

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

MINUTES

April 11, 2019

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

1. Roll Call

Chair Gomez called the Board meeting to order at 9:04 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Mr. Hall moved to approve the minutes of the March 21, 2019, MTS Board of Directors meeting. Ms. Rios seconded the motion, and the vote was 12 to 0 in favor with Mr. Arapostathis, Mr. McClellan, and Ms. Salas absent.

Amended Action (following approval of consent items)

Mr. Hall moved to approve the minutes of the March 21, 2019, MTS Board of Directors meeting with amendments to include the funding information in the recommended action for all consent items. Mr. Sandke seconded the motion, and the vote was 13 to 0 in favor with Mr. Arapostathis and Mr. McClellan absent.

3. Public Comments

Martha Welch – Ms. Welch commented on the lack of bus benches in downtown on Route 5 and 6. She asked for bus benches to be installed on Broadway. She also stated that Transdev operators are not in a union.

Mikaiil Hussein – Mr. Hussein commented on behalf of the United Taxi Workers of San Diego. He stated that they have an issue with Uber and Lyft since they do not have the same standards as taxicabs. Mr. Hussein stated that if there is no action taken against Uber and Lyft, the taxicab industry is not going to make it in this industry. He asked the Board to think about taxicab administration and think about reducing the fees from \$600 to \$300 per year for taxicabs.

CONSENT ITEMS

6. Amendment to Chief Executive Officer Employment Agreement

Action would approve an amendment to the Executive Employment Agreement between MTS and Paul C. Jablonski to provide additional compensation and fringe benefits. The proposed 2.5% merit increase (\$9,515 salary adjustment from \$380,599 to \$390,114) and the \$24,000 deferred compensation contribution total \$33,515. The proposed merit increase and deferred compensation contribution recommended above increases the total compensation of the CEO (including all contractual deferred compensation) by \$9,848 as compared to calendar year 2018.

7. Financial Advisory Services – Contract Award
Action would authorize the Chief Executive Officer (CEO) to award MTS Doc. No. G2230.0-19 to PFM Financial Advisors LLC for financial advisory services for up to three years effective April 22, 2019. The total estimated cost of this agreement would not exceed \$149,600.
8. Railroad Bridge Inspection Services – Contract Award
Action would authorize the Chief Executive Officer (CEO) to execute Work Order WOA2017-CM001 for MTS Doc. No. G2017.0-17 with CH2M Hill, Inc. in the amount of \$1,050,412.57 for Railroad Bridge Inspection Services for a period of five (5) years.
9. Task Order Contract Approval for Conceptual Cost Estimating and Scheduling Services for Proposed Transportation Infrastructure Projects in San Diego County
Action would authorize the Chief Executive Officer (CEO) to execute Work Order WOA2075-AE-37 for MTS Doc. No. G2075.0-18 with Dokken Engineering (Dokken) in the amount of \$347,842.32 to perform conceptual cost estimating and scheduling services for proposed transportation infrastructure projects in San Diego County.
10. Light Rail Vehicle (LRV) Friction Brake Materials – Contract Award
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L1490.0-19 with Siemens Mobility, Inc. (Siemens), for LRV friction brake materials. The total budget for this project shall not exceed \$3,376,587.58 for five (5) years.
11. Light Rail Vehicle (LRV) Lifting Jacks Replacement – Sole Source Contract Award
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWL266.0-19 with BBM Railway Equipment for the purchase and installation of in-floor lifting hoists to replace existing hoists damaged by flash flood conditions in the LRV Maintenance Facility Building C on December 6, 2018. The value of this agreement will not exceed \$1,037,406.38.
12. Light Rail Vehicle (LRV) Upper Level Work Platforms – Contract Award
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWL273.0-19, with Jennette Company, Inc., for the construction of LRV Upper Level Work Platforms. The total cost of this contract will not exceed \$1,314,500.00 over the duration of the construction services.
13. Light Rail Vehicle (LRV) Wheel Truing Machine Replacement – Flood Damaged – Sole Source Contract Award
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWL278.0-19 with Simmons Machine Tool Corporation (Simmons) for the purchase and installation of a replacement Wheel Truing Machine. The value of this agreement will not exceed \$1,868,961.00.
14. Trolley Track Improvements – Change Orders Amendments 10 – 12
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWL243.0-17 - Change Order Amendment 10 - 12, with Veolia Transportation Maintenance & Infrastructure (VTMI) totaling \$488,853.02.

BOARD COMMENTS – CONSENT ITEMS

Ms. Galvez requested that all consent item action statements include the dollar amounts in the agenda going forward. Ms. Landers stated that staff will ensure that the meeting agenda will include the funding amounts in the recommended action similar to the agenda items. The Board agreed to include that information in the agendas going forward and recommended updating the previous meeting minutes to reflect that information. An amended action to approve the March 21, 2019 minutes is reflected above.

Action on Recommended Consent Items

Mr. Hall moved to approve Consent Agenda Item Nos. 6 – 14. Mr. Sandke seconded the motion, and the vote was 13 to 0 in favor with Mr. Arapostathis and Mr. McClellan absent.

FINANCE WORKSHOP

23. Fiscal Year 2020 Operating Budget Discussion (Mike Thompson)

Mike Thompson, Director of Financial Planning and Analysis, provided a report on the Fiscal Year (FY) 2020 operating budget. He reviewed the budget development process, subsidy revenue assumptions, passenger level revenue assumptions, and total revenue projections. Mr. Thompson also reviewed the personnel expense assumptions.

Larry Marinesi, Chief Financial Officer, continued the presentation and discussed the expense assumptions related to the San Diego Transit Corporation (SDTC) pension plan. He reviewed the SDTC pension plan return assumptions and the results from the actuarial study related to the plan. Mr. Marinesi noted that staff and the Budget Development Committee recommend staying at the current rate of return of 7% per year.

Ms. Moreno asked why staff did not consider reducing the rate of return to 6.75%. Mr. Marinesi replied that the Board had asked staff to research results based on a 6.00% or 6.50% rate of return. Mr. Marinesi commented that a 6.75% rate of return would be approximately an additional \$750,000 contribution in the first year.

Mr. Thompson continued the presentation and discussed the purchased transportation expense assumptions, energy expense assumptions, and total expense projections. Lastly, he reviewed the proposed changes to the MTS Reserve Policy.

Ms. Galvez asked how the reserves are invested and what the return rate is for those reserves. Mr. Thompson replied that the reserves are invested in either the County or State pool and the returns are around 2.00%.

Ms. Moreno commented that she is concerned with leaving the SDTC Pension Plan rate of return at 7.00%. Ms. Moreno stated that she would recommend a motion of 6.75% rate of return going forward.

Ms. Salas commented that she feels comfortable with the recommended 7.00% rate of return. She stated that this is a closed pension plan, which means that this pension obligation is not ongoing and we know when these obligations are going to end.

Mr. Sandke stated that he would agree with the recommendation from the Budget Development Committee and stay with the 7.00% rate of return. He commented that if he had to choose an alternative he would prefer having a phased in approach over a long period of time so that it would have as little impact as possible on the operating budget.

Ms. Frank asked if there is a concern that we may not be able to meet our liabilities with the pension plan if we leave the rate of return at 7.00%. Mr. Marinesi responded that we will pay contributions to the plan regardless of the rate of return percentage. Ms. Frank asked if there are bigger budget impacts if we lower the rate of return. Mr. Jablonski replied that if we lower the rate of return we will pay more up front, which will take money away from our current budget.

Ms. Salas stated that lowering the rate of return is an opportunity cost, which will take funding away from potential services or programs that we could be implementing today.

Action Taken

Ms. Moreno moved to approve the following policy decisions: (1) Reduce the San Diego Transit Corporation (SDTC) Employee Retirement Plan actuarial investment return assumption to 6.75%; and (2) Exclude all operating expenses associated with fully subsidized services when calculating the target for the MTS contingency reserve. Ms. Galvez seconded the motion, and the motion passed with a vote of 7 to 6 in favor with Mr. Fletcher, Ms. Galvez, Chair Gomez, Ms. Montgomery, Ms. Moreno, Ms. Rios, and Mr. Ward voting yes, and Ms. Aguirre, Ms. Frank, Mr. Hall, Ms. Mendoza, Ms. Salas, and Mr. Sandke voting no. Mr. Arapostathis and Mr. McClellan were absent.

NOTICED PUBLIC HEARINGS (TAKEN BEFORE CLOSED SESSION)

25. None.

DISCUSSION ITEMS (TAKEN BEFORE CLOSED SESSION)

30. None.

REPORT ITEMS

45. Annual Security Report (January 1, 2018 through December 31, 2018) (Manny Guaderrama)
(TAKEN BEFORE CLOSED SESSION)

Manny Guaderrama, MTS Chief of Police, provided an annual security report for January 1, 2018 through December 31, 2018. He reviewed the transit enforcement components; transit enforcement department mission; new employee training; continuing training; and transit enforcement oversight. Mr. Guaderrama discussed the Part I crimes on trolley; Part I crimes onboard/arrests; Part I crimes by sector; MTS reporting of Part II crimes on trolley; copper wire thefts; calls for service on bus; MTS response to Part I crimes on bus; and MTS response to Part II crimes on bus. Mr. Guaderrama reviewed the crime increase statistics on Imperial Avenue and the law enforcement assistance with the San Diego Police Department. He also reviewed assault statistics; Joint Agency Task Force results; fare inspections and citations; special enforcement details; Senior/Disabled/Medicare inspections; quality of life transient

encampment details; and non-compliant arrests. Mr. Guaderrama reviewed the results of the recent trolley safety and security survey. He reviewed the methodology, demographics and results of the survey. Mr. Guaderrama also discussed the security contract challenges, including the issue of the contractor maintaining contracted officer requirements.

Mr. Fletcher asked about the differences between armed and unarmed contracted security officers. He asked if there is a rationale to staffing armed officers at such a low rate of pay. Mr. Guaderrama replied that armed security officers are used to accompany the Code Compliance Inspectors (CCIs) and to accompany the revenue staff when money is being handled at the ticket vending machines or transit stations. Mr. Fletcher asked if reducing the number of armed officers would affect the safety and security of passengers. Mr. Guaderrama replied that he believes that reducing the number of armed officers would affect the safety and security of the system. He stated that having an armed officer helps ensure that the CCI and the public are protected. Mr. Fletcher stated that he believes there should be a review on these positions.

Ms. Salas commented that she is concerned with the rate of turnover and training time needed due to the turnover rate. She stated that she believes that we need to increase the wages for our security officers to ensure retention of staff. She also stated that she believes having armed security officers is imperative for the public for safety reasons and to also help encourage choice riders who do not feel safe without sufficient security.

Mr. Guaderrama continued his presentation and reviewed the current challenges that the security department experiences.

Ms. Montgomery commented on concerns related to the security department. She stated that she believes there should be task forces created to address some of these issues. Ms. Montgomery asked if there is a body camera policy. Mr. Guaderrama replied yes. Ms. Montgomery stated that she would like to see that policy. Ms. Montgomery asked about the automobile thefts in the southern area of San Diego. Mr. Guaderrama replied that those thefts are in MTS transit station parking lots. Ms. Montgomery commented about AB 109 and Prop 47 and stated that she would like to measure the actual impact of those policies related to the MTS system. Ms. Montgomery stated that the Public Security Committee will also further discuss oversight of the security department.

Mr. Ward commented that he was happy to see the emphasis on training of security and also the assistance to the homeless population. He encouraged staff to work with the individual jurisdictions related to helping the homeless population. Mr. Ward commented about the total number of crimes throughout the system. He stated that he is concerned by the number of citations that were given in 2018. Mr. Ward commented that he believes the dollars spent in enforcing fare evasion may not be worth the money spent and that money could potentially be spent elsewhere such as social services.

Ms. Aguirre asked about the specific transit stations that had automobile thefts and larceny. She also asked about the statement related to the proximity of the border related to auto thefts. Mr. Guaderrama replied that historically cars are taken over the border after being stolen. He stated that the cars are usually taken over the border before they are reported stolen so they are not flagged when crossing over. Mr. Guaderrama stated that there are cameras installed at the parking lots to deter auto thefts. Ms. Aguirre asked for station information related to the reported car thefts. Mr. Guaderrama stated that he would provide that information.

Ms. Galvez requested for direct remote access to be given to outside police departments. Mr. Guaderrama replied that they work closely with outside police departments and provide video evidence quickly as requested.

Ms. Salas stated that she supports spending resources for checking fares, which not only prevents fare evasion, but also provides a sense of security for the other passengers.

Mr. Sandke recommended for the Board Members to go on a ride along with the security team to see what they go through day to day.

Ms. Rios asked if MTS works with the other jurisdictions for incidents around the system. Mr. Guaderrama replied that MTS works very closely with other jurisdictions.

Chair Gomez commented that more work will be done with the Public Security Committee to address the issues discussed today.

Action Taken

No action taken. Informational item only.

46. Fiscal Year 2019 Second Quarter Performance Monitoring Report (Denis Desmond) (TAKEN BEFORE CLOSED SESSION)

Denis Desmond, Director of Planning, provided a presentation on the FY 2019 second quarter performance monitoring report. He reviewed Policy 42 evaluation criteria, which details the performance metrics criteria. Mr. Desmond reviewed the results for total passengers; ridership; Transit Optimization Plan (TOP) results; passengers per revenue hour; and on-time performance.

Ms. Montgomery commented that she would like to ensure that communities like hers maintain high frequency bus routes. She stated that high frequency transit options brings more riders to the system.

Action Taken

No action taken. Informational item only.

59. Ad Hoc Ballot Measure Committee Report (TAKEN BEFORE CLOSED SESSION)

Chair Gomez commented that at the next Board Meeting, staff will provide a full presentation on where we stand with Elevate SD 2020. Chair Gomez stated that MTS is about to begin one of the largest community involvement processes in the city. She stated that all Board Members will be provided invitations to attend the first Community Advisory Committee meeting. Chair Gomez stated that there will be many opportunities to participate in these meetings.

60. Chair Report (TAKEN BEFORE CLOSED SESSION)

There was no Chair report.

61. Chief Executive Officer's Report (TAKEN BEFORE CLOSED SESSION)

There was no Chief Executive Officer's report.

62. Board Member Communications (TAKEN BEFORE CLOSED SESSION)

There were no Board Member communications.

63. Additional Public Comments on Items Not on the Agenda (TAKEN BEFORE CLOSED SESSION)

There were no additional public comments.

CLOSED SESSION (TAKEN OUT OF ORDER)

24. Closed Session Items

The Board convened to Closed Session at 11:27 a.m.

- a. CLOSED SESSION – CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant to California Government Code Section 54956.8
Property: 450 Euclid Avenue, San Diego CA (Assessor Parcel No. (APN) 548-020-19, 20)
Agency Negotiators: Paul C. Jablonski, Chief Executive Officer; Karen Landers, General Counsel; and Tim Allison, Manager of Real Estate Assets
Negotiating Parties: City of San Diego
Under Negotiation: Price and Terms of Payment

The Board reconvened to Open Session at 11:33 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.

64. Next Meeting Date

The next regularly scheduled Board meeting is May 9, 2019.

65. Adjournment

Chair Gomez adjourned the meeting at 11:33 a.m.

/s/ Georgette Gómez _____

Chairperson

San Diego Metropolitan Transit System

Board of Directors – MINUTES

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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
ROLL CALL

MEETING OF (DATE): April 11, 2019

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

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 11:27 a.m.

RECONVENE: 11:33 a.m.

PUBLIC HEARING: _____

RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 11:33 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
AGUIRRE	<input checked="" type="checkbox"/> (Spriggs) <input type="checkbox"/>	9:00 a.m.	11:11 a.m.
ARAMBULA	<input type="checkbox"/> (Mendoza) <input checked="" type="checkbox"/>	9:00 a.m.	11:33 a.m.
ARAPOSTATHIS	<input type="checkbox"/> (TBD) <input type="checkbox"/>		
FAULCONER	<input type="checkbox"/> (Moreno) <input checked="" type="checkbox"/>	9:00 a.m.	11:08 a.m.
FLETCHER	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:00 a.m.	11:06 a.m.
FRANK	<input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/>	9:00 a.m.	11:33 a.m.
GALVEZ	<input checked="" type="checkbox"/> (Diaz) <input type="checkbox"/>	9:00 a.m.	11:33 a.m.
GOMEZ	<input checked="" type="checkbox"/> (Campbell) <input type="checkbox"/>	9:00 a.m.	11:33 a.m.
HALL	<input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/>	9:00 a.m.	11:33 a.m.
MCCLELLAN	<input type="checkbox"/> (Goble) <input type="checkbox"/>		
MONTGOMERY	<input checked="" type="checkbox"/> (Bry) <input type="checkbox"/>	9:00 a.m.	11:33 a.m.
RIOS	<input checked="" type="checkbox"/> (Sotelo-Solis) <input type="checkbox"/>	9:00 a.m.	11:33 a.m.
SALAS	<input checked="" type="checkbox"/> (Diaz) <input type="checkbox"/>	9:06 a.m.	11:33 a.m.
SANDKE	<input checked="" type="checkbox"/> (Donovan) <input type="checkbox"/>	9:00 a.m.	11:33 a.m.
WARD	<input checked="" type="checkbox"/> (Kersey) <input type="checkbox"/>	9:00 a.m.	11:33 a.m.

SIGNED BY THE CLERK OF THE BOARD:

Julia Tuer

CONFIRMED BY THE GENERAL COUNSEL:

Karen Che