

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

MINUTES

November 14, 2019

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

1. Roll Call

Chair Fletcher called the Board meeting to order at 9:00 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Ms. Moreno moved to approve the minutes of the October 10, 2019, MTS Board of Directors meeting. Mr. Hall seconded the motion, and the vote was 13 to 0 in favor with Ms. Salas and Mr. Ward absent.

3. Public Comments

Nate Fairman – Mr. Fairman commented on behalf of the IBEW 465. He provided comments regarding the recent union negotiations that are underway. Mr. Fairman stated that the negotiations have been going well and they look forward to continuing the negotiations.

Martha Welch – Ms. Welch commented on the lack of bus benches and restrooms throughout the service territory.

John Brady – Mr. Brady commented on behalf of Voices of Dignity. He provided comments about security officers and fare enforcement. Mr. Brady asked if security resources have been used effectively. He recommended that the security officers wear a more welcoming type of uniform rather than a traditional security officer uniform.

Renee Chello – Ms. Chello commented about public health issues on buses and trolleys. She stated that there are homeless riders that are on the buses on trolleys that are not clean and produce foul odors. She noted that these issues can translate to public health problems to the other riders onboard.

Peter Zschiesche – Ms. Zschiesche commented on behalf of the Employees Rights Center for the United Taxi Workers of San Diego and Rideshare Drivers United. He stated that they support the Rideshare Drivers United workers. A representative from Rideshare Drivers United commented that they have been working on establishing professional relationships with government agencies, and working toward achieving an employment status.

Jean Costa – Ms. Costa provided various comments regarding the new electric buses, the El Cajon Bus Rapid Transit, fare prices, SANDAG's new vision, and climate issues. She stated that MTS should consider providing free transit passes for the disabled, seniors and youth population.

4. Appointment of Ad Hoc Nominating Committee for Recommending Appointments to MTS Committees for 2020 (Sharon Cooney)

Chair Fletcher recommended appointing the following Board Members to the Ad Hoc Nominating Committee: himself, Mr. Hall, Ms. Montgomery, Ms. Salas, and Mr. Sandke. Ms. Sotelo-Solis nominated herself to the Committee.

Action Taken

Chair Fletcher moved to appoint the following Board Members to the Ad Hoc Nominating Committee to make recommendations to the Board with respect to the appointment of the Vice-Chair, Chair Pro-Tem as well as MTS and non-MTS committees for 2020: Fletcher, Hall, Montgomery, Salas, Sandke, and Sotelo-Solis. Ms. Gomez seconded the motion, and the vote was 14 to 0 in favor with Ms. Salas absent.

CONSENT ITEMS

6. San Diego and Arizona Eastern (SD&AE) Railway Company Quarterly Reports and Ratification of Actions Taken by the SD&AE Board of Directors at its Meeting on October 8, 2019

Action would receive the San Diego and Imperial Valley Railroad (SD&IV), Pacific Southwest Railway Museum Association (Museum), and Desert Line quarterly reports for information and ratify all actions taken.

7. Investment Report – Quarter Ending, September 30, 2019

8. Regional Transit Management System (RTMS) Radio Hardware Upgrade Contract Award and Post-Warranty Maintenance Services Contract Amendment

Action would authorize the Chief Executive Officer (CEO) to: (1) Execute MTS Doc. No. PWG279.0-19 in the amount of \$2,950,000.00 with Motorola Solutions, Inc. (Motorola) for the purchase of radio hardware and radio hardware upgrade services for the RTMS; and (2) Execute Amendment No. 2 to MTS Doc. No. G1887.0-16 with Motorola to extend the RTMS post-warranty radio system maintenance agreement by up to 12 months from January 1, 2020 through December 31, 2020 in the amount of \$399,985.48.

9. Elevator and Escalator Preventative Maintenance and Repair – Contract Award

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc No. PWG281.0-19 with KONE Inc. (KONE) for the provision of elevator and escalator preventative maintenance and repair services for a period of seven years for a total of \$2,203,643.66.

10. On-Call Construction Management (CM) and Engineering / Inspection Services – Assignment Increase

Action would authorize the Chief Executive Officer (CEO) to execute Amendment No. 1 to MTS Doc. No. G2023.0-17 with SANDAG in the amount of \$1,000,000. The new total value of the contract shall not exceed \$4,000,000.

11. 45-Foot Compressed Natural Gas (CNG) Over-the-Road Coaches – Contract Award

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0711.0-20 to Motor Coach Industries, Inc. (MCI) for the purchase of 24, 45-foot, CNG over-the-road (OTR) coaches in the amount of \$19,573,831.12.

12. Imperial Avenue Division (IAD) to Operations Control Center (OCC) Redundant Fiber – Award Work Order Under a Job Order Contract (JOC)
Action would authorize the Chief Executive Officer (CEO) to execute Work Order MTSJOC7506-06 under MTS Doc. No. PWL235.0-17 with HMS Construction, Inc. (HMS) for the IAD to OCC Redundant Fiber project in the amount of \$128,951.56.
13. Procurement of Siemens Controller Board and Signal Interface Module for Maintenance of Way (MOW) Spare Parts – Purchase Order
Action would authorize the Chief Executive Officer (CEO) to execute a Purchase Order with Siemens Mobility Inc. (Siemens), for the purchase of Controller Board and Signal Interface Modules, for a total not to exceed amount of \$133,670.34 inclusive of tax.
14. Number Not Used.
15. Beyer Boulevard Track Replacement – Contract Award
Action would authorize the Chief Executive Officer (CEO) to execute the MTS Doc. No. PWL306.0-20, an emergency construction contract, with Transdev Rail, Inc., for Beyer Blvd. Track Replacement in the amount of \$1,480,082.77 (action requires a vote of two-thirds of the membership of the Board of Directors to approve).
16. Closed Circuit Television (CCTV) Server Refresh – Contract Award
Action would authorize the Chief Executive Officer (CEO) to execute a Purchase Order with Nth Generation, Inc. for the CCTV Server Refresh in the amount of \$239,255.18.

BOARD COMMENTS

Ms. Moreno inquired about consent item number 6. She asked if staff could explain the approval process for SD&AE matters. Karen Landers, General Counsel, stated that MTS is the sole owner of SD&AE. She stated that SD&AE is a separate legal entity, and Mr. Jablonski is the President of that agency. Ms. Landers noted that when the SD&AE has real estate transactional documents, Mr. Jablonski will sign those documents as the President of SD&AE according to the same policy that applies to him as CEO of MTS.

Action on Recommended Consent Items

Ms. Moreno moved to approve Consent Agenda Item Nos. 6 – 16. Ms. Montgomery seconded the motion, and the vote was 14 to 0 in favor with Ms. Salas absent.

PUBLIC COMMENTS – CONSENT ITEM NO. 11

Michael Horgan – Mr. Horgan provided comments in support of item number 11 regarding the purchase of the new CNG OTR coaches.

NOTICED PUBLIC HEARINGS (TAKEN BEFORE CLOSED SESSION)

25. None.

DISCUSSION ITEMS (TAKEN BEFORE CLOSED SESSION)

30. Fiscal Year 2019 Comprehensive Annual Financial Report (CAFR) (Erin Dunn with Gary Caporicci and Coley Delaney of The Pun Group)

Erin Dunn, Controller, introduced this item and Gary Caporicci and Coley Delaney of The Pun Group. Mr. Delaney provided a presentation on the fiscal year (FY) 2019 CAFR. He reviewed the management and auditors' responsibilities and the approach to the audit. Mr. Caporicci provided an overview of the financial statements. He reviewed the summary statements of net position; summary statements of revenues, expenses and changes in net position; summary statements of cash flows; net pension liability; pension expenses; and other postemployment benefits plan. Mr. Delaney continued the presentation and reviewed the audit results. He stated that there was an unmodified opinion; there were no disagreements with management; there were no material weaknesses or significant deficiencies in internal controls; and there were no accounting issues noted. Lastly, Mr. Caporicci reviewed GASB upcoming standards and key research projects.

Mr. Arambula asked a series of questions related to the audit process. He directed the following questions to the auditors: during the audit, were you given full access to any employee that you needed to talk to for the purposes of preparing the audit? Mr. Delaney replied yes. He asked: did you ever ask for access to an employee that you felt necessary to complete your audit and were denied access to that employee? Mr. Delaney replied no. He asked: were you given full access to any documents including ledgers and financial statements and financial documents for the purposes of preparing your audit? Mr. Delaney replied yes. He asked: did you ever ask for any documents, ledgers or any financial documents from staff or executives that were refused to be provided to you? Mr. Delaney replied no. He asked: did you find any financial practices being used by staff or executives to not be consistent with best practices of accounting? Mr. Delaney replied no. He asked: is it your opinion that this audit and MTS's financial record keeping deserves an unmodified opinion? Mr. Delaney replied yes. He asked: what is the alternative to an unmodified opinion? Mr. Delaney replied that there would be either qualifications, adverse opinions, or disclaimers of opinions. He asked: how many years has your company been conducting finance audits for MTS? Mr. Delaney replied approximately 13 years. Lastly, he asked: have you ever found an MTS audit that you did not ultimately conclude that it would be an unmodified opinion? Mr. Delaney replied no.

Ms. Moreno commented about the MTS reserve policy. She recommended staff to look into increasing the reserve policy limits. Larry Marinesi, Chief Financial Officer, stated that the Budget Development Committee can have that discussion and bring any recommended changes to the full Board for final decision.

Ms. Sotelo-Solis inquired about the audit and ask how long this auditor group has been working for MTS. Mr. Marinesi stated that this auditor group, in one form or another, has been working for MTS since about 2006. The company has been through a few name changes during that time. Mr. Marinesi noted that there have been negotiated procurements during the years for this particular contract. Ms. Sotelo-Solis commented that it may be useful to have different sets of auditors looking at MTS financials. Mr. Caporicci noted that they undergo peer reviews and auditor rotations to ensure that there is proper oversight throughout the term of the contract.

Action Taken

Informational only. No action taken.

REPORT ITEMS (TAKEN BEFORE CLOSED SESSION)

45. UC San Diego Blue Line Trolley Service in the Southbay (Brent Boyd and Sharon Cooney)

Sharon Cooney, Chief of Staff, and Brent Boyd, Manager of Quality Service - Rail, provided a presentation on the UC San Diego Blue Line Trolley Service in the Southbay. Mr. Boyd reviewed the history of the UC San Diego Blue Line; current Blue Line services; Blue Line ridership; Blue Line investments; proposals for near-term investments; challenges for further improvement; options for improvement of South Bay I-5 transit services; Blue Line ridership patterns; Blue Line frequency enhancements; Blue Line Express history; Blue Line Express passing tracks; Blue Line Express separated tracks; other examples of express rail services; express buses; and other considerations. Lastly, Ms. Cooney provided potential ballot language for the Board to consider as it relates to the I-5 corridor.

Chair Fletcher thanked staff for the presentation. He stated that more work and discussion will take place regarding the Blue Line. Chair Fletcher commented on the option of utilizing over-the-road coach buses during the overnight hours on the I-5 as an express option, while the freight traffic is on the line. He also noted that grade separations on the Blue Line and throughout other parts of the system will help provide a regional benefit.

Ms. Galvez commented that she believes her constituents would like to save time and get to their destinations faster. She stated that she would like to see a parking study and how riders are using parking structures and cars along with the trolley. Ms. Galvez stated that she would like to see less constrained language in the I-5 corridor ballot language proposal too.

Mr. Arambula inquired about adding another level above the current trolley line. Mr. Terry responded that due to overhead catenary wire height, that would not be possible.

Ms. Moreno stated that she is interested in implementing additional service and the Blue Line Express service. She stated that grade separations should be included in these plans. Ms. Moreno stated that MTS should also begin to think about how to incorporate future housing plans into the expansion of transit in the San Ysidro area.

Ms. Sotelo-Solis commented that she likes the options that were presented today. She stated that we need to look at the costs and how to invest in the Blue Line. Ms. Sotelo-Solis commented about implementing 24 hour service and how it is an important goal to reach for the Blue Line. She stated that MTS needs to include grade separations for the Blue Line corridor. She also commented how these projects can help lower GHG emissions throughout the region. Lastly, she stated that she likes how the proposed ballot language reads and recommended including the language to note that enhanced services go beyond the downtown area.

Mr. Spriggs stated that he thinks we need to take future growth into consideration, as well as climate action plans, and housing density. He stated that these elements need to be included in this conversation to lead the decision making process. Mr. Spriggs stated that the Blue Line

Express option does not seem to have a great enough benefit for the cost. He stated that the grade separations will be important to include in this process in order to accommodate increased frequencies.

Mr. McClellan commented that MTS needs to include grade separations in the proposed ballot measure. He noted that grade separations will benefit both the trolley riders and the people who drive cars.

Ms. Gomez asked if MTS has spoken with SANDAG about these proposals. Ms. Cooney replied that staff has been working with SANDAG on some of the details discussed today. Ms. Gomez commented that she wants staff to consider future riders into their research regarding these options. She stated that we need to have the goal of getting people out of their cars and riding transit, which will increase ridership. Ms. Gomez commented that she believes even though the cost of the Blue Line Express is costly, the success of it would be worth the cost. Ms. Gomez stated that she is okay with the ballot language, except for the mention of the I-5 corridor transit improvements. Lastly, she requested to have the language note that the enhanced services go beyond the downtown area.

Ms. Montgomery asked about the historical context of building up the Blue Line. Mr. Jablonski replied that the Blue Line was the first line built and was initially built much cheaper than the other lines. He noted that because it was built so long ago, the improvements that were done recently were needed for state of good repair and service improvements. Ms. Montgomery stated that she would like to look at the future investments throughout the system. She noted that she is still interested in exploring more about the Blue Line Express.

Ms. Sotelo-Solis requested for a true cost-benefit analysis to be conducted in that corridor before the Board makes any official recommendations in the future.

PUBLIC COMMENTS

Michael Horgan – Mr. Horgan commented that he is in support of continuing research on all of the options that were proposed today.

Action Taken

Informational item only. No action taken.

46. Year End Operations Report (Wayne Terry and Mike Wygant)

This presentation was deferred to a future meeting.

Action Taken

Informational item only. No action taken.

47. Semi-Annual Security Report (January 1, 2019 through June 30, 2019) (Manny Guaderrama)

This presentation was deferred to a future meeting.

Action Taken

Informational item only. No action taken.

OTHER ITEMS (TAKEN BEFORE CLOSED SESSION)

59. Elevate SD 2020 Update

Mr. Jablonski stated that the next Elevate SD 2020 Board Workshop would be held on the regularly scheduled Board meeting on December 12th.

60. Chair Report

There was no Chair report.

61. Chief Executive Officer's Report

There was no Chief Executive Officer's report.

62. Board Member Communications

There were no Board Member communications.

63. Additional Public Comments on Items Not on the Agenda

There were no additional public comments.

CLOSED SESSION

24. Closed Session Items

The Board convened to Closed Session at 10:56 a.m.

- a. CLOSED SESSION – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(d)(1) San Diego Metropolitan Transit System v. Grand Central West LLC and related cross-complaints (San Diego Superior Court Case No. 37-2014-00044014-CU-OR-CTL)
- b. CLOSED SESSION – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Pursuant to California Government Code Section 54956.9(d)(4) (One Potential Case – David S. Smith/El Dorado Properties, Inc.)

The Board reconvened to Open Session at 11:52 a.m.

Oral Report of Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

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

64. Next Meeting Date

The next regularly scheduled Board meeting is December 12, 2019.

65. Adjournment

Chair Fletcher adjourned the meeting at 11:53 a.m.

/s/ Nathan Fletcher
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
ROLL CALL

MEETING OF (DATE): November 14, 2019

CALL TO ORDER (TIME): 9:00 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 10:56 a.m.

RECONVENE: 11:52 a.m.

PUBLIC HEARING: _____

RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 11:53 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
AGUIRRE	<input type="checkbox"/> (Spriggs) <input checked="" type="checkbox"/>	9:00 a.m.	11:53 a.m.
ARAMBULA	<input checked="" type="checkbox"/> (Mendoza) <input type="checkbox"/>	9:00 a.m.	11:53 a.m.
ARAPOSTATHIS	<input type="checkbox"/> (Weber) <input checked="" type="checkbox"/>	9:00 a.m.	11:53 a.m.
FAULCONER	<input type="checkbox"/> (Moreno) <input checked="" type="checkbox"/>	9:00 a.m.	11:53 a.m.
FLETCHER	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:00 a.m.	11:53 a.m.
FRANK	<input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/>	9:00 a.m.	11:53 a.m.
GALVEZ	<input checked="" type="checkbox"/> (Diaz) <input type="checkbox"/>	9:00 a.m.	11:53 a.m.
GOMEZ	<input checked="" type="checkbox"/> (Campbell) <input type="checkbox"/>	9:00 a.m.	11:53 a.m.
HALL	<input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/>	9:00 a.m.	11:53 a.m.
MCCLELLAN	<input checked="" type="checkbox"/> (Goble) <input type="checkbox"/>	9:00 a.m.	11:53 a.m.
MONTGOMERY	<input checked="" type="checkbox"/> (Bry) <input type="checkbox"/>	9:00 a.m.	11:53 a.m.
SALAS	<input type="checkbox"/> (Diaz) <input type="checkbox"/>		
SANDKE	<input type="checkbox"/> (Donovan) <input checked="" type="checkbox"/>	9:00 a.m.	11:53 a.m.
SOTELO-SOLIS	<input checked="" type="checkbox"/> (Quintero) <input type="checkbox"/>	9:00 a.m.	11:53 a.m.
WARD	<input checked="" type="checkbox"/> (Kersey) <input type="checkbox"/>	9:02 a.m.	11:53 a.m.

SIGNED BY THE CLERK OF THE BOARD:

Julia Tuer

CONFIRMED BY THE GENERAL COUNSEL:

Kelli Cord