

## MINUTES

### MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM

#### EXECUTIVE COMMITTEE

February 9, 2023

[Clerk's note: Except where noted, public, staff and board member comments are paraphrased. The full comment can be heard by reviewing the recording at the [MTS website.](#)]

#### 1. Roll Call

Chair Fletcher called the Executive Committee meeting to order at 9:01 a.m. A roll call sheet listing Executive Committee member attendance is attached.

#### 2. Approval of Minutes

Chair Fletcher moved to approve the minutes of the December 1, 2022, MTS Executive Committee meeting. Board Member Hall seconded the motion, and the vote was 5 to 0 in favor with Board Member Moreno absent.

#### 3. Public Comment

There were no Public Comments.

#### DISCUSSION ITEMS

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

Jeremy Miller, Representative with RVK Inc. and Larry Marinesi, MTS Chief Executive Officer presented on the SDTC pension investment status. Mr. Miller outlined: the background / status of SDTC pension plan, investment structure as of 6/30/2022, investment details as of 6/30/2022, FY 2022 performance, long term performance details, and investment structure summary.

##### Action Taken

Informational item only. No action taken.

#### 5. San Diego Transit Corporation (SDTC) Employee Retirement Plan's Actuarial Valuation as Of July 1, 2022 (Anne Harper With Cheiron Inc. and Larry Marinesi)

Anne Harper With Cheiron Inc. and Larry Marinesi, MTS Chief Executive Officer presented on SDTC employee retirement plan's actuarial valuation as of July 1, 2022. Ms. Harper presented on: pension plan management, pension plan contributions, plan cost changes, plan history contributions and funding, membership composition, projected total contributions, projected funded ratio and staff's recommendation.

##### Committee Comment

Board Member Moreno supported staff's recommendation. She noted that the agency's decision to gradually lower the assumed rate of return was a very prudent move and continued her support for further reduction. She acknowledged that some may disagree with a lower reduction because of the average historical rate of investment return and disagreed with the logic. She suggested that the rate of return be adjusted to be 4% – 5% in the future over time. She asked staff to evaluate what it would mean to open pension contributions to SDTI and SDTC employees. She acknowledged that reopening would not be something new for the region since the City of San Diego was undergoing the process. She noted it would help recruit and retain employees, in addition to match other public employees in the region who do receive pensions.

Chair Fletcher supported a scenario analysis exploring what it would take to bring back pensions. He noted the non-ideological nature of pensions of an employee contribution into a pool with an assumed rate of return. He described various non-actuarially sound scenarios and believed there was a proper way to have a pension system to protect both the agency and worker's fiscal health.

Board Member Bush praised the informational presentation of the plan. He asked about adjusting the expected rate of return and for staff to clarify rate percentage adjustment impacts. Mr. Marinesi noted that each time the agency reduced the discount rates, there was an incremental increase in contributions. A 75-basis point reduction represented about 1 million dollars. Ms. Harper clarified the net impact of the reduced discount rate and the mortality update assumption in the last two years. This decreased the agency's liabilities due to the adjustment of the mortality assumption performed six years ago and the optimism that people would live longer than anticipated. In 2021, that anticipation was adjusted and is reflected as a decrease. Board Member Bush asked if that reduction was a positive impact. Mr. Marinesi noted that the adjustment down to the discount rate is in line with what the investment returns have been.

Board Member Elo-Rivera asked what their considerations would be if the agency chose to assess adding new workers into the pension program. Mr. Marinesi replied that in terms of financial considerations, there would be a significant structural increase in cost year over year. He added that the agency would have to conduct a formal actuarial review of this scenario, but that it would be several million dollars per year in normal costs, plus potential actuarial liability on the agency if specific targets are not met on investment returns. Sharon Cooney, MTS Chief Executive Officer added that the agency stopped participating in the plan, because it was unsustainable due to the small size of the plan compared to large investment plans and the returns they can achieve. She acknowledged that the pension would become a large percentage of the agency's operation budget which was not sustainable. The Board would have to consider weighing the cost to re-open the plan and finding ways to offset those expenses. Ms. Harper added that the cost of accruing benefits for the active members would increase and the new onboarding personnel becomes unfunded and susceptible to market changes. She also acknowledged that because this is a closed plan, the agency would also have to immediately incur a large unfunded liability on past service.

Chair Fletcher asked if that was under the assumption that new members would receive the same benefits as seasoned workers. Ms. Harper agreed. He asked for staff to explore if there was a way to partner with a larger benefit plan to not incur the disadvantages from a smaller plan.

Board Member Elo-Rivera shared the same interest in participating in a larger fund and listed benefits such as employee retention

Chair Fletcher also added that the agency should assess the value of a recruiting and retention tool. Ms. Cooney acknowledged that in CalPERS, each employee pays 8% into the plan, which some employees may not necessarily want to contribute that percentage of their salary if transferred to a new plan. Mr. Marinesi added that currently, under the defined contribution pension plan, the agency contributes 6%, and then if the employee contribute 2%, the agency matches that for an additional 2%, for 10% total.

Vice Chair Whitburn also expressed interest in assessing the current retirement plan and its impacts. He was interested in the interest of the employee groups and the financial component. He also asked about the confidence level in the assumptions for the current pension to be funded and said that over the past 10 years, the funded ratio has declined, however the

presentation suggests that over the next 13 years, those ratios will be fully funded. He asked about staff's surety to reach said goal. Mr. Marinesi answered that when a targeted discount rate is lowered, the effect is that the funding liability is reduced. As the pot is bigger, investments do not change, the unfunded portions do not increase, which reduces your percentage fund. He assumes some variance in the assumed projection however, the agency will reach the plan goal based in the manner in which it is paying the plan. Ms. Harper explained that any loss this year becomes amortized over 15 years, in order to reach that target date. In accordance to policy, any loss or gains within 5 years will be amortized over 5 years which will make the contribution become more volatile, but will ensure that contribution is paid to 100% funded. Vice Chair Whitburn clarified that in terms of employee contribution, the agency will take the necessary steps to ensure the agency hits those goals.

Board Member Bush asked if COVID mortality rates decrease the unfunded liability. Ms. Harper replied that over the last two years, people who were mortally affected by the pandemic were older with a shorter life expectancy. The number of people was more than expected, but benefit payments were actually less than expected, with little liability impact.

Board Member Moreno asked staff to confirm that there were MTS employees in the pension plan. Mr. Marinesi confirmed. She asked if pension participants are only management. Ms. Cooney replied that that operators who predated the closure of the pension plan remained in the plan. Ms. Harper clarified that there were 330 driver active members in the plan. Board Member Moreno asked that the recommendation be modified to direct the Budget Development Committee to evaluate an actuarial plan for the inclusion of operations workers into the pension system.

### **Action Taken**

Board Member Moreno moved to forward a recommendation to the MTS Board of Directors to receive the SDTC Employee Retirement Plan's (Plan) Actuarial Valuation as of July 1, 2021, and adopt the pension contribution amount of \$18,946,198 for fiscal year 2024; and direct the Budget Development Committee to evaluate an actuarial scenario for the inclusion of SDTC operations workers into the pension system. Chair Fletcher seconded the motion, and the vote and the vote was 6 to 0 in favor.

## **6. Security Services – Contract Amendment**

Al Stiehler, MTS Director of Transit Security and Passenger Safety presented on Security Services contract amendment. He discussed: the background and contract details, personnel turnover, work shift rating, contract amendment request, proposed changes, cost analysis, MTS customer satisfaction survey results for 2022, re-imaging security, options and staff's recommendation.

### **Committee Comment**

Ms. Cooney acknowledged that normally MTS would bring this item to the Public Security Committee, however, this item is brought to the Executive Committee because of the need to onboard new hires into the Security department before the next Public Security Committee meeting. Chair Fletcher clarified that new positions were not being added, not that there would be an increase in security patrols and that policy decisions were not changing, but rather this item was purely a budgetary change. Mr. Stiehler confirmed that between staff retention and a competitive market, the agency is attempting to mitigate high turnover.

Board Member Elo-Rivera acknowledged the 97% turnover rate and noted the seamless transition of contractors and lack of disruption in operations . He appreciated the recognition for security, with the understanding that safety is defined differently per person. He asked why some positions are prioritized for pay increases over others. Mr. Stiehler explained that the minimum wage has increased and cost of living is so high that a higher hourly rate is competitive and comparable with other markets. Armed officers are currently at the proposed increase level so an hourly increase for that classification is not needed. Dispatch staff is also experiencing similar turnover so wage increases would also help retention. Board Member Elo-Rivera asked about equity consideration and who would be benefited most by wage increases. Mr. Stiehler replied that he does not have that information, but he assured the Committee that 190 contract security personnel will be benefiting from the increase.

Board Member Hall asked staff to clarify the Inter-Con employee daily health report. Mr. Stiehler replied that the survey was meant for staff to evaluate their shift. The survey is not case specific, but rather an overall assessment of the shift. Management will use this to speak to staff if they report several negative shifts in a row. The goal is to retain a steady and satisfied workforce.

#### **Action Taken**

Board Member Elo-Rivera moved to forward a recommendation to the MTS Board of Directors to authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G2359.5-20, with Inter-Con Security Services (Inter-Con), in the amount of \$5,273,494 for Inter-Con contracted employee wage increases for the provision of security services through December 31, 2026. Chair Fletcher seconded the motion, and the vote was 6 to 0 in favor.

#### **7. Spring Street Station Transit-Oriented Development (Sean Myott)**

Sean Myott, MTS Manager of Real Estate Assets presented on the proposed Exclusive Negotiation Agreement with Affirmed Housing for the Spring Street Station Transit-Oriented Development. He outlined: the background, current use, various developer proposals and comparisons, MTS decision making rationale and staff's recommendation and next steps.

#### **Public Comment**

Corinna Contreras – Representing Climate Action Campaign made a verbal statement to the Board during the meeting. Contreras supported the Affirmed proposal and the commitment to construction and long-term maintenance of driver and public restroom facilities. Contreras advocated for bike parking, protected bus lanes, tree shading, and sidewalk accessibility.

#### **Committee Comment**

Vice Chair Whitburn asked if the proposers had an opportunity to modify their initial proposals and what version was presented at today's meeting. He acknowledged that a re-evaluated proposal could take more time, but noted that with re-evaluation, the agency could receive better proposals. Mr. Myott acknowledged that proposals did not undergo the formal Request for Proposal (RFP) or Request for Qualifications (RFQ) processes, but rather is abiding by Policy 18. Affirmed submitted a proposal and within 30 days of MTS posting notice of the unsolicited offer, Chelsea and USA also submitted proposals. Staff followed up with the proposers asking various operational, financial and restroom questions in order to reach a staff recommendation on which proposal should move forward to the exclusive negotiation phase.

Board Member Elo-Rivera appreciated the request to include restrooms with maintenance responsibility assumed by the developer. He preferred that parking was not prioritized over

homes. He also asked staff to advocate the proposal to be as amenable as possible to first mile, last mile options. He considered the proposals a baseline and would want to assure developers are held accountable to following through with the amenities of the initial proposal.

Board Member Bush asked if the Surplus Lands Act was not applicable, because it was a long 100-year lease. Ms. Landers clarified that the act does apply however, in 2020, the agency declared the property surplus and issued the required notices. At that time, the agency did not receive a notice of interest within the required 60-day period. Board Member Bush asked if this applied for all of MTS's properties; Ms. Landers confirmed. Board Member Bush acknowledged studio apartment and would defer to the City of La Mesa to make their decision on units while also attempting to maximize the financial advantage for the agency. He specifically asked about the outreach to the City of La Mesa and asked if they have had public discussion about the project and if there are any approval processes with the City of La Mesa. Ms. Landers clarified that this was a ministerial project. One of Board Member Dillard's concerns was if the number of studios in Affirmed's proposal was too many, and asked that in the negotiation process, the agency see if those studio counts could be reassessed. She also asked staff to include solar technology in the design of the project to address the City's Climate Action Plan. Ground floor commercial availability was also a priority for Board Member Dillard. Ms. Landers acknowledged that staff has not spoken to City Management in the actual negotiation process nor had she spoken to Councilmember Parent yet. Mr. Myott added that in the La Mesa Transit Oriented Development study, the City experienced community outreach challenges due to COVID. Staff made sure the three proposers were well aware that the agency has spent time and effort on the study and wanted to ensure that Affirmed incorporated the recommendation with their proposals. Board Member Bush asked staff to confirm if the proposal was in line with the City of La Mesa's priorities. Ms. Landers noted that it generally aligns, but a detailed review has not been conducted. Ms. Landers clarified that the Affirmed proposal has the lowest amount of transit parking replacement and staff would use the parking study results to assess the required number of parking spaces. Board Member Bush believed studio apartment availability was needed. He noted that he would support unit construction over parking availability and asked staff to prioritize accordingly. He also added that additional negotiations with the other proposers may cause delay.

Board Member Hall would support additional parking spaces, but would default to negotiations and noted advantages of one-bedroom apartments.

Board Member Bush asked about negotiations to provide subsidized transit passes for residents. Ms. Landers assured that the discussion could be had, however, the amenity is expensive if done out of pocket. She noted that developers are looking for grant opportunities to incorporate passes as an amenity. Board Member Bush noted that this would be important to assist mitigation for parking loss.

Chair Fletcher noted that the site is located in an existing residential area. He acknowledged Board Member Elo-Rivera's delineation points between the headcount and the number of units discrepancy. He noted that the bedroom count was more beneficial than the unit count. He supported a mixed used bedroom assortment. He acknowledged the persistent low parking use and the low use of the site. He was confident the agency would come to a compromised parking count. He was eager to see public restroom availability incorporated into the design.

Ms. Landers presented a document tracking units throughout MTS's Transit Oriented Developments. Board Member Elo-Rivera asked that the units be described as homes and not units.

### **Action Taken**

Board Member Elo-Rivera moved to authorize the Chief Executive Officer to execute an Exclusive Negotiation Agreement (ENA) with Affirmed Housing (Affirmed) for a Spring Street Station Transit-Oriented Development Project. Chair Fletcher seconded the motion, and the vote and the vote was 6 to 0 in favor.

### **8. Upcoming Major Service Change Proposals - Iris Rapid Bus Route and Sorrento Valley Coaster Connection (Denis Desmond)**

Denis Desmond, MTS Director of Planning presented on upcoming major service change proposals for Iris Rapid bus route and Sorrento Valley Coaster Connection. He provided details on: the upcoming March 2023 Public Hearing, Iris Rapid, Rapid station amenities, Iris Rapid proposals, Sorrento Valley COASTER connection, Sorrento Valley COASTER connection average daily boarding by fiscal year and subsidy per passenger, and Sorrento Valley COASTER connection proposals.

### **Public Comment**

Corinna Contreras – Representing Climate Action Campaign made a verbal statement to the Board during the meeting. Contreras expressed excitement for the Iris Rapid connection. Contreras asked to see data on bus operator shortage and asked staff to make the data available to the public. Additionally, Contreras asked to see low speed vehicles in the Sorrento Valley area and the vital need to connect folks to job centers, particularly SR56.

### **Committee Comment**

Board Member Moreno asked why the Cross Border Express (CBX) was not added to the Iris Rapid since there is not transit available for CBX. Mr. Desmond expressed the distance obstacles from the 905 freeway and that the deviation would add an additional 10-15 minutes to the trip, which defeats the efficiency of the Rapid. The CBX used various shuttle service contracts from San Ysidro and the Airport. He added that CBX would not be able to offer operation funding for MTS to service their area. However, SANDAG is looking toward the site as a possible Rapid destination service. Board Member Moreno acknowledged that the usage data is made public and that the agency could service the site near the entrance, on City property. She listed various benefits to servicing the area and suggested modifying the Iris Rapid route at a later date. Mr. Desmond noted that funding would be needed to facilitate the incorporation of a stop or a line to this area. Board Member Moreno stated that if their provider is not responsive, the agency should not wait and move ahead to accommodate service. Ms. Cooney cautioned adding a CBX stop to the Iris Rapid line since it would not make the trip efficient and would degrade the experience for customers on the line. In the future, the agency may find a different opportunity to establish a route that would not degrade the experience. Board Member Moreno challenged staff's suggestion since there are large volumes of commuters in the area and projected that the pedestrian volume would increase. Mr. Desmond noted an existing route near the area that could potentially be extended.

### **Action Taken**

Informational item only. No action taken.

### **OTHER ITEMS**

### **9. Review of Draft March 16, 2023 Board Agenda**

Recommended Consent Items:

**3. Approval of Minutes**

Action would approve the January 26, 2023 Board of Director meeting minutes.

**4. Kearny Mesa Division (KMD) Zero Emission Bus (ZEB) Overhead Charging System Layout and Design – Work Order**

Action would authorize the Chief Executive Officer (CEO) to execute Work Order WOA356-AE-05 under MTS Doc No. PWL356.0-22 with Pacific Railway Enterprises, Inc. (PRE), a Disadvantaged Business Enterprise (DBE), in the amount of \$354,742.55 to provide engineering planning services for the KMD ZEB master planning.

**5. Adoption of 2022 Conflict of Interest Code – Amendment**

Action would 1) Adopt Resolution No. 23-01 amending the MTS Conflict of Interest Code pursuant to the Political Reform Act of 1974; 2) Adopt the amended 2023 MTS Conflict of Interest Code; and 3) Forward the amended 2023 MTS Conflict of Interest Code to the County of San Diego, the designated code-reviewing body, (Gov. Code § 82011) requesting approval of the amendment as required under Government Code section 87303.

**6. Purchase of 24 Class C Propane Powered Medium Duty Minibuses - Contract Award**

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0744.0-22, with Creative Bus Sales (CBS), for the purchase of up to twenty-four (24) propane powered Class C Minibuses in the amount of \$5,028,360.24.

**7. MTS Excess Liability Insurance Renewals**

Action authorize the Chief Executive Officer (CEO) to purchase an Excess Liability Insurance Program, effective March 1, 2023, that results in a not to exceed amount of \$3,196,218 based on the expiring coverage structure of \$70M excess of a \$5M Self Insured Retention (SIR).

**8. Investment Report – Quarter Ending December 31, 2022**

**Printing Timetables – Contract Award**

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G2686.0-23 with Neyenesch Printers, Inc., (Neyenesch), a certified Small Business (SB), for the provision of printing timetables for a period of three (3) years, in the amount of \$375,731.09.

**10. Hazardous and Universal Waste Management and Trauma Scene Clean-Up Services for San Diego Trolley, Inc. (SDTI) & San Diego Transit Corporation (SDTC) – Contract Award**

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G2676.0-23 with Clean Harbors Environmental Services, Inc. (“Clean Harbors”) for the provision of Hazardous Waste and Trauma Scene Clean-Up Services for five (5) years for up to \$1,912,145.96.

**11. C Street & Broadway Wye Sicas S7 And Wheel Counter Replacement - Work Order**

Action would authorize the Chief Executive Officer (CEO) to execute Work Order MTS Doc. No. PWL355.0-22, WOA355-AE-11, with Psomas, in the amount of \$299,610.15 to provide engineering design review for the C Street and Broadway Wye – Sicas S7 and wheel counter replacement.

**12. Security Services – Contract Amendment**

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G2359.5-20, with Inter-Con Security Services (Inter-Con), in the amount of \$5,273,494 for Inter-Con contracted employee wage increases for the provision of security services through December 31, 2026.

Ms. Cooney noted the City’s decision after a year and a half of discussion to close 5<sup>th</sup> Avenue from F St to Broadway, which would impact the 120 Express service and Route 3. She stated she would add the topic to the agenda with a potential action to the Board.

**10. Other Staff Communications and Business**

Ms. Cooney noted an amendment agreement for the MOU with SANDAG for the Youth Opportunity Pass that would extend the program past June 2023. MTS, SANDAG, and the North County Transit District are working to finalize the MOU.

**11. Committee Member Communications and Other Business**

There was no Committee Member Communications and Other Business discussion.

**12. Next Meeting Date**

The next Executive Committee meeting is scheduled for March 9, 2023, at 9:00 a.m.

**13. Adjournment**

The meeting was adjourned at 11:08am.

/S/ Nathan Fletcher  
Chairperson  
San Diego Metropolitan Transit System

/S/ Dalia Gonzalez  
Clerk of the Board  
San Diego Metropolitan Transit System



SAN DIEGO METROPOLITAN TRANSIT SYSTEM  
EXECUTIVE COMMITTEE

ROLL CALL

MEETING OF (DATE): February 9, 2023 CALL TO ORDER (TIME): 9:01am  
 RECESS: \_\_\_\_\_ RECONVENE: \_\_\_\_\_  
 CLOSED SESSION: \_\_\_\_\_ RECONVENE: \_\_\_\_\_  
 PUBLIC HEARING: \_\_\_\_\_ RECONVENE: \_\_\_\_\_  
 ORDINANCES ADOPTED: \_\_\_\_\_ ADJOURN: 11:08am

REPRESENTING	BOARD MEMBER	ALTERNATE	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
City of San Diego	Elo-Rivera <input checked="" type="checkbox"/>	Montgomery Steppe <input type="checkbox"/>	9:01am	11:08am
County of San Diego Chair	Fletcher <input checked="" type="checkbox"/>	Vargas <input type="checkbox"/>	9:01am	11:08am
East County	Hall <input checked="" type="checkbox"/>	Frank <input type="checkbox"/>	9:01am	11:08am
SANDAG Transportation Committee	Moreno <input checked="" type="checkbox"/>	Bush <input type="checkbox"/>	9:06am	11:08am
South Bay	Bush <input checked="" type="checkbox"/>	Leyba- Gonzalez <input type="checkbox"/>	9:01am	11:08am
Vice Chair	Whitburn <input checked="" type="checkbox"/>	No Alternate <input type="checkbox"/>	9:01am	11:08am

SIGNED BY THE CLERK OF THE BOARD:

/S/ Dalia Gonzalez