

REVISED

MINUTES

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM

BOARD OF DIRECTORS

March 16, 2023

[Clerks Note (10/25/2023): After a review of past minutes, an error was identified in the March 16, 2023 minutes. The minutes have been edited to accurately reflect the absent members, as noted in the attached roll call sheet.]

[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 Board meeting to order at 9:01 a.m. A roll call sheet listing Board member attendance is attached.

2. Public Comment

Alex Wong – Provided a verbal statement to the Board during the meeting. Wong encouraged transportation frequency at the busiest transit lines and commended the agency for their 2022 ridership recovery on the light rail system.

CONSENT ITEMS:

3. Approval of Minutes

Action would approve the February 16, 2023 Board of Director meeting minutes.

4. Imperial Avenue Division (IAD) Chassis Wash Cover – Work Order

Action would authorize the Chief Executive Officer (CEO) to execute Work Order MTSJOC324-19 under Job Order Contract (JOC) MTS Doc. No. PWG324.0-21 with ABC General Contracting, Inc. (ABCGC) in the amount of \$448,798.80 to construct a cover over the bus chassis wash area at IAD.

5. Property Insurance Renewal

Action would authorize the Chief Executive Officer (CEO) to renew the property insurance coverage for the San Diego Metropolitan Transit System (MTS), San Diego Transit Corporation (SDTC), and San Diego Trolley, Inc. (SDTI) with the Public Risk Innovation, Solutions, and Management (PRISM) Property Insurance Program, effective March 31, 2023 through March 31, 2024, with various coverage deductibles of \$50,000 (real property, personal property and business interruption), \$100,000 (bus fleet), \$250,000 (light rail fleet) and \$3,000,000 sublimit each occurrence subject to a \$500,000 deductible for unscheduled infrastructure.

6. Microsoft 365 Implementation Consultant – Contract Award

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G2689.0-23 with AdaptivEdge LLC, in the amount of \$332,380.00 for the provision of Microsoft (MS) 365 implementation consulting services.

- 7. Battery Electric Bus (BEB) Charge Management Software System – Contract Award**
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0751.0-23 with BP Pulse Fleet North America Inc., (“BP Pulse”) for \$1,505,322.73 for charge management software system, for five (5) base years, and two (2) option years exercisable at MTS’s sole discretion, for a total of seven (7) years.
- 8. SAP Punchout Catalog for Office Supplies – Piggyback Contract**
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G2713.0-23 with ODP Business Solutions, Inc. (ODP) for a base period of April 1, 2023 through December 31, 2024 and three (3) option years for SAP punchout catalog for office supply purchases for a total contract amount of \$600,000.
- 9. 115 Re Head Hardened Steel Rail – Contract Award**
Action would authorize the Chief Executive Officer (CEO) to: 1) Execute MTS Doc. No. L1628.0-23 with A&K Railroad Materials, Inc. (A&K), for the provision of 212 tons of 115 RE Head Hardened Steel Rail at a cost of \$506,929.57 plus an option for the purchase of an additional 106 tons of 115 RE Head Hardened Steel Rail in 2024/2025 at a cost of \$285,890.42, for an overall estimated contract total of \$792,820.00; and 2) Exercise the option purchase at the CEO’s discretion.
- 10. Blue Line Right-Of-Way Fencing Repairs – Work Order Agreement**
Action would authorize the Chief Executive Officer (CEO) to execute Work Order MTSJOC347-09 under Job Order Contract (JOC) to MTS Doc. No. PWG347.0-22, with ABC General Contractor, Inc. (ABCGC), in the amount of \$301,035.56 for the removal and replacement of chain link fence sections along the Blue Line right-of-way.
- 11. Blue Line Right of Way Retaining Wall – Work Order**
Action would authorize the Chief Executive Officer (CEO) to execute Work Order No. MTSJOC348-01, under MTS Doc. No. PWG480.0-22, with Veterans Engineering Services, Inc. (Veterans), in the amount of \$1,241,292.37 for the installation of 550 linear feet of a new sheet pile retaining wall near Switch 85 along the Blue Line right-of-way.

Action on Recommended Consent Items

Chair Fletcher moved to approve Consent Agenda Item Nos. 3 to 11. Vice Chair Whitburn seconded the motion, and the vote was ~~4~~312 to 0 in favor with Board Member Elo-Rivera, ~~and~~ Board Member Hall and Member Leyba-Gonzalez absent.

NOTICED PUBLIC HEARINGS

12. Iris Rapid Public Hearing (Denis Desmond)

Denis Desmond, MTS Director of Planning, presented on the Iris Rapid Public Hearing. He outlined the following items: Iris Rapid route, outreach, community destinations, travel priorities, rapid electric, capital projects, rapid station amenities, Cross Boarder Express and staff recommendations.

Public Comment

Carolina Martinez – A resident of Imperial Beach made a verbal statement to the Board during the meeting. Martinez is excited about the project as it immediately delivers outcomes.

Corinna Contreras – Representing Climate Action Campaign made a verbal statement to the Board during the meeting. Contreras supported the project because it connected various communities and had positive environmental impacts.

Committee Comment

Board Member Moreno expressed her excitement for the launch of the Iris Rapid and noted the necessary connection between the west and east link of the Border. She noted the substantial pedestrian traffic at the Border and listed the various service benefits. She considered the Rapid line an investment in the Blue Line and important to connect District 8 residents to local beaches. She asked that the Board explore potential service from Cross Border Express (CBX) and noted there was not an efficient public transportation option to CBX as passenger options continue to increase. She was excited about the line since it could be implemented of the line because it was a tangible improvement with a short implementation timeline.

Board Member Donovan asked what the benefits were to waiving Policy 42's one-year trial period. Mr. Desmond responded that Policy 42 lists that the route would be a pilot, however because this project has a \$37 million capital investment, coupled with the fact that the route is replacing a current route, staff feels confident that it would be successful and does not believe it would be necessary for a pilot program. Chair Fletcher commented that the agency would not make such a substantive capital investment if it didn't believe it would be successful. Ms. Cooney clarified that the agency received the Transit and Intercity Rail Capital Program (TIRCP) grant to operate the route for a minimum of 3 years. Ms. Cooney highlighted this information because the staff would address the budget deficit in the following item.

Board Member Chavez stressed the importance of the route for the bi-national community to minimize wait time between the border for the workforce and students. She supported Board Member Moreno's direction to study CBX as a stop option.

Action Taken

Board Member Moreno moved to 1) Receive public testimony; and 2) Approve the implementation of the Iris Rapid as a permanent route, waiving the Policy 42 twelve-month trial; and the replacement of Route 950 and 3) for staff to explore CBX connector options and report findings back to the Board. Board Member Gastil seconded the motion, and the vote was 4413 to 0 in favor with Board Member Hall absent and Member Leyba-Gonzalez.

DISCUSSION ITEMS AND REPORT ITEMS:

13. Fiscal Year (FY) 2023 Operating Budget Mid-Year Amendment (Mike Thompson)

Mike Thompson, MTS Director of Finance, presented on FY 2023 Operating Budget Mid-Year Amendment. He outlined the following information: Revenue Assumptions Subsidy Revenues, Passenger Fare Revenue, Revenue Summary, Expense Assumptions with service levels, personnel, purchased transportation, outside services, energy, expense summary, Consolidated Revenues less Expenses, structural deficit, and staff's recommendation.

Public Comment

Corinna Contreras – Representing Climate Action Campaign made a verbal statement to the Board during the meeting. Contreras asked the Board to show the amount of bus operators needed to support the system. Contreras stressed the importance of system reliability in order to entice and retain ridership.

Committee Comment

Board Member Montgomery Steppe appreciated the presentation and supported the federal stimulus fund recommendation to recover from the structural deficit. She asked staff to explain how the driver shortage, passenger revenue and farebox recovery affect the agency. Mr. Thompson explained that farebox recovery is passenger revenue divided by the expenses of operating services. He explained that the agency was at approximately 20% farebox recovery for the operating service and in previous years was at the 40% range. Ms. Cooney noted that if fares do not increase at the same percentage each year as the agency's operating costs, then the farebox recovery declines. Board Member Montgomery Steppe encouraged staff to research the status of the Transportation Development Act Reform Task Force. In 2018, the State Assembly and Senate Transportation Committee Chairs asked the California Transit Association to establish a task force, some responsibilities include the review of the Transportation Development Act (TDA) performance measures such as farebox recovery challenges and to develop legislative recommendations for any reforms or changes, along with the current programs the current task force chooses to recommend by 2020. She summarized that the task force is meant to relieve stress from the California transit operators. She believed it would be a good opportunity to build on the discussion and asked that staff present a stand-alone item regarding the Transportation Development Act Reform Task Force at a future meeting.

Board Member Bush asked staff to clarify the driver shortage number. Mike Wygant, Chief Operations Officer for Bus, noted that the agency's budgetary staffing count for in house operators is 540 and the agency is short 67 operators. The Transdev contract for fixed route is short 68 operators with a larger budgetary staffing base. Board Member Bush asked staff to confirm that meant there was a 12% vacancy. Ms. Cooney added that the shortage was close to the service cut. Mr. Wygant replied that the agency cut roughly 9% of service. Board Member Bush wanted to gauge how severe the current shortage was compared to historical standards. Mr. Wygant replied that the 9% figure was the amount needed to restore service to pre-COVID levels. To fill today's service, the agency has just enough drivers but is continuing to hire in order to restore service by the summer. On the contracted side, they need some level of overtime or level of call back to cover today's service. Board Member Bush was concerned of initial service level cuts because it hurts the agency's long-term efforts to attract riders. He asked staff if the majority of the service cuts were because of driver shortages. Ms. Cooney replied that the commuter express busses on the I-15 were low in ridership and much of the service cuts were done on those routes; ridership has not recovered for those routes since they cater to office worker traveling into the downtown area. All other service cuts are based on driver shortages. Board Member Bush asked how staff decides how service areas are cut. He mentioned that he no longer takes the bus because he waits longer than usual for a bus. Ms. Cooney noted that those long wait times may be attributed to missed service due to the driver shortage. Mr. Desmond clarified that the agency has cut service throughout the system with the intention to make minimal impacts for riders.

Board Member Elo-Rivera acknowledged that this was an ongoing conversation since he joined the Board. He encouraged staff to address alternative revenue opportunities to address the shortfalls such as corporate sponsorships or digital advertising; he was concerned that the costs would be placed on riders.

Action Taken

Board Member Montgomery Steppe moved to 1) Enact Resolution No. 23-02 amending the FY 2023 operating budget for MTS, San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), MTS Contract Services, and the Coronado Ferry; and 2) Direct staff to accelerate the draws of Federal Stimulus funding and create an Operating Deficit Reserve with this excess funding for use in future fiscal years 3) for staff to bring back a presentation at a subsequent Board meeting on the Transportation Development Act Reform Task Force 4) Staff to propose a strategy for additional non-fare revenue. Chair Fletcher seconded the motion, and the vote was ~~4413~~ to 0 in favor with Board Member Hall and Member Leyba-Gonzalez absent.

14. Fiscal Year (FY) 2024 Operating Budget (Mike Thompson)

Mike Thompson, MTS Director of Financial Planning and Analysis, presented on FY 2024 Operating Budget. He discussed: revenue assumptions, service levels, expense assumptions, preliminary projection, structural deficit, potential state assistance options, FY 24 Budget Development calendar.

Committee Comment

Chair Fletcher added that the item allows the Board to think about the operating budget. He encouraged the Board to define concrete steps to address the deficit as the Board recognized that the excess funds will not always be available to draw from. Chair Fletcher clarified that the agency does have federal funds and can anticipate surviving on the funds through 2027. He encouraged the Board to address the problem now so that the Board in the future is not burdened with these challenges. He acknowledged that at the time Elevate SD 2020 was proposed, the agency did not have a structural deficit, had an increase in ridership and the economy was stable.

Board Member Montgomery Steppe also acknowledged that the TDA task force should be able to help the agency in some way. She encouraged the Board to have a workshop to assess all the various impacts simultaneously. She did not want to be a region that did not prioritize transit dependent riders.

Chair Fletcher asked staff to timeline strategies to address issues in a 3-year impact period.

Board Member Elo-Rivera hoped to see optimization of assets such as advertising, kiosks and real estate properties. He also asked that the Board explore ways to encourage tourists to navigate the City via public transit as choice riders.

Board Member Goble encouraged the Board to address the first and last mile obstacle and stated that this would entice new riders to use the system. He noted SANDAG's recession predictions created questions about how that would impact ridership. He also pointed out the driver shortage obstacles due to competitive wages in other industries. Ms. Cooney agreed that the agency also hoped to onboard more riders. She noted that every ride is subsidized and would continue to be subsidized, unless fares were restructured to receive the full, unsubsidized trip cost. She agreed that transit agencies need to be bold in discussions with the state in advocating for transit funding needs. She noted that the industry needs to explore another funding source similar to TDA to dedicate funding to transit operators.

Board Member Moreno was encouraged to see monthly year over year increases in passengers from 20% to 40%. At the Budget Development Committee, she recommended for state

mandates to be assessed and for the agency to seek relief from those mandates. She pointed out that many transit systems across the US need a bail out and stated that MTS is doing well in comparison with other systems. If the federal government did provide relief, she wanted MTS to be at the forefront.

Board Member Gastil acknowledged his budget cut experience and stated that the agency should start this assessment early and diversify the cut. If the Board were to cut service, he did not want to target areas where riders were dependent. Board Member Gastil urged the Board to have an affordable monthly pass. He believed that making it easy and predictable to pay fare is the best approach. He did not believe that deferring capital investments was a good plan and believed that one-year delays may be a strategy. He encouraged the agency put out a ballot measure, but acknowledged that the agency needed current research to understand the viability of any option. He encouraged staff to give riders the opportunity to pay for the services they want. He suggested a state-wide coalition for a ballot measure.

Action Taken

Informational item only. No action taken.

15. Fiscal Year (FY) 2023 Mid-Year Performance Monitoring Report (Denis Desmond, Neomi Woods)

Denis Desmond, MTS Director of Planning, presented on FY 2023 Mid-Year Performance Monitoring Report. He outlined the following information: Policy 42 evaluation criteria, ridership, total passengers, weekday average, monthly passengers, passengers per revenue hour and on-time performance.

Action Taken

No action taken. Informational item only.

16. PRONTO Fare System Update (Emily Outlaw, Israel Maldonado, Kristine Villa)

Israel Maldonado, MTS Fare Systems Administrator, Mark Olson, MTS Director of Marketing and Communications, and Kristine Villa, MTS Deputy Fare Systems Administrator, presented on PRONTO Fare System Update. They provided details on: PRONTO currently, tapping and scanning on the trolley system and challenges, and solutions, PRONTO roadmap, open payments, workshops, the minimum viable product, challenges and mitigation strategy and timeline.

Public Comment

Sally Smull – A resident of District 4 provided a verbal statement to the Board during the meeting. Smull noted technical difficulties with the PRONTO system and is happy to hear the agency striving towards the open fare system. Smull asked for a one-way fare with a 2-hour transfer for riders who take short trips or can not afford a day pass.

Connor Proctor – A co-founder of Ride SD made a verbal statement to the Board during the meeting. Proctor spoke about the inception of Ride SD and its mission. Proctor listed the various benefits of the open payment system. Proctor encouraged the implementation of a one-way fare with the 2-hour transfer. Proctor noted potential obstacles with consistent marketing messaging.

Leif Gensert – Representing Ride SD made a verbal statement to the Board during the meeting. Gensert compared PRONTO to London's fare system and encouraged the implementation of a one-way fare with the 2-hour transfer. Gensert noted potential obstacles with consistent marketing messaging.

Henry Agnew – Made a verbal statement to the Board during the meeting. Agnew noted that the virtual PRONTO card was not listed as an option instead of using the QR or bar code in the application and encouraged the option. Agnew asked if the ticketing machines would also be able to validate open payments once the feature is released in a year.

Jon Anderson – Representing Ride SD and a resident of Hillcrest made a verbal statement to the Board during the meeting. Anderson supported the implementation of a one-way fare with the 2-hour transfer and noted potential obstacles with consistent marketing messaging.

Corinna Contreras – Representing Climate Action Campaign made a verbal statement to the Board during the meeting. Contreras noted a presentation at NCTD to tap a virtual PRONTO card. Contreras asked if the agency had a way to manage the PRONTO wallet for families with discounted fares and supported the implementation of a one-way fare with the 2-hour transfer.

Committee Comment

Board Member Goble noted that there was currently \$5 million in stored value on PRONTO. He suggested a rider prize incentive to win a prize, each tap is an entry to win the prize provided by an MTS vendor at no cost.

Action Taken

No action taken. Informational item only.

OTHER ITEMS:

17. Chair Report

There was no Chair report.

18. Chief Executive Officer's Report

Ms. Cooney noted that March 17 was National Transit Driver Appreciation Day and encouraged the Board to share MTS's messaging on social media.

19. Board Member Communications

There were no Board Member communications.

20. Additional Public Comments on Items Not on the Agenda

There were no additional public comments.

CLOSED SESSION:

The Board convened to Closed Session at 11:09 a.m.

21. Closed Session – Conference with Legal Counsel – Existing Litigation Pursuant to California Government Code Section 54956.9(d)(1)

Christine Hall v San Diego Metropolitan Transit System et al.

San Diego Superior Court Case No. 37-2018-00040358-CU-PA-CTL

Karen Landers, General Counsel, reported the following oral report of final actions taken in Closed Session: the Board approved a mediator's proposal to settle this litigation case for \$225,000. The vote was approved with 12 members voting yes including Bush, Chavez, Donovan, Elo-Rivera, Fletcher, Frank, Gastil, Moreno, Goble, Cardenas, Montgomery Steppe, Whitburn with 3 members absent including Hall, Dillard, Leyba-Gonzalez.

22. Closed Session – Conference with Real Property Negotiators Pursuant to California Government Code Section 54956.8

5801 and 5805 Fairmount Ave, San Diego, CA (APNs 461-320-20 and 461-320-21)

Agency Negotiators: Sharon Cooney, Chief Executive Officer; Karen Landers, General Counsel; Heather Furey, Director of Capital Projects; Sean Myott, Manager of Real Estate Assets;

Negotiating Parties: Four D Properties, Inc.

Under Negotiation: Price and Terms of Payment

Karen Landers, General Counsel, reported the following oral report of final actions taken in Closed Session: the Board received a report from negotiators and gave instructions.

23. Closed Session – Conference with Real Property Negotiators Pursuant to California Government Code Section 54956.8

9805 Prospect Avenue and 8547 Cuyamaca Street, Santee, CA (APNs 384-190-44 and 384-190-74)

Agency Negotiators: Sharon Cooney, Chief Executive Officer; Karen Landers, General Counsel; Heather Furey, Director of Capital Projects; Sean Myott, Manager of Real Estate Assets; Chip Willett, Bender Rosenthal Inc.

Negotiating Parties: 2525 Ramona, LLC., or related assignee; Adel Somo and/or Assignee(s); Brian Garmo, and/or assignee; CEG Capital Partners, or Assignee; Chris Salem; Mishil Yousif, Sami Younan, Sami Harmis and/or Assignees; Raad Attisha and Amad Attisha, or assignee; Sage Investco Deux, LLC and/or assigns; Sam Hanna/AY Hanna and or assignee

Under Negotiation: Price and Terms of Payment

Karen Landers, General Counsel, reported the following oral report of final actions taken in Closed Session: the Board received a report and gave instructions to negotiators.

The Board reconvened to Open Session at 11:40 a.m.

ADJOURNMENT

24. Next Meeting Date

The next regularly scheduled Board meeting is April 20, 2023 at 9:00am.*

*Clerk's note: This meeting was subsequently changed to an 8:00am start time.

25. Adjournment

The meeting was adjourned at 11:41am.

/S/ Stephen Whitburn
Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

/S/ Dalia Gonzalez
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): March 16, 2023 CALL TO ORDER (TIME): 9:01 am
 RECESS: _____ RECONVENE: _____
 CLOSED SESSION: 11:09am RECONVENE: 11:40am
 PUBLIC HEARING: 9:06 RECONVENE: 9:28am
 ORDINANCES ADOPTED: _____ ADJOURN: 11:41 am

JURISDICTION	BOARD MEMBER		ALTERNATE		PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
City of Chula Vista	Chavez	<input checked="" type="checkbox"/>	Cardenas	<input type="checkbox"/>	9:01am	11:44am
City of Chula Vista	McCann	<input type="checkbox"/>	Cardenas	<input checked="" type="checkbox"/>	9:12am	11:44am
City of Coronado	Donovan	<input checked="" type="checkbox"/>	Duncan	<input type="checkbox"/>	9:01am	11:44am
County of San Diego (Chair)	Fletcher	<input checked="" type="checkbox"/>	Vargas	<input type="checkbox"/>	9:01am	11:44am
City of El Cajon	Goble	<input checked="" type="checkbox"/>	Ortiz	<input type="checkbox"/>	9:01am	11:44am
City of Imperial Beach	Leyba-Gonzalez	<input type="checkbox"/>	Aguirre	<input type="checkbox"/>	ABSENT	ABSENT
City of La Mesa	Dillard	<input checked="" type="checkbox"/>	Arapostathis	<input type="checkbox"/>	9:01am	11:09am
City of Lemon Grove	Gastil	<input checked="" type="checkbox"/>	Mendoza	<input type="checkbox"/>	9:01am	11:44am
City of National City (Vice Chair)	Bush	<input checked="" type="checkbox"/>	Rodriguez	<input type="checkbox"/>	9:03am	11:44am
City of Poway	Frank	<input checked="" type="checkbox"/>	Pepin	<input type="checkbox"/>	9:01am	11:44am
City of San Diego	Montgomery Steppe	<input checked="" type="checkbox"/>	Von Wilpert	<input type="checkbox"/>	9:01am	11:44am
City of San Diego	Elo-Rivera	<input checked="" type="checkbox"/>	LaCava	<input type="checkbox"/>	9:07am	11:44am
City of San Diego	Gloria	<input type="checkbox"/>	Moreno	<input checked="" type="checkbox"/>	9:01am 10:12am	9:40am 11:44am
City of San Diego	Whitburn	<input checked="" type="checkbox"/>	Campillo	<input type="checkbox"/>	9:01am	10:00am
City of Santee	Hall	<input type="checkbox"/>	Koval	<input type="checkbox"/>	ABSENT	ABSENT

SIGNED BY THE CLERK OF THE BOARD:

/S/ Dalia Gonzalez