schedules; manage daily and weekly changes to Operator work schedules; and track, compile, and report on Operator absences, hours worked, and extra-board assignments. It will also reduce unnecessary overtime expenditures and costly scheduling errors.

Currently, MST relies on manual processes to administer daily activities that influence annual labor and materials costs in excess of \$6 million per year. These processes are not only subject to human error, but are also ineffective in maximizing the productivity of MST's vehicles and employees. Software packages utilize sophisticated mathematical algorithms and optimization features that consistently deliver an overall reduction in operating expense by increasing productivity within the transit industry. The new software package is anticipated to take approximately one year to become fully operational.

The new package will replace the current software being used which is a DOS based system originally acquired in 1995. Technical support for the current software is no longer available. Operator salaries and benefits account for over 38% of MST's

annual operating budget. The new package will provide optimal scheduling and timekeeping capabilities, which are critical.

The benefits of the new software will be increased productivity in efficient use of vehicle revenue hours, decreased operating expense with reduction in annual labor and materials expense, compliance of Federal and State regulations governing Operator work hours, ensuring compliance with ATU labor contract scheduling requirements; and reduction in overall human error that is associated with the manual processes currently in place.

Mr. Weber said that this software would share the same platform as the current Advanced Communication System (ACS). This system will be able to interface with the ACS system. All of MST's investment in information technology is an investment that will take MST into the next decade.

With the final cost being so close between the two bidders, a question was asked how staff came to their final recommendation in awarding the contract to HASTUS. Mr. Weber said it came down to product and customer support. Background checks revealed that the costs originally proposed by the other bidder is not eventually the final cost. Add-on and scope slippage were reported to be common complaints heard about the other bidder. Trapeze's customer and technical service was reported to be very poor.

Mr. Sedoryk, Assistant General Manager, talked about data ownership. Intelligent Transportation (IT) system funds will be used to purchase this software. Since IT funds are being used, the software selected must be able to share data with other applications and even with other jurisdictions. Trapeze customers have informed MST that once their system has manipulated the data in any way, the data becomes Trapeze's data and customers would have to pay Trapeze to do anything else with that data. MST is looking to share the data with a trip planning system that would allow customers to dial into a website and plan a trip using MST, CalTrain, Santa Cruz Transit or other transit agencies. HASTUS would allow MST do this with no charge since MST owns the data. Trapeze has a reputation of not allowing easy access to shared data. The ability to own the data and do whatever MST wishes with the data is worth the initial up-front cost.

Staff is expecting this software to last about 10-15 years, as long as the upgrades are installed and maintained. The price includes full installation, configuration of the data, training, and nine additional months of technical support.

Mr. Lichtanski said there are three big software procurements currently in progress. In addition to the HASTUS software, the other two are financial and maintenance systems. These three software packages coupled with the Advance Communication System would bring MST in alignment organizationally with regards to upgrading software.

Director Anderson moved to award a \$485,510 exclusive contract to HASTUS-GIRO Inc. for purchase and installation of the following integrated software applications: Vehicle scheduling & run cutting, rostering, dispatching, and time keeping. Director Fisher seconded and the motion carried unanimously.

6-2. WORKWELL CONTRACT

Ms. Owens, Human Resources Manager, reported that MST currently utilizes the services of Monterey Bay Urgent Care for employees working out of the Albert Division in Monterey. Salinas Urgent Care has been utilized for those employees working out of the Wright Division in Salinas. WorkWell Medical Group offers the services of a physician whose specialty is Occupational Medicine. It is MST's intent to provide the most qualified medical professionals for injured workers.

WorkWell Medical Group offered almost all services at a lower cost than Doctors on Duty for the full term of the contract, and offered comparable overall services for physical therapy, spirometer testing, audiometry, and drug and alcohol compliance.

Director Delgado asked for staff to show competing bids on future contract awards.

Director Delgado moved to: 1) award a one-year contract with Workwell Medical Group to provide additional medical services to MST employees. This includes treatment for injured workers, drug & alcohol testing, pre-employment physicals and other services as defined by MST; and 2) authorize staff to extend the contract for up to two two-year extensions under the same terms, conditions and prices provided in the response to RFP #04-19. Director Mancini seconded and the motion carried unanimously.

6-3. SALINAS TRANSIT CENTER IMPROVEMENTS CONTRACT

Mr. Lichtanski reported that since only one bid was received for this project, this item will be brought back before the Board in September. The one bid was twice the amount of the architect's original estimate. Staff will analyze and re-issue the bid.

Mr. Burton said that there were 21 firms on the bidders list for this project. Four firms declined to bid because they were too busy at this time of the year. This size project tends to be too small for the bigger companies and too large for the smaller companies.

7. PUBLIC HEARINGS

None.

8-1. BUS ADVERTISING PROGRAM

Mr. Sedoryk said for the past year, MST has been working with Santa Cruz Metro staff to establish a bus advertising program that would allow for the sale of advertising space onboard MST buses. MST entered into an agreement about three years ago with Princeton Media Inc. The contract expires on July 31, 2004. While the contract has an extension clause for two additional one-year periods, staff is not pursuing it. Instead, staff recommends pursuing its own advertising program where MST would sell advertising space to local vendors.

Director Cunningham arrived at 10:44 a.m.

Both MST and Santa Cruz Metro staff agrees that hiring a local individual to sell advertising on their respective fleets can generate significant additional revenue. Staff wishes to solicit proposals for qualified individuals to sell advertising on both MST and METRO buses within the limits set by the MST Bus Advertising Policy. Both agencies are ready to proceed starting August 1, 2004. Sample contracts are in place. MST is starting to receive calls from potential advertisers. MST would be able to offer a more attractive rate to local advertisers by cutting out the middleman. With regards to rates, Santa Cruz would probably be able to charge more of a premium for their ad space than Monterey.

Director Fisher moved to: 1) Reaffirm framework for Bus Advertising Program; 2) direct staff to issue and RFP for transit advertising professional services; and 3) authorize staff to continue bus advertising sales while transit advertising professional services are solicited. Director Mancini seconded and the motion carried unanimously.

8-2. FALL 2004 SERVICE CHANGE

Mr. Harvath, Planning Manager, gave a brief presentation on the proposed fall service change. These changes will result in a cost savings to MST of approximately \$137,000 between September 11, 2004 and June 30, 2005. This also reflects a 2.8% service reduction. Spread equitably over MST's service area, these reductions were targeted at times and locations where fewer than five passengers per hour were riding. Additional proposed reductions include "tripper" buses that duplicate service (e.g. extra capacity) of regular line buses. Resources will also be redistributed that would provide passengers with limited service on days currently without any service – Thanksgiving Day, Christmas Day, and New Year's Day.

As a result of public comments, both morning and afternoon direct service to Palma and Norte Dame High Schools will be maintained. Line 20 will arrive at the schools at approximately the same time. Line 21 will arrive 10-15 minutes later that it does right now. This allows staff to eliminate an extra bus off of each line in the afternoon. This plan was conveyed to some of the concerned parents and they support this change.

Currently on Thanksgiving, Christmas, and New Year's Day, MST does not offer any service. Staff has been able to alter its holiday service on other holidays where too much service is being offered. Service will now be available from 7:30 a.m. - 5:30 p.m. These would be for lifeline service on major routes to allow customers to get to work, family obligations, charity events, Thanksgiving dinners, religious events, etc. Lifeline routes would be lines 1-Asilomar-Lovers Point, 4-Carmel Rancho, 9-Fremont-Hilby, 10-Fremont-Ord Grove, 20-Monterey-Salinas and 41-East Alisal-Northridge. This provides some basic coverage to the regular service area that would be supplemented by the MST RIDES service.

Director Fisher again commented that MST is not providing a school bus service. He doesn't want exceptions being made to accommodate certain private schools. Mr. Lichtanski replied that there is a large number of customers at that location. This deviation is similar to the buses that serve the disabled commuters on Brunken Avenue in Salinas. The real principal reason MST is making the route deviation to serve the two high schools is because of the volume of passengers involved.

Mr. Lichtanski pointed out that South County will not have any lifeline holiday service. If the South County cities or Monterey County wishes to add lifeline service to South County, they will need to come up with funding.

