

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

MINUTES

April 13, 2017

[Clerk's note: Except where noted, public, staff and board member comments are paraphrased].

5a. Roll Call (Taken Before Finance Workshop)

Chairman Mathis called the Board meeting to order at 9:06 a.m. A roll call sheet listing Board member attendance is attached.

5b. Approval of Minutes (Taken Before Finance Workshop)

Mr. Minto moved to approve the minutes of the March 9, 2017, MTS Board of Directors meeting. Mr. McWhirter seconded the motion, and the vote was 12 to 0 in favor with Mr. Alvarez, Mr. Mullin and Ms. Zapf absent.

3/5c. Public Comments (Taken Before Finance Workshop)

Kathleen MacLeod – Ms. MacLeod commented on the issues she has experienced with ticket vending machines and provided recommendations to help with the problem. She said that she is an infrequent rider but often sees faulty ticket vending machines. Ms. MacLeod recommended that having a stored value option on a Compass Card would be a better solution for the infrequent riders or for people without smartphones. A full transcript of Ms. MacLeod's comments can be found in the final meeting packet.

Michelle Krug – Ms. Krug commented that she is transit dependent and has concerns with the Route 962 bus service potentially being changed to a commuter bus. She said that the commuter bus service is less frequent and would make her transit needs more difficult. Ms. Krug asked that no changes be made to the Route 962 bus service. She also commented on the \$7 charge bus riders have to pay for a one day pass, if they do not already have a Compass Card. On a bus, the rider is not issued a Compass Card, but a paper pass. She said that she has never heard a bus driver inform the passengers that they can go to the Transit Store and turn in their paper pass for a Compass Card. Ms. Krug commented on seeing people not being asked for I.D. at the Transit Store when renewing their Senior/Disabled/Medicare cards. Lastly, she commented on the issue of teenagers sitting in the senior and disabled seating areas of buses and the bus drivers do not tell them to move.

CONSENT ITEMS (Taken Before Finance Workshop)

6. Investment Report – February 2017

7. Lease Agreement with Infinity Investments, LLC at 1695 Main Street, San Diego

Action would authorize the Chief Executive Officer (CEO) to execute a Lease Agreement with Infinite Investments, LLC for a lease at 1695 Main Street, San Diego (MTS Doc. No. G2002.0-17).

8. Amended and Restated Lease Agreement with San Diego Sports Entertainment Center, LLC at 1699 Main Street, San Diego
Action would authorize the Chief Executive Officer (CEO) to execute an amended and restated lease agreement with San Diego Sports Entertainment Center, LLC for a lease at 1699 Main Street, San Diego (MTS Doc. No. L1221.3-15).
9. California Office of Emergency Services (CalOES) Designation of Applicant's Agent Resolution for Non-State Agencies (CalOES Form 130)
Action would adopt the Designation of Applicant's Agent Resolution for Non-State Agencies (CalOES Form 130) to authorize the Chief Executive Officer (CEO), or designated representative, to execute all required documents for the purpose of obtaining certain federal financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.
10. Batteries for Buses - Contract Award
Action would: (1) Authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0665.0-17 with Battery Systems, Inc., and B0667.0-17 with Battery Power, Inc., for batteries for buses for three (3) base years with two (2) 1-year options; and (2) Authorize the CEO to exercise option years, in his discretion.
11. Americans with Disabilities Act (ADA) Paratransit Service - Contract Amendment No. 3
Action would authorize the Chief Executive Officer (CEO) to: (1) Execute Amendment No. 3 to MTS Doc. No. G1205.0-10 (in substantially the same format as Attachment A) with First Transit, Inc. (FTI) to exercise option period 2 (contract years 8 and 9); (2) Reallocate \$1,271,139.00 originally encumbered and included under Amendment No. 1 from the Mobile Data Terminal System (MDTS) and OnBoard Vehicle Video Event Recorder (OBVVER) services to the operational budget; and (3) Increase the contract expenditure authority by \$7,777,264.86 to support services needed for increased ridership and demands in ADA/paratransit services.
12. Federal Legislative Representation - SANDAG Partial Assignment
Action would authorize the Chief Executive Officer (CEO) to execute the Partial Assignment 1 of Agreement for San Diego Association of Governments (SANDAG) Federal Representation Services for a fifty (50) month period effective May 1, 2017.
13. Contract with the City of National City for Taxicab Administration
Action would authorize the Chief Executive Officer (CEO) to enter into an agreement for Taxicab Administration with the City of National City in substantially the same format as in Attachment A.
14. Drug and Alcohol Policy for All San Diego Metropolitan Transit System (MTS) Employees
Action would adopt Resolution No. 17-6, which will implement MTS's updated Drug and Alcohol Policy, in order to comply with Federal Transit Administration regulations and further public safety.
15. Text Messaging Services for Go MTS Short Code
Action would: (1) Ratify previous Purchase Order (PO) 4500001379 award of \$79,750.00 with MIS Sciences, Inc. which was previously issued under MTS's Board Policy Section 41.4.2 "Stand-Alone Purchase Orders"; and (2) Authorize the Chief Executive Officer (CEO) to execute

a sole source extension to the PO with MIS Sciences, Inc. (MIS Sciences) through July 31, 2017 and increase capacity by \$55,500.00 for a revised total PO value of \$135,250.00.

BOARD COMMENTS

Mr. Goble requested to pull consent item number 8. Chairman Mathis stated that consent item number 8 would be pulled and the Board would vote on the remaining consent items.

Action on Recommended Consent Items, excluding Item 8

Mr. McWhirter moved to approve Consent Agenda Item Nos. 6 – 15, excluding No. 8. Ms. Rios seconded the motion, and the vote was 13 to 0 in favor with Mr. Alvarez and Mr. Mullin absent.

BOARD COMMENTS

Mr. Goble inquired about consent item number 8 and stated that he believes the current tenant is \$44,000 in arrears on the lease. He stated that the current lease agreement calls for the payments to start in April of this year and inquired if the tenant had paid their first payment on the arrearage. Ms. Landers responded that the tenant has made their first payment.

Action on Recommended Consent Item No. 8

Mr. Goble moved to approve Consent Agenda Item No. 8. Mr. McWhirter seconded the motion, and the vote was 13 to 0 in favor with Mr. Alvarez and Mr. Mullin absent.

DISCUSSION ITEMS (Taken Before Finance Workshop)

30. Assembly Bill 805 (Sharon Cooney)

Sharon Cooney, Chief of Staff, provided a presentation on Assembly Bill 805. She reviewed the details of the bill including proposed changes to the San Diego Association of Governments (SANDAG), North County Transit District (NCTD) and MTS. Ms. Cooney discussed the proposed MTS changes which authorizes the Board to levy a sales tax for transit purposes; maintains the 15 member Board; eliminates the Board-appointed chair and makes the Mayor of the most populous city chair; adds a second Chula Vista Board member; and requires that all mayors be the primary Board members. She also reviewed the proposed voting procedures for the MTS Board including that all Board actions would require a weighted vote of the members present and removes the prohibition on using the weighted vote for purely intracity local service issues; removes the cap on the City of San Diego's weighted vote; removes the requirement that an affirmative vote must achieve 51% plus 3 separate jurisdictions; and splits the Chula Vista weighted vote evenly between the City's two representatives.

Ms. Cooney stated that on April 6, 2017, the Executive Committee recommended to oppose AB 805 (as amended March 23) unless amended to remove everything related to MTS except the sales tax authority. She noted that further amendments were published on April 6, 2017. Ms. Cooney reviewed the most recent amendments to the bill including that the chair and vice chair positions would rotate every four years between the two most populous cities (San Diego and Chula Vista); the County representative would be the Supervisor for the district that has the greatest percentage of its area in the incorporated area (currently District 4); and for the sales

tax component, “public transit purposes” would be defined to include specific bike and pedestrian facilities and improvements. She also discussed the areas of clarification that need to be addressed in the bill. Ms. Landers also clarified that the current policy on weighted voting requires at least two cities to make a motion for a weighted vote and for at least three cities to pass the weighted vote. Ms. Cooney reviewed next steps which include the bill being referred to the Local Government, Transportation and Appropriations committees. She stated that MTS staff has only received direction regarding the authorization to levy a sales tax and that staff is seeking direction regarding the advocacy position as well as the potential amendments.

PUBLIC COMMENTS

Lorena Gonzalez Fletcher – Assemblywoman Gonzalez Fletcher commented on the structure of SANDAG and MTS and the funding that is received from the state. She noted that the funding is received on a per capita basis, however many of the cities have not received those per capita dollars or representation. She said that she has looked at adjustments to create a more balanced and fair structure in the representation. The Assemblywoman said that she represents the cities in her jurisdiction in the south bay. She stated that she will not change in the bill the requirement to have an independent auditor at SANDAG to help with the accountability issues. She commented on the regional power issue and stated that the intention was not to give the City of San Diego an overriding interest. She said that she is willing to work on these issues to give a more proportional balance to the votes. The Assemblywoman commented that she will also make amendments to address the concern that was raised regarding the mayors being required to sit on the Board. She mentioned that MTS has already voted to support the sales tax authority proposal. She noted that the sales tax measure would be required to improve transit and could also include bikeway and pedestrian improvements too. The Assemblywoman reminded the Board that this bill has not been heard yet in any Assembly Committees, and asks for the Board to work with her to make any necessary amendments. Lastly, she said that the communities who have been left out of the discussion and have not had an equitable voice will gain it through this process. She asked that the Board consider taking a neutral position or taking a position of support if amended rather than oppose the bill today.

Ron Morrison – Ron Morrison, Mayor of National City, commented on behalf of the City of National City. He stated that there are parts of the bill that they agree with, but there are other parts that they do not agree with as the bill is written today. He stated that they have concerns with the Board structure proposal and noted that he has voiced his concerns with the Assemblywoman. Mayor Morrison said that the smaller cities would not have a voice on the Board with the way the bill is written now. He stated that they have concerns with the proposal to require mayors to sit on the Board, because the majority of the mayors in the county are part time mayors that have other jobs which would prohibit them from attending the Board meetings. Mayor Morrison noted that the City of National City took a position on the bill of oppose unless amended. He stated that they do support the proposal of giving the transit agencies the authority to go out for a sales tax measure.

Michelle Krug – Ms. Krug stated that she would like the Board to take a neutral position on the bill at this time until further discussions with the Assemblywoman.

Gretchen Newsom – Ms. Newsom commented on behalf of IBEW 569. She commented that SANDAG’s Measure A failed because it didn’t offer twenty-first century transit solutions. She stated that AB 805 seeks to fix the accountability issues with SANDAG and gives MTS the

ability to go out for its own sales tax measure. Ms. Newsom said that AB 805 is step in the right direction to provide residents with better transit and the funding that MTS deserves. She said that she urges the Board to not oppose AB 805, but to continue discussions with the Assemblywoman before making a decision. She noted that she attended the Executive Committee meeting last week and the vote was not unanimous to oppose unless amend the bill. Councilmembers Rios and Gomez voted in opposition of the recommendation.

Carolina Rodriguez – Ms. Rodriguez commented on behalf of the Climate Action Campaign. She stated that AB 805 helps to empower MTS to seek funding for transit purposes. She said that they are in support of the bill to help improve transit services and to have a more well represented vote on the Board. She urged the Board to not take an opposed position today.

David Grubb – Mr. Grubb spoke on behalf of the Quality of Life Coalition. He said that their goal is to have a world class transit system for the San Diego region. He asked for the Board to not oppose the bill and to continue working with the Assemblywoman.

Murtaza Baxamusa – Mr. Baxamusa stated that he represents the San Diego Building Trades Family Housing Corporation. He stated that he wanted to provide some perspective as it relates to transit history. Mr. Baxamusa provided a history and development of the transit system in San Diego.

Randy Van Vleck – Mr. Van Vleck commented on behalf of the City Heights Community Development Corporation. He commented that they are looking forward to the opening of the Rapid Route 235 in their community. He said that the City Heights residents want to see more projects like the Rapid service and that's why they are in support of AB 805. Mr. Van Vleck stated that this bill creates more fair representation for the region's voters and it empowers MTS to issue its own sales tax measure. He stated that he hopes the Board will not oppose the bill today and to continue working with the Assemblywoman.

Margot Tanguay – Ms. Tanguay commented on past meetings at SANDAG regarding bike path funding and border funding. She commented on the growing number of Uber and Lyft drivers. She also discussed attending the consolidation meetings when MTDB became MTS.

BOARD COMMENTS

Chairman Mathis commented that it was surprising when the bill came out with the proposals related to governance issues for the MTS Board. He stated that for the past 35 years, MTS has had a weighted vote process and has selected a neutral chairman. He stated that we would like to further discuss the proposed governance changes and find out why the Assemblywoman wants to make these changes. Chairman Mathis noted that we are in support of the sales taxing authority.

Mr. McWhirter commented that he acknowledges what the Assemblywoman is trying to accomplish, however he represents the City of La Mesa which represents 1.8% of the jurisdiction of MTS. He said that they City of La Mesa City Council met to discuss this bill and they have concerns relating to the weighted vote proposal which throws out the representation for the smaller cities. Mr. McWhirter commented that the mayor of La Mesa is a school teacher and would not be able to attend any MTS Board meetings. He stated that they are concerned with the issue that the smaller cities would not be represented at the Board.

Mr. Minto commented on the accountability issues raised by the Assemblywoman and said that councilmembers are just as accountable as mayors. He noted that the City of Santee only represents 1.7% of MTS's jurisdiction. He stated that the east county jurisdictions need to be represented and the weighted vote proposal would diminish that representation. Mr. Minto stated that he would like to have continued discussions on this bill to help make the appropriate amendments.

Ms. Salas commented that the Assemblywoman understands that there is a lot of work to do on the bill and would like to continue discussions on the issues. She stated that she believes Chula Vista should have another seat on the MTS Board. She commented on past plans that had been discussed to put Light Rail service through her city; however, they built Bus Rapid Transit (BRT) service instead. She said that she supports the BRT service, but it adds to the deception that south bay receives the cheaper projects. She also commented that the south bay has to pay a toll for the SR-125. Ms. Salas commented that the trolley was first built in San Ysidro which shows the demand for transit in the south bay. She said that because of this demand, the south bay deserves another spot on the Board. Ms. Salas stated that we will have a much better possibility of change if the Board stays neutral on the bill at this time. She said that she would like to call for a weighted vote that the Board retains a neutral position on this bill. Ms. Landers stated that under MTS's weighted vote procedure, the Board must first take a regular vote and then after the regular vote, a weighted vote can be called with a second jurisdiction seconding the motion for the weighted vote. Ms. Salas said that she amends her motion to take a regular vote, not a weighted vote.

Ms. Cole commented that she is in support of the bill. She commented that she was not at the Executive Committee meeting last week, but she would have been supportive of the bill at that time as well. Ms. Cole said that the Board all agrees that the sales tax proposal of the bill is positive. She stated that she is looking forward to hearing more about the technical aspects of the governance issues raised. She believes the weighted vote is a positive aspect of the bill and would better reflect the jurisdiction and ridership that MTS serves. Ms. Cole stated that she would be supporting Ms. Salas' motion.

Mr. Cox thanked the Assemblywoman for her attendance and for her vote last week on the gas tax. He commented that he believes the bill as it stands is premature. He appreciates the fact that the Assemblywoman is willing to work with the Board on amendments. Mr. Cox suggested for the Assemblywoman to make this bill a two-year bill. He believes the accountability for SANDAG is important and the taxing authority for the transit agencies is a good thing. He commented that designating who will sit as chair and vice chair is an overstatement of authority. It is better to allow the people who are representing the different agencies to have the ability to select their chair and vice chair. He said that this bill is premature and there should be continued discussion to find some common ground. Mr. Cox commented that there could be unintended consequences with this bill. He said that this bill is trying to fix something that isn't broken. Mr. Cox commented on the forecasting mistakes made by SANDAG and said that if that is the issue, then let's fix that issue and not try and fix a problem that isn't broken at MTS. He believes that an oppose unless amended position is necessary for today.

Mr. Mullin commented that he agrees that the Board should continue discussions with the Assemblywoman on the issues of the bill. He stated that he believes the entire Board supports the taxing authority aspects of the bill. He said that he supports the idea of bringing equity to the

Board however the representation of the smaller cities pertaining to the weighted vote still needs to be addressed. He agrees to take a position of oppose unless amended at this time.

Ms. Rios stated that the City of National City vote was not a unanimous vote to oppose the bill and that she was also in opposition to that position at the Executive Committee meeting last week. She stated that she supports the motion to remain neutral at this time. She commented that she believes we should be open to the changes being recommended.

Mr. Alvarez commented that the Board's responsibility is to MTS and not SANDAG. He stated that he agrees that the City of San Diego should not have the majority to move things forward with the weighted vote. He also agrees that the mayors should not be the ones appointed to the Board. Mr. Alvarez stated that this bill would give the authority to MTS to issue a sales tax measure, which the Board has approved to support. He asked the Assemblywoman if the proportionality voting issues would be addressed in upcoming amendments. The Assemblywoman responded that the necessary amendments will be made because the intent was not to give the City of San Diego an overriding interest. Mr. Alvarez asked the Assemblywoman if the proposal to require mayors to sit on the Board would be addressed. The Assemblywoman responded that requirement will be taken out in the next set of amendments to the bill. Mr. Alvarez asked if the Assemblywoman is willing to address the issue of the appointment of the chair and vice chair. The Assemblywoman replied that for MTS she is willing to address that issue. Mr. Alvarez said that he would like to amend the motion to support the bill with amendments as discussed. Ms. Salas stated that she would like to retain the neutral position. Mr. Alvarez stated that by moving forward with a support position it would give our lobbyists better direction and give the bill more priority.

Ms. Gomez commented that she wants to work on creating a better transit system. She noted that she attended the Executive Committee meeting last week and opposed the motion to oppose unless amended. Ms. Gomez felt like that motion was premature since the Board had not had a chance to discuss the bill. She stated that she would like to see the Board support this bill.

Mr. Mathis asked the Assemblywoman what items in the bill she is not willing to change. The Assemblywoman replied that she is committed to requiring the independent auditor at SANDAG; improving the proportionality of the Board; and the ability for the transit agencies to go out for their own sales tax measure. Mr. Mathis stated that we agree with the taxing authority, but would like to continue working with the Assemblywoman on the governance issues.

Mr. Goble stated that he appreciates the author's intent to implement good laws. He commented on the issues of proportionality of the Board and agrees with taking a neutral position rather than a support or oppose position until more details and clarifications are discussed.

Ms. Bragg commented that she has been a member of the Board for a long time and has only seen a weighted vote once and it wasn't successful. She said that she agrees with Mr. Cox's comments and that she is concerned with a lot of the proposals in the bill. She said that she will be opposing this bill for the reasons that have been discussed.

Mr. Arambula commented that he believes the Board's position should stay neutral at this time. He stated that he appreciates the fact that the Assemblywoman is open to discussion and

amendments. He said to take a firm position right now is too premature and he would support a neutral position and to continue the ongoing discussions with the Assemblywoman.

Ms. Zapf commented that she agrees that this bill should be a two-year bill and not try to push the bill through without proper discussions. She stated that she agrees with the taxing authority portion of the bill. Ms. Zapf noted that she agrees with the oppose unless amended position at this time.

Mr. Sandke commented that the City of Coronado took an oppose position on the bill and he will stand with that position. He said that he agrees with the taxing authority aspects of this bill and is encouraged by the Assemblywoman's statements to amend the bill.

Chairman Mathis stated he believes taking a neutral position sends a wrong message. He commented that taking an oppose unless amended position will send a strong message and begin the process of meaningful discussions. Chairman Mathis stated that he cannot remember a time when Chula Vista has requested to have another seat on this Board. He said that he would support that proposal recognizing the fact that the City of Chula Vista is the second largest city. He said there are other elements of the bill that pose issues and need further discussion. Chairman Mathis noted that there needs to be clear consensus from the Board on what changes to recommend to the bill. He also thanked the Assemblywoman for attending and talking to the Board today.

Ms. Salas commented on the motion she has put forward to stay neutral on the bill. Ms. Landers stated that she needs to clarify the amendments that are being proposed along with the motion. Ms. Salas stated that the motion is to remain neutral understanding that the Assemblywoman will consider all of the comments given today and continue to work with this Board. Mr. Jablonski asked for more clarification on the motion. He said that staff needs direction on whether or not they should engage with the Assemblywoman to make changes to the bill. Ms. Salas replied that the direction will be to continue discussions with the Assemblywoman on making changes to the bill. Mr. Jablonski stated that staff will need specific direction from the Board as to what amendments they want discussed with the Assemblywoman. The Assemblywoman noted that she has agreed to take out the provision regarding the requirements of the chair and vice chair; however the chair would be a sitting member of the Board elected by the Board members and not a non-elected official. She also noted that she will make amendments to remove the requirement that mayors be the primary Board members, and that the current chair position would be replaced by another member of the City of Chula Vista. Mr. Jablonski inquired if there is any specific direction with respect to the weighted voting. Ms. Salas stated that the Board needs to reserve the right to continue discussions with the Assemblywoman as it relates to weighted voting.

Mr. Alvarez stated that he would suggest taking a position of support with the direction of what we want to see in the bill and leave out the other substantive changes. He stated that his motion would be to support if amended with the specific discussions the Board had today with the Assemblywoman.

Ms. Salas stated that she is amending her motion to take a position of support with amendments as discussed in the meeting related to the chair and vice chair, the weighted vote, and the mayoral requirement for membership.

Mr. McWhirter commented that his concern is whether or not the bill will be presented to others as MTS supports the bill or if MTS supports the bill with the amendments discussed, because there is a distinction between the two statements. The Assemblywoman replied that she has come to this meeting and stated what amendments she will make to this bill and plans to move forward on those amendments.

Mr. Cox asked to clarify the motion that is being proposed stating that the motion would be to support if amended, which would include to eliminate the public member position for chair; include a second seat for the City of Chula Vista; the configuration of the Board would consist of councilmembers and/or mayors and a county supervisor; and continue to have the requirement of a majority vote based on proportionality. The Assemblywoman stated that she will change the proportionality issue with the City of San Diego, because it was not her intent to give them an overriding interest on the Board. She also said that she will ensure that the City of San Diego and the City of Chula Vista will not have sole voting control over the Board.

Action Taken

Ms. Salas moved to support with amendments as discussed in the meeting related to the chair and vice chair, the weighted vote, and the mayoral requirement for membership. Mr. Alvarez seconded the motion, and the vote was 9 to 6 in opposition with Ms. Bragg, Mr. Cox, Mr. Goble, Mr. Mathis, Mr. McWhirter, Mr. Minto, Mr. Mullin, Mr. Sandke, and Ms. Zapf voting no and Mr. Alvarez, Mr. Arambula, Ms. Cole, Ms. Gomez, Ms. Rios, and Ms. Salas voting yes.

Weighted Vote

Ms. Cole called for a weighted vote. Ms. Salas seconded that motion. The weighted vote was calculated as follows: Ms. Bragg voting no with 2 votes, Mr. Cox voting no with 15 votes, Mr. Goble voting no with 5 votes, Mr. Mathis voting no with 1 vote, Mr. McWhirter voting no with 3 votes, Mr. Minto voting no with 3 votes, Mr. Mullin voting no with 3 votes, Mr. Sandke voting no with 1 vote, Ms. Zapf voting no with 12.5 votes, with the total votes counted as 45.5 in opposition. Mr. Alvarez voting yes with 12.5 votes, Mr. Arambula voting yes with 1 vote, Ms. Cole voting yes with 12.5 votes, Ms. Gomez voting yes with 12.5 votes, Ms. Rios voting yes with 3 votes, and Ms. Salas voting yes with 13 votes, with the total votes counted as 54.5 in favor. The motion passes with a weighted vote of 54.5 to 45.5 in favor, with a total of four jurisdictions in favor.

31. Desert Line Lease and Operating Agreement: Consent To Assignment and Assumption of PIR-SD&AE-MTS Desert Line Lease and Operating Agreement (Karen Landers) (Taken Before Closed Session)

Chairman Mathis stated that the staff presentation will be waived for this report. Mr. Alvarez inquired if there are any changes with these amendments to the payment structure. Ms. Landers replied no. Mr. Alvarez asked if there are any changes on the milestones. Ms. Landers replied not in this action. She stated that what is reflected in the agenda item is that we will be working with Baja Rail to draft a new amended and restated lease that will be directly between MTS and Baja Rail, which will include more realistic milestones and that matter will come back to the Board to review and approve.

Action Taken

Mr. Alvarez moved to authorize the Chief Executive Officer (CEO) to consent to the Assignment and Assumption of the Desert Line Lease and Operating Agreement by and between Pacific Imperial Railroad, Inc. (PIR) and MTS to International Transportation Association, LLC (ITA). Ms. Bragg seconded the motion, and the vote was 13 to 0 in favor with Ms. Cole and Mr. Cox absent.

CLOSED SESSION (Taken Before Finance Workshop)

24. Closed Session Items

The Board convened to Closed Session at 11:28 a.m.

- a. CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant to California Government Code Section 54956.8
Property: Assessors Parcel Number (APN) 451-690-55-00 (Southeasterly of Vine Street and California Street, San Diego)
Agency Negotiators: Paul Jablonski, Chief Executive Officer; Karen Landers, General Counsel; and Tim Allison, Manager of Real Estate Assets
Negotiating Parties: San Diego Gas and Electric Company
Under Negotiation: Price and Terms of Payment
- b. CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(d)(1) Donald Wood v. San Diego Metropolitan Transit System San Diego Superior Court Case No. 37-2015-00034512-CU-PO-CTL

The Board reconvened to Open Session at 11:40 a.m.

Oral Report of Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

- a. The Board received a report and gave instructions to negotiators.
- b. The Board received a report from legal counsel and gave instructions.

FINANCE WORKSHOP

2a. Fiscal Year 2018 Operating Budget Discussion (Mike Thompson)

Mike Thompson, Director of Financial Planning and Analysis, provided a presentation on the Fiscal Year (FY) 2018 Operating Budget. He briefly discussed the FY 2018 budget development process. He reviewed the revenue assumptions including the Surface Transportation Reauthorization, preventative maintenance, TDA and TransNet, State Transit Assistance, ridership, and fare revenue. Mr. Thompson noted that total revenue is projected to increase by 0.6% from last fiscal year. He discussed service level assumptions and noted that we are expecting stable fixed route service levels and ADA Paratransit service is not projected to grow

in FY 2018. Mr. Thompson reviewed the expense assumptions including personnel, pension plan, healthcare, purchased transportation, and energy costs. He noted that total expenses are projected to increase by about 2.1% from last fiscal year. Mr. Thompson reviewed the plan of action for the \$6 million deficit. He stated that they are expected to present a balanced draft budget at the next meeting after discussing options with the Budget Development Committee.

Mr. Alvarez inquired about the deficit. Mr. Jablonski replied that the deficit is expected to be approximately \$5-\$6 million. He stated that with the signing of SB 1, we should receive approximately \$6 million in FY 2018 and going forward once it is annualized MTS should receive approximately \$17 million additional funding each year. Mr. Jablonski noted that about \$12 million of those dollars will be used for operations and about \$5 million of those dollars will be used for capital. Mr. Alvarez asked when those dollars will be used for service. Mr. Jablonski stated that staff will meet with the Budget Development Committee to create a plan on how to use those dollars and then bring it to the Board for discussion and approval.

Action Taken

Mr. Minto moved to receive a report regarding Fiscal Year (FY) 2018 operating budget development and provide guidance on budgetary issues. Mr. Sandke seconded the motion, and the vote was 10 to 0 in favor with Mr. Arambula, Ms. Cole, Mr. Cox, Mr. Mullin and Ms. Zapf absent.

NOTICED PUBLIC HEARINGS

25. None.

REPORT ITEMS

45. Fiscal Year 2017 Second Quarter Performance Monitoring Report (Denis Desmond)

This staff presentation was waived.

Action Taken

Mr. Minto moved to waive and accept this report. Mr. Goble seconded the motion, and the vote was 10 to 0 in favor with Mr. Arambula, Ms. Cole, Mr. Cox, Mr. Mullin and Ms. Zapf absent.

46. Transit Optimization Plan (TOP) Update (Denis Desmond)

Denis Desmond, Manager of Planning, provided a report on the TOP. Mr. Desmond reviewed the TOP goals and schedule. He reviewed the results of the TOP community survey of MTS-riders and non-riders. Mr. Desmond discussed the service implementation plan approach and concept development. He noted that the initial proposals for improvements have been posted on the MTS website and discussed at public outreach events around the county. There are potential trade-off issues in relation to the proposals for improvements. Mr. Desmond reviewed the details for average weekday ridership, existing frequent network, long routes, and productivity results. Lastly, Mr. Desmond discussed next steps including bringing the proposals to the Board as a public hearing.

Ms. Salas inquired if convenience factors were addressed in the surveys. Mr. Desmond replied that they were more focused on the service issues for the surveys. He stated that they did ask people their priorities in terms of what they wanted to see if we had limited agency resources and where they would prefer to spend money. Ms. Salas said that she hopes to hear that more progress is being made as it relates to stored value. Mr. Jablonski stated that there has been good progress over the last couple weeks and another round of field testing is coming up. He said based on the success of the field testing, staff will come back to the Board with a go-live date.

Mr. Minto commented that he has provided a letter to the Board regarding the issues he has with the proposed service changes in the City of Santee. He stated that he has concerns with losing service on Route 870. He stated that losing this service will add to the already congested commute on SR-52 and added greenhouse gas emissions. Mr. Minto said there is also a proposal of reducing service on four of seven buses, which will take away service from the busiest streets and the schools. He stated that he would like to see a report on the marketing that is done in Santee and the east county. There are people that aren't as familiar with their transit options in the east county and that could be improved.

Mr. Sandke requested that the Route 904 service include the summer shuttle service in the TOP report to more accurately reflect that route.

Ms. Gomez asked if some routes can use smaller buses instead of cutting service all together. Mr. Desmond replied that there are some routes where staff is recommending the use of smaller buses. She commented that she used the Compass Cloud and said she would like to see other options for fare products. Mr. Jablonski stated that we are working with Moovel to find a way to implement one-way fares. He noted that there are some challenges that are being worked out related to software and business rules for one-way fares.

Action Taken

No action taken. Informational only.

60. Chairman's Report

There was no Chairman's report.

61. Chief Executive Officer's Report

Mr. Jablonski reported that he traveled to Washington D.C. in March for the APTA Legislative Conference.

62. Board Member Communications

There were no Board Member communications.

63. Additional Public Comments on Items Not on the Agenda

Colin Parent – Mr. Parent commented on behalf of Circulate San Diego. He stated that the recent launch of mobile ticketing is a positive step forward how stored value remains to be an

issue. He said that MTS is the only agency of its size in the country without stored value and it is important to implement stored value. Mr. Parent said he appreciates that staff is moving forward on the implementation and looks forward to it being launched.

64. Next Meeting Date

The next regularly scheduled Board meeting is May 11, 2017.

65. Adjournment

Chairman Mathis adjourned the meeting at 12:22 p.m.

/s/ Harry Mathis
Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

/s/ Julia Tuer
Clerk of the Board
San Diego Metropolitan Transit System

/s/ Karen Landers
General Counsel
San Diego Metropolitan Transit System

Attachment: Roll Call Sheet

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS / FINANCE WORKSHOP
ROLL CALL

MEETING OF (DATE): April 13, 2017

CALL TO ORDER (TIME): 9:06 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 11:28 a.m.

RECONVENE: 11:40 a.m.

PUBLIC HEARING: _____

RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 12:22 p.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ALVAREZ	<input checked="" type="checkbox"/> (Cate) <input type="checkbox"/>	9:43 a.m.	11:58 a.m.
ARAMBULA	<input checked="" type="checkbox"/> (Mendoza) <input type="checkbox"/>	9:06 a.m.	11:40 a.m.
BRAGG	<input checked="" type="checkbox"/> (Spriggs) <input type="checkbox"/>	9:06 a.m.	12:22 p.m.
COLE	<input checked="" type="checkbox"/> (Cate) <input type="checkbox"/>	9:06 a.m.	11:26 a.m.
CUNNINGHAM	<input type="checkbox"/> (Mullin) <input checked="" type="checkbox"/>	9:18 a.m.	11:40 a.m.
GOMEZ	<input checked="" type="checkbox"/> (Cate) <input type="checkbox"/>	9:06 a.m.	12:22 p.m.
MATHIS	<input checked="" type="checkbox"/>	9:06 a.m.	12:22 p.m.
MCCLELLAN	<input type="checkbox"/> (Goble) <input checked="" type="checkbox"/>	9:06 a.m.	12:22 p.m.
MCWHIRTER	<input checked="" type="checkbox"/> (Arapostathis) <input type="checkbox"/>	9:06 a.m.	12:22 p.m.
MINTO	<input checked="" type="checkbox"/> (Hall) <input type="checkbox"/>	9:06 a.m.	12:22 p.m.
RIOS	<input checked="" type="checkbox"/> (Sotelo-Solis) <input type="checkbox"/>	9:06 a.m.	12:22 p.m.
ROBERTS	<input type="checkbox"/> (Cox) <input checked="" type="checkbox"/>	9:06 a.m.	11:26 a.m.
SALAS	<input checked="" type="checkbox"/> (Diaz) <input type="checkbox"/>	9:06 a.m.	12:22 p.m.
SANDKE	<input checked="" type="checkbox"/> (Donovan) <input type="checkbox"/>	9:06 a.m.	12:22 p.m.
ZAPF	<input checked="" type="checkbox"/> (Cate) <input type="checkbox"/>	9:13 a.m.	11:28 a.m.

SIGNED BY THE CLERK OF THE BOARD: Julia Tiller

CONFIRMED BY THE GENERAL COUNSEL: Garrett Card