

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM  
EXECUTIVE COMMITTEE  
1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101

January 22, 2015

## MINUTES

### A. ROLL CALL

Chairman Mathis called the Executive Committee meeting to order at 9:04 a.m. A roll call sheet listing Executive Committee member attendance is attached.

### B. APPROVAL OF MINUTES

Mr. Gloria moved for approval of the minutes of the November 13, 2014, MTS Executive Committee meeting. Mr. Roberts seconded the motion, and the vote was 5 to 0 in favor.

### C. COMMITTEE DISCUSSION ITEMS

1. Appointment of San Diego Association of Governments Transportation Committee Representative and Alternate (Sharon Cooney)

Chairman Mathis provided a brief background on the appointment of the San Diego Association of Governments (SANDAG) Transportation Committee Representative and Alternate and requested nominations.

Action Taken

Mr. Gloria moved to nominate Harry Mathis, Chairman of the MTS Board of Directors to serve on the SANDAG Transportation Committee for the 2015 calendar year as the primary representative. Mr. Roberts seconded the motion, and the vote was 4 to 0 with Mr. Mathis abstaining.

Mr. Gloria moved to nominate Lorie Bragg from the MTS Board to serve on the SANDAG Transportation Committee for the 2015 calendar year as the alternate member. Mr. Roberts seconded the motion, and the vote was 4 to 0 with Ms. Bragg abstaining.

2. Trolley Renewal Project Update (Bruce Schmith of SANDAG)

Paul Jablonski, Chief Executive Officer, commented that after nine years of work, the first day of low floor service on the Blue Line trolley took place on January 21<sup>st</sup>. He stated that the low floor trolley launch event would take place next Tuesday, January 27<sup>th</sup>. Bruce Schmith of SANDAG provided a presentation on the Trolley Renewal Project update. He discussed the Blue Line stations and rail construction including the H Street Station, Palomar Street Station, Palm Avenue Station, Iris Avenue Station, Beyer Blvd. Station, and San Ysidro Station. Mr. Schmith discussed the other Blue Line projects including the San Ysidro Yard improvements, mainline freight improvements, job order contracts and future projects. The future projects include slope and track reconstruction, Blue Line curve straightening, C Street parallel feeder cable replacement and replacing

approximately 20,000 ties on the Blue Line. He also reported on the Traction Power Sub Station (TPSS) construction update.

Wayne Terry, Chief Operating Officer – Rail Division, reported on the Light Rail Vehicle procurement. He stated that all 65 vehicles have been delivered and are in revenue service. Mr. Terry said that the U2 vehicle fleet has been retired and there is an organization that supports museums around the country that may be interested in purchasing up to 18 of the retired U2 vehicles. Mr. Roberts asked what the price would be for selling the U2 vehicles to the museums. Mr. Terry said the vehicles would be sold for more than scrap value, which is anywhere from \$5,000 to \$20,000.

#### Action Taken

Informational item only. No action taken.

3. MTS Transit Service Fixed-Route and Bus Rapid Transit (BRT) Bus Services – Contract Award (Bill Spraul and Jeff Codling)

Bill Spraul, Chief Operating Officer – Transit Services, and Jeff Codling, Manager of South Bay Operations, provided a presentation on the MTS transit service fixed-route and BRT bus services procurement award. Mr. Spraul introduced the item and provided an overview of this service. He discussed the procurement process, proposal evaluation and cost savings. Mr. Spraul stated that the Transdev cost was 2.0% less than the competitor, First Transit, which would save approximately \$14.5 million over 12 years. Mr. Codling discussed the fixed-route contract highlights including MTS's responsibilities, contractor requirements, customer service, and new innovations. He also discussed the labor provisions related to the contract. Mr. Spraul explained the proposed recommendations related to the contract.

Mr. Jablonski further explained the recommendation related to waiving Policy 41 for this contract. He stated that as part of the MTS budget process, increased service levels will be approved by the Board. It is recommended to waive Policy 41 and authorize the CEO to execute amendments, if necessary, to increase the not-to-exceed amount of the contract. Karen Landers, General Counsel, also explained other aspects of Policy 41 and reviewed the spending authority allowed by the CEO. She noted that by waiving Policy 41, it will allow the contract to be amended, due to service level changes, without having to bring each amendment to the Board for approval. Ms. Landers also noted that each amendment approved by the CEO is brought to the Board under Agenda Item 62.

Mr. Gloria asked if there was interest from other companies besides Transdev and First Transit. Mr. Codling replied that there were six to eight companies that came to the initial pre-proposal meeting, but all of the other companies voluntarily dropped out except for Transdev and First Transit.

Mr. Roberts asked how much this service would cost if MTS conducted it in-house. Mr. Jablonski replied it would cost approximately 35% more. Mr. Gloria asked where the 35% costs savings comes from. Mr. Jablonski said the difference is seen in the wages and benefits.

Ms. Bragg inquired if staff could further explain the employee performance incentive program, bonuses, and new performance measurement categories. Mr. Codling replied that the contractors were required to supply a detailed employee incentive program in their bids. He said that one of the requirements of the employee incentive programs was for 100% of the bonuses to go directly to the employees who perform at the highest level.

#### Action Taken

Mr. Roberts moved to forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to: (1) execute MTS Doc. No. B0614.0-14 with Transdev Services, Inc. (Transdev) for the provision of fixed-route, express, and BRT bus services for a 6-year base period with two (2) three-year optional performance periods exercisable exclusively at MTS's discretion, beginning on July 1, 2015 and ending on June 30, 2027; and (2) authorize the CEO to exercise the option periods at his discretion, if deemed to be in the best interest of MTS; and (3) waive Policy 41 and authorize the CEO, at his discretion, to execute amendments to increase the not-to-exceed amount of the contract to pay for increased service levels or services, so long as such costs/increases have either been (a) approved by the Board as part of the MTS Operating Budget or the MTS Capital Improvement Project budget process, or (b) will be reimbursed by a third party. Mr. McClellan seconded the motion, and the vote was 5 to 0 in favor.

4. San Diego Transit Corporation (SDTC) Employee Retirement Plan's Actuarial Valuation as of July 1, 2014 (Robert McCrory and Anne Harper of Cheiron Inc. and Larry Marinesi)

Larry Marinesi, Chief Financial Officer, introduced Robert McCrory and Anne Harper of Cheiron Inc. to provide the presentation on the SDTC Employee Retirement Plan's Actuarial Valuation. Mr. McCrory began the presentation and provided a brief summary of the past year's results. Ms. Harper discussed the plan history, plan future, and plan cost including the total contribution reconciliation costs. She stated that the total contribution costs have reduced from 2013 to 2014. Ms. Harper reviewed the new GASB requirements, the plan cost history, the plan funding history, the plan normal cost by benefit, the plan cost by source, and the history of active membership. Mr. McCrory discussed the projected total contribution rate and projected funded ratio going forward. He noted that all projections should be viewed as lies and that it is impossible for the projected contributions and funding to be realized exactly every year. He also said that the investment policy is the most important determinant of cost and funding levels. Mr. McCrory stated that the plan cost was stable over the past year and funding improved.

Mr. Gloria inquired on the future investment plan and when the policy will be reviewed. Mr. Marinesi stated that the SDTC Retirement Pension Board meets with the investment managers, RVK, on a quarterly basis. They are currently in the process of developing plans to address the potential upcoming changes to the overall plan. Mr. Marinesi also noted that RVK provides a report to the Executive Committee and Board on an annual basis. Mr. Jablonski requested that the next time RVK comes to present to the Board, they should present on the future strategy of the Plan. Mr. Marinesi said that RVK generally comes to present to the Board after the fiscal year is over, but they can schedule RVK to come present in the next couple of months for this specific topic.

Action Taken

Mr. Gloria moved to forward a recommendation to the Board of Directors to receive the SDTC Employee Retirement Plan's (Plan) actuarial valuation as of July 1, 2014, and adopt the pension contribution amount of \$12,489,757 (38.65 percent) for fiscal year 2016. Ms. Bragg seconded the motion, and the vote was 5 to 0 in favor.

5. Enterprise Resource Planning/Transit Asset Management Implementation Services Contract Award (Larry Marinesi and Fred LaCroix)

Mr. Marinesi and Fred LaCroix, ERP Project Manager, provided a presentation regarding the ERP/TAM implementation service contract award. Mr. Marinesi discussed the ERP/TAM background, FTA TAM requirements, project scope, project goals and project approach. He reviewed the competitive RFP process including the initial proposals, evaluation criteria, interviews, reference checking, negotiations and final scoring. Mr. Marinesi also reviewed the contract summary, stating the total cost is not-to-exceed \$7,612,500.

Mr. Roberts inquired about the availability of FTA grant money being used toward the total contract cost. Mr. Jablonski replied that the grant money, totaling \$3,750,000, will only be used towards the TAM portion of the contract. The ERP portion of the contract will mainly be funded through the MTS capital budget. Mr. Jablonski stated that with the elimination of the current legacy system and the addition of the new TAM/ERP system, business processes will improve and become more streamlined as well as help save on costs.

Action Taken

Mr. McClellan moved to forward a recommendation to the Board of Directors to authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1731.0-15, with Labyrinth Solutions, Inc. for the provision of software implementation services (totaling \$7,612,500 including contingency) for the Enterprise Resource Planning (ERP)/Transit Asset Management (TAM) Project with the option to exercise the Budget Planning module exclusively at the CEO's discretion. Mr. Gloria seconded the motion, and the vote was 5 to 0 in favor.

6. Pacific Imperial Railroad (PIR) Desert Line Agreement – Status Update (Karen Landers)

Karen Landers stated that PIR had paid their most recent lease payment and, to-date, MTS has received \$2,000,000. Ms. Landers also stated that PIR had recently reached an agreement with a new investment group who is now the majority shareholder of the company. Due to this recent change, PIR has assigned a new interim President and CEO, Dan Neveau. The new investment group is currently in the process of reviewing PIR's plans and formulating their own plan and priority list and will update MTS with this information within the next month. She noted that she will provide this update to the Board at the January 28<sup>th</sup> meeting, and would then most likely wait until the March Board meeting to provide another update with more substantive information. However, if more information is provided before that time, the Board will be notified accordingly. Ms. Landers also said the new investment group is currently bringing in new management,

and formulating new processes. They have also expressed that they are dedicated to pursuing a bi-national rail agreement.

Mr. Gloria inquired what the name of the new investment group was. Ms. Landers replied that information was not available at this time, but more information would be available soon. Mr. Jablonski also noted that the new group is aware that all of the current milestone dates in the contract will still apply.

Action Taken

Informational item only. No action taken.

D. REVIEW OF DRAFT January 28, 2015 BOARD AGENDA

Recommended Consent Items

6. Revisions to Board Policy No. 16 to Establish Procedures for Filing Claims and Institution and Maintenance of Lawsuits for Damage to or Destruction of MTS Property and to Establish Procedures for Settlement of Such Lawsuits  
Action would approve and adopt the update Board Policy No. 16.
7. Investment Report – November 2014
8. Update the List of San Diego Metropolitan Transit System (MTS) Employees Authorized to Take Action Related to Local Agency Investment Fund (LAIF) Accounts  
Action would approve Resolution No. 15-1 and Resolution No. 15-2 to update the list of MTS employees authorized to take action related to the LAIF investment accounts, administered by the State Treasurer, in the name of the San Diego Metropolitan Transit System and San Diego Transit Corporation.
9. Investment Consulting Services for the San Diego Transit Corporation (SDTC) Retirement Plans - Contract Award  
Action would authorize the Chief Executive Officer (CEO) to: (1) execute, as agent for the Retirement Boards of the SDTC Employees' Retirement Plans (Plan), MTS Doc. No. G1705.0-14 with RVK Inc. (RVK) for the provision of investment consulting services for the Plan for a five-year base period with five one-year optional terms (for a total of 10 years); and (2) exercise each option year at the Retirement Boards' discretion.
10. Temporary Staffing Services - Creation of On-Call List and Contract Awards  
Action would authorize the Chief Executive Officer (CEO) to: (1) execute MTS. Doc. Nos. G1778.0-15 through G1786.0-15 with nine (9) Temporary Staffing firms (AppleOne, Kforce Technology, Lawton Group, Modis, Network Solutions, PrideStaff, Randstad Technologies, Thornburg & Littecken, LLC dba GLR & ISR, and Yoh) for the provision of Temporary Staffing Services for a three (3)-year base period with two (2) one-year option terms (for a total of five years); and (2) exercise each option year at the CEO's discretion.

11. Temporary Staffing for Fare Systems Manager - Sole Source  
Action would authorize the Chief Executive Officer (CEO) to ratify the existing Purchase Order (PO); and extend the current engagement with Contraflow Consulting for two (2) years to provide temporary staffing services for a Fare Systems Manager.
12. Hosted Text Messaging System - Contract Amendment  
Action would authorize the Chief Executive Officer (CEO) to execute Amendment No. 4 to MTS Doc. No. G1326.0-10 with MIS Sciences, Corporation (MIS) for an additional expenditure authority of \$74,459.00.
13. Revisions to Board Policy No. 48 (Transit Service Discrimination Complaints Procedure)  
Action would approve and adopt the proposed revisions to Policy No. 48 Transit Service Discrimination Complaints Procedure.
14. 2015 State and Federal Legislative Programs  
Action would approve staff recommendations for 2015 federal and state legislative programs.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

There was no SANDAG Transportation Committee agenda discussion.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

Chairman Mathis commented that all CPUC tests were passed for the PCC 530 car. He noted that the PCC 530 and 529 cars have differences in the placement of the accelerator and brake controls. Once the PCC 530 car is in service, the PCC 529 car will be taken out of service to change the placement of the accelerator and brake controls to mimic the PCC 530 car.

Mr. McClellan commented on an issue that was raised by El Cajon taxi drivers. The drivers are wondering why they cannot pick up customers in the City of San Diego, but the City of San Diego taxi drivers can pick up customers in the City of El Cajon. Mr. Jablonski replied that there are still discussions and negotiations occurring with parties trying to deregulate the taxi industry. He noted that if the deregulations occur, there will no longer be restrictions on where taxi drivers can pick up customers, as well as other various changes to current regulations. He stated that these discussions are still ongoing and have not been finalized yet.

Mr. Jablonski commented that the restaurant in the Mills Building has been shut down by the Fire Marshall. He stated that after the tenant is fully moved out, it will take significant costs to repair. He said it would be nice to maintain some type of food service at the location, but it may be a good idea to move the Transit Store to this location. He stated that by moving the Transit Store to this location it could potentially save about \$3,000 per month. Mr. Jablonski said he will keep the Board informed as time goes on.

G. PUBLIC COMMENTS

*Martha Wells* – Ms. Wells commented that there is no pathway from the library to the 12<sup>th</sup> and Imperial station. She stated that the trolley signs announcing the next arrival train times have not been working correctly before she boards the trolley. Ms. Wells also said the Morena Station signs indicating which direction the trolley is going need to be replaced. Lastly, she requested

Executive Committee Meeting – MINUTES

January 22, 2015

Page 7 of 7


that the Route 3 bus run on the Saturday and Sunday schedule, and also recommended a change with the Route 10 bus regarding the route the bus takes going up 5<sup>th</sup> Avenue towards Broadway in downtown.

H. NEXT MEETING DATE

The next Executive Committee meeting is scheduled for February 5, 2015, at 9:00 a.m. in the Executive Committee Conference Room.

I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 11:30 a.m.

A handwritten signature in black ink, appearing to read 'Frank Mathis', is written over a horizontal line.

Chairman

Attachment: A. Roll Call Sheet

**EXECUTIVE COMMITTEE**  
**SAN DIEGO METROPOLITAN TRANSIT SYSTEM**

ROLL CALL

MEETING OF (DATE) January 22, 2015

CALL TO ORDER (TIME) 9:04 a.m.

RECESS \_\_\_\_\_

RECONVENE \_\_\_\_\_

CLOSED SESSION \_\_\_\_\_

RECONVENE \_\_\_\_\_

ADJOURN 11:30 a.m.

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
BRAGG <input checked="" type="checkbox"/> (Rios) <input type="checkbox"/>	9:04 a.m.	11:30 a.m.
CUNNINGHAM <input type="checkbox"/> (McClellan) <input checked="" type="checkbox"/>	9:04 a.m.	11:30 a.m.
GLORIA <input checked="" type="checkbox"/> (Emerald) <input type="checkbox"/>	9:04 a.m.	11:30 a.m.
MATHIS <input checked="" type="checkbox"/>	9:04 a.m.	11:30 a.m.
ROBERTS <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:04 a.m.	11:30 a.m.
Transportation Committee Rep Slot (Mathis)		

SIGNED BY THE CLERK OF THE BOARD:

Julia Sansone

CONFIRMED BY THE GENERAL COUNSEL:

Paul Card