Director Fisher moved to approve the proposed changes to lines 3-Skyline DART, 8-Seaside-Del Rey Oaks DART, 10-Fremont-Ord Grove, 16-Edgewater-Marina, 17-Edgewater-Marina, 20-Monterey-Salinas, 21-Monterey-Salinas via Highway 68, 43-Memorial Hospital, 44-Westridge, and 46-Natividad for implementation on September 11, 2004. Director Mancini seconded and the motion carried unanimously.

Mr. Lichtanski publicly thanked Hunter Harvath for the all work he's done on the service change.

9-1. SALES TAX PROPOSAL

Mr. Lichtanski said TAMC is putting forth a sales tax proposal to go on the ballot this fall. They are making presentations to the various jurisdictions throughout the County.

Debbie Hale, TAMC, commented that having a sales tax in the County would help the County leverage state and federal funding. During times when state or federal money is held back, having a local funding source is very flexible. It allows the County to keep moving on their priorities without having to wait for those monies.

Under the proposed 14-year funding plan, MST's share of money has increased by about 60%. Under this program with an estimated \$25 million in sales tax revenue,

MST would receive approximately \$2 million a year. These funds could be used to leverage another \$8 million in federal funds annually.

This program is locally controlled and uses local management with local priorities. Funds cannot be taken by the County or the State. In addition, it allows the County to leverage state and federal grants.

Part of the package is also a regional development impact fee. MST has some funding in this package. Approximately 2.2% of the fees gathered would go towards transit capital projects. This would be \$6 million over 14 years.

Self-help counties are counties with a ½ cent sales tax. These counties have been able to get legislation to help them take over control of highway projects, and to give them more flexibility than other counties without the sales tax. This is money that can be bonded against. It just makes the County stronger financially.

Director Fisher moved to agendize this item to the August meeting for approval. Director Mancini seconded and the motion carried unanimously.

9-2. SAND CITY MOU

Mr. Lichtanski said discussions have been held at the staff level about how to restructure the Memorandum of Understanding with Sand City and possibly make Sand City as an ex-officio or full member of the Board.

Steve Matarazzo, Sand City Community Development Director, said Sand City pays out of the General Fund for transit service. The Sand City Redevelopment Agency provided and paid for three bus shelters and has spent \$3,500-\$5,000 annually on maintaining them.

Due to decreased city revenues, Sand City can no longer contribute \$95,000 for service to their city. They have also requested to transfer the ownership and maintenance of the bus shelters to MST. Rehabilitation costs of the shelters are currently estimated at approximately \$13,000. Costs of installation of new shelters, and other required sign improvements could exceed \$100,000. These costs are not included in the current approved MST capital budget.

Mr. Lichtanski said currently, MST has an agreement with Sand City where Sand City pays MST \$95,000 to cover additional mileage for the buses to go into Sand City. This is based on the initial service level and escalated with inflation. Since that time, service to Sand City has been increased quite a bit. The money received from Sand City is going towards MST's operating budget.

The shelters are old and need to be either replaced or rehabilitated. At the very least, the bus shelters need a new paint job, which Sand City is estimating at \$13,000.

The shelters and trashcans are not being maintained during the weekends. MST is receiving complaints about litter at the shelters.

Mr. Lichtanski stated that when MST was formed, Sand City chose not to participate. Sand City did perceive they had a need to be part of the agency, nor the population to generate a lot of money. Since then, Sand City has developed and reformulated and has now become a retail powerhouse on the Peninsula. MST will continue to serve customers at Edgewater whether Sand City pays or not.

MST has based its operating budgets for the past several years, on having \$95,000 revenue from Sand City. Consequently, service levels are set system wide knowing that the additional income will be received. MST is now faced with losing \$95,000 in additional income.

In putting together this fiscal year's budget, staff assumed Sand City's contribution would be reduced. Service to the Edgewater Transit Exchange in Sand City will remain the same regardless of the service cuts in other parts of the MST system. Mr. Lichtanski stressed to the Board that if they agree to the \$25,000, the Board is also agreeing to the ongoing maintenance and recapitalization of the bus stop shelters and street furniture at the Edgewater Transit Exchange.

Director Delgado asked about the arrangements with Del Monte Shopping Center in Monterey. Mr. Lichtanski responded that the shelters and bus stops are privately owned and maintained. The difference with Edgewater is that it is in a public right-of-way. Both Del Monte Shopping Center and Northridge Mall are on private property. They are the ones to maintain their stops and shelters.

Director Fisher pointed out that very few trip originations are being created within Sand City. The majority of the riders are coming in from other areas within the MST service area.

Director Anderson asked if the developer could be approached to assume the responsibility for the shelters. He suggested that a letter be sent from the MST Board asking the property owners to extend their common area and maintenance responsibilities out to the bus facility. The passengers generating the trash are their customers and employees and they are the property owners are the ones getting the benefit. Another option was to increase the business license fees to the major retailers at Edgewater.

Chairman Armenta asked if the \$25,000 commitment from Sand City would include an annual escalation clause. Mr. Morgan agreed that it would.

It was the consensus of the Board to send a letter from the MST Board to the property owners of Edgewater and Sand Dollar shopping centers in addition to continue to negotiate the bus stop shelter maintenance issue.

Mr. Lichtanski said when property improvement are made on site, the request to have the property owners contribute to the recapitalization/revitalization of the transit exchange. MST does not have the money to go in and paint the shelters. The shelters need to be replaced. The lighting, trash collection, and signage are inadequate. In addition, electrical utility poles with lights are in the way of pedestrian traffic and buses pulling into the curb.

Director Fisher moved to: 1) pursue the Memorandum of Understanding with Sand City lowering their financial contribution to \$25,000 to help offset the cost of additional mileage related to the provision of service to destinations within Sand City; and 2) continue to negotiate with Sand City regarding costs associated with the ongoing maintenance and replacement of bus shelters in Sand City. Director Mancini seconded and the motion carried unanimously.

9-3. EMPLOYMENT PRACTICES LIABILITY INSURANCE RENEWAL

Mr. Figuerres, Administrative Services Manager, reported that the current employment practices liability insurance expires on July 31, 2004. This policy provides coverage for damages arising out of wrongful employment acts: wrongful termination, sexual harassment and discrimination. The incumbent carrier wants to raise the renewal premiums to \$175,000 along with a higher deductible. These increases are due to claims history, hardening market conditions, increased risk exposure, and frequency of claims for this line of coverage.

AIG has agreed to provide the same amount of coverage with the same deductibles as the expiring policy for a lesser amount.

Director Mancini moved to authorize the General Manager/CEO to purchase an employment practices liability insurance policy with AIG for the policy period of July 31, 2004-05. Director Delgado seconded and the motion carried unanimously.

10-1. – 10-8. REPORTS & INFORMATION ITEMS

The reports consisted of the General Manager/CEO Report; Central Coast Reporter – June 2004; TAMC Highlights – June 23, 2004; Washington D. C. Lobbyist Report – June 28, 2004; Sacramento Lobbyist Report – July 1, 2004; Memo from California Transit Association regarding Tribal Gaming, Compact Legislation, and Transportation Funding; Article from *Monterey Herald* regarding taxi cabs – June 13, 2004; and California Transit Association Legislative Bulletin – July 6, 2004.

Mr. Lichtanski reported that the trolley route was extended to Pacific Grove on July 6. On the first day, 99 passengers were carried. On July 15, 168 passengers rode the trolley. Between July 6 and July 15, MST's computer system failed and some data was not available.

Effective July 11, the MST RIDES system transitioned over to MV Transportation. The transition went smoothly. With regards to this year's appropriations bill and reauthorization bill, the appropriations bill is being marked up. There is no agreement on the reauthorization bill.

11. COMMENTS BY BOARD MEMBERS

None.

13. NEXT MEETING DATE

August 9, 2004 at 10:00 a.m. in the MST Conference Room.

14. ADJOURNMENT

There being no further business, Chairman Armenta adjourned the meeting at 12:10 p.m.

PREPARED BY: _____
Sonia A.R. Bannister