



**NORTH COUNTY TRANSIT DISTRICT
MEETING of the
NORTH COUNTY TRANSIT DISTRICT
Board Room
810 Mission Avenue
Oceanside, CA 92054**

**THURSDAY
December 18, 2008
1:30 P.M. – Special
Meeting/Closed Session
2:00 P.M. – Regular Meeting**

Board Members

Dave Roberts
Acting Chair
City of Solana Beach

Mark Packard
City of Carlsbad

Open
City of Del Mar

Jerome Stocks
City of Encinitas

Sam Abed
City of Escondido

Rocky Chavez
City of Oceanside

Chris Orlando
City of San Marcos

Bob Campbell
City of Vista

Bill Horn
County of San Diego

Interim Executive Director

Raymond Patchett

General Counsel

C. Michael Cowett

**For more information on NCTD,
please check out our web page at:**

www.gonctd.com

NCTD's Mission

***Deliver safe, convenient, reliable, and
user-friendly public transportation services.***

***The NCTD Board of Director's purpose is to
use our diverse perspectives, knowledge,
leadership and community sensitivity to
provide advocacy and guidance that enables
NCTD to deliver the highest quality intermodal
public transportation for our region.***

For individuals with disabilities, we will provide assistive services. To obtain such services or copies of documents in an alternate format, please call or write, a minimum of 72 hours prior to the event, to request these needed reasonable modifications. We will make every attempt to accommodate requests that do not give 72 hour notice. Please contact the Clerk of the Board at (760) 967-2808.

Persons with hearing impairment please use the California Relay Service (CRS): 800-735-2929 using TTY; 800-735-2922 using voice; 800-855-3000 for Spanish. CRS Customer Service: 800-735-0373 or 800-735-0193 TTY.

Any writings or documents provided to a majority of the members of the NCTD Board of Directors regarding any item on this agenda will be made available for public inspection in the department of the Clerk of the Board located at 810 Mission Avenue, Oceanside, CA 92054, during normal business hours.



The NCTD office located at 810 Mission Avenue, Oceanside, CA is accessible by the COASTER (NCTD Commuter Rail), the SPRINTER (NCTD Light Rail System) and the BREEZE (NCTD Bus). Please log onto www.gonctd.com to check current routes and schedules, or call 1-800-COMMUTE.

SPECIAL MEETING / CLOSED SESSION AGENDA

- **CALL TO ORDER**
- **ROLL CALL OF BOARD MEMBERS**

A. CLOSED SESSION

- i. Closed Session Pursuant to Government Code Section 54956.9(b) – Conference with Legal Counsel - Anticipated Litigation – Claim of Bryan Hendrix
- ii. Closed Session Pursuant to Government Code Section 54956.9(b) – Conference with Legal Counsel - Anticipated Litigation – Two potential cases

REGULAR MEETING BEGINNING AT 2:00 PM

- **CALL TO ORDER**
- **INTRODUCTION OF NEW BOARD MEMBERS**
- **RECOGNITION OF OUTGOING BOARD MEMBERS**
- **ROLL CALL OF BOARD MEMBERS**
- **PLEDGE OF ALLEGIANCE TO THE AMERICAN FLAG**
- **CHANGES TO THE AGENDA**
- **PRESENTATION OF COMMENDATIONS**
 - ∅ **Presentation to Community Resource Center for 2008 Santa Train**
 - ∅ **Presentation of November 2008 Employees of the Month Commendations to:**
 - * Mr. Daniel L. Hardie, Facility Maintenance Mechanic
 - * Mr. James R. Foreman, Coach Operator
- **PUBLIC COMMUNICATIONS**

There is a time limit of 15 minutes for this section of Public Communications and each speaker is limited to three minutes for their presentation.

All persons wishing to address the Board during the meeting must complete a "Request to Speak" form. These forms are provided in a box at the table in the hallway, and must be completed and given to the Clerk of the Board before that agenda item is called.

**RECOMMENDED
ACTION**

B. MINUTES FOR REGULAR MEETING FOR NOVEMBER 20, 2008
(Pages 6 - 13)

Approve

All matters listed under CONSENT are considered by the Board to be routine and will be enacted by one motion. There will be no separate discussion on these items prior to the time the Board votes on the motion, unless members of the Board, the Executive Director, or the public, request specific items to be discussed and/or removed from the Consent Calendar for separate action. A request from the public to discuss an item must be filed with the Clerk of the Board on the "Request to Speak" form before that agenda item is called.

ITEMS PULLED FROM CONSENT WILL BE MOVED TO THE END OF THE AGENDA

**RECOMMENDED
ACTION**

C. CONSENT ITEMS (Tabs 1 – 8)

Items reviewed and recommended for approval by the Governance Committee (G), Planning Committee (P), Monitoring Committee (M), Staff (S) or Board (B)

- | | |
|---|---------|
| 1. Legislative Status Update (G) | Receive |
| 2. California Strategies and Advocacy, LLC Contract (M) | Approve |
| 3. Purchase Order to Willis Risk and Insurance Services of San Diego to Extend SPRINTER Completed Operations Insurance Coverage (M) | Approve |
| 4. Purchase Order for SANDAG Staff Assistance on the SPRINTER Project (M) | Approve |
| 5. Quarterly Financial Report for Three Months Ended September 30, 2008 (M) (Attachment 5A) | Receive |
| 6. FY 2009 1 st Quarter Performance Report (M) (Attachments 6A and 6B) | Receive |
| 7. Amendments to State Transit Assistance Fund Claim for FY 2008 and Prior Periods (P) (Attachments 7A and 7B) | Approve |
| 8. Grant of Easement to the City of Escondido for a Portion of the Inland Rail Trail (S) | Approve |

OTHER BUSINESS (Tabs 9 – 13)

- | | |
|--|---------|
| 9. FY 2008 Financial Audit Results (M) (Attachment 9A) | Approve |
| 10. Budget Issues for FY 09 and FY 10 Operating Budgets (P) | Receive |
| 11. Sorrento Valley COASTER Connection Service Update (S) (Attachment 11A) | Receive |
| 12. Mid-Year COASTER Service Report (Oral Report) | Receive |

13. SPRINTER Revenue Service Report (M) (Oral Report)

Receive

- **SANDAG AGENDA REVIEW AND LEGISLATIVE ACTIVITIES UPDATE**
- **BOARD MEMBER REPORTS, COMMENTS AND CORRESPONDENCE**
- **EXECUTIVE DIRECTOR'S REPORT**
- **REMAINING PUBLIC COMMUNICATIONS**
For any remaining speakers who have completed a "Request to Speak" form before the start of the meeting.
- **ADJOURNMENT**
- **CERTIFICATIONS AND RULES (FOR BOARD AND PUBLIC INFORMATION)**
 - ∅ Posting of Board Agenda (Page 36)
 - ∅ Rules for Public Speakers at meetings of the North County Transit District (Page 37)

***The next regularly scheduled Board meeting will be held at
2:00 p.m. on Thursday, January 22, 2009
at 810 Mission Avenue, Oceanside, CA***

**MINUTES OF THE SPECIAL MEETING/CLOSED SESSION AND THE REGULAR MEETING
OF NORTH COUNTY TRANSIT DISTRICT HELD NOVEMBER 20, 2008** **PAGE 1**

CALL TO ORDER

Chairman Ed Gallo called the meeting to order at 1:01 p.m.

ROLL CALL OF BOARD MEMBERS

Ed Gallo (City of Escondido); Julianne Nygaard (City of Carlsbad); Jerome Stocks (City of Encinitas); Chris Orlando (City of San Marcos); Dave Roberts (City of Solana Beach).

Bob Campbell (City of Vista) arrived at 1:03 pm; Rocky Chavez (City of Oceanside) arrived at 1:10 pm; Dave Druker (City of Del Mar) arrived at 1:55 pm; Bill Horn (County of San Diego) arrived at 1:59 pm.

CLOSED SESSION

The Board went into Closed Session at 1:02 p.m. to discuss items i, ii, iii and iv.

- i. Closed Session Pursuant to Government Code Section 54956.8 – Conference with Real Property Negotiators – Location of Property is portion of Assessor Parcel Numbers 164-152-34-00 in Vista (South Santa Fe). Negotiator: NCTD: Tom Lichterman and C. Michael Cowett – Negotiating Party: City of Vista
- ii. Closed Session Pursuant to Government Code Section 54956.9(c) - Anticipated Litigation – Three Potential Cases
- iii. Closed Session Pursuant to Government Code Section 54956.9(b) – Anticipated Litigation – One Potential Case
- iv. Closed Session Pursuant To Government Code Section 54957.6 Re: Personnel Matter – Public Employee Appointment. Title: Executive Director

The Board returned from Closed Session at 2:27 p.m. Michael Cowett, General Counsel, stated that the Board met in Closed Session to discuss items i, ii, iii and iv and in regards to items i, ii and iii, there was nothing to report. He said that the Board would return to Closed Session at the end of the Board meeting to discuss Closed Session item iv.

ROLL CALL OF BOARD MEMBERS

Ed Gallo (City of Escondido); Julianne Nygaard (City of Carlsbad); Dave Druker (City of Del Mar); Jerome Stocks (City of Encinitas); Rocky Chavez (City of Oceanside); Chris Orlando (City of San Marcos); Dave Roberts (City of Solana Beach); Bob Campbell (City of Vista); Bill Horn (County of San Diego).

PLEDGE OF ALLEGIANCE TO THE AMERICAN FLAG

Ed Gallo led the Board of Directors, staff, and the public in the Pledge of Allegiance to the American Flag.

CHANGES TO THE AGENDA

None

PRESENTATION OF COMMENDATIONS

Presentation of October 2008 Employees of the Month Commendations: Mr. Mike Wygant, Manager of Fleet Maintenance, recognized Mr. Chrispulo S. Gamboa, Jr., Storekeeper I; Mr. Don Ankney, Division Superintendent, recognized Mr. John L. Gridley, Coach Operator, as the October 2008 Employees of the Month, with the Board's congratulations.

PUBLIC COMMUNICATIONS

Mr. Patrick Field, Oceanside, CA spoke on his concerns regarding transit officers.

APPROVAL OF MINUTES

MOTION BY DAVE ROBERTS TO APPROVE THE MINUTES OF THE REGULAR MEETING OF OCTOBER 16, 2008, SECONDED BY BILL HORN. MOTION CARRIED UNANIMOUSLY.

MOTION BY DAVE ROBERTS TO APPROVE THE MINUTES OF THE SPECIAL MEETING OF NOVEMBER 5, 2008, SECONDED BY CHRIS ORLANDO. MOTION CARRIED UNANIMOUSLY.

Dave Roberts requested Consent Item 4 be pulled for discussion at the end of the meeting.

CONSENT ITEMS

1. Committee and Board Meeting Calendar for 2009
2. Annual Board Agenda for 2009
3. Memorandum of Understanding with the California Department of Transportation (Caltrans) for Control Point (CP) Carl to CP Farr Second Track Project
5. Conservation Easement Agreement at the Harmony Grove Mitigation Site
6. Bombardier Coach Refurbishment Contract Value Increase
7. Rain for Rent for Groundwater Discharge System at Stuart Mesa Maintenance Facility

MOTION BY DAVE ROBERTS TO APPROVE AGENDA ITEMS 1, 2, 3, 5, 6 AND 7, SECONDED BY JEROME STOCKS. MOTION CARRIED UNANIMOUSLY.

OTHER BUSINESS

8. Public Hearing to Expand Route 388 Service

Kurt Luhrsen, Manager of Service Implementation, reviewed the proposed expansion of Route 388 by turning it into a bi-directional loop every two hours as a one-year demonstration project, which would increase the service from six trips to sixteen trips daily. He also reviewed the purpose of the proposed route, alignment, funding, fiscal impact, marketing of the new service, timeline, public comments received (2 emails in support), and staff recommendation.

Dave Roberts asked what the cost of the program would be if there was no grant, what costs could be charged against the grant, i.e. administration fees, and how the costs would be tracked.

Mr. Luhrsen responded that the cost would be about \$425,000. He stated that he was not aware of any restrictions on what could be charged against the grant and that NCTD would do a MOU with the Reservation Transportation Authority. He said that we know what the fixed costs are and we would subtract out the farebox revenue and submit invoices quarterly.

Bob Campbell asked if the tribes had requested certain hours of operation.

Mr. Luhrsen responded that the bus currently starts in Escondido at 5:00 am because we carry workers into Escondido to the SPRINTER.

Chris Orlando said he would want to make sure that NCTD works on a contingency plan if they are not able to secure a grant in outlying years and to make sure that the employment centers help us market this route so it's successful.

Chair Gallo opened the Public Hearing at 2:47 pm. There were no speakers. The Public Hearing was closed at 2:48 pm.

**MOTION BY JEROME STOCKS TO APPROVE AGENDA ITEM 8, SECONDED BY BILL HORN.
MOTION CARRIED UNANIMOUSLY.**

9. Storm Water Pollution Prevention Compliance Work for SPRINTER Environmental Maintenance and Monitoring

Tom Lichterman, Director of Operations reviewed the agenda item and stated that NCTD's goal is to have 70% vegetative coverage by the end of the rainy season, which is the requirement of our storm water permit on the SPRINTER project.

MOTION BY JULIANNE NYGAARD TO APPROVE AGENDA ITEM 9, SECONDED BY BILL HORN. MOTION CARRIED UNANIMOUSLY.

10. Expansion of Mobility/Travel Training Program

Richard Hannasch, Director of Administration and Finance, stated that the demand for this training service is greater than we can currently supply. He said that the grant funding for this program is for a three-year period.

Bill Horn asked if this funding was from SANDAG.

Mr. Hannasch responded that a portion of the funding is from TransNet and the remainder is from a federal grant.

Dave Roberts requested that this new position work in coordination with FACT.

MOTION BY JEROME STOCKS TO APPROVE AGENDA ITEM 10, SECONDED BY DAVE ROBERTS. MOTION CARRIED UNANIMOUSLY.

11. Migration of Applications from the Prime Minicomputer to a Client-Server Environment

Angela Miller, Chief Information Officer, reviewed the staff report and stated that the current system is being fixed with refurbished parts and that the money from this project is secured from capital improvement project grant funds.

Jerome Stocks questioned if the RFP included new application software.

Ms. Miller responded that NCTD will retain the functionality of all the applications, which are custom COBOL applications, but the underlying application will be COBOL.

Dave Druker asked how the fixed cost of \$750,000 would be managed and where the vendor is located.

Ms. Miller responded that they have a very detailed work plan from the vendor and that there is a 10% contingency cost built-in. She stated that the vendor is located in Toronto and would be on-site for one month at the beginning of the project and six weeks at the end of the project.

Bob Campbell asked if the two systems would be running parallel for a time period and would this cost include new work stations.

Ms. Miller responded that they would be running parallel and that new work stations would not be needed.

Chris Orlando asked if Ms. Miller could estimate what the cost would be if the current system failed.

Ms. Miller stated that we do not have a live backup plan, so costs would be very significant.

MOTION BY DAVE DRUKER TO APPROVE AGENDA ITEM 11, SECONDED BY JEROME STOCKS. MOTION CARRIED UNANIMOUSLY.

12. Quarterly Capital Project Report

Kristin Thomas, Environmental Project Planner, reviewed: East Division Maintenance Facility Expansion; Santa Margarita River Bridge/Second Track; Oceanside Passing Track; Del Mar Special Events Platform.

Bob Campbell asked for a status on the Del Mar Special Events Platform from the City of Del Mar.

Dave Druker responded that the 22nd Agriculture District wanted to do this \$1 million project, but they need to replace their sewer system and will have to spend their funds on that project. He stated that an environmental study is being conducted.

Dave Roberts said that there is talk in Washington D.C. of an infrastructure stimulus package and perhaps there would be funding for this project.

Dave Druker replied that the temporary platform is simple to design; the difficulty is that the money would probably go towards a permanent platform.

NO ACTION REQUIRED.

13. SPRINTER Revenue Service Report

Tom Lichterman provided an update for October 2008, including: weekday and monthly ridership trends; ridership by trip; daily boardings by station; parking lot counts; performance trends, activities and observations; fare enforcement; marketing activities.

Bob Campbell stated that he was surprised at the ridership numbers at Cal State University San Marcos (CSUSM) and asked for an explanation on what's going on there.

Mr. Lichterman responded that the numbers at CSUSM are proportionate to the number of students and riders at Palomar College.

NO ACTION REQUIRED.

• **SANDAG AGENDA REVIEW AND LEGISLATIVE ACTIVITIES UPDATE**

Ellen Roundtree, Intergovernmental Affairs Officer, reviewed the SANDAG agenda and State and Federal legislative activity, including the Governor's proposal to further reduce state transit funds.

Richard Hannasch reviewed the State budget issues affecting NCTD, including possible total elimination of STA funds.

Ray Patchett said that staff will be coming back to the Planning Committee with three scenarios that span a five-year period that begins to get NCTD in a position to work our way through this big dip and then move forward with some combination of services and perhaps revenue enhancements.

Ms. Roundtree added that the proposed reduction of state transit funds according to the Governor's office does not include the suspension of Proposition 42 funds. This is confusing as the amount proposed for the reduction of \$231 million is largely made up of Proposition 42 funds.

NO ACTION REQUIRED.

4. Legislative Agenda for Calendar Year 2009

Dave Roberts stated that Board members received a letter from the Solana Beach City Manager in their packet.

Council Member Joe Kellejian, Solana Beach, CA requested that the Board not divert the \$2 million federal funds from the Solana Beach parking structure to another project. He said that the City remains a strong supporter of the parking structure and looks forward to a project that would be accepted by NCTD, the developer and the City.

Ray Patchett stated that when staff sat down to develop our legislative platform, one of the things they were trying to do was to get projects that could be moved forward quickly to the top of the agenda so that if we did get some member designations or economic stimulus money, we would be well positioned to do that. He stated that as he was looking through the list of projects he looked at what was the district-wide needs, what are the opportunities to move forward quickly, and where might we lose funds if we didn't move forward. He said that was the perspective in which he raised a question and brought it to the Board.

Jerome Stocks said that the requested legislative goal is to have federal dollars be eligible to apply to other ready-to-go projects that would increase our commuter rail capacity, it is not to take away anything, it is to be able to spend it so we don't lose it, especially on needed capacity improvements.

Dave Roberts stated that Joe Kellejian fought for this money for Solana Beach which has a tremendous parking problem, and no one wanted that parking facility more than Solana Beach. He said that the reason it didn't get approved was because NCTD asked the City not to bifurcate the project and approve the garage without the mixed-use piece of it.

MOTION BY DAVE ROBERTS TO DELETE THIS LANGUAGE, TO GO BACK AND DO SOME RESEARCH AND IF IT'S NOT POSSIBLE, THEN BRING THE ITEM BACK TO SEE WHAT WE CAN DO FOR A REGIONAL SOLUTION. NO SECOND TO THE MOTION.

Julianne Nygaard said that having projects ready to go forward is going to be really important in the near future because funding is going to be limited and that projects that are ready to go will be the projects that will be chosen.

MOTION BY JULIANNE NYGAARD TO APPROVE AGENDA ITEM 4 AS PROPOSED, SECONDED BY BILL HORN. NAY: ROBERTS. ABSTAIN: DRUKER. MOTION CARRIED.

- **BOARD MEMBER REPORTS, COMMENTS AND CORRESPONDENCE**

Dave Roberts thanked staff for pursuing the Santa Train fundraiser project, and all proceeds go to the Community Resource Center.

- **INTERIM EXECUTIVE DIRECTOR'S REPORT**

Ray Patchett, Interim Executive Director, invited the out-going and retiring Board members to return to the Board meeting on December 18, 2008 to celebrate their successes and recognize their accomplishments with NCTD.

The Board Adjourned to Closed Session at 3:57 pm to discuss item iv.

- iv. Closed Session Pursuant To Government Code Section 54957.6 Re: Personnel Matter – Public Employee Appointment. Title: Executive Director

The Board returned from Closed Session at 4:12 pm. Michael Cowett stated that the Board met in Closed Session to discuss item iv and had nothing to report. He stated that there was a new item that he would like to propose adding to the agenda and that is to consider approval of a contract for a new Executive Director that requires a vote of the Board.

MOTION BY DAVE DRUKER TO ADD THIS ITEM TO THE AGENDA, SECONDED BY BOB CAMPBELL. MOTION CARRIED UNANIMOUSLY.

Dave Druker stated that the Board did a thorough nation-wide search to find a new Executive Director. They interviewed four people on November 5, 2008, and based on those interviews, the Board extended an offer to Matthew Tucker, and he has accepted the Board's offer.

MOTION BY DAVE DRUKER TO APPROVE MATTHEW TUCKER'S CONTRACT, SECONDED BY DAVE ROBERTS. MOTION CARRIED UNANIMOUSLY.

- **REMAINING PUBLIC COMMUNICATIONS**

None

• **ADJOURNMENT**

The meeting adjourned at 4:16 p.m. Submitted by Jill McNaughton, Clerk of the Board for North County Transit District.

CHAIRMAN: _____

CLERK OF THE BOARD: _____

DATE: _____

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GOVERNANCE COMMITTEE REPORT

TITLE: LEGISLATIVE STATUS UPDATE

Time Sensitive Consent

COMMITTEE RECOMMENDATION:

That the Board of Directors receive the legislative status report.

BACKGROUND INFORMATION:

On November 20, 2008, the NCTD Board approved the 2009 Calendar Year Legislative and Advocacy Goals. Consistent with these goals, periodic status reports on federal and state legislative activities are provided to the Governance Committee and NCTD Board of Directors during the year. The status reports also provide an opportunity for the Governance Committee and/or Board to modify the approved agenda throughout the year as deemed appropriate. The report provides the most recent legislative activity as known prior to mail-out. Any updated information will be provided at the meeting. Activities that occurred following mail out of the staff report to the Governance Committee will be shown in **bold italics**.

STATE

On November 6, 2008, Governor Schwarzenegger announced the administration's proposal, referred to as the November Revise, to address California's \$11.2 billion budget deficit. The proposal includes devastating impacts to public transportation. Specifically, the proposal would reduce the current year State Transit Assistance (STA) Program by another \$230 million, a 75 percent reduction to the already drastically reduced amount of \$306 million approved in the 2009-2009 State Budget. If this were to occur, NCTD would suffer a loss of nearly \$3.4 million. In addition, the proposal also calls for the elimination of the entire STA program in the 2009-2010 fiscal budget year; which equates to a loss of another \$4.5 million to NCTD in the next fiscal year. The California Transit Association is taking this very seriously and engaging other stakeholders in their efforts to oppose these cuts.

Expenditure cuts will not be enough to solve the State's \$11.2 billion deficit; revenue increases will be necessary. Sources from Sacramento have reported that there is renewed interest by the Legislature in developing a revenue package that would generate \$8 billion through the end of the next budget cycle. A key element of this appears to be the restoration of the Vehicle License Fee (VLF), essentially tripling fees back to the old 2 percent level. The higher fees could raise about \$4 billion in the current budget year.

Also, according to our State Legislative Representative, the Assembly Floor and Senate Floor were scheduled to meet on the afternoon of November 25, 2008. In addition to the proposal to identify \$8 billion in new revenues, \$8 billion in cuts, loans and transfers are under consideration. Included in the budget cut proposal is the reduction of STA funds down to \$150 million for the current year and the same in next year's budget cycle. Still a tremendous loss to public transportation but not quite as devastating as the Governor's proposal. This action, if approved, would translate into a \$2.1 million reduction to NCTD rather

than the \$3.2 million for the current year, and another \$2.1 million loss in the next year, compared to the Governor's proposal that translates to a \$4.5 million loss to NCTD.

Proposition 42

While there is no indication that Proposition 42 is in jeopardy, the Governor's proposal would indirectly "take" revenues from Proposition 42 that were earmarked for transit. The Assembly Democratic partial restoration, as discussed above, in large part, avoids this. If the Assembly Democratic approach succeeds, then this "end-run", by taking the funds after they are deposited into the ultimate fund account, would not occur.

Whether any action will be finalized with the current Legislature through a Special Session is unknown at the time of agenda mail-out. The new Legislature convenes on December 1, 2008.

The Legislature failed to achieve the necessary two-thirds approval on the legislative proposal to revise the 2008-2009 state budget during the Special Session, thus a budget revision is now in the hands of the new Legislature sworn in on December 1, 2008. On that same day, the Governor declared a fiscal emergency that began a 45-day deadline for the Legislature to address the projected \$11 billion deficit. After the 45- days, the Legislature is barred from taking action on any other matter until the budget is resolved. Within the 45-day window, the Governor will present his proposed budget for the next fiscal year.

On December 11, 2008, the Senate Budget Subcommittee on Transportation began to review the Governor's and the Legislative Analyst Office' transportation budget proposals. The discussion included a review of the Governor's proposals to: 1) further cut this year's State Transit Assistance (STA) Program by \$153 million; and, 2) eliminate the STA Program entirely next year. Outcomes of this meeting will be presented when known.

On December 4, 2008 Legislative leadership and committee assignments were announced. Our San Diego Legislative delegation has been assigned prominent committee and leadership positions.

- ***Assembly Speaker Pro Tempore- Assembly Member Lori Saldana***
- ***Senate Republican Assistant Leader- Senator Mark Wyland***
- ***Senate Chair Appropriations Committee- Senator Christine Kehoe***
- ***Senate Chair Budget and Fiscal Review Committee- Senator Denise Ducheny***

FEDERAL

Appropriations

According to sources in Washington DC, appropriators in the House and Senate will be working through December to complete the fiscal 2009 appropriations process within the first few days of the Obama Administration. It is likely that the appropriations bills not yet signed into law will be bundled into an omnibus bill. The current plan is to keep the remaining spending bills, transportation included, at the levels previously proposed; pending proposals for public

transportation proposals are \$10.2 billion by the Senate and \$10.3 billion by the House.

The 111th Congress will convene on January 6, 2009. However, it is unclear if the Senate will remain in session to allow the omnibus bill to be considered on the floor and a decision is not likely to be made until Democratic House and Senate leaders meet to discuss the appropriations process with the president-elect. The current continuing resolution authorizing the continuation of funding expires on March 6, 2009.

Reauthorization

As part of the development of the next reauthorization of the highway and public transportation bill, the Environmental and Public Works Committee (EPW) held a hearing at the San Diego Association of Governments in San Diego on November 14, 2008. Discussion of goods movement, including rail freight, was a large part of the discussion. Responding to an invitation by the EPW, NCTD has submitted written testimony highlighting the District's challenges, particularly in the area of infrastructure needs.

Obama Administration Transition-Transportation

President-elect Obama's transition office announced several transportation experts that will serve in his administration and potentially become Secretary of Transportation. Obama named Mortimer Downey, Jane Garvey, and Michael Huerta as those who will lead the Department of Transportation (DOT) transition. All of the three held senior DOT position in the Clinton Administration and Downey and Garvey are rumored to be potential successors to Secretary Peters.

Stimulus Legislation

It appears that when Congress convenes in early January it will immediately begin work on stimulus legislation with the intention of having a package ready for President Obama's signature soon after he is sworn into office. There is speculation that the package could range from \$500 billion to \$700 billion or larger and provisions providing for funds dedicated to transportation infrastructure projects will be included and could reach as high as \$136 billion. Discussions regarding the stimulus package have gone through many variations, but will likely focus on projects that are "ready-to-go" to contract within 180 days and it is anticipated that the funding will be formula based and not earmarked. According to our representative in DC, Peter Peyser, it is also likely that there will be a second outlay of dollars for projects that can be under construction within two years as part of President-elect Obama's promise to create 2.5 million jobs over this time. Other key issues still under discussion include: will the funds be allocated directly to local entities, i.e. transit agencies, or directed to the states to allocate; while it is anticipated that a local match will not be required, will a maintenance of effort be included. This is important because this funding is intended to stimulate the economy, not replace other funds. Our representative also believes that the

legislation will include specific deadlines for allocation of dollars but that some of the details will be determined by the Administration.

Mr. Peyser's advice was that agencies should have "ready to deliver projects" on hand. NCTD has participated in the regional submittal of ready-to-go projects.

ATTACHMENT: None

FISCAL IMPACT: None

COMMITTEE

REVIEW: The Governance Committee reviewed the Legislative Status update and recommended forwarding it to the Board as an information item on the Consent Calendar.
12/3/08

STAFF CONTACT: **Ray Patchett**
Interim Executive Director
E-mail rpachett@nctd.org Phone 760/967-2867

Key Staff Contact: Ellen Roundtree, Intergovernmental Affairs Officer
E-mail: eroundtree@nctd.org Phone: 760/967-2881



MONITORING COMMITTEE REPORT

TITLE: CALIFORNIA STRATEGIES AND ADVOCACY, LLC CONTRACT

Time Sensitive Consent

COMMITTEE
RECOMMENDATION:

That the Board of Directors authorize the Interim Executive Director to participate in a contract with MTS for state legislative representation at the not-to-exceed cost of \$200,000 for the five-year contract term.

BACKGROUND
INFORMATION:

For many years NCTD and the Metropolitan Transit Systems (MTS) have jointly procured the services of a state legislative representative. Also, over the years, for ease of administration and payment of services, our agencies have taken turns performing as the lead administrator of the contract. As NCTD performed this function in the last procurement, MTS has taken the lead role in this process.

The joint procurements have proven to be beneficial to both of our agencies and they have resulted in more competitive pricing, while not resulting in conflicts. The last joint contract with California Strategies and Advocacy, LLC (formerly Smith, Watts and Company), originally awarded in 2002, is due to expire December 31, 2008. Toward that end, MTS as the lead agency conducted a request for proposal (RFP) process in September 2008.

In addition to public advertisement of the RFP, it was sent to five firms known to be qualified to perform the required service. However, only one bid proposal was received from the incumbent, California Strategies and Advocacy. Evaluations of the bid proposal were performed by the government relations staff from both MTS and NCTD. The cost analysis was performed by MTS staff and the rates were found to be fair and reasonable.

The transportation specialty team proposed for this contract includes Mark Watts and DJ Smith, who together offer more than 50 years of program-based administrative, regulatory and advocacy experience on the subject of transportation. With the current economic climate, protection of public transportation funding will be particularly challenging over the next year. Obtaining the services of experienced legislative representatives in Sacramento will be extremely important.

The annual cost proposed by California Strategies for the first year of the contract is \$72,000. However, the MTS Procurement Department staff was able to reduce that amount to \$69,600, which is less than a 1 percent increase over the 2008 contract period. NCTD is responsible for fifty percent of this contract, or \$34,800, which has been included in NCTD's FY 2008-2009 budget.

ATTACHMENT: None

FISCAL IMPACT: The annual cost of NCTD's portion of the contract for the first year would be \$34,800. The cost for federal representation has been included in the General Management FY 09 Operating Budget under accounts 360.503111.002 for \$5,700, account 360.503114.002 for \$5,700, account 360.503115.002 for \$8,320 and account 360.503116.002 for \$15,080. Subsequent year costs will be increased by no more than 4% and will be programmed in each years operating budget.

**COMMITTEE
REVIEW:**

12/4/08 Director of Administration & Finance, Richard Hannasch, reviewed the recommendation to participate in a contract with MTS for state legislative representation with California Strategies and Advocacy, LLC. The Committee recommended approval of the item on the Board's Consent Calendar.

STAFF CONTACT: **Ray Patchett**
Executive Director
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Key Staff Contact: **Ellen Roundtree, Intergovernmental Affairs Officer**
E-mail: eroundtree@nctd.org Phone: 760/967-2881



MONITORING COMMITTEE REPORT

TITLE: PURCHASE ORDER TO WILLIS RISK AND INSURANCE SERVICES OF SAN DIEGO TO EXTEND SPRINTER COMPLETED OPERATIONS INSURANCE COVERAGE

Time Sensitive Consent

**COMMITTEE
RECOMMENDATION:**

That the Board of Directors authorize the Interim Executive Director to increase the OCIP contract with Willis Risk & Insurance Services of San Diego by an additional \$115,000 to extend the current five-year completed operations liability insurance coverage to ten years.

**BACKGROUND
INFORMATION:**

At its July 15, 2004 meeting, the Board authorized the Executive Director to implement an Owner Controlled Insurance Program (OCIP) for the SPRINTER construction project. Willis Risk & Insurance Services of San Diego was engaged to provide brokerage and administrative services for the OCIP. Insurance was subsequently placed for the following lines of coverage: Builder's risk (i.e., course of construction/property); workers' compensation; general liability; excess liability, railroad protective liability and completed operations liability.

The SPRINTER project's completed operations coverage period commenced on August 26, 2008 when the general liability and excess liability insurance policies for the construction phase expired. The purpose of completed operations liability insurance is to provide extended coverage for bodily injury or property damage that may occur because of an alleged construction defect in a completed project.

When the general liability, excess liability and completed operations liability insurance was placed in August 2004, the norm for completed operations coverage was five years. At that time, there had not been a history of significant construction defect claims related to commercial construction projects after 5 years of operations. NCTD purchased its coverage accordingly, extending from the time the construction insurance coverage ended on August 26, 2008 until the same date in 2013. The cost for this coverage was included in the initial premium payment for general liability insurance.

Over the course of time, litigation that arose around issues with residential construction projects has altered the norm for completed operations coverage. This type of coverage is now recommended in the industry for a full ten years. As a result, both NCTD's OCIP broker (Willis Risk & Insurance Services) and NCTD's general operations insurance broker (Alliant) have recommended that NCTD purchase the additional five years of completed operations insurance to cover the full ten-year California Statute of Repose timeframe. Both brokers advise that the value of the continued coverage is worth the additional premium expense.

Therefore, we recommend that the Board authorize the increase of \$115,000 to the SPRINTER OCIP contract to pay for the additional five years of completed operations liability insurance.

ATTACHMENT: None

FISCAL IMPACT: The fiscal impact of this action is \$115,000. A total of \$6,905,742 has been budgeted in the SPRINTER project for the OCIP program under JB# 709507.741000.1137111, of which \$6,797,966 has been expended and an additional \$1,914 has been encumbered, leaving an available balance of \$105,862. The remainder will be funded from the contingency account, which has a sufficient balance to cover this item.

**COMMITTEE
REVIEW:**

12/4/08 Manager of Safety, Risk & Training Susan Lockwood briefed the Committee on the history of the Owner Controlled Insurance Program for the SPRINTER construction project, and the recommendation to extend the completed operations liability insurance coverage from five years to ten years. The committee recommended approval of the item on the Board's Consent Calendar.

STAFF CONTACT: **Richard Hannasch**
Director of Administration & Finance
E-mail: rhannasch@nctd.org Phone: 760/967-2809

Key Staff Contact: Susan Lockwood, Manager of Safety, Risk & Training
E-mail: slockwood@nctd.org Phone: (760) 967-2847



MONITORING COMMITTEE REPORT

TITLE: PURCHASE ORDER FOR SANDAG STAFF ASSISTANCE ON THE SPRINTER PROJECT

Time Sensitive Consent

COMMITTEE RECOMMENDATION:

That the Board of Directors approve an increase to the Purchase Order with SANDAG for staff assistance on the SPRINTER project totaling \$325,000 to cover the cost of transferred NCTD SPRINTER employees.

BACKGROUND INFORMATION:

NCTD and SANDAG previously entered into a Memorandum of Understanding which provided for SANDAG staff and consultant assistance on the SPRINTER project. This MOU provided critically-needed staffing and engineering expertise to assist with successful completion of the project.

Pursuant to SB 1703 (Consolidation legislation) and the Agency Transition Plans, on September 1, 2008, four (4) NCTD SPRINTER construction employees were transferred to and became employees of SANDAG, pursuant to a separate MOU between SANDAG and NCTD. These employees include the Project Manager and Assistant Manager, a Chief Rail Engineer, and an Engineering Aide.

When these employees were employed by NCTD, their expenses were charged to the SPRINTER project as direct labor in the Project Administration line item. Although they now are employed by SANDAG, they continue to work full-time on closing out the SPRINTER project, and are projected to do so for varying periods through April 2009.

Since these employees now work for SANDAG, NCTD needs to increase the Purchase Order with SANDAG for staff assistance so that SANDAG can be reimbursed for the direct labor and benefit costs by the project budget. As has been the case previously, NCTD will reimburse only direct labor and fringe benefits costs, and will not reimburse other overhead costs since NCTD is providing office space, computers, supplies, use of vehicles, etc.

ATTACHMENT: None

FISCAL IMPACT: The fiscal impact of this action is \$325,000. A total of \$9,588,395 has been budgeted in the SPRINTER project under JB# 709506, project administration, of which \$8,942,928 has been expended and an additional \$447,296 has been encumbered, leaving an available balance of \$198,171. The remainder will be funded from the contingency account, which has a sufficient balance to cover this item.

COMMITTEE

REVIEW:

12/4/08 Director of Operations, Tom Lichterman, reviewed the request to increase the purchase order with SANDAG for staff assistance on the SPRINTER project. The Committee recommended approval of the item on the Board's Consent Calendar.

STAFF CONTACT:

Tom Lichterman

Director of Operations

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MONITORING COMMITTEE REPORT

**TITLE: QUARTERLY FINANCIAL REPORT FOR THREE MONTHS ENDED
SEPTEMBER 30, 2008**

Time Sensitive

Consent

**COMMITTEE
RECOMMENDATION:**

**That the Board of Directors receive and review the Quarterly
Financial Report for the three months ended September 30, 2008.**

**BACKGROUND
INFORMATION:**

The Quarterly Financial Report (Attachment 5A) provides information on NCTD's financial position, as well as an overview of budgeted and actual revenues and expenses through the first quarter of the fiscal year ended September 30, 2008. It should be noted that quarterly financial reports are unaudited and are for internal use only.

ATTACHMENT: 5A – Quarterly Financial Report

FISCAL IMPACT: None

**COMMITTEE
REVIEW:**

12/4/08 Director of Administration & Finance, Richard Hannasch, reviewed the financial results for the quarter ended September 30, 2008. The Committee recommended acceptance of the quarterly financial report on the Board's Consent Calendar.

STAFF CONTACT:

Richard Hannasch
Director of Administration & Finance
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Key Staff Contact: Cathy Sweet, Manager of Budgeting & Fare Collection
E-mail: csweet@nctd.org Phone: 760/966-6658



MONITORING COMMITTEE REPORT

TITLE: FY 2009 1st QUARTER PERFORMANCE REPORT

Time Sensitive Consent COMMITTEE
RECOMMENDATION:

That the Board of Directors receives and reviews the FY 2009 1st Quarter Performance Report.

BACKGROUND
INFORMATION:

The Quarterly Performance Report is provided to the Board and is utilized to track trends in ridership, operating costs and revenues, and other indicators including service quality. This report presents operating results of the first quarter of fiscal year FY 2009 compared to the first quarter of FY 2008, except for the SPRINTER, which uses the fourth quarter of FY 2008 as a comparison.

Total fare revenues for the first quarter of this fiscal year increased 21.5% while total operating costs increased 18.5%. The higher increase in fare revenue resulted in an increase in the system-wide farebox recovery ratio from 26.5% in FY 2008 to 27.2% in FY 2009.

BREEZE fare revenue decreased 4.7% for the first quarter due to the service changes implemented in March and August. COASTER fare revenue increased 16% for the first quarter as a result of both increased ridership and fare increases that went into effect July 1. LIFT fare revenue increased 85% due to a one-time charge of \$30,000 to revenue for the return of unused 10-trip tickets in the first quarter of last year and increased ridership in the first quarter of this year. SPRINTER fare revenue was \$695,782 for the quarter, an increase of 32.9% from last quarter.

Total operating costs increased 18.5% compared to the same quarter last year due to the addition of the new SPRINTER service. A comparison of operating costs without SPRINTER service shows a system-wide decrease of 4.8% in FY 2009 even though fuel costs were significantly higher. Operating costs for the BREEZE decreased 5.9% and the COASTER decreased 1.2%. LIFT operating costs increased 5.7% due to increased service activity. SPRINTER operating costs decreased 13% compared to last quarter.

Total system ridership for the year increased 21.1% compared to the first quarter of last year. BREEZE ridership decreased slightly by 0.1%. BREEZE revenue hours and miles decreased 4.0% and 15.3% respectively due to the service changes. COASTER ridership increased 4.4% and LIFT increased 13.6%. SPRINTER ridership increased 9% compared to last quarter.

Service quality indicators include on-time performance, chargeable incidents that result in property damage or personal injury, and road failures. On-time performance for the BREEZE was 94.2%, down slightly from 96.9% in FY 2008. COASTER on-time performance was 93.2%, also down slightly from 94.7% in FY 2008.

LIFT on-time performance was 83.5%, up slightly from 81.3% in FY 2008. SPRINTER on-time performance was 97.0%, down very slightly from 97.3% last quarter. The total number of chargeable incidents decreased 47%. BREEZE incidents totaled 9 compared to 17 in FY 2008, while the COASTER, SPRINTER and LIFT services had no incidents in the first quarter. Road failures system-wide decreased 11.5% from FY 2008.

ATTACHMENTS: 6A - Performance Summary Report Narrative
6B - Performance Summary Data and Graphs

FISCAL IMPACT: None

**COMMITTEE
REVIEW:**

12/4/08 Manager of Budgeting & Fare Collection, Cathy Sweet, reviewed the performance report for the quarter ended September 30, 2008. The Committee recommended acceptance of the quarterly performance report on the Board's Consent Calendar.

STAFF CONTACT: **Richard Hannasch**
Director of Administration and Finance
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Key Staff Contact: Cathy Sweet, Manager of Budgeting & Fare Collection
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PLANNING COMMITTEE REPORT

TITLE: AMENDMENTS TO STATE TRANSIT ASSISTANCE FUND CLAIM FOR FY 2008 AND PRIOR PERIODS

Time Sensitive Consent

COMMITTEE RECOMMENDATION:

That the Board of Directors approve the amended STA claims and attached resolutions authorizing the Interim Executive Director to file amended claims for State Transit Assistance for FY 08 in the amount of \$1,957,615 and prior years in the amount of \$604,086.

BACKGROUND INFORMATION:

In April of each year, NCTD files the Transportation Development Act (TDA) and State Transit Assistance (STA) claims with the San Diego Association of Governments (SANDAG) for the subsequent fiscal year, based on revenue estimates and allocations provided by SANDAG.

NCTD has been working with SANDAG for several months to obtain the full amount of STA funding for the previous fiscal year 2008. Recently, the State Controller's office provided updated FY 08 STA fund figures, reflecting actual receipts for FY 08. These revised figures indicate that actual receipts for FY 08 totaled \$4,596,677, an increase of \$1,957,615 above NCTD's original claim amount of \$2,639,062. NCTD wishes to file an amended claim to make this STA funding available during FY 09 for capital purposes (Resolution 08-09).

In conjunction with reviewing the FY 08 STA fund figures provided by the State Controller's office, NCTD has also been monitoring the status of prior year claims. NCTD and SANDAG determined that the County Auditor is still holding STA funds on behalf of NCTD related to claim years prior to FY 08 in the amount of \$604,086. NCTD wishes to file an amended claim to make this STA funding available during FY 09 for operating (\$462,099) and capital (\$141,987) purposes (Resolution 08-10).

In conjunction with the amended claims, the NCTD Board is required to reassert specific findings as detailed in the attached resolutions.

ATTACHMENT: 7A - Resolution 08-09
7B - Resolution 08-10

FISCAL IMPACT: Filing the amended STA claims permits NCTD to access STA operating funds for FY 09 in the amount of \$462,099, and to access capital funds for FY 09 in the amount of \$2,099,602.

**COMMITTEE
REVIEW:**

12/4/08 Staff explained the process of filing amended claims for the prior year's STA funds. Staff has been working with SANDAG on this for the FY 08 estimates and is filing the required amendments. It was noted that this is not new money; rather, it represents funds for the 3rd and 4th quarter STA payments, which were assumed in NCTD's FY 08 Budget. The Committee recommended approval on the Consent Calendar.

STAFF CONTACT: Richard Hannasch
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Key Staff Contact: Diane Hessler, Chief Management Accountant
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STAFF REPORT TO
BOARD OF DIRECTORS

Agenda Item #
8

TITLE: GRANT OF EASEMENT TO THE CITY OF ESCONDIDO FOR A PORTION OF THE INLAND RAIL TRAIL

Time Sensitive Consent

**STAFF
RECOMMENDATION:**

That the Board of Directors approve the Grant of Easement for the Escondido portion of the Inland Rail Trail to the City of Escondido, and authorize the Interim Executive Director to Execute said Easement Agreement, in substantially the form provided in Attachment 8A.

**BACKGROUND
INFORMATION:**

In 1995, NCTD entered into a Memorandum of Understanding with the cities and County along the Oceanside to Escondido corridor to provide for the development of a bikeway along NCTD's inland railroad right-of-way. Subsequently, the project was designed and ultimately constructed in the cities of Escondido and San Marcos, and graded in Vista and Unincorporated areas, during construction of the SPRINTER project.

The original MOU called for NCTD to grant rights to the cities for access, use, and maintenance of the bikeway, now called the Inland Rail Trail (IRT). With construction now complete except for some minor outstanding punchlist items, staff, NCTD's General Counsel and the City Attorney and staff of Escondido have reached agreement on the terms of a Grant of Easement for the Escondido portion of the trail.

Major terms of the proposed Agreement include:

- This will be a grant of Easement, not assignment of fee title to the property underlying the IRT.
- Upon acceptance of the Easement, all maintenance, repair, and security needs of the IRT become the responsibility of the City of Escondido.
- NCTD will issue an annual Right-of-Entry Permit for Routine Maintenance Activities, so that the City can conduct activities such as cleaning, minor maintenance, landscape maintenance, and security patrols without need to contact NCTD. The IRT is fully separated from the tracks by fencing, except at grade crossings, thereby allowing such routine activities to occur without railroad flagging.
- A separate Right-of-Entry Permit for "Other Maintenance and Construction Activities" will be required when the City desires to do heavier construction on the IRT that could potentially impact railroad operations.
- Once the Easement is accepted by the City, NCTD is indemnified by the City for any loss or claim arising from the condition of Rail Trail Easement and/or its use by the City or the general public.

Staff recommends Board approval of the proposed Grant of Easement.

ATTACHMENT: 8A - Easement for Rail Trail

FISCAL IMPACT: None. The City assumes responsibility for operation, maintenance, and security on the IRT once the Easement is accepted.

STAFF CONTACT: **Tom Lichterman**
Director of Operations
E-mail: tlichterman@nctd.org Phone: 760/967-2855



MONITORING COMMITTEE REPORT

TITLE: FY 2008 FINANCIAL AUDIT RESULTS

Time Sensitive Consent

**COMMITTEE
RECOMMENDATION:**

That the Board of Directors review the results of the NCTD audit for the fiscal year ended June 30, 2008, and recommend that they accept the audited financial statements.

**BACKGROUND
INFORMATION:**

Caporicci & Larson are NCTD's independent auditors. They have completed their audit of NCTD's financial statements for the fiscal year ended June 30, 2008. During October and November 2008, NCTD and Caporicci & Larson staff prepared the attached draft (Attachment 9A) of NCTD's financial statements and footnote disclosures.

Caporicci & Larson will review the financial statements with the Monitoring Committee, and will issue the completed financial statements to the Board at the December 18, 2008 Board meeting.

ATTACHMENT: 9A – Fiscal Year 2008 Draft Financial Statements

FISCAL IMPACT: None

**COMMITTEE
REVIEW:**

12/4/08

Senior Partner Gary Caporicci and Partner Kenneth Pun reviewed the financial audit with the Monitoring Committee. The presentation included the background of the firm Caporicci & Larson; a summary of the firm's audit approach; the results of the 2008 financial audit; and an overview of the financial statements. The Monitoring Committee was pleased with the audit results, and recommended that a report be given to the NCTD Board at its monthly meeting.

STAFF CONTACT:

Richard Hannasch

Director of Administration & Finance

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PLANNING COMMITTEE REPORT

TITLE: BUDGET ISSUES FOR FY 09 AND FY 10 OPERATING BUDGETS

Time Sensitive Consent

**COMMITTEE
RECOMMENDATION:**

That the Board of Directors discuss current estimates for funding and the potential effect on budget issues for FY 09 and FY 10.

**BACKGROUND
INFORMATION:**

Each year NCTD develops the annual budget. The process includes preparing the annual operating budget and a five-year capital improvement program. This process takes several months and culminates in the formal adoption by the Board of Directors of an approved budget in June of each year.

The Planning Committee oversees and reviews the development of the budget. Recent developments regarding NCTD’s revenue sources are expected to have a significant impact on NCTD’s ability to provide service.

State transit funding

It has been very difficult to forecast the level of state funding for transit. The Governor’s original budget proposal in January 2008 would have provided over \$10.5 million for NCTD in the current FY 2009. In February 2008, SANDAG forecast that NCTD’s state funding would be over \$6 million. In May 2008, the Governor’s May revise provided \$4.4 million for NCTD, which was included in NCTD’s budget for the current year.

In November 2008, the Governor proposed elimination of the State Transit Assistance (STA) program. (Please see the separate agenda item *Legislative Status Update* for further details.) As the California Transit Association has stated, this proposal would decimate state transit funding.

The proposal requires legislative action, and many changes could be made. Based on the current proposal, however, NCTD would receive only the first quarter STA payments, which have already been made. The remaining three quarterly payments would not be made, causing NCTD to lose an estimated \$3.4 million in funding for the current FY 2009. The proposal further calls for the complete elimination of the funding for FY 2010, causing additional losses in funding for NCTD.

Significant reductions in state funding will directly affect NCTD’s capital improvement program and service levels.

TDA and TransNet revenues

Transportation Development Act (TDA) and TransNet revenues are based on sales tax collections in San Diego County. Together, TDA and TransNet comprise over 45% of NCTD’s total operating revenues.

Each year, NCTD and MTS use SANDAG's February estimates to develop the annual operating budget. The February 2008 estimate indicated that NCTD would receive \$43.4 million in TDA and TransNet for FY 2009. However, in October 2008 SANDAG again reduced the estimated level of sales taxes to be collected in San Diego County during the current fiscal year 2009. The October 2008 estimate lowered NCTD's TDA and TransNet revenues to \$41.3 million, a reduction of \$2.1 million.

In February 2009, we expect to receive an updated sales tax estimate from SANDAG. Further reductions in TDA and TransNet revenues will have a direct impact on NCTD's service levels.

ATTACHMENT: None

FISCAL IMPACT: None

**COMMITTEE
REVIEW:**

12/4/08

The Committee received an overview of the current funding outlook for FY 09 and FY 10. While preparing the budget for FY 09, NCTD faced three significant financial challenges: increasing fuel prices, declining sales tax collections affecting TDA and TransNet revenues, and reduced funding from the State of California. Of these three threats, one has improved (fuel prices) and the other two have deteriorated significantly.

State funding for transit is threatened by the Governor's proposal to eliminate the STA program for the current year and for future years. Another major concern is that sales tax revenue could continue to decline due to the weakening economy as the year progresses, causing further budgetary impacts to NCTD.

These factors create substantial uncertainty for the current fiscal year and for future years. Staff reviewed with the Committee three alternate scenarios about how the next five years might look under varying assumptions, and the size of the capital and operating budget cuts that would be necessary to achieve a balanced budget under each of these scenarios. The Committee discussed possible approaches to dealing with these challenges through budget cuts and/or revenue increases, such as the "Quality of Life" initiative being considered by SANDAG, possible changes in land use policies to support transit, changes in property tax allocations, and another overhaul of NCTD's services.

The Committee recommended that the Board receive an overview report on this subject at December's meeting, with a more detailed follow-up report in early 2009 when we hope to know more about State-level decisions and updated sales tax projections.

STAFF CONTACT: **Richard Hannasch**
Director of Administration and Finance
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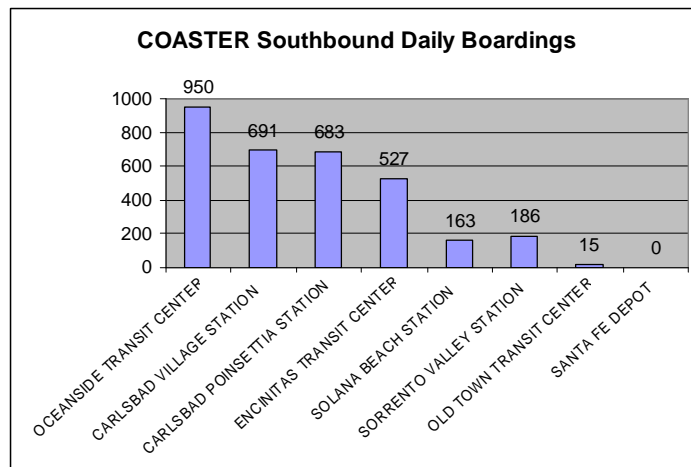
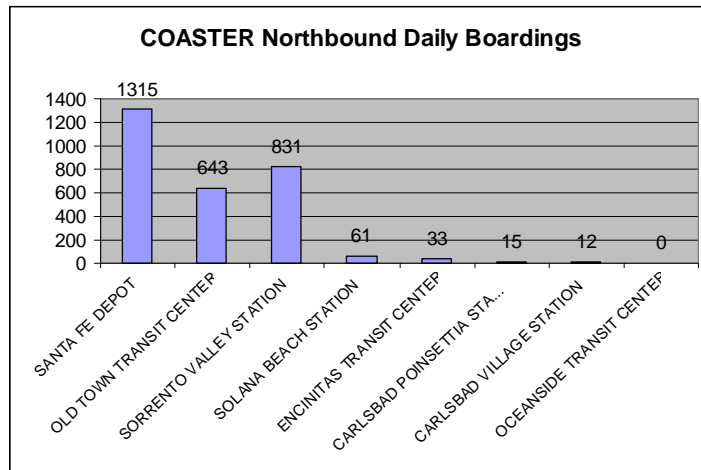
**STAFF REPORT
TO THE BOARD**

TITLE: SORRENTO VALLEY COASTER CONNECTION SERVICE UPDATE

Time Sensitive Consent

STAFF RECOMMENDATION: That the Board of Directors receive this report regarding the future of the Sorrento Valley COASTER Connection Services.

BACKGROUND INFORMATION: The Sorrento Valley COASTER Connection (SVCC) is a group of nine (9) separate shuttle routes, which operate between the Sorrento Valley COASTER Station and the major employment areas of the Sorrento Valley, Sorrento Mesa, Torrey Pines, and University Town Center areas. The service, provided by MTS via a contractor, has operated in various forms since the inception of the COASTER in 1995, and is essential in order to make the COASTER a viable means of travel to work for the thousands of employees in the area. Sorrento Valley is the destination station of approximately one-third of the COASTER commuters. This totals about 1,000 COASTER boardings per day, with about 82% of these riders coming from North County stations and 18% coming from South County stations. The charts below depict these trends:



The SVCC has been a well-utilized service. Until recently, 900 to 1,000 boardings per day (or about 450 to 500 round-trip riders) were served on this system. For the past 13 years, the service has been funded largely by grants from the Air Pollution Control District, and, more recently, in part by a grant from Caltrans. Those grant funding sources have run out, leaving MTS with the full operating cost to cover. As a result, the region implemented a \$1.00 per ride fare on the service on September 1, 2008. Immediately following the implementation of that fare, SVCC ridership levels have plummeted over 30%, increasing the subsidy needs for the service.

On December 12, 2008 the SANDAG Transportation Committee will receive a report regarding this service. A copy of that agenda item is attached (Attachment 11A). Due to the elimination of the subsidy sources and revenue reductions from other sources, MTS notified SANDAG on December 5, 2008 of its intent to conduct public hearings in January 2009 to determine if these services should be eliminated.

NCTD and its COASTER contractor have been conducting station boarding counts and recently evaluated that data. For the month of November 2008, while overall COASTER ridership was down about 10% compared to November last year, the boardings at Sorrento Valley Station were down over 18%. It appears that the institution of the separate fare for the SVCC in September has had a negative effect on COASTER ridership as well as the SVCC. Based on the data, elimination of the SVCC service will likely have an even more significant negative impact on COASTER ridership. This proposal also raises questions about how a similar type of distribution network will be established once the I-15 BRT service to Sorrento Mesa begins operations in 2012.

Given the regional significance of this service, and in light of the current financial dilemma, SANDAG, MTS, and NCTD staffs will be meeting over the next few weeks to explore options for possibly modifying the service and/or finding other service delivery options in order to continue some level of SVCC service.

ATTACHMENT: 11A – SANDAG Transportation Committee Agenda Item, December 12, 2008 with Attachments

FISCAL IMPACT: Unknown at this time.

STAFF CONTACT: **Tom Lichterman**
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December 18, 2008

TO: North County Transit District Board Members
FROM: Clerk of the Board
SUBJECT: POSTING OF BOARD AGENDA

In Compliance with the Ralph M. Brown Act, As Amended, the following information is provided.

The Agenda for this meeting of the Board was posted as follows:

Meeting Date and Time:	December 18, 2008; 1:30 p.m.
Posted At:	810 Mission Avenue, Oceanside, CA
Date & Time of Posting:	December 12, 2008; 5:00 p.m.
Posted By:	Clerk of the Board

TO: North County Transit District Board Members
FROM: Ed Gallo, Chairman
SUBJECT: RULES FOR PUBLIC SPEAKERS AT MEETINGS OF THE NORTH COUNTY TRANSIT DISTRICT

Per Board policy, all public communications at meetings of the North County Transit District shall be made and received in accordance with the following procedures:

I. COMMENTS ON ITEMS NOT ON AGENDA

- A. Total time limit all speakers:
Beginning of Meeting: Fifteen (15) minutes
End of Meeting: No time limit.
- B. Time limit per speaker per meeting: Three (3) minutes, with no donation of time allowed
- C. Priority: First come first served. All Speaker Slips will be numbered as the Clerk of the Board receives them. Those not allowed to speak at the beginning of the meeting due to limit stated above, will be called at the end of the meeting.
- D. Order on agenda: Items will be heard at the beginning of the meeting and if the time limit stated in paragraph A is exhausted, those who filled out a speaker slip and have not yet spoken, will be given an opportunity to speak at the end of the meeting under "*Remaining Public Communications*".

Comments not addressing items on the agenda are out of order.

II. TIME LIMITS FOR ADDRESSING MATTERS ON THE AGENDA

- A. Total time limit: None.
- B. Time limit per speaker: Three (3) minutes, with one donation of three minutes, for a maximum of six minutes
- C. These rules apply to both public hearing and non-public hearing items listed on the agenda.

Comments made not germane to the subject matter of the agenda are out of order.

III. CUTOFF FOR TURNING IN SPEAKER SLIPS

Speakers wishing to speak to an item on the Board Agenda must submit a speaker slip to the Clerk of the Board before that agenda item is called. Speaker slips will be available at the meeting.

Speakers turning in slips after discussion begins on an item will be heard at the end of the meeting under "*Remaining Public Communications*".

IV. MODIFICATION OF RULES BY CHAIR

The Board Chair may, in his or her absolute discretion, relax the requirements of these rules. However, a decision of the Chair to do so in one instance shall not be deemed a waiver of the rules as to any other instance or matter.