

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

December 3, 2015

## MINUTES

### A. ROLL CALL

Chairman Mathis called the Executive Committee meeting to order at 9:03 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 October 15, 2015, MTS Executive Committee meeting. Mr. Roberts seconded the motion, and the vote was 4 to 0 in favor with Mr. Cunningham absent.

### C. COMMITTEE DISCUSSION ITEMS

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

Karen Landers, General Counsel, reported on the PIR Desert Line Agreement. She noted that at the October and November meetings, it was reported that the majority shareholder interests had transferred to a group of investors from New York called Conatus Capital Group. Ms. Landers stated that the shareholders came to San Diego recently and met with their counterparts in Mexico, including the Governor of Baja California, and they also met with her, Mr. Jablonski and Supervisor Roberts. She stated that the shareholders also took a helicopter and flew the Desert Line to view and inspect the Line. Ms. Landers said that last night she received the updated reconstruction plan that PIR worked with JL Patterson to complete. She noted that she will begin to review the reconstruction plan and will also be sending the plan to our consultant at RailPros to review.

#### Public Comment

*Mitch Beauchamp* – Mr. Beauchamp noted that he was the Manager of the Mexican rail line from 2002 to 2007. He stated that during that time he was awarded the rights to have a passenger train contract. He noted that he still has passenger cars on the rail line at mile post 99. Mr. Beauchamp said that his passenger cars are being vandalized and copper is being stolen from the cars. He stated that his main issue is that there is no security in the area or on the rail line and that issue needs to be addressed.

Ms. Landers commented that with the previous ownership there are a lot of people appearing to be storing their personal vehicles and equipment out on the rail line that we have no records that MTS and SD&AE ever approved. She stated that one of the things that PIR will do once construction begins is to clear the rail line of all the abandoned equipment. Ms. Landers also stated that people are not allowed to enter onto the track or move any equipment without a right-of-entry permit from MTS. She encouraged Mr. Beauchamp to make an itemization of the things that are his and what he wants to do to remove them from the rail line.

Action Taken

No action taken.

5. San Diego Metropolitan Transit System (MTS) Transit Store Project (Bill Spraul and Laura Warner, CityWorks) (TAKEN OUT OF ORDER)

Bill Spraul, Chief Operating Officer – Transit Services, stated that this is an update on the status of the Transit Store Project. He introduced Laura Warner, with CityWorks, to present on the status of the project, as well as the design, budget and schedule updates. Ms. Warner continued the presentation and reviewed the project description and goals for the Transit Store Project. She reviewed the existing conditions of the outside and the inside space of the building. Ms. Warner reviewed the design update and provided images showing the space for the Transit Store portion of the building. She also presented images of the exterior and interior perspectives of the space. Ms. Warner presented the various color finishes and materials that will be used inside and outside of the Transit Store. She gave an update on the schedule for the project and noted that the construction start date would begin in February 2016 and the construction completion date would be May 2016. Ms. Warner reviewed the cost estimate update and stated that the grand total cost would be \$1,198,000. Lastly, she reviewed the next steps which are to bid and award the contract; construction; fixturing; move and open for business; and then market and negotiate a lease for the restaurant space.

Mr. Gloria inquired about the restaurant space. Ms. Landers replied that the plan was to have the separating wall up between the two units before moving forward on marketing the restaurant space. Mr. Gloria inquired when the restaurant space would open. Ms. Landers stated that they would estimate about a year from now. Mr. Gloria inquired about the current location of the Transit Store and its lease. Mr. Jablonski replied that the current Transit Store lease is up in June 2016.

Mr. Roberts inquired about the Mills Building ground floor lease. Mr. Jablonski replied that the ground floor of the Mills Building and the 9<sup>th</sup> and 10<sup>th</sup> floor are all under MTS's current lease. Mr. Roberts commented on the signage outside of the front door and said that the sign looks too small and recommended that the sign be enlarged. Mr. Roberts also recommended staff to try and design the clerk booths to look like the front of trolleys and buses.

Ms. Bragg inquired if the restrooms were staff only or if they would be for public use. Mr. Jablonski replied that the restrooms will be staff only and not for public use.

Action Taken

No action taken.

4. Superlative Group Contract – Commission Payment (Paul Jablonski) (TAKEN OUT OF ORDER)

Mr. Jablonski provided a presentation on the Superlative Group Contract. He stated that the Superlative Group was hired in 2010 and assisted in brokering the UC San Diego Blue Line Naming Rights deal in July 2015. He stated that there are two matters to

discuss. The first one is the paying of their commission and the second is their going forward contract. Mr. Jablonski reviewed the gross revenues for the naming rights contract and noted that the revenues will be approximately \$36 million, assuming an inflation factor of 2.8%. He then discussed the commission options in the Superlative Group contract. The first option was to pay a 12% commission over the whole 30 year contract, which would result in approximately \$4.2 million. The second option was to pay a 6% commission over three years, which would result in approximately \$2.0 million. Mr. Jablonski stated that he had a discussion with the Superlative Group and they said they would like to be paid up front. He told Superlative Group that he preferred paying over the 30 year term and in order to pay in a shorter time frame there would need to be incentives. Mr. Jablonski reviewed the two alternative accelerated options proposed by Superlative Group. The second of the two options, Option 2B, is the option the Superlative Group favors. This option would pay \$1.6 million up front and one time. Option 2A would pay \$1.8 million over three years.

Mr. Jablonski noted that Option 2A is more in line with the contract and matches our income/cash flow with what we pay the Superlative Group, and Option 2B has an overall savings of \$200,000. He also stated that the next steps are to develop the terms to extend the contract for up to four years to continue naming rights negotiations for trolley lines and stations, and to bring the contract extension to the Executive Committee and Board for approval in January. Mr. Jablonski asked for input and recommendations on which commission option to select.

Mr. Roberts commented that if we have the money available, paying the \$1.6 million up front and saving \$200,000, instead of paying out over three years, would be the better option.

#### Action Taken

Mr. Roberts moved to direct the UC San Diego Blue Line naming rights commission payment under Option 2B, paying the Superlative Group a commission totaling \$1,600,000 in year one upon receipt of the naming rights payment from UC San Diego. Ms. Bragg seconded the motion, and the vote was 4 to 0 in favor with Mr. Cunningham absent.

### 3. Bus Shelter Procurement (Paul Jablonski) (TAKEN OUT OF ORDER)

Mr. Jablonski provided an update on the Bus Shelter Procurement. He noted that the original procurement was awarded to Brasco. Brasco provided a prototype shelter and there were some issues with the construction of the first shelter, so they provided a second prototype shelter. The second prototype shelter also had a number of structural problems. Mr. Jablonski noted that the ultimate decision was to terminate the contract, pay for the two prototype shelters, and move on to another company. He said that the next step will be to follow our procurement procedures which allow us to go back into the procurement and look at the next highest rated bidder and begin to negotiate terms with that company.

#### Action Taken

No action taken.

2. Retiree Health Care Update (Jeff Stumbo) (TAKEN OUT OF ORDER)

Mr. Jablonski stated that we made a significant change to retiree health care which will start January 1, 2016. He noted that we have just under 100 eligible retirees and approximately two-thirds are Medicare eligible and one-third of the retirees are early retirees. Mr. Jablonski stated that we changed their health care for two reasons. The first reason is that the retirees were a part of our three health care group plans, Kaiser, Anthem HMO and Anthem PPO, and we saw that the retirees were adversely affecting our rates. The second reason, as a part of the Affordable Care Act (ACA), is the "Cadillac Tax", which will result in plans that exceed thresholds incurring a 40% excise tax. The Anthem PPO plan already exceeds the threshold and the Anthem HMO plan is on track to exceed the threshold. Mr. Jablonski stated that due to these reasons, staff wanted to find an alternative for the retirees and to move them off of the active employees' health care group in order to get the prices down.

Jeff Stumbo, Director of Human Resources and Labor Relations, continued the presentation. He stated that retirees earn MTS subsidy based on their years of service, and they max out at 50% subsidy after 30 years of service. Mr. Stumbo said that the new model moves retirees out of the group health plans with active employees to either private Medicare or ACA exchanges. MTS hired Conexis / Health Compare, who employs commission-free licensed insurance brokers, to assist retirees in selecting health insurance. He noted that there has been a huge outreach campaign to talk to each retiree individually. Mr. Stumbo said that another change is that the MTS subsidy going forward will be based on the cost of the Anthem HMO plan for active employees. A Health Reimbursement Account (HRA) was also created which allows retirees to cover premiums, co-pays, prescriptions and deductibles.

Mr. Stumbo reviewed the benefits to MTS and noted that it primarily helps in controlling costs. The retirees, particularly early retirees, drive cost increases of health care. This will also eliminate unfair practice of employees subsidizing retiree rates. Mr. Stumbo stated that this change will also help to address the 2018 "Cadillac Tax" thresholds, allow redeployment of resources, and eliminates the unfair subsidy model. Mr. Stumbo reviewed the impact on the retirees. He noted that the impact will depend on the demographic information, their 2015 plan selection, their 2016 plan selection and the health of the retiree. The majority of retirees are expected to benefit from this change, particularly those eligible for Medicare. The Kaiser participants and IBEW represented retirees will benefit and the HRA creates flexibility and the money saved can be carried forward. Mr. Stumbo noted that some retirees will not benefit. He said that the PPO plan members who live in San Diego and Non-Medicare eligible retirees who chose non-Kaiser HMO will see slightly higher costs.

Mr. Stumbo reviewed the next steps stating that staff will continue to monitor the model and will analyze actual data in January 2016 when plan selections are known and determine if fine tuning is needed based on data and feedback.

Action Taken

No action taken.

D. REVIEW OF DRAFT December 10, 2015 BOARD AGENDA

Recommended Consent Items

6. Authorization to Extend and Increase Legal Service Contract with Sohagi Law Group  
Action would: (1) ratify the current contract and payments to the Sohagi Law Group, PLC, approved under the Chief Executive Officer's (CEO) authority, of \$100,000 (MTS Doc. Nos. G1334.0-11 through G1334.3-11); and (2) authorize the CEO to extend the Sohagi Law Group, PLC legal services contract for an additional two years, through January 18, 2018, and increase the not-to-exceed authority for the contract to \$160,000.
7. Fiscal Year 2016 Capital Improvement Program Amendment  
Action would approve the amended Fiscal Year (FY) 2016 Capital Improvement Program (CIP).
8. Uniform Rental/Cleaning Services - Contract Award  
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1844.0-16 with Prudential Overall Supply for the provision of uniform rental and cleaning services for five years.
9. Bridge Rating Inventory (Blue & Orange Line) - Transfer of Funds from San Diego Metropolitan Transit System to the San Diego Association of Governments  
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G0930.17-04.52 for the transfer of funds from San Diego Metropolitan Transit System (MTS) to the San Diego Association of Governments (SANDAG) to allow SANDAG to issue a work order on behalf of MTS for the provision of General Engineering Services for the bridge inspection, determination of safe load capacity, and update the MTS Bridge Management Program report for bridges on the Blue and Orange Line.
10. Towing Services for Buses & Non-Revenue Vehicles - Contract Award  
Action would authorize the Chief Executive Officer (CEO) to: (1) execute MTS Doc. No. G1838.0-16 with RoadOne Towing (RoadOne) for the provision of towing services for MTS buses and non-revenue vehicles for three (3) base years and two (2) optional one-year extensions; and (2) authorize the CEO to exercise each option year at his discretion.
11. Investment Report - October 2015
12. San Diego Metropolitan Transit System (MTS) Green Line Closed-Circuit Television (CCTV) System Upgrades - Contract Amendments  
Action would: (1) Ratify Amendment Nos. 1 through 3 to MTS Doc. No. PWL155.0-14, which were previously approved under the Chief Executive Officer (CEO) approval authority; and (2) Authorize the CEO to execute Amendment No. 4 to MTS Doc. No. PWL155.4-14 with KRATOS Public Safety & Security Solutions, Inc. to increase the total contract spending authority to cover previously unknown site conditions discovered during installation.

13. California Trillium Co. Contract - Contract Amendment to Add Temporary Compressed Natural Gas (CNG) Dispenser at East County Bus Maintenance Facility (ECBMF)  
Action would: (1) Ratify Amendment Nos. 1 and 2 to MTS Doc. No. B0594.0-13 which were previously approved under the Chief Executive Officer's (CEO) approval authority; and (2) Authorize the CEO to execute Amendment No. 3 to MTS Doc. No. B0594.0-13 with California Trillium Co. to authorize construction of a temporary CNG fueling station in conjunction with the East County Bus Maintenance Facility ("ECBMF") construction project.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

There was no SANDAG Transportation Committee agenda discussion.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

There was no Committee Member Communications and Other Business discussion.

G. PUBLIC COMMENTS

*Clive Richard* – Mr. Richard commented on carbon emissions. He asked if MTS is now using compressed landfill gas. Mr. Jablonski replied that MTS is now at 100% renewable green gas.

H. NEXT MEETING DATE

The next Executive Committee meeting is scheduled for January 7, 2016, at 9:00 a.m. in the Executive Committee Conference Room.

I. ADJOURNMENT

Chairman Mathis adjourned the meeting at 10:20 a.m.



Chairman

Attachment: A. Roll Call Sheet

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

ROLL CALL

MEETING OF (DATE) December 3, 2015

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

RECESS \_\_\_\_\_

RECONVENE \_\_\_\_\_

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

RECONVENE \_\_\_\_\_

ADJOURN 10:20 a.m.

BOARD MEMBER		(Alternate)		PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
BRAGG	<input checked="" type="checkbox"/>	(Rios)	<input type="checkbox"/>	9:03 a.m.	10:20 a.m.
CUNNINGHAM	<input type="checkbox"/>	(McClellan)	<input type="checkbox"/>		
GLORIA	<input checked="" type="checkbox"/>	(Emerald)	<input type="checkbox"/>	9:03 a.m.	10:05 a.m.
MATHIS	<input checked="" type="checkbox"/>			9:03 a.m.	10:20 a.m.
ROBERTS	<input checked="" type="checkbox"/>	(Cox)	<input type="checkbox"/>	9:03 a.m.	10:20 a.m.
Transportation Committee Rep Slot (Mathis)					

SIGNED BY THE CLERK OF THE BOARD: 

CONFIRMED BY THE GENERAL COUNSEL: 