

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

MINUTES

February 13, 2020

[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 9:05 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Ms. Salas moved to approve the minutes of the January 16, 2020 and February 1, 2020, MTS Board of Directors meeting. Mr. Sandke seconded the motion, and the vote was 13 to 0 in favor with Ms. Gomez and Mr. Ward absent.

CHAIR'S COMMENT – ADDITION OF CLOSED SESSION ITEM

Chair Fletcher brought to the attention of the Board of Directors the revised Board agenda. Karen Landers, General Counsel, briefly discussed the additional closed session item for conference with legal counsel regarding existing litigation pursuant to government code section 54956.9(d)(1). Subsequent to the agenda being posted, it became necessary for the Board to receive a briefing on this item. Ms. Landers stated that a two-thirds favorable vote of the Board is required to add the closed session item to the agenda.

Action Taken

Chair Fletcher moved to affirm Ms. Landers' findings and add the closed session item to the February 13, 2020 Board of Directors meeting agenda. Mr. Sandke seconded the motion, and the vote was 13 to 0 in favor with Ms. Gomez and Mr. Ward absent.

3. Public Comments

Renee Chello – Ms. Chello stated that there are homeless riders that are on the buses and 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. Ms. Chello stated that people are bringing bags on board that take up seats for riders.

Valerie Hightower – Ms. Hightower commented on the need for security officer presence on board buses, trolleys, and at transit stations. She stated that some of the bus drivers have shown no consideration towards riders and safety. Ms. Hightower said that bathrooms should be unlocked to passengers to use via a small payment.

Martha Welch – Ms. Welch commented that she supports the union drivers. She stated that there should be restrooms available for transit riders, as well as additional bus benches.

Anthony LoBue – Mr. LoBue stated that he is concerned with the wildcat drivers providing transportation services at the San Ysidro border. He proposed an anti-wildcat campaign to the Board. Mr. LoBue provided hard copy handouts regarding his proposal. The handouts are attached in the final Board meeting packet posted on the MTS website.

Miguel Aguirre – Mr. Aguirre stated that he would not be making any comments, as his topic of discussion was added to the official closed session agenda.

Nate Fairman – Mr. Fairman commented on behalf of IBEW 465. He said that he is advocating for hazard pay for the bus mechanic employees that are working on the battery electric buses, due to the greater risks they face working with high voltage electrical currents. Mr. Fairman also commented that they strongly support the amendment to the Chief Executive Officer's employment agreement.

Dan Allen – Mr. Allen commented on the need for a connection from La Jolla to the Blue Line trolley extension. He stated that he looks forward to hearing more about a potential feeder bus system to provide that connection.

Anabel Arauz – Ms. Arauz commented on behalf of IBEW 465. She stated that the IBEW 465 bus mechanics are currently in negotiations with MTS. Ms. Arauz said they want to address the hazard pay inequities that the bus mechanics face while working on the battery electric buses.

Bobby Angel – Mr. Angel was not present.

Brian Pollard – Mr. Pollard stated that he is in support of the youth opportunity passes. He recommended that the Board consider raising the youth opportunity pass proposal through the age of 24, instead of 18.

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 January 14, 2020
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 any actions taken.
7. 2020 Federal and State Legislative Programs
Action would approve staff recommendations for 2020 federal and state legislative programs.
8. Appointment of Authorized Representatives for Bayfront Project Special Tax Financing District of the City of Chula Vista
Action would: (1) Appoint the Chief Executive Officer and General Counsel as the authorized representatives to vote in the special election for the Bayfront Project Special Tax Financing District of the City of Chula Vista in relation to Assessor Parcel Number 567-031-26-00; and (2) Instruct the authorized representatives to vote "yes" on each of the three propositions listed in the Special Mail Ballot.

9. Excess Liability and Workers' Compensation Insurance Renewals
Action would approve the purchase of excess liability insurance (at limits of \$73 million excess of a \$2 million self-insured retention [SIR]), and excess workers' compensation insurance (at statutory limits excess of a \$1 million SIR). The new policies would be in effect from March 1, 2020 through March 1, 2021.
10. Amendment to Chief Executive Officer Employment Agreement
Action would approve an amendment to the Executive Employment Agreement (EEA) between MTS and Paul C. Jablonski to provide a merit bonus and a one-year contract extension.
11. Ad Buying Software – Contract Award
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc No. G2291.0-19 with Zeba Consulting (Zeba), a Disadvantaged Business Enterprise (DBE), for the provision of ad buying software for a period of one (1) base year with two (2) 1-year options, exercisable at MTS's sole discretion and not to exceed the amount of \$307,500.
12. Network Equipment for San Diego Metropolitan Transit System Network Devices Refresh – Purchase Order
Action would authorize the Chief Executive Officer (CEO) to issue a Purchase Order to NetXperts, Inc., a Small Business (SB), for the provision of network equipment for MTS Network Devices Refresh in the amount of \$261,005.04.
13. Unallocated Transportation Development Act (TDA) Funds for Transit-Related Projects
Action would authorize the Chief Executive Officer (CEO) to approve the use of \$98,245 in unallocated TDA funds currently held by the County of San Diego for transit-related expenses for the City of El Cajon.
14. Bus Rapid Transit (BRT) Station Janitorial Maintenance Services – Contract Award
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0707.0-20 in the amount of \$5,512,249.95 with NMS Management, Inc., a Disadvantaged Business Enterprise (DBE), for the provision of BRT station janitorial maintenance services for a five (5) year base period with two (2) 1-year option terms to be exercised at the CEO's discretion.
15. Landscaping Maintenance Services – Contract Award
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc No. PWG302.0-20 in the amount of \$1,126,331.28 with Aztec Landscaping, Inc. (Aztec) for the provision of landscaping maintenance and as-needed repair services for a five (5) year base period with two (2) 1-year option terms to be exercised at the CEO's discretion.
16. Light Rail Vehicle (LRV) Upper Level Work Platforms Construction Management Services – Work Order Amendment 2
Action would authorize the Chief Executive Officer (CEO) to: (1) Ratify Work Order Amendment No. 1 WOA2016-CM001.1 under MTS Doc. No. G2016.0-17 with TRC Engineers, Inc. (formerly Caltrop Consulting) for construction management and inspection services for the LRV Upper Level Work Platforms project in the amount of \$94,678.48, increasing the initial work order value from \$119,201.76 to \$213,880.24; and (2) Execute Amendment No. 2 to MTS Doc. No. WOA2016-CM001 under MTS Doc. No. G2016.0-17 with TRC Engineers, Inc. in the amount of \$67,993.73 to

provide additional construction management and inspection services for the LRV Upper Level Work Platforms at MTS Building C1 East.

17. Variable Message Sign (VMS) Display Assembly for South Bay Bus Rapid Transit (BRT) Stations – Contract Amendment

Action would authorize the Chief Executive Officer (CEO) to execute Amendment No. 4 to MTS Doc. No. L1468.0-19 with My Electrician Inc., a Disabled Veteran Business Enterprise (DVBE) and Small Business (SB), for the provision of an alternative product manufacturer and purchase of three (3) additional units for the South Bay BRT VMS sign assemblies in the amount of \$223,828.79.

18. Investment Report – Quarter Ending December 31, 2019

BOARD COMMENTS

Chair Fletcher noted that consent item number 7 would be pulled for discussion and public comment.

Ms. Moreno asked about item number 16 regarding LRV Construction Management Services. She asked who the responsible party was for halting construction in 2018. Mr. Jablonski replied that the design company, Rail Pros, was responsible. He noted that the issues with the contractor were resolved in Closed Session at the December 2019 Board meeting.

Action on Recommended Consent Items, Excluding Consent Item 7

Mr. Ward moved to approve Consent Agenda Item Nos. 6 – 18, excluding Consent Agenda Item No. 7. Mr. Hall seconded the motion, and the vote was 14 to 0 in favor with Ms. Gomez absent.

PUBLIC COMMENTS – CONSENT AGENDA ITEM NO. 7

Sally Jacobus – Ms. Jacobus stated that the legislative program is too broad. She commented that the program could leave the administration to override the Board. Ms. Jacobus asked for the legislative program to be reevaluated before approval.

Bee Mittermiller – Ms. Mittermiller asked how specific legislative program statements discussing transit fare subsidies relate to AB 1350. She stated that she hopes federal funding will pay for ferry services, rather than MTS paying for those services. Ms. Mittermiller commented that public safety should also include the removal of criminalization of fare evasions.

BOARD COMMENTS – CONSENT AGENDA ITEM NO. 7

Ms. Moreno stated that this item should be brought to the Board as a discussion item, rather than as a consent item. Ms. Moreno asked about the Capital Improvement Program (CIP) project list included in the legislative program. Sharon Cooney, Chief of Staff, replied that projects included in the approved CIP list are included in the program in order to try and advocate for outside funding, especially for the most competitive categories of projects. She stated that set projects are also included in the program, rather than lists of project concepts or regional projects. Ms. Moreno made a motion for the federal legislative program to be amended

to request federal capital project funding for the Blue Line Express as well as the San Ysidro Intermodal Transit Center.

Ms. Aguirre stated that she would like to see the entire agenda item pulled and brought back at a future Board meeting for further discussion and approval.

Ms. Moreno stated that she would amend her motion to include Ms. Aguirre's request.

Action on Recommended Consent Items, Excluding Item 7

Ms. Moreno moved to bring the entire agenda item back at a future Board meeting for further discussion and final approval. Ms. Montgomery seconded the motion, and the vote was 14 to 0 in favor with Ms. Gomez absent.

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS (TAKEN BEFORE CLOSED SESSION)

30. San Diego Transit Corporation (SDTC) Pension Investment Status (Jeremy Miller, Representative from RVK and Larry Marinesi)

Larry Marinesi, Chief Financial Officer, introduced Jeremy Miller from RVK, as well as Anne Harper and Alice Alsberghe with Cheiron. He noted that Jeremy Miller would be presenting on the SDTC Pension Investment Status Report, and Anne Harper and Alice Alsberghe would be presenting on the next item related to the SDTC Employee Retirement Plan's Actuarial Valuation.

Mr. Miller continued the presentation and reviewed the investment structure; total fund management fees; investment details; fiscal year 2019 performance; and performance details as of June 30, 2019. He noted that the fiscal year 2019 performance return was 5.73%, and the actuarial rate of return is 6.75%. Mr. Miller stated that the calendar year to date performance return is currently 16.18%.

Chair Fletcher asked about the differences in the return results for calendar year versus fiscal year. Mr. Miller stated that the difference in results demonstrates the normal fluctuations in the markets. Chair Fletcher asked for further discussion related to this plan being a closed plan compared to an open plan and how that impacts decision making. Mr. Miller stated that as the closed plan becomes a more mature plan, they will adjust the portfolio to a more conservative portfolio to ensure that risk is minimized for the remaining plan members. Ms. Harper stated that when the plan was closed, it was decided that the plan would be fully paid by the year 2037. She noted that in order to keep that goal in place, they will continue to adjust the payment plan as needed in order to fully fund the plan by 2037.

Ms. Moreno stated that the Board should consider reducing the actuarial rate of return to 6.50%, which would also match the San Diego City Employees' Retirement System (SDCERS) rate.

Mr. Sandke asked about the Alternatives Multi-Asset investments in the investment portfolio. He asked for further explanation as to what those investments include. Mr. Miller replied that the investment holds traditional stocks and bonds, but the investment managers are also provided more latitude to invest outside the United States to help capture some of the opportunities internationally that may not be captured in a solely traditional investment, such as the Vanguard Passive Index.

Ms. Montgomery asked about the timing of adjusting the rate of return. Chair Fletcher stated that the Board normally would look at adjusting the rate of return every five year. He said that he would like to change that to once per year going forward to better determine if a change is needed.

Action Taken

Informational item only. No action taken.

31. San Diego Transit Corporation (SDTC) Employee Retirement Plan's Actuarial Valuation as of July 1, 2019 (Anne Harper and Alice Alsberghe of Cheiron, Inc. and Larry Marinesi)

Ms. Harper provided a presentation regarding the SDTC Employee Retirement Plan's Actuarial Valuation as of July 1, 2019. Ms. Harper discussed the plan cost changes; plan history contributions; and plan history funding. Ms. Alsberghe reviewed the new risk disclosures associated with actuarial standards of practice. She also reviewed the plan membership and support ratio; projected total contributions and the projected funded ratio.

Ms. Moreno voiced her concerns regarding the projected total contributions and rates of return for the plan. She asked if staff has examined the possibility of reopening the plan to ensure that more employees contribute to the total funding of the plan. Mr. Marinesi stated that if the plan was reopened, the contribution amounts would be significantly higher than they are today. Mr. Jablonski noted that when the Board closed the plan in 2012, the projected contribution rate of the open plan was in excess of \$33 million per year. The Board determined at that time that we could not afford those costs, and subsequently closed the plan to new members.

Ms. Salas requested that going forward the presentation include comparison numbers of what the costs would have been if the rate of return was or was not lowered.

Action Taken

Chair Fletcher moved to receive the SDTC Employee Retirement Plan's (Plan) actuarial valuation as of July 1, 2019, and adopt the pension contribution amount of \$17,465,703 for fiscal year 2021. Ms. Sotelo-Solis seconded the motion, and the vote was 13 to 1 in favor with Ms. Moreno voting no, and Ms. Gomez absent.

CLOSED SESSION

24. Closed Session Items

The Board convened to Closed Session at 10:07 a.m.

- a. CLOSED SESSION – CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant to California Government Code Section 54956.8
Property: 5159 Baltimore Drive (Assessor Parcel No. 470-050-16)
Agency Negotiators: Paul Jablonski, Chief Executive Officer; Karen Landers, General Counsel; and Tim Allison, Manager of Real Estate Assets
Negotiating Parties: DJR Companies, LLC
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) 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)

The Board reconvened to Open Session at 10:49 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 and gave instructions to legal counsel.

REPORT ITEMS

45. Mid Coast Feeder Bus Plan Update (Denis Desmond and Rodrigo Carrasco)

Denis Desmond, Director of Planning, and Rodrigo Carrasco, Senior Transportation Planner, provided a presentation on the Mid-Coast Feeder Bus Plan. Mr. Desmond reviewed the details of the Mid-Coast light rail extension status; and the goals and schedule of the feeder bus study. Mr. Carrasco discussed the outreach efforts regarding the feeder bus study. He reviewed the main takeaways from the outreach and surveys. Mr. Desmond provided a summary of the feeder bus study and presented maps of proposals for routing adjustments. Lastly, he reviewed the next steps including completing the study and posting proposals for feedback; refining the details as necessary for final Board consideration; and conducting a Title VI analysis with a Public Hearing.

PUBLIC COMMENTS

Steve Hadley – Mr. Hadley commented on behalf of the Office of Councilmember Barbara Bry. He thanked MTS for including Route 34 in the study. Mr. Hadley noted that freshman and sophomores at UCSD are not allowed to have cars on campus, so this option provides a great alternative, as well as for the other residents of the district accessing the Mid-Coast extension.

Dan Allen – Mr. Allen stated that the La Jolla community looks forward to working with MTS on the next steps in the feeder bus study project.

BOARD COMMENTS

Mr. Ward asked if the Route 30 would have limited stops if operated as an express service. Mr. Desmond replied that the Route 30 would have limited stops, and the Route 34 would act as the local service.

Action Taken

Informational item only. No action taken.

46. Operations Budget Status Report for December 2019 (Gordon Meyer)

Gordon Meyer, Operating Budget Supervisor, provided a presentation on the operations budget status for December 2019. He reviewed the total operating revenues; fare revenues; total operating expenses; and total operating variance. Mr. Meyer reviewed details of on-going concerns including regional sales tax receipts; STA formula funds; passenger levels; and energy prices.

Action Taken

Informational item only. No action taken.

59. Elevate SD 2020 Update

Chair Fletcher noted that there will be Elevate SD 2020 Webinars for the public to participate in, as well as continued outreach.

PUBLIC COMMENTS

Brian Pollard – Mr. Pollard was not present.

60. Chair Report

There was no Chair's 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.

64. Next Meeting Date

The next regularly scheduled Board meeting is March 19, 2020.

65. Adjournment

Chair Fletcher adjourned the meeting at 11:12 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): February 13, 2020

CALL TO ORDER (TIME): 9:05 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 10:07 a.m.

RECONVENE: 10:49 a.m.

PUBLIC HEARING: _____

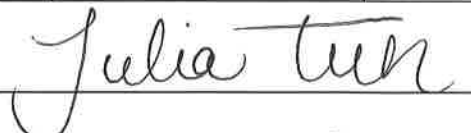
RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 11:12 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
AGUIRRE	<input checked="" type="checkbox"/> (Spriggs) <input type="checkbox"/>	9:00 a.m.	11:12 a.m.
ARAMBULA	<input checked="" type="checkbox"/> (Mendoza) <input type="checkbox"/>	9:00 a.m.	10:49 a.m.
FAULCONER	<input type="checkbox"/> (Moreno) <input checked="" type="checkbox"/>	9:00 a.m.	11:12 a.m.
FLETCHER	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:05 a.m.	11:12 a.m.
FRANK	<input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/>	9:00 a.m.	11:12 a.m.
GALVEZ	<input checked="" type="checkbox"/> (Diaz) <input type="checkbox"/>	9:00 a.m.	11:12 a.m.
GOMEZ	<input checked="" type="checkbox"/> (Campbell) <input type="checkbox"/>	10:07 a.m.	10:49 a.m.
HALL	<input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/>	9:00 a.m.	11:12 a.m.
MCCLELLAN	<input checked="" type="checkbox"/> (Goble) <input type="checkbox"/>	9:00 a.m.	11:12 a.m.
MONTGOMERY	<input checked="" type="checkbox"/> (Bry) <input type="checkbox"/>	9:00 a.m.	11:12 a.m.
SALAS	<input checked="" type="checkbox"/> (Diaz) <input type="checkbox"/>	9:00 a.m.	11:12 a.m.
SANDKE	<input checked="" type="checkbox"/> (Donovan) <input type="checkbox"/>	9:00 a.m.	11:04 a.m.
SOTELO-SOLIS	<input checked="" type="checkbox"/> (Quintero) <input type="checkbox"/>	9:00 a.m.	11:12 a.m.
WARD	<input checked="" type="checkbox"/> (Kersey) <input type="checkbox"/>	9:15 a.m.	11:12 a.m.
WEBER	<input checked="" type="checkbox"/> (Arapostathis) <input type="checkbox"/>	9:00 a.m.	11:12 a.m.

SIGNED BY THE CLERK OF THE BOARD:



CONFIRMED BY THE GENERAL COUNSEL:

