

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

MINUTES

May 9, 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 9:03 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 April 11, 2019, MTS Board of Directors meeting. Mr. Sandke seconded the motion, and the vote was 13 to 0 in favor with Mr. Arapostathis and Ms. Salas absent.

3. Public Comments

Martha Welch – Ms. Welch commented that riders cannot access WiFi or the MTS phone application on board vehicles. She stated that the bus benches on Broadway should be reinstalled. Ms. Welch commented about non-union bus drivers and pensions.

David Rodger – Mr. Rodger commented that MTS should use the security funding primarily for public safety instead of fare enforcement. He stated that more security should be located at the 5th Avenue Station, especially in the late evening. Mr. Rodger stated that the crime and illegal activity is increasing at that station. He wants to see more security used for public safety in the community.

Peter Zschiesche – Mr. Zschiesche commented about issues with the taxicab administration. He stated that taxicabs are more environmentally friendly compared to competing Transportation Network Companies (TNCs). He said that TNCs are four times greater polluters compared to taxicabs. Mr. Zschiesche stated that TNCs are not regulated by the local jurisdictions in San Diego. He commented that MTS needs to account for these issues.

Jean Costa – Ms. Costa commented on behalf of San Diego 350. She asked for more bike racks to be installed on the buses to encourage people to ride transit. Ms. Costa stated that a transfer ticket system should be implemented on the system. She noted that she sees empty buses driving around La Mesa throughout the day. Ms. Costa commented that she wants to see more frequent buses.

CONSENT ITEMS

6. Weed Abatement Services – Contract Award

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWL272.0-19 with Quality Sprayers Inc., a Disabled Veteran Business Enterprise (DVBE), for the provision of Weed Abatement Services, in the amount of \$390,780.00, for five years beginning on July 1, 2019 and ending on June 30, 2024.

7. San Diego and Arizona Eastern (SD&AE) Railway Company Quarterly Reports and Ratification of Actions Taken by the SD&AE Board of Directors at its Meeting on April 9, 2019
Action would receive the San Diego and Imperial Valley Railroad (SD&IV), Pacific Southwest Railway Museum Association (Museum), and Desert Line quarterly reports, and ratify all actions taken.
8. Elevator and Escalator Maintenance and Repair Services – Contract Amendment
Action would authorize the Chief Executive Officer (CEO) to ratify Amendment 6 and execute Amendment 7 to MTS Doc. No. PWG153.0-14 with ThyssenKrupp Elevator (TKE) in the amount of \$169,935 for as-needed repairs not covered under the original contract amount. The new total value of the contract shall not exceed \$857,070.60.
9. Investment Report – Quarter Ending March 31, 2019
10. Merchant Services Consulting Services – Contract Award
Action would authorize the Chief Executive Officer (CEO) to award MTS Doc. No. G2241.0-19 to Diane McDevitt Consulting, Inc. (DMC) in the amount of \$245,400.00 for Merchant Services Consulting Services.
11. HASTUS Regional Scheduling System (RSS) Annual Software Maintenance and Support Services – Sole Source Contract Award
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G2258.0-19 with GIRO, in the amount of \$622,272.00 for the provision of HASTUS RSS annual software maintenance and support services for three (3) years.
12. Trolley Track Improvements – Change Order Amendment 13
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWL243.0-17 – Change Order Amendment 13, with Veolia Transportation Maintenance & Infrastructure (VTMI) in the amount of \$1,622,056.00. In addition, MTS is requesting to transfer \$631,056.00 to fund this project from the Miscellaneous Capital Project.
13. Planning Consultant for Potential Ballot Measure – Contract Amendment
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G2161.1-18 with Transportation Management & Design, Inc. (TMD), a Small Business (SB), in the amount of \$199,428.39, for the addition and extension of planning services for a potential ballot measure until June 30, 2020.
14. Fiscal Year 2019 Audit – Engagement and Interim Audit
15. Mills Building – Amendment to Padres Parking Lease
Action would authorize the Chief Executive Officer (CEO) to execute an Amendment to the Mills Building Parking Lease with Padres L.P. (MTS Doc. No. G1030.1-07).
16. Cubic Transportation Systems (Cubic) Ticket Vending Machine Software Upgrade – Contract Award
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G2280.0-19 with Cubic Transportation Systems (Cubic), in the amount of \$479,777, for software development of Ticket Vending Machine screen flow changes to allow for the implementation of regional fare changes.

BOARD COMMENTS – CONSENT ITEMS

Chair Gomez stated that she wanted to pull consent item number 15 for further discussion. Ms. Montgomery requested to pull consent item number 6 for further discussion.

Action on Recommended Consent Items, excluding Consent Item Nos. 6 and 15

Ms. Rios moved to approve the consent agenda items, excluding consent item numbers 6 and 15. Mr. Hall seconded the motion, and the vote was 14 to 0 in favor with Mr. Arapostathis absent.

DISCUSSION – CONSENT ITEM NUMBER 6

Ms. Montgomery asked if the scope of work includes bus stop right of ways as well as rail right of ways. Wayne Terry, Chief Operating Officer – Rail, replied that this scope of work includes rail right of way only and does not include passenger areas. Ms. Montgomery asked if there were other contracts that address the other passenger right of way areas. Staff replied that there are other contracts, but they are not associated with this particular contract. Ms. Montgomery asked about the weed abatement products used in this contract. Mr. Terry replied that the product is a standard herbicide/pesticide formula that is used along railroad right of ways. He stated that it is a common formula that is used by multiple large railroad agencies and also meets all regulatory requirements. Ms. Montgomery asked what regulatory agencies we need to be compliant with for these products. Natalie Osborn, Environmental Health and Safety Specialist, replied that the herbicides are federally registered and meet specific federally registered standards. Ms. Montgomery stated that as long as the products are compliant, she is okay with this item moving forward. She noted that she would also like to monitor ways that we could better serve our environment in the future.

Ms. Rios asked if we had a previous contract for this service. Mr. Terry replied that we have had weed abatement contracts for the rail right of way for over 38 years. He stated that DeAngelo Brothers previously held the contract, which also used the same types of formula products. Mr. Terry noted that Quality Sprayers, Inc. were the lowest bidder and awarded the new contract.

Action – Consent Item Number 6

Ms. Montgomery moved to approve consent agenda item 6. Ms. Rios seconded the motion, and the vote was 14 to 0 in favor with Mr. Arapostathis absent.

DISCUSSION – CONSENT ITEM NUMBER 15

Karen Landers, General Counsel, provided a brief presentation about the amendment to the Padres parking lease with the Mills Building. She reviewed the history of the Mills Building between the County and MTS and the creation of the San Diego Regional Building Authority (SDRBA). Ms. Landers provided background information on the Padres parking lease and the recent lease dispute. She reviewed the proposed amendments to the lease agreed upon by the SDRBA and noted that both MTS and the County would also need to approve the amendments to the lease.

Mr. Fletcher commented that the SDRBA heard this item at the last meeting. He stated that this amendment is a good solution for MTS, the County and the SDRBA.

Action – Consent Item Number 15

Mr. Fletcher moved to approve consent agenda item 6. Mr. Sandke seconded the motion, and the vote was 14 to 0 in favor with Mr. Arapostathis absent.

NOTICED PUBLIC HEARINGS

25. Proposed Fiscal Year 2020 Operating Budget (Mike Thompson) (TAKEN BEFORE CLOSED SESSION)

Mike Thompson, Director of Financial Planning and Analysis, provided a presentation on the proposed fiscal year (FY) 2020 operating budget. He reviewed the FY 2020 final adjustments, revenue projections, expense projections, and consolidated revenues less expenses. He noted that the proposed FY 2020 budget is a balanced budget. Mr. Thompson also reviewed the 5-year budget projections as well as on-going concerns.

Ms. Moreno commented about the contingency reserve balance. She asked about the current contingency reserve balance. Mr. Thompson replied that the contingency reserve target is 12.5%, or just over \$34 million, and we currently have about \$35.2 million in reserves. Ms. Moreno inquired about the new sales tax laws that went into effect last year and asked if those laws are included in the projections. Mr. Thompson replied that SANDAG projects those numbers and they included the new laws into their projections. Ms. Moreno asked about the previous pension obligation bonds MTS issued and asked if MTS would have issued those bonds with the knowledge we know now. Mr. Jablonski replied that if we had not had the recession in 2008, then yes we would have issued them still, but if we had known about the recession, then no we would have not issued the bonds. He stated that due to the recession, the insurers of those bonds pulled out of the market, which left us exposed on those bonds. Ms. Moreno asked about how MTS will address the budget shortfalls in the future projections. Mr. Jablonski replied that there are several ways to address those shortfalls going forward including, but not limited to utilizing potential sales tax initiatives, state subsidies, federal subsidies, and fare adjustments.

Mr. Arambula asked about the net passenger growth fiscal year to date. Mr. Thompson replied that fiscal year to date year over year is under one percent growth.

Mr. Sandke commented that he hopes to see some financing changes on the state level with the movement of funds from the high-speed rail project to other transit projects throughout the state. He asked how staff is preparing for that possible shift in funding. Mr. Jablonski replied that staff is always prepared to go after funding that is available to MTS. He stated that staff is following this matter to ensure that it can benefit from the shift in funding.

There was no public testimony.

Action Taken

Mr. Hall moved to: (1) Hold a public hearing, receive testimony, and review and comment on the fiscal year (FY) 2020 budget information presented in this report; and (2) Enact Resolution No. 19-3 adopting the operating and capital budget for San Diego Metropolitan Transit System (MTS) and approving the operating budgets for San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), MTS Contract Services and the Coronado Ferry. Ms. Salas seconded the motion, and the vote was 14 to 0 in favor with Mr. Arapostathis absent.

DISCUSSION ITEMS

30. None.

REPORT ITEMS

45. Elevate SD 2020 Update (Paul Jablonski, Sharon Cooney, Mark Olson) (TAKEN BEFORE CLOSED SESSION)

Mr. Jablonski provided an update on Elevate SD 2020. He discussed the principles and process of Elevate SD 2020. He reviewed the primary objectives including finding the best connections and bridging the residential to employment gaps. Mr. Jablonski reviewed potential project ideas including fixed-guideway projects, airport connections, rapid projects, ferry services, safety and security, bus fleet electrification, mobility-on-demand, fare discounting, mobility hubs, grade separations, increased service frequency, and support facilities.

Mark Olson, Public Relations Manager, continued the presentation and discussed the recent Community Advisory Committee (CAC) efforts. He reviewed the details of the April 30, 2019 CAC meeting and discussed the purpose of the meeting. Mr. Olson provided details on the value exercise results from the meeting and the group discussion themes. He played a recap video from the CAC meeting and discussed next steps going forward for the CAC. Mr. Olson also listed some of the upcoming community events that will be held throughout the San Diego region.

PUBLIC COMMENTS

Eric Christen – Mr. Christen commented on behalf of the Coalition for Fair Employment in Construction. He stated that he wanted to introduce himself and his organization. He stated that there have been issues related to project labor agreements (PLAs). Mr. Christen commented that people are aware that PLAs are exclusionary and costly. He stated that projects should be available on an open and competitive market place. Mr. Christen stated that unless there is explicit language in the ballot measure that the future projects will be built on fair and open competitive markets, they would oppose the measure.

BOARD DISCUSSION

Ms. Salas commented that she likes that this proposal is principal driven. She stated that she would like some points to be taken into consideration. She stated that the job centers are currently in the northern San Diego region, but she wants to ensure that we do not build up a system that dis-incentivizes businesses from opening in the southern region of San Diego. Ms. Salas stated that SANDAG's 5 Big Moves are long term goals, however this proposal is going to make a difference now in the community. She stated that she would like to see a third rail built, especially on the Blue Line to help with more frequency and longer service hours, as well as moving freight. She stated that MTS needs to continue coordination with SANDAG and Caltrans. Ms. Salas asked how members of focus groups were identified. She stated that MTS needs to broaden the types of people and groups that attend these meetings. Chair Gomez stated that any additional people or groups that want to be included into the CAC are more than welcome. She asked the Board to please notify MTS staff of any other additions they would like to see in the CAC. Chair Gomez also stated that MTS is working closely with both SANDAG and Caltrans and will continue to do so going forward.

Ms. Galvez commented that she would like to see a way to incentivize businesses to locate to the southern region of San Diego. She stated that utilizing transit can be a way to encourage businesses to relocate.

Mr. Hall commented that SANDAG is jeopardizing the MTS vision and goals by coming out with their long-term vision. He stated that he would like to see the North and East county cities working together with MTS to make this measure work. He stated that promises made should be promises kept. He stated that this measure needs to benefit everyone including the North and East county cities.

Mr. Sandke commented that he has concerns with some of the differences in terms of the polling versus the focus groups. He stated that he wants to ensure that we are engaging the members of the community that may be opposed to transit to determine what can be done to fix those gaps. Mr. Sandke also commented that he appreciates the ideas related to utilizing ferryboats in the measure.

Ms. Montgomery stated that she would like the following groups to be included in the community outreach: the Black Chamber of Commerce and the Made in Paradise Hills group. She stated that she believes we are moving the right direction for the future of transit in this region.

Ms. Rios commented that MTS is providing a lot of opportunities for communities to voice their opinions in relation to the measure. She encouraged the Board Members to ensure that their community members are taking an active role in this process.

Mr. Ward commented that he agrees there should be a large effort in reaching out to the various community festivals and events to get the word out about the measure. He stated that he wants to ensure that various community plan data is included in the information related to job density opportunities. Mr. Ward stated that he would like to see these messages communicated directly to the riders on the system. He stated that he wants to ensure that all types of community members are involved and have the opportunities to be involved in this process.

Ms. Moreno asked about the contact information the public can use to get involved in this process. Mr. Olson stated that members of the public can go to www.ElevateSD2020.com for this information. Ms. Moreno asked MTS staff to create a flyer for the next CAC meeting and distribute it to the Board Members for their jurisdictions.

Ms. Aguirre commented that she wanted to echo Ms. Salas' recommendations on increasing transit in the South Bay whether it's by building a third rail to help provide more frequency or adding more service for access to jobs. She said that Imperial Beach has the highest unemployment rate and the primary reason is due to the lack of access to jobs. Ms. Aguirre stated that she wants to focus on increasing access to jobs and increasing ridership.

Chair Gomez stated that she personally cares about this topic and how important this measure will be for the quality of life of residents and for access to jobs. She stated that this process will be time consuming, but she wants to ensure that all Board Members are involved and will bring their community members along during the process.

Action Taken

No action taken. Informational item only.

46. Operations Budget Status Report for March 2019 (Mike Thompson) (TAKEN BEFORE CLOSED SESSION)

Mr. Thompson provided an operations budget status report for March 2019. Mr. Thompson reviewed the total operating revenues, total operating expenses, and total operating variance. Lastly, he discussed on-going concerns including regional sales tax receipts, State Transit Assistance formula funds, passenger levels, and energy prices.

Action Taken

No action taken. Informational item only.

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)

Ms. Rios commented that National City has selected a new City Manager – Brad Raulston. She stated that Brad Raulston has served as the Assistant City Manager for over the past 12 years.

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

There were no additional public comments.

CLOSED SESSION

24. Closed Session Items

CLOSED SESSION PUBLIC COMMENT

Doug Hicks – Mr. Hicks provided comments as to why prevailing wage is important and matters in the community. He stated that PLA employers provide more than just a living wage, but provide workers with job opportunities. Mr. Hicks stated that requiring a skilled and trained workforce is important for the public. He encouraged the Board to ensure that this project requires a PLA as it is on public-owned land.

David Smith – Mr. Smith commented on behalf of the Navajo Community Planning Group. He stated that they are unclear as to how this project will impact the Alvarado Creek Revitalization Plan. He asked the Board to keep in mind of the Alvarado Creek Revitalization Plan study and to ensure that it is included within the Grantville development project. Mr. Smith stated that the Navajo Community Planning Group has worked for over 15 years to ensure that a pedestrian friendly, transit oriented, urban community be built at and around the Grantville Trolley Station.

Gretchen Newsom – Ms. Newsom commented on behalf of the IBEW 569. She stated that they are advocating for PLAs, prevailing wages, and skilled and trained workforce provisions are

included for this development and any public-owned land developments. Ms. Newsom stated that PLAs should be utilized for these projects as these enhance and benefit the local public. She commented that the previous comments against PLAs stated earlier in the meeting were false. Ms. Newsom stated that PLAs have a positive impact on our communities; they value diversity and create inclusion.

Kelvin Barrios – Mr. Barrios commented on behalf of Laborers Local 89. He stated that they are in support of requiring PLAs for projects that include publicly owned land. Mr. Barrios commented that they believe if a public agency builds a project, it should pay a prevailing wage and use a skilled and trained workforce. Mr. Barrios also stated that they would like to encourage local hire provisions in these projects.

The Board convened to Closed Session at 11:04 a.m.

a. CLOSED SESSION – CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to California Government Code Section 54956.8

Property: 4464 – 4574 Alvarado Canyon Road, San Diego CA (Assessor Parcel Nos. (APN) 461-320-12, 29, and 07)

Agency Negotiators: Paul Jablonski, Chief Executive Officer, Karen Landers, General Counsel, Sharon Cooney, Chief of Staff, and Tim Allison, Manager of Real Estate Assets

Negotiating Parties: Affirmed Housing Group, Inc.; Greystar Real Estate Partners, LLC
Under Negotiation: Price and Terms of Payment

The Board reconvened to Open Session at 12:10 p.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 direction to negotiators.

64. Next Meeting Date

The next regularly scheduled Board meeting is June 13, 2019.

65. Adjournment

Chair Gomez adjourned the meeting at 12:10 p.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): May 9, 2019

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

RECESS: _____

RECONVENE: _____

PUBLIC HEARING: 9:30 a.m.

RECONVENE: 9:56 a.m.

CLOSED SESSION: 11:04 a.m.

RECONVENE: 12:10 p.m.

ORDINANCES ADOPTED: _____

ADJOURN: 12:10 p.m.

| BOARD MEMBER | (Alternate) | PRESENT (TIME ARRIVED) | ABSENT (TIME LEFT) |
|--------------|---|---------------------------|-----------------------|
| AGUIRRE | <input checked="" type="checkbox"/> (Spriggs) <input type="checkbox"/> | 9:00 a.m. | 12:10 p.m. |
| ARAMBULA | <input checked="" type="checkbox"/> (Mendoza) <input type="checkbox"/> | 9:00 a.m. | 12:10 p.m. |
| ARAPOSTATHIS | <input type="checkbox"/> (TBD) <input type="checkbox"/> | | |
| FAULCONER | <input type="checkbox"/> (Moreno) <input checked="" type="checkbox"/> | 9:00 a.m. | 12:10 p.m. |
| FLETCHER | <input checked="" type="checkbox"/> (Cox) <input type="checkbox"/> | 9:00 a.m. | 10:05 a.m. |
| FRANK | <input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/> | 9:00 a.m. | 12:10 p.m. |
| GALVEZ | <input checked="" type="checkbox"/> (Diaz) <input type="checkbox"/> | 9:00 a.m. | 12:10 p.m. |
| GOMEZ | <input checked="" type="checkbox"/> (Campbell) <input type="checkbox"/> | 9:00 a.m. | 12:10 p.m. |
| HALL | <input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/> | 9:00 a.m. | 12:10 p.m. |
| MCCLELLAN | <input checked="" type="checkbox"/> (Goble) <input type="checkbox"/> | 9:00 a.m. | 12:10 p.m. |
| MONTGOMERY | <input checked="" type="checkbox"/> (Bry) <input type="checkbox"/> | 9:00 a.m. | 12:10 p.m. |
| RIOS | <input checked="" type="checkbox"/> (Sotelo-Solis) <input type="checkbox"/> | 9:00 a.m. | 12:10 p.m. |
| SALAS | <input checked="" type="checkbox"/> (Diaz) <input type="checkbox"/> | 9:08 a.m. | 11:55 a.m. |
| SANDKE | <input checked="" type="checkbox"/> (Donovan) <input type="checkbox"/> | 9:00 a.m. | 12:10 p.m. |
| WARD | <input checked="" type="checkbox"/> (Kersey) <input type="checkbox"/> | 9:00 a.m. | 12:10 p.m. |

SIGNED BY THE CLERK OF THE BOARD:



CONFIRMED BY THE GENERAL COUNSEL:

