

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

MINUTES

May 14, 2015

1. Roll Call

Chairman Mathis called the Board meeting to order at 9:00 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Mr. Cunningham moved to approve the minutes of the April 16, 2015, MTS Board of Directors meeting. Ms. Emerald seconded the motion, and the vote was 11 to 0 in favor with Ms. Cole, Mr. Gloria, Mr. Minto and Ms. Salas absent.

3. Public Comments

Mitchell Matheny – Mr. Matheny commented on a letter that was handed out about an issue with the 934 bus route. He said that he would like to see the trolley tap and go stations moved to a more convenient area at the Gaslamp Station so people leaving Petco Park will not have to walk as far. He commented that other cities include transportation ticket packages with their sporting event tickets.

Juanita Broughman – Ms. Broughman discussed her idea of installing bathrooms at trolley stations for people with prepaid compass cards. She said that a scanner could be installed at the restroom doors to only allow people to enter with fare loaded compass cards.

Michele Fortanas – Ms. Fortanas stated that she has Crohn's disease and while she was at the Old Town Trolley Station she needed to use the restroom. She said that she was told by an MTS staff person that the restrooms were for staff only. The staff person told her that she needed to walk to a further side of the station to use the public restrooms. Ms. Fortanas said that the public restrooms were closed. She said there needs to be an action taken by the City of San Diego and MTS to install more convenient public restrooms.

CONSENT ITEMS

6. San Diego and Arizona Eastern (SD&AE) Railway Company Quarterly Reports and Ratification of Actions Taken by the SD&AE Board of Directors at its Meeting on April 14, 2015
7. Increased Authorization for Three Legal Service Contracts to Pay Projected Expenses in Fiscal Years 2015 and 2016
Action would approve increasing the dollar amount of three (3) legal services contracts to cover expenses through the remainder of Fiscal Year 2015 (FY15) and all of Fiscal Year 2016 (FY16).
8. Investment Report - March 2015

9. California Department of Transportation Program of Projects for Federal Transit Administration Section 5311(f) Funding, Fiscal Year 2015
Action would approve Resolution No. 15-9 authorizing the use of, and application for, \$250,000 of Federal Transit Administration (FTA) Section 5311(f) funds for operating assistance in non-urbanized areas.
10. Funding of Orange Line Tie Replacement Project - Francis to 43rd Street
Action would approve the use of \$463,825 in Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) program funding and transfer \$900,000 from the San Diego Metropolitan Transit (MTS) SD100 Replacement project (project number 11373) to fund the Orange Line Tie Replacement project.
11. SAP Public Services, Inc. - Contract Amendment
Action would: (1) ratify the \$63,227 in additional software license support included in MTS's contract with SAP Public Services, Inc. (SAP) (MTS Doc. No. G1680.0-14); and (2) authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1680.1-14 amending the contract with SAP to purchase MS SQL Server Run-Time Licenses for the SAP Implementation of the Enterprise Resource Planning (ERP)/Transit Asset Management (TAM) Project and consolidate software support expenses for other SAP licenses under a single contract.

Action on Recommended Consent Items

Ms. Rios moved to approve Consent Agenda Item Nos. 6 – 11. Ms. Emerald seconded the motion, and the vote was 11 to 0 in favor with Ms. Cole, Mr. Gloria, Mr. Minto and Ms. Salas absent.

CLOSED SESSION

24. Closed Session Items

The Board convened to Closed Session at 9:12 a.m.

- a. CLOSED SESSION - CONFERENCE WITH LABOR NEGOTIATORS
Pursuant to California Government Code Section 54957.6
Agency: San Diego Transit Corporation (SDTC) and San Diego Trolley, Inc. (SDTI)
Agency-Designated Representative: Jeff Stumbo
Employee Organization: International Brotherhood of Electrical Workers, Local 465 (Representing SDTI Train Operators, Electromechanics, Servicers and Clerical)
Employee Organization: Amalgamated Transit Union, Local 1309 (Representing Bus Operators and Clerical Employees at SDTC)
- b. CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Pursuant to California Government Code Section 54956.9(d)(1) David Long v. HMS Construction, et al. SDSC Case No. 37-2014-00083536-CU-PO-CTL

The Board reconvened to Open Session at 9:54 a.m.

Oral Report of Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

- a. The Board ratified a tentative agreement with the Amalgamated Transit Union, Local 1309. The vote was 11 to 0 in favor, with Bragg, Cunningham, Emerald, Jones, Mathis, McClellan, McWhirter, Rios, Roberts, Sandke and Zapf voting aye and Cole, Gloria, Minto and Salas absent. As to the labor negotiations with the International Brotherhood of Electrical Workers, Local 465, that report was not given and was deferred to the June Board meeting.
- b. The Board received a report from legal counsel.

NOTICED PUBLIC HEARINGS

25. Fiscal Year 2016 Budget: Public Hearing and Adoption (Mike Thompson)

Mike Thompson, Director of Financial Planning and Analysis, provided a presentation on the fiscal year (FY) 2016 budget. He discussed the budget development process, subsidy revenue assumptions for Federal, TDA and TransNet, State Transit Assistance and Lease/Leaseback transactions. Mr. Thompson reviewed service level assumptions, passenger level revenue assumptions and contingency reserves. He discussed the FY 2016 revenue projections, and expense assumptions for personnel.

Ms. Emerald asked how long it will take to hire additional IT department staff members. Mr. Thompson stated that the hiring process is already in progress. Ms. Emerald asked if MTS is still in the practice of selling its old trolley cars. Mr. Jablonski replied that MTS still has an agreement with Mendoza, Argentina, however they are having some financial issues. He said that there have been a few cars that have been sold or donated to museums and also to the Department of Homeland Security. Mr. Jablonski also mentioned that there are other options such as scrapping the remaining trolleys. Ms. Emerald asked how many old trolley cars are left. Mr. Jablonski replied that there would be 40 trolley cars going to Mendoza, Argentina, which would leave about 31 trolley cars left over. He stated that there are already a few cars that will be going to other buyers, so there would be about 25 total cars left over.

Mr. Thompson continued the presentation and discussed expense assumptions for pension reform, purchased transportation, outside services, materials and supplies, risk management, and energy.

Ms. Bragg asked what is driving the 8.5% annual increase in paratransit service. Mr. Thompson replied that the general demand for this service has increased.

Ms. Emerald asked about Noble Energy and if MTS has a current contract in place. Mr. Thompson replied that we do have a contract with Noble Energy and the contract was renewed this year for 3 years with 3 option years. He noted that MTS is in the Direct Access Program regardless if we are under contract with Noble Energy or any other company. Mr. Jablonski commented that the contract with Noble Energy is not a set fixed price contract; however they help to negotiate the best rate. Ms. Emerald inquired if bridge inspections have been completed. Mr. Thompson replied that the inspections will begin next year and MTS will contract out the inspections. Ms. Emerald requested for a future update to the Board regarding bridge inspections.

Ms. Zapf asked what paratransit service means. Mr. Jablonski replied that paratransit service is the Americans with Disabilities Act (ADA) transit service. Ms. Zapf asked how the service operates. Mr. Jablonski replied and explained the requirements of this service and how the paratransit vehicles operate day to day.

Mr. Thompson continued his presentation and reviewed consolidated revenues less expenses, 5 year trends, 5 year projections and ongoing concerns. Mr. Jablonski commented on the Moving Ahead for Progress in the 21st Century Act (MAP-21) and stated that it will expire at the end of the month. He said that if MAP-21 is not extended, it could potentially impact grants. He noted that we will know more information soon and an update will be given.

Ms. Zapf asked about capacity levels on the Blue Line Trolleys and asked if people are being turned away. Mr. Jablonski said people are not being turned away, but the trolley cars are very full. She asked about the issue of passengers boarding the trolleys at the San Ysidro Station with no fares. Mr. Jablonski replied that code compliance officers and security staff are constantly monitoring and taking correction action regarding that issue.

Ms. Rios inquired about ADA paratransit service and pickup and drop off practices. Mr. Jablonski stated that this service is traditionally a curb to curb service, not a door to door service. He noted that the FTA has recently come out with a new law saying that if a person needs door service that we are required to accommodate the passengers' needs.

Action Taken

Ms. Emerald moved to: (1) hold a public hearing, receive testimony, and review and comment on the fiscal year (FY) 2016 budget information presented in this report; and (2) enact Resolution No. 15-10 adopting the operating and capital budget for MTS and approving the operating budgets for San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), MTS Contract Services, and the Coronado Ferry. Ms. Rios seconded the motion, and the vote was 12 to 0 in favor with Ms. Cole, Mr. Minto and Ms. Salas absent.

DISCUSSION ITEMS

30. None.

REPORT ITEMS

45. Pacific Imperial Railroad (PIR) Desert Line Agreement - Status Update (Karen Landers)

Karen Landers, General Counsel, provided a status update on the PIR Desert Line Agreement. Ms. Landers commented that she and Mr. Jablonski attended a Smart Borders Coalition meeting with PIR and Baja Rail. The other people in attendance at the meeting made it clear that they are very interested in this project and want to see it move forward as quickly as possible. It was reported at that meeting that PIR and Baja Rail have been meeting weekly for the last several months to discuss establishing both short and long term agreements. There is no agreement set as of now, but both parties stated that they are close to closing an agreement. Baja Rail reported on significant work that they have done on their line and facilities in Mexico. PIR reported that they have resolved their payment issues with JL Patterson, which is their railroad engineering firm. PIR has also hired contractors and materials are currently being ordered. A JL Patterson representative said it will take about \$10 million to get the line ready for

test train operations. The next PIR payment of \$500,000 is due on July 1, 2015. Ms. Landers noted that MTS has hired its own consultant to assist and advise MTS on reviewing the work plans and the information submitted by PIR. The consultants will also be going out to oversee the work that will be done on the line to ensure it is consistent with Federal Railroad Administration (FRA) requirements. Ms. Landers stated that she anticipates having a much more detailed update at the June Board meeting.

Mr. Jablonski commented that there has been extensive work done by PIR trying to enact an agreement with Baja Rail. There has been progress, but an agreement is still not in place yet.

Ms. Emerald asked why this agreement has been so hard to put into place between PIR and Baja Rail. Mr. Jablonski replied that PIR has been trying very hard to establish an agreement with Baja Rail, but Baja Rail is still not settling on an agreement yet. Mr. Roberts commented that the economic rewards of this deal are very high, which helps to offset risks.

Mr. Cunningham asked if PIR is still meeting their milestones and complying with their lease contract. Mr. Jablonski replied yes. Mr. Cunningham asked if we are engaging in any milestone extensions at this time. Mr. Jablonski replied that depending on the construction that needs to be done in order to operate a test train there could be a possibility of PIR temporarily running a trucking operation until the line is ready for train operation.

Mr. Sandke commented that he also agrees that the long term economic benefits of this project and the Desert Line are very large and encourages the Board to think towards the long term benefits.

60. Chairman's Report

Chairman Mathis commented that immediately following the Board meeting is a ceremony for the MTS and Coca-Cola laptop scholarship awards.

61. Audit Oversight Committee Chairman's Report

There was no Audit Oversight Committee Chairman's Report.

62. Chief Executive Officer's Report

Mr. Jablonski noted that MTS was awarded the Government Finance Officers Association (GFOA) Certificate of Achievement for Finance and Accounting. He commented that he attended the APTA Bus and Paratransit Conference in Fort Worth, TX. At the conference, MTS was awarded the APTA Safety Award for bus operations. The award video was presented to the Board.

63. Board Member Communications

There were no Board Member Communications.

64. Additional Public Comments on Items Not on the Agenda

There were no additional public comments.

65. Next Meeting Date

The next regularly scheduled Board meeting is June 18, 2015.

66. Adjournment

Chairman Mathis adjourned the meeting at 11:15 a.m.



Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:



Clerk of the Board
San Diego Metropolitan Transit System



General Counsel
San Diego Metropolitan Transit System

Attachment: Roll Call Sheet

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS
ROLL CALL

MEETING OF (DATE): May 14, 2015

CALL TO ORDER (TIME): 9:03 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 9:12 a.m.

RECONVENE: 9:54 a.m.

PUBLIC HEARING: 9:55 a.m.

RECONVENE: 10:52 a.m.

ORDINANCES ADOPTED: _____

ADJOURN: 11:15 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
BRAGG	<input checked="" type="checkbox"/> (Bilbray) <input type="checkbox"/>	9:03 a.m.	11:11 a.m.
COLE	<input type="checkbox"/> (Alvarez) <input type="checkbox"/>		
CUNNINGHAM	<input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/>	9:03 a.m.	11:15 a.m.
EMERALD	<input checked="" type="checkbox"/> (Alvarez) <input type="checkbox"/>	9:03 a.m.	11:15 a.m.
GASTIL	<input type="checkbox"/> (Jones) <input checked="" type="checkbox"/>	9:03 a.m.	11:15 a.m.
GLORIA	<input checked="" type="checkbox"/> (Alvarez) <input type="checkbox"/>	9:40 a.m.	11:15 a.m.
MATHIS	<input checked="" type="checkbox"/>	9:03 a.m.	11:15 a.m.
MCCLELLAN	<input checked="" type="checkbox"/> (Ambrose) <input type="checkbox"/>	9:03 a.m.	11:15 a.m.
MCWHIRTER	<input checked="" type="checkbox"/> (Arapostathis) <input type="checkbox"/>	9:03 a.m.	11:15 a.m.
MINTO	<input type="checkbox"/> (McNelis) <input type="checkbox"/>		
RIOS	<input checked="" type="checkbox"/> (Sotelo-Solis) <input type="checkbox"/>	9:03 a.m.	11:11 a.m.
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:03 a.m.	11:15 a.m.
SALAS	<input type="checkbox"/> (Miesen) <input type="checkbox"/>		
WOIWODE	<input type="checkbox"/> (Sandke) <input checked="" type="checkbox"/>	9:03 a.m.	11:15 a.m.
ZAPF	<input checked="" type="checkbox"/> (Alvarez) <input type="checkbox"/>	9:03 a.m.	11:15 a.m.

SIGNED BY THE CLERK OF THE BOARD:



CONFIRMED BY THE GENERAL COUNSEL:

