

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

MINUTES

February 11, 2021

[Clerk's note: Except where noted, public, staff and board member comments are paraphrased. Note that the meeting was conducted via webinar to comply with public health orders].

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

Chair Fletcher moved to approve the minutes of the January 21, 2021 MTS Board of Directors meeting. Board Member Hall seconded the motion, and the vote was 13 to 0 in favor with Vice Chair Sotelo-Solis and Board Member Gastil absent.

3. Public Comment

Mitch Beauchamp – Provided a written and verbal statement to the Board both during and prior to the meeting. The full written statement is included in the final meeting packet and posted on the MTS website.

Miguel Aguirre – Representing Grand Central West, provided a verbal statement to the Board during the meeting. Aguirre commented on regional changes to the San Ysidro Trolley stop with impacts to the binational region.

Kamran Hamidi – Provided a written statement to the Board prior to the meeting. The full written statement is included in the final meeting packet and posted on the MTS website.

CONSENT ITEMS

6. Mid-Coast Corridor Transit Project – Projected Staffing

Action would approve an additional 15 Security and Information Technology (IT) positions to support the Mid-Coast Corridor Trolley (Mid-Coast) extension.

7. Appointments of Primary Member And Alternate To San Diego And Arizona Eastern Railway Company (SD&AE) Board Of Directors

Action appoint Wayne Terry as the primary SD&AE Board member and Sharon Cooney as Mr. Terry's alternate on the SD&AE Board.

8. Zero-Emission Bus (ZEB) Procurement Project: 60-Foot Low-Floor Electric Buses – Issuance of Purchase Order to New Flyer of America, Inc. (New Flyer)

Action would authorize the Chief Executive Officer (CEO) to issue a Purchase Order to New Flyer for the purchase of twelve (12) 60-foot low-floor electric battery-powered buses in the amount of \$18,558,245.40.

9. On-Call Construction Management and Engineering/Inspection Services – Assignment Increase

Action would authorize the Chief Executive Officer (CEO) to execute Amendment No. 2 to MTS Doc. No. G2023.0-17 with the San Diego Association of Governments (SANDAG) in the amount of \$1,000,000. The new total value of the contract shall not exceed \$5,000,000.

10. Printed Circuit Boards (PCBs) and Electronic Components – Contract Amendments
Action would: 1) Ratify Amendment No. 1 to MTS Doc. No. L1476.0-19 with Siemens Mobility Inc., in the amount of \$90,000; and 2) Authorize the Chief Executive Officer (CEO) to approve Amendment No. 2 to MTS Doc. No. L1476.0-19 with Siemens Mobility Inc., for PCBs and Electronic Components, for a total of \$350,000.
11. Provision of Hewlett Packard Enterprise (HPE) Nimble HF20 Array Equipment and Support to Replace Regional Transit Management System (RTMS) 3PAR Storage Array (3PAR) – Purchase Order
Action would authorize the Chief Executive Officer (CEO) to execute a Purchase Order to Nth Generation Computing Inc. for the provision of HPE Nimble HF20 Array equipment and support to replace the RTMS 3PAR in the amount of \$106,834.56.
12. On-Call Electrical Repair Services – Contract Amendment
Action would: 1) Ratify MTS Doc No. PWG253.0-18 (Attachment A) with ACM Lighting Services (ACM), a Disadvantaged Business Enterprise (DBE), for on-call electrical repair services for a period of one base year and two optional one-year extensions in the amount of \$22,130.00 for the base year only; 2) Ratify Amendment No. 1-3 to MTS Doc No. PWG253.0-18 (Attachment B-D) with ACM to add additional funds for on-call electrical repair services in the amount of \$75,743.20; and 3) Authorize the Chief Executive Officer (CEO) to execute Amendment No. 4 to MTS Doc No. PWG253.0-18 (in substantially the same format as Attachment E), with ACM to add locations and funds for on-call electrical repair services in the amount of \$25,568.00, for a new contract total of \$123,441.20.
13. Design Services for the Fashion Valley Elevator Project – Work Order Amendment
Action would: 1) Ratify Work Order Amendment Nos. 1-4 under MTS Doc No. G1949.0-17 with Jacobs Engineering Group, Inc. (Jacobs) totaling \$99,945.60, for additional design services; and 2) Authorize the Chief Executive Officer (CEO) to execute Work Order Amendment No. 5 WOA1949-AE-15.05 under MTS Doc. No. G1949.0-17 with Jacobs in the amount of \$20,068.12 for additional Design Support During Construction (DSDC) services for the Project.
14. America Plaza Pedestrian Enhancements Project – Award Work Order Contract
Action would authorize the Chief Executive Officer (CEO) to execute Work Order WOA1951-AE-63 to MTS Doc. No. G1951.0-17 with Mott MacDonald in the amount of \$749,706.49 for design services for the America Plaza Pedestrian Enhancements Project
15. Investment Report – Quarter Ending December 31, 2020

BOARD MEMBER COMMENTS – CONSENT ITEMS

Board Member Moreno commented on agenda item 8. She offered a correction to the item by clarifying the Iris Transit Station was cited as located in Imperial Beach; however, it is in the Otay Mesa Region, within the City of San Diego jurisdiction.

Action on Recommended Consent Items

Chair Fletcher moved to approve Consent Agenda Item Nos. 6 to 15. Board Member Moreno seconded the motion, and the vote was 14 to 0 in favor with Board Member Gastil absent.

CLOSED SESSION

24. None.

NOTICED PUBLIC HEARINGS

25. Temporary COVID-19 Service Adjustments Public Hearing (Denis Desmond)

Denis Desmond, MTS Director of Planning, presented on temporary COVID-19 service adjustments including: 2020 April and June service changes; 2021 January and new year major service changes; Route 854; Rapid Express Routes 280 and 290; Sorrento Valley Coaster Connection; Silver line (Vintage Trolley); public hearing and Title VI process; and staff recommendations.

Board Member Montgomery Steppe asked if MTS has direct contact with the Grossmont Community College District or if the District relies exclusively on Public Hearing Notices as a mode of communication.

Mr. Desmond clarified that MTS has points of contacts with all school districts in the region. He clarified the agency works closely with the District's calendar to support services and will work with the District to see when service will be re-implemented.

Chair Fletcher acknowledged transit reductions across other agencies and applauded MTS for sustaining its service with modest disruptions.

Vice Chair Sotelo-Solis asked for staff to reassess the application of Policy No. 42, "Transit Service Evaluation and Adjustment".

Karen Landers, MTS General Counsel, clarified the policy would be waived only with the listed four route service changes. Staff would reimplement service when needed.

Sharon Cooney, MTS Chief Executive Officer, noted the performance monitoring report would be presented to the Board and comments from the Board could be captured at that time. Additionally, a Board notice would be sent out to the Board when service is reinstituted.

Action Taken

Board Member Montgomery Steppe moved to 1) Receive a Title VI Service Equity Report on major service changes related to COVID-19; 2) Receive public testimony; 3) Approve the extension of temporary service reductions beyond 12 months and until it is determined feasible and reasonable by staff to restore services; and 4) Waive the requirement for a major service change process to restore services when feasible. Board Member Gastil seconded the motion, and the vote was 15 to 0 in favor.

DISCUSSION ITEMS

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

Larry Marinesi, MTS Chief Financial Officer, introduced the various pension plans. Jeremy Miller, with RVK, presented on the SDTC pension investment status. He outlined the following aspects of the pension: investment structure as of June 30, 2020, investment details as of June 30, 2020, Fiscal Year (FY) 2020 performance, Fiscal Year to Date (FYTD) performance, long-term performance details and investment structure summary.

Board Member Moreno commented that the Board's prior lowering of the targeted investment return to 6.75% was a necessary move. She noted she would like to see further reductions to improve the stability of the pension system.

Board Member Elo-Rivera commented about the agency's investment strategy while acknowledging the agency's fiduciary responsibility to maximize financial returns.

Board Member Sandke asked about the contract between MTS and RVK.

Mr. Marinesi explained that the contract had a five-year base period with five one-year options. The contract stands with the San Diego Transit Pension Board, which is made up of the Amalgamated Transit Union 1309 (ATU 1309), International Brotherhood of Electrical Workers 465 (IBEW 465) and MTS administration board members.

Board Member Sandke asked if a recommendation from the MTS Board of Directors was needed for the San Diego Transit Pension Board of Directors to evaluate the current contract.

Mr. Marinesi noted the MTS Board would not need to provide official action as the contract was formally approved by the MTS Board six years ago. The San Diego Transit Pension Board would be able to further discuss the current contract with no additional action.

Board Member Sandke acknowledged his dissatisfaction with a 0.53% return. He noted an increasingly responsible policy of investment expectation is necessary. He acknowledged that the longer the plan is in place, the 400 current participants and participants who are receiving payments from the fund also become reliant on the agency budget. The agency has a fiduciary responsibility to create the most effective investment policy to benefit its staff. He asked for actions that could be taken currently to see a different outcome.

Mr. Marinesi explained the agency could take this back to the San Diego Transit Pension Board to further discuss and assess the plan, policy and options with RVK. Mr. Marinesi also clarified the one-year return at the end of the calendar year was nearly 9%, and over the course of five years, the return was approximately 7.5%, which is above the actuarial target of 6.75%.

Board Member Sandke asked if the calendar year included the \$7.8 million capital contribution that was part of the Coronavirus Air, Relief, and Economic Security (CARES) Act.

Mr. Marinesi clarified the CARES Act funds were not included and the figure only involves the gross investment return.

Action Taken

Informational item only. No action taken.

31. San Diego Transit Corporation (SDTC) Employee Retirement Plan's Actuarial Valuation as of July 1, 2020 (Anne Harper and Alice Alsberghe with Cheiron Inc. and Larry Marinesi)

Alice Alsberghe and Anne Harper, with Cheiron, presented on the SDTC employee retirement plan's actuarial valuation as of July 1, 2020. They outlined the following aspects of the results including: plan cost changes, plan history contributions and funding, membership and support ration, COVID-19 impact on plan assets, projected total contributions, project funded ratio, stochastic projection of contributions, and next steps.

Board Member Sandke commented on the assumptions of the plan and asked that the Board reassess the expectations of this plan in the future.

Board Member Galvez asked for staff to explain the fee structure for RVK.

Mr. Marinesi explained the contract has a fixed fee with an annual payment of \$100,000 annually for consultation services. The basis point number is reflective of the fees of all funds for the specific investments. The cost and percentage of each is listed in the agenda item attachment.

Action Taken

Board Member Sandke moved to receive the SDTC Employee Retirement Plan's (Plan) actuarial valuation as of July 1, 2020, and adopt the pension contribution amount of \$17,585,592 for fiscal year 2022 Board Member Salas seconded the motion, and the vote was 15 to 0 in favor.

32. Excess Liability and Workers' Compensation Insurance Renewals (Brian White and Dennis Mulqueeney with Alliant Insurance Services, Inc. and Karen Landers)

Ms. Landers introduced the item by acknowledging the historically steady rates for MTS's insurance program. However, the market has significantly changed, which will impact the agency's insurance program and rates. This will include a self-insured retention increase from \$2 million to \$5 million, while maintaining the program limits at \$75 million.

Brian White and Dennis Mulqueeney, with Alliant Insurance Services, Inc., presented on the excess liability and workers' compensation insurance renewals. They outlined the rationale of the MTS insurance program, state of the insurance market, MTS large loss history review, impact on program, cover tower overview, renewal program options including retention and limits, and path to program completion.

Board Member Galvez asked how the new liability change affects recent settlements that the Board discusses in closed session.

Ms. Landers clarified the settlements would not be affected since the policy goes into effect on March 1, 2021. The old policy currently covers the active settlements.

Board Member Sandke asked how many claims above and below five million dollars were annualized over the prior five years.

Ms. Landers clarified there has not been a single claim that is above five million dollars. There have been two fully resolved claims over two million dollars. As part of the annual budget process, the agency revisits how much of the budget was used for claims and the funding necessary to replenish it for the following fiscal year.

Vice Chair Sotelo-Solis asked what the elimination of communicable diseases framework means and what that means for the agency's liability and who is being excluded.

Ms. Landers responded that the ongoing excess liability program does not include liability for the pandemic.

Mr. Mulqueeney replied that the program has always had a communicable disease exclusion and has re-written the exclusion to further clarify that this requirement was covered.

Action Taken

Chair Fletcher moved to (1) Authorize the CEO to purchase an Excess Liability Program, effective March 1, 2021, with a \$5M Self Insured Retention (SIR) structure and a limit of \$75M

for all operations; (2) Approve the increase of the MTS Liability Reserve by up to \$3 million in FY 2021 (from the existing \$2M reserve to up to \$5M) funded with Transportation Development Act (TDA) funds to align total reserves with new insurance SIR structure; and (3) Approve the second year of MTS's two-year Excess Workers' Compensation insurance, effective March 1, 2021 for a premium of \$214,531. Vice Chair Sotelo-Solis seconded the motion, and the vote was 15 to 0 in favor.

REPORT ITEMS

45. American Public Transportation Association (APTA) Security Peer Review Report (Sharon Cooney)

Ms. Cooney presented on the APTA Security Peer Review Report including: the purpose of the Peer Review, scope of the review, review process, APTA peer review panel, report observations and recommendations, effectiveness of CCIs and security contract structure, fare inspection practices, Code Compliance Inspectors training, organizational climate of transit enforcement department, handling of personnel issues and employee discipline practices, standard operating procedures, MTS transit enforcement video retention policies, other observations and recommendations, and next steps.

PUBLIC COMMENT

Michelle Krug – An MTS Steering Committee member provided a verbal statement to the Board during the meeting. Krug advocated to employ security officers as MTS employees instead of contracting them to change the enforcement culture.

BOARD MEMBER COMMENTS

Board Member Montgomery Steppe thanked MTS for evaluating the current policies. The evaluation takes feasible steps in evaluating the enforcement culture at MTS. This evaluation is also an opportunity to educate riders about the system. She asked about the Code Compliance Inspectors (CCI) uniform change shift to be similar to the Ambassador uniforms.

Ms. Cooney explained MTS ambassadors assist riders navigating the system, distribute PPE equipment to riders, and assist in the MTS COVID-19 testing program. The ambassadors wear red shirts and jackets and are not part of the transit enforcement department. CCIs would wear a more visible yellow highlighter color to be better identified by riders looking for assistance and remove the para-military uniform with the intent to make the officer more approachable.

Board Member Montgomery Steppe commented on various recommendations including posting signs in painted or marked fare zone areas to clearly define where proof of fare can be requested. Another recommendation referred to various forms of personnel trainings including: customer service, de-escalation, mental health first aid, cultural proficiency and unconscious bias training. She was also interested in seeing the recommendations for business improvement districts to coordinate between partners in order to clean and maintain bus shelters. Board Member Montgomery Steppe noted one of the recommendations encouraged the reassessment of the administrative citation process and asked the Board to define the baseline for a return on investment. She reminded the Board the review was intended to be a humanitarian reevaluation, rather than an economic return for the agency.

Ms. Cooney noted the reviewers saw challenges with the various methods of the diversion program. She stated that some of the challenges have resulted in skewed data and staff is

working through these challenges in order to clearly assess who is taking advantage of the program.

Board Member Montgomery Steppe asked if the video retention policy would be an administrative or Board policy.

Ms. Landers clarified the policy was not intended to be a Board policy, as the limitations of the policy would be guided by legal regulations, such as the Public Record Act and the process would be formalized under an internal policy.

Board Member Montgomery Steppe explained the Board should have input on the video policy retention parameters.

Ms. Landers agreed with the request and clarified that the draft policy would be taken to the Public Security Committee for review.

Vice Chair Sotelo-Solis emphasized the uniform look was a crucial part of the departmental re-evaluation. She asked staff to consider expanding the MTS ambassador program. She suggested MTS look at other agencies for best practice models for reference.

Board Member Aguirre agreed with the expansion of an ambassador program. She noted the importance of moving towards a service-oriented security system rather than a punitive framework. She asked staff to formalize an advisory committee of public advocates. She also asked for partnerships and resources to be strengthened for mental health services and unsheltered individuals.

Board Member Sandke applauded the ways the Board was directing the Diversion program, but noted that civil and criminal policies should be assessed based on a rider's willingness to pay for the fare when given the opportunity. Board Member Sandke cited the figure presented at a previous meeting that a 1% change in fare evasion would result in a revenue loss for the agency. He was concerned for the revenue stream and acknowledged the public subsidy needed for the system's operation would need to increase, especially if there were policies that allow people to not participate as a paying customer. He acknowledged the importance of the policy for diverting fare criminalization, but encouraged the balance of having security measures to help riders feel comfortable and safe.

Board Member Elo-Rivera acknowledged that cultural awareness trainings were crucial for the program assessment. He agreed with the importance of security uniform changes. He encouraged the Board to look at riders as people and not revenue streams. He acknowledged the complexities of the topic as the Board accounts for traumas riders may have experienced with security figures.

Board Member Whitburn was in favor of consulting with community members and organizations that work in the mental health and homelessness sectors. He was curious at the difference with hiring CCIs through the agency directly versus continuing to contract them out. He agreed to adopting a Board policy for video retention.

Board Member Galvez asked for the Steering Committee to continue as a citizen advisory body to present additional data related to the program. She asked the committee to be formalized and meet at least annually to provide input on public expectations and recommendations.

Action Taken

No action taken. Informational item only.

46. Free Transfers Consideration (Rob Schupp)

This item was deferred to the March 11, 2021 Board of Directors meeting.

47. Operations Budget Status Report for December 2020 (Gordon Meyer)

Gordon Meyer, MTS Operating Budget Supervisor, presented on the December 2020 operations budget status report including: FTA CARES act funding, total operating revenues, total operating expenses and total operating activities.

Action Taken

No action taken. Informational item only.

OTHER ITEMS

60. Chair Report

There was no Chair report.

61. Chief Executive Officer's Report

Ms. Cooney updated the Board about the House of Representatives American Rescue Plan, which currently includes funding for public transportation. Based on the current funding proposed in the bill, MTS is estimated to receive approximately \$129 million. Staff projects this funding could backfill the deficit through calendar year 2024. The bill is projected to be passed by mid-March. She also acknowledged MTS's recently implemented free COVID-19 testing program for its employees. The program is currently available at three locations with another two potential sites being evaluated.

62. Board Member Communications

There were no Board Member communications.

63. Additional Public Comments on Items Not on the Agenda

Mitch Beauchamp – Provided a written and verbal statement to the Board both during and prior the meeting. Beauchamp listed the benefits to the operation of the Desert Line including economic and climate impacts. He urged the Board to open the rail line for freight movement.

64. Next Meeting Date

The next regularly scheduled Board meeting is March 11, 2021.

65. Adjournment

Chair Fletcher adjourned the meeting at 11:38 am.




Chairperson
San Diego Metropolitan Transit System

Board of Directors – MINUTES
February 11, 2021

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Filed by:



Clerk of the Board
San Diego Metropolitan Transit System

Approved as to form:



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 11, 2021 CALL TO ORDER (TIME): 9:00 am
 RECESS: _____ RECONVENE: _____
 CLOSED SESSION: _____ RECONVENE: _____
 PUBLIC HEARING: _____ RECONVENE: _____
 ORDINANCES ADOPTED: _____ ADJOURN: 11:38am

BOARD MEMBER		(Alternate)		PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
FLETCHER	<input checked="" type="checkbox"/>	(Vargas)	<input type="checkbox"/>	9:00am	11:38am
SOTELO-SOLIS	<input checked="" type="checkbox"/>	(Bush)	<input type="checkbox"/>	9:04am	11:38am
AGUIRRE	<input checked="" type="checkbox"/>	(Leyba-Gonzalez)	<input type="checkbox"/>	9:00am	11:38am
ELO-RIVERA	<input checked="" type="checkbox"/>	(LaCava)	<input type="checkbox"/>	9:00am	11:38am
FRANK	<input checked="" type="checkbox"/>	(Mullin)	<input type="checkbox"/>	9:00am	11:38am
GALVEZ	<input checked="" type="checkbox"/>	(Cardenas)	<input type="checkbox"/>	9:00am	11:38am
GASTIL	<input checked="" type="checkbox"/>	(Mendoza)	<input type="checkbox"/>	9:11am	11:38am
GLORIA	<input type="checkbox"/>	(Whitburn)	<input checked="" type="checkbox"/>	9:00am	11:38am
GOBLE	<input checked="" type="checkbox"/>	(Ortiz)	<input type="checkbox"/>	9:00am	11:38am
HALL	<input checked="" type="checkbox"/>	(McNelis)	<input type="checkbox"/>	9:00am	11:38am
MONTGOMERY STEPPE	<input checked="" type="checkbox"/>	(Von Wilpert)	<input type="checkbox"/>	9:00am	11:38am
MORENO	<input checked="" type="checkbox"/>	(Campillo)	<input type="checkbox"/>	9:01am	11:38am
SALAS	<input checked="" type="checkbox"/>	(Cardenas)	<input type="checkbox"/>	9:00am	11:38am
SANDKE	<input checked="" type="checkbox"/>	(Bailey)	<input type="checkbox"/>	9:00am	11:38am
WEBER	<input checked="" type="checkbox"/>	(Arapostathis)	<input type="checkbox"/>	9:00am	11:38am

SIGNED BY THE CLERK OF THE BOARD:

CONFIRMED BY THE GENERAL COUNSEL:

