

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

MINUTES

November 12, 2015

1. Roll Call

Chairman Mathis called the Board meeting to order at 9:03 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Ms. Rios moved to approve the minutes of the October 29, 2015, MTS Board of Directors meeting. Mr. McClellan seconded the motion, and the vote was 11 to 0 in favor with Mr. Cunningham, Ms. Emerald, Mr. Minto and Mr. Roberts absent.

3. Public Comments

*Ric Rotterman* – Mr. Rotterman commented about the smoking problems at bus stops. He said that second hand smoke is affecting children waiting at bus stops. Mr. Rotterman said he hopes there is something that can be done to prevent people from smoking in non-smoking areas.

*Ashok Paramcsuaren* – Mr. Paramcsuaren said that he is a psychiatrist in San Diego. He said that the majority of his patients require disabled passes for the MTS system, but many of his patients are denied through MTS's application process. He said that MTS's disabled pass program qualifications seem to be stricter and inconsistent compared to other transit agencies. He would like to see the program clarified and more consistent with other transit agencies.

4. Appointment of Ad Hoc Nominating Committee for Recommending Appointments to MTS Committees for 2016 (Sharon Cooney)

Chairman Mathis reviewed the process for appointing the Ad Hoc Nominating Committee for recommending appointments to MTS Committees for 2016. Chairman Mathis recommended himself, Vice-Chair Roberts, Chair Pro-Tem Gloria, Ms. Bragg and Mr. Minto to serve on the Committee for 2016.

Action Taken

Ms. Zapf moved to appoint Chairman Mathis, Vice-Chair Roberts, Chair Pro-Tem Gloria, Ms. Bragg and Mr. Minto as the Ad Hoc Nominating Committee to make recommendations to the Board with respect to the appointment of the Board to serve as Vice-Chair, Chair Pro-Tem and on MTS and non-MTS committees for 2016. Mr. McClellan seconded the motion, and the vote was 13 to 0 in favor with Ms. Emerald and Mr. Cunningham absent.

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 October 13, 2015

7. Rail Welding Maintenance Services - Contract Award  
Action would authorize the Chief Executive Officer (CEO) to execute MTS. Doc. No. PWL169.0-15 with Morrison Metalweld Process Corp. for the provision of rail welding maintenance services for five years, beginning on December 1, 2015 and ending on November 30, 2020.
8. San Diego Trolley, Inc. Rail Noise Suppression Lubricant - Contract Award  
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L1254.0-15 with Neleco, Inc., for the provision of rail noise suppression lubricant for a five year term.
9. Investment Report - September 2015
10. Driver Control Units Version 2 - Sole Source Contract Award  
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1860.0-16, with Cubic Transportation Systems, Inc. (Cubic), on a sole source basis, for the provision of Driver Control Units Version 2 (DCU), over a four year period, starting on December 18, 2015 and ending on December 17, 2019.
11. Semiannual Uniform Report of Disadvantaged Business Enterprise (DBE) Awards or Commitments and Payments
12. MTS Mile Post 2.72 Bridge Replacement - Award Work Order Under a Job Order Contract  
Action would authorize the Chief Executive Officer (CEO) to execute Work Order No. MTSJOC7501-02, under MTS Doc. No. PWL182.0-16, with Herzog Contracting Corporation (Herzog) for the provision of services, materials and equipment for the replacement of a railroad bridge at mile post 2.72 over the westbound track on the Blue Line.
13. Fiscal Year 2015-2016 Low Carbon Transit Operations Program (LCTOP) Funding  
Action would: (1) adopt Resolution No. 15-16 which agrees to comply with all conditions and requirements set forth in the Certification and Assurances Document, and applicable statutes, regulations, and guidelines for all LCTOP funded transit projects; (2) authorize the Chief Executive Officer (CEO), or designated representative, to execute all required documents of the LCTOP and any amendments thereto with the California Department of Transportation; and (3) authorize the use of, and application for, \$3,663,014 in Fiscal Year 2015-2016 LCTOP funding for capital projects which reduce greenhouse gas emissions and approve mobility with a priority on serving disadvantaged communities.

#### COMMENTS ON RECOMMENDED CONSENT ITEMS

Chairman Mathis noted that Consent Item No. 7 will be pulled from the agenda and brought back at a later date.

Chairman Mathis asked Mr. Jablonski to comment on Consent Item No. 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 October 13, 2015", in case there were any questions related to the item. Mr. Jablonski noted that Pacific Imperial Railroad (PIR) is now under new ownership. He stated that the new group will be coming to San Diego next week and he will meet with them while they are in town. He said that the Board will continue to receive status updates going forward. Mr. Jablonski also commented that they have begun working with RL Banks & Associates, a rail consulting firm, to work with PIR and Baja Rail to make recommendations on how to proceed with a bi-national rail agreement.

Ms. Cole commented on Consent Item No. 11, "Semiannual Uniform Report of Disadvantaged Business Enterprise (DBE) Awards or Commitments and Payments". She asked why the number of DBEs is low compared to our goal and how the process is evaluated. Karen Landers, General Counsel, replied that there are two types of reported categories – contracts awarded and contracts completed. She said for this reporting period, with federal dollars, we had 2.96%, which was under the goal, and for the contracts completed, we had 0.00%. She noted that number fluctuates significantly over time because that refers to every contract that terminated or finished during that six month period. She referenced attachment C which shows the history of our DBE realization for the last several years and ends at this last triennial period. She noted that the new DBE goal going forward will be 3.75%. Ms. Landers said that for the triennial period, MTS's cumulative DBE attainment was 3.78% for contracts awarded and 5.98% for contracts completed. She noted that even though we were 0.00% for contracts completed during this reporting period, during the triennial reporting period we were above that goal for contracts completed and just shy of the goal for contracts awarded. Ms. Cole inquired about the DBE outreach efforts. Ms. Landers replied that our Staff Attorney, Samantha Leslie, spends a lot of time on DBE outreach and analyzing the efforts to increase DBE contracts.

Action on Recommended Consent Items, excluding Consent Item No. 7

Mr. Gloria moved to approve Consent Agenda Item Nos. 6 – 13, excluding Consent Item No. 7. Ms. Cole seconded the motion, and the vote was 13 to 0 in favor with Ms. Emerald and Mr. Cunningham absent.

CLOSED SESSION

24. None.

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS:

30. Fiscal Year 2015 Comprehensive Annual Financial Report (Erin Dunn and Larry Marinesi; Kenneth Pun and Gary Caporicci of Pun & McGeady)

Ernie Ewin, Chairman of the Audit Oversight Committee, provided an introduction to the Fiscal Year 2015 Comprehensive Annual Financial Report (CAFR). Mr. Ewin thanked the MTS staff for all of their great work on the CAFR and the Audit Oversight Committee for their input. He noted that this year's CAFR has new items that were required. Erin Dunn, MTS Controller, introduced the outside auditors, Ken Pun and Gary Caporicci, of Pun & McGeady.

Mr. Pun reviewed management's responsibilities, auditor's responsibilities and the approach to the audit. He stated that the approach is broken down into four phases including detailed planning; a risk based review of internal controls over systems and compliance; validation of account balances; and a review of financial statements and issuing the audit opinion. Mr. Caporicci reviewed the results of the summary statement of net position; the summary consolidated statements of revenues, expenses and changes in net position; the summary statement of cash flows; net pension liability of defined benefits plans; pension expense of defined benefit plans; deferred outflows and inflows of resources of defined benefits plans; and the schedule of funding progress of other post-employment healthcare plans. He stated that

they will continue to update the Audit Oversight Committee on the Governmental Accounting Standards Board (GASB) pronouncements.

Mr. Pun reviewed the audit results and noted that they had an unmodified opinion. The unmodified opinion states that the financial statements are fairly presented in all material respects; significant accounting policies have been consistently applied; estimates are reasonable; and disclosures are properly reflected in the financial statements. He commented that Note 12 in the CAFR is now a much more expanded note disclosure for pension. Mr. Pun also reviewed other results stating that they had no disagreements with Management; no material weaknesses or significant deficiencies in internal controls; and no accounting issues.

Mr. Cunningham asked the auditors if they were given full access to all personnel and documents during their audit. Mr. Pun replied that they were given everything they needed and in a timely manner. Mr. Cunningham inquired if there were any policies or procedures that they recommend we change going forward. Mr. Pun replied that there are none.

Mr. Ewin inquired if there was anything else the auditors wanted to discuss. Mr. Caporicci replied no.

Mr. Minto commented that when he was previously on the AOC, there was discussion about upcoming changes to GASB and he wondered what would be the result of those changes. He said that it looks MTS received the best outcome. Mr. Minto inquired if MTS is in better shape than other agencies regarding pension. Mr. Caporicci said that MTS is in much better shape than other agencies across the country.

Mr. Ewin referred to page VIII in the report and commended the Finance department on receiving the Certificate of Achievement for Excellence in Financial Reporting.

#### Action Taken

Mr. Minto moved to receive the Fiscal Year (FY) 2015 Comprehensive Annual Financial Report (CAFR). Mr. Gastil seconded the motion, and the vote was 14 to 0 in favor with Ms. Emerald absent.

31. Amendment to Lease Agreement with SYPS, LLC for San Ysidro Intercity Bus Terminal Facility at Rail Court (Karen Landers)

Karen Landers, General Counsel, provided a presentation on the amendment to the lease agreement with SYPS, LLC. She reviewed the purpose of the amendment which includes updating the construction costs eligible for expense deduction based on actual costs incurred, and updating the lease exhibits to reflect the new design and operating plan. Ms. Landers reviewed the before condition of the property and listed the items that were included in the original site plan. She reviewed the history of this property and noted that SYPS, LLC was formed by Greyhound and Bricehouse, MTS's master concessionaire, to lease the property for the purpose of running a private carrier terminal. The lease was approved by the MTS Board in October 2012. She reviewed the SYPS lease terms which included that the terminal must be available at commercially reasonable rates to all carriers. In addition, SYPS committed to constructing capital improvements to provide passenger amenities, ticket booths, retail booths, safety features and limit unauthorized access and use. She stated that under the lease MTS will receive 65% of net revenue of the operation and MTS will assign additional security to the site. Ms. Landers said that the general goal of this lease was to improve the facility and management at Rail Court for the passengers and the private carriers using the facility and to receive revenue

for private use of public property. Under the lease, SYPS was to construct the improvements with no funds contributed by MTS, but SYPS can recover the costs of construction as an eligible expense under the lease before MTS and SYPS split the net revenue. She stated that SYPS proposed a new revenue model to fund improvements and increased management expenses including slip fees, passenger fees, retails and ticket booths, totaling \$532,000 per year. The estimated operating expenses were approximately \$265,000 per year for cleaning, on site management, trash, repairs, utilities, supplies, benefits, insurance, audit, administration and maintenance reserve.

Ms. Landers said that during discussion and outreach for the SYPS implementation, private carriers were interested and concerned about the new operating plan. The outreach resulted in changes to the proposed construction plan and operating plan. The changes included eliminating the passenger fee, adding pay-per-use restrooms, increasing slip fees and capacity, and increasing retail and ticket booths. The SYPS implementation delays increased the capital costs by \$283,000 and increased the operating costs \$60,000 per year. Another delay that occurred was the GSA project, which delayed construction for six to nine months, and the ongoing GCW litigation. Ms. Landers reviewed the construction status and listed the completed and still pending items. She also provided pictures of the construction that has taken place at the facility.

Lastly, Ms. Landers reviewed the impact to MTS and noted that there is no budget impact and the revenue was not included in the current budget. There will be a delay and reduction in the anticipated revenue to MTS. The original estimated revenue was \$175,000 per year and the new estimated revenue is now \$126,000 per year beginning in 2019.

Ms. Bragg inquired what percentage of the bathrooms at the facility would be ADA compliant. Francisco Bates, with SYPS, replied that one of the six bathrooms is strictly ADA. Ms. Bragg inquired about the security booth that will be located at the facility. Ms. Landers replied that MTS will extend its security staff to the location to assist at the facility.

Ms. Rios inquired about the ongoing GCW litigation. Ms. Landers provided a brief background on the litigation and noted that McDonald's currently has an unauthorized door at the back of their building which opens out to MTS's terminal property. This door is letting the McDonald's customers go in and out of their building leading out to MTS's terminal property. She stated that construction at the facility will continue as planned and they will have the door inside of the McDonald's changed to an emergency only door so that it does not have people coming out on to the terminal site.

#### Action Taken

Ms. Bragg moved to authorize the Chief Executive Officer to execute MTS Doc. No. G1509.1-13, amending the lease with SYPS, LLC regarding the San Ysidro Intercity Bus Terminal Facility on Rail Court, in the City of San Diego ("Rail Court Terminal"). Ms. Salas seconded the motion, and the vote was 14 to 0 in favor with Ms. Emerald absent.

## REPORT ITEMS

### 45. Fiscal Year 2015 Annual Performance Monitoring Report (Denis Desmond and Sharon Cooney)

Denis Desmond, Manager of Planning, provided a presentation on the Fiscal Year (FY) 2015 Annual Performance Monitoring Report. He reviewed Policy 42 evaluation criteria and stated that there are twenty different metrics within the policy that are used to evaluate service. He reviewed the results of the annual total passengers and noted that MTS had a record year for

total passengers system wide. Mr. Desmond reviewed the results for average weekday passengers, passengers per revenue hour, on-time performance, mean distance between failures, preventable accidents per 100,000 miles, complaints per 100,000 passengers, and farebox recovery ratio. He provided a preview of ridership results for FY16 through August 2015. He also discussed the Senior/Disabled/Medicare (S/D/M) and UC San Diego (UCSD) ridership results. He noted that due to enhanced enforcement of eligibility process and ID requirements, there has been an increase in adult ridership and a decrease in S/D/M ridership. Mr. Desmond also stated that the UCSD U-Pass program started September 2014, but it is not valid during the summer. The summer 2015 students purchased transit passes at the regular College Pass price.

Mr. McWhirter asked what the plus or minus minutes is that determine whether or not a service is on-time. Mr. Desmond replied that on-time is defined as 0 to 5 minutes within the scheduled departure time.

Mr. Gloria commented on the increase of passengers and asked how many of the numbers are from the Automated Passenger Counters (APCs). Mr. Desmond replied that the APCs provide the ridership numbers by stop and the fare boxes also provide ridership numbers. Mr. Gloria commended the results of the record ridership numbers.

Mr. Roberts inquired if staff could work with UCSD to make a deal for the summer session, similar to the regular school session U-Pass transit program. Ms. Cooney replied that staff has been working with UCSD and will continue to do so to find a solution for the summer session. She noted that MTS staff and UCSD staff meet quarterly to discuss these matters.

Ms. Zapf commented on the Access service and inquired who can use this service. Mr. Desmond replied that there is a qualification process and the person must be disabled and unable to ride the fixed route service due to their disability. Ms. Zapf asked if the service is point to point. Mr. Desmond replied that they try to group passengers together going to the same places and areas. She asked if the qualifications were also based on income. Ms. Cooney replied that this service is never based on income. She stated that a lot of the rules and regulations are coming from the Federal Transit Administration (FTA). The FTA also just released a guidebook stating all of the rules and regulations for this type of Access service.

Mr. Sandke inquired about the decrease in passengers on the urban frequent bus service. Mr. Desmond replied that the major part of the decrease was from the shift of people using the urban routes and moving to the Rapid service routes.

Mr. McClellan inquired if Access service has a two to three hour window for service pickups. Mr. Jablonski replied that the reservations have to be made at least one day in advance and the window times are negotiated between the contractor and the client. He also noted that the trips taken on Access service can be used to go anywhere, not only for doctor appointments. Mr. Jablonski said that they have been actively discussing Access service and evaluating it to see how the service can more efficient and effective.

Mr. Jablonski commented about the S/D/M program and noted that about 30% of passengers, system wide, are S/D/M riders and that number continues to increase. He stated that the S/D/M pass is \$18.00 per month versus an adult pass which is \$72.00 per month. The cost of the S/D/M pass was implemented with TransNet. He said that one of the biggest educational pieces, especially with caregivers and doctors, is that this program is a disability based program and it is not an economic based program. Mr. Jablonski said there has been an aggressive outreach with MTS's security team to enforce the S/D/M program. Ms. Landers commented that

the S/D/M program qualifications do not fall under any ADA disability requirements, but it is driven by transit-related ADA disability requirements. For the long form applications, the doctors of the applicants must be able to articulate how the disability of their patient impacts their ability to ride transit.

46. Fiscal Year 2015 Final Budget Comparison (Mike Thompson)

Mike Thompson, Director of Financial Planning and Analysis, provided a report on the FY 2015 final budget comparison. He reviewed the results of total operating revenues and stated that they were unfavorable by 0.5%. The total operating expenses were favorable by 0.4%. He reported that the total non-operating revenues were unfavorable by 0.2%, and the total revenues less expenses were only unfavorable by \$43,000, or nearly 0.0%. Mr. Thompson reviewed the contingency reserves and stated that as of June 30, 2015, the balance was \$30 million. The balance represents 11.4% of the FY 2016 operating budget and the goal is to get to 12.5% by FY 2016.

47. Operations Budget Status Report for September 2015 (Mike Thompson)

Mr. Thompson presented the operations budget status report for FY 2016 results through September 2015. He reviewed the total operating revenues and total operating expenses. He stated that the total operating variance was favorable by 2.5%. Mr. Thompson also reviewed the on-going concerns including sales tax subsidy revenues, State of California budget, passenger levels and energy prices.

Mr. Gloria inquired about the discrepancies with the TransNet operating revenues with SANDAG. Mr. Thompson replied that MTS receives the net subsidy of the TransNet operating revenue. He said that when they were initially putting the budget together, they were estimating passenger, expense and revenue levels. The actual subsidy results from TransNet came in lower than the estimated results. Mr. Gloria inquired about the State of California budget and inquired if it was unusual to not have the projected budget amount yet. Mr. Thompson replied that it is unusual, but the State of California was late on finalizing the budget which has postponed the date for receiving the projected budget amount.

60. Chairman's Report

There was no Chairman's Report.

61. Chief Executive Officer's Report

Mr. Jablonski reported that he attended the APTA Annual Conference in San Francisco. He also reported that he traveled to Munich, Germany and Dublin, Ireland. He stated that MTS is working on a project to do next train arrival by GPS system and has been working closely with Cisco Systems as well as Davra, which is an Irish company. He said that Ireland has a portion of its government, Enterprise Ireland, which is very economic and business interest oriented. They invited him to come to Ireland to meet with the principals of Davra as well as other transportation related companies. Mr. Jablonski said that there is an international organization, similar to APTA, called the UITP, and they invited him to Munich, Germany to attend a large international conference which occurred right before the meetings in Ireland. Enterprise Ireland agreed to fly him to Munich and then from Dublin back to San Diego. The UITP also waived most of the fees for their conference. He noted that the only MTS costs were for the hotel in Munich and the flight from Munich to Dublin.

62. Board Member Communications

There were no board member communications.

63. Additional Public Comments on Items Not on the Agenda


There were no additional public comments.

64. Next Meeting Date

The next regularly scheduled Board meeting is December 10, 2015.

65. Adjournment

Chairman Mathis adjourned the meeting at 10:53 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): November 12, 2015

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

RECESS: \_\_\_\_\_

RECONVENE: \_\_\_\_\_

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

RECONVENE: \_\_\_\_\_

PUBLIC HEARING: \_\_\_\_\_

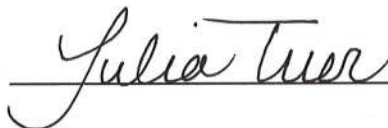
RECONVENE: \_\_\_\_\_

ORDINANCES ADOPTED: \_\_\_\_\_

ADJOURN: 10:53 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
BRAGG	<input checked="" type="checkbox"/> (Bilbray) <input type="checkbox"/>	9:03 a.m.	10:53 a.m.
COLE	<input checked="" type="checkbox"/> (Alvarez) <input type="checkbox"/>	9:03 a.m.	10:53 a.m.
CUNNINGHAM	<input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/>	9:35 a.m.	10:53 a.m.
EMERALD	<input type="checkbox"/> (Alvarez) <input type="checkbox"/>		
GASTIL	<input checked="" type="checkbox"/> (Jones) <input type="checkbox"/>	9:03 a.m.	10:53 a.m.
GLORIA	<input checked="" type="checkbox"/> (Alvarez) <input type="checkbox"/>	9:03 a.m.	10:53 a.m.
MATHIS	<input checked="" type="checkbox"/>	9:03 a.m.	10:53 a.m.
MCCLELLAN	<input checked="" type="checkbox"/> (Ambrose) <input type="checkbox"/>	9:03 a.m.	10:53 a.m.
MCWHIRTER	<input checked="" type="checkbox"/> (Arapostathis) <input type="checkbox"/>	9:03 a.m.	10:53 a.m.
MINTO	<input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/>	9:09 a.m.	10:53 a.m.
RIOS	<input checked="" type="checkbox"/> (Sotelo-Solis) <input type="checkbox"/>	9:03 a.m.	10:53 a.m.
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:05 a.m.	10:53 a.m.
SALAS	<input checked="" type="checkbox"/> (Miesen) <input type="checkbox"/>	9:03 a.m.	10:53 a.m.
WOIWODE	<input type="checkbox"/> (Sandke) <input checked="" type="checkbox"/>	9:03 a.m.	10:53 a.m.
ZAPF	<input checked="" type="checkbox"/> (Alvarez) <input type="checkbox"/>	9:03 a.m.	10:53 a.m.
EWIN (AOC Chairman – Non Voting)	<input checked="" type="checkbox"/>	9:03 a.m.	9:50 a.m.

SIGNED BY THE CLERK OF THE BOARD:



CONFIRMED BY THE GENERAL COUNSEL:

