

MINUTES
MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS

February 8, 2024

[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 Whitburn called the Board meeting to order at 9:02 a.m. A roll call sheet listing Board member attendance is attached.

2. Public Comment

Dave Nearing – Provided a written statement to the Board prior to the meeting. David expressed opposition to the existing Route 227. The written comment is provided in the February 8, 2024, Final Meeting Packet.

Alex Wong – Representing Ride SD made a verbal statement to the Board during the meeting. Alex expressed support for the automated people mover connection to the airport.

Truth – Provided a verbal statement to the Board during the meeting. Truth expressed dissatisfaction with MTS operations including photo ID for youth pass verification, low volume of the meeting audio, low sentences for crimes committed, and the transit pass assistance program.

Louis Pruitt – Provided a verbal statement to the Board during the meeting. Louis advocated for the implementation of the 901 Express.

CONSENT ITEMS:

3. Approval of Minutes

Action would approve the January 18, 2024 Board of Directors meeting minutes.

4. Direct Fixation Fasteners – Sole Source Contract Award

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L1661.0-24, a sole source award to Voestalpine Railway Systems Nortrak (Nortrak), in the amount of \$989,145.00 for the purchase of 4,500 direct fixation (DF) fasteners and incidentals for the Maintenance of Way (MOW) department.

5. Payroll and Human Resources Information System (HRIS) Solution & Implementation Services – Contract Amendment

Action would 1) Ratify Amendment 2 to MTS Doc. No. G1935.2-17, in the amount of \$50,132.50; and 2) Authorize the Chief Executive Officer (CEO) to execute Amendment No. 3 to MTS Doc G1935.3-17, with ADP, LLC, to add \$125,774.00 for Learning Management System and training software and implementation, for a total of \$175,906.50.

6. Background Investigative Services – Contract Amendment

Action would authorize the Chief Executive Officer (CEO) to execute Amendment No. 1 to MTS Doc No. G2646.1-22, with Kristy Investigative Services, Inc., to add \$300,000.00 for employee background and reference investigation services.

- 7. MTS Excess Liability and Workers' Compensation Insurance Renewals**
Action would 1) Authorize the Chief Executive Officer (CEO) to agree to an extension of the current Excess Liability Insurance Program to March 15, 2024, to allow for further negotiation of terms and conditions of coverage through the next 30 days; and 2) Authorize the CEO to either agree to an extension of the current Excess Workers Compensation Program to March 15, 2024, or at the CEO's discretion, renew the coverage effective March 1, 2024, in an amount not to exceed \$335,000.
- 8. Operations Budget Status Report for December 2023**
- 9. Additional Staffing – Two (2) Bus Operations Training Instructor**
Action would authorize the Chief Executive Officer (CEO) to add two (2) Bus Operator Training Instructor to the position tables previously approved in the Fiscal Year 2024 budget.
- 10. External Auditing Services – Contract Award**
Action would authorize the Chief Executive Officer (CEO) to: 1) Execute MTS Doc. G2788.0-24, with The Pun Group, Inc. (The Pun Group) for External Auditing Services for a five (5) year base period in the amount of \$1,143,722.35, plus three (3) 1-year options in the amount of \$771,190.85 for a total contract amount of \$1,914,913.20; and 2) Exercise the option years at the CEO's discretion.

Public Comment – Consent Items

Truth – Provided a verbal statement to the Board during the meeting. Truth commented on the following consent items: (4) cost of goods, (5) concerns about the contract cost allocations, (6) concerns with background checks, (7) claims that public transit is a high cost to taxpayers, (8) lack of fare collection, (9) salary cost for additional staffing and (10) cost of contract.

Action on Recommended Consent Items 3-10

Board Member Hall moved to approve Consent Agenda Item Nos. 3 to 10. Board Member Gastil seconded the motion, and the vote was 12 to 0 in favor with Board Member Gonzalez, Board Member Bush, and Board Member Frank absent.

DISCUSSION ITEMS AND REPORT ITEMS:

- 11. San Diego Transit Corporation (SDTC) Pension Investment Status (Jeremy Miller, with RVK Inc., and Mike Thompson)**
Jeremy Miller, with RVK Inc., and Mike Thompson, MTS Director of Financial Planning and Analysis, presented on SDTC Pension Investment Status. They outlined: the investment structure as of 6/30/23, investment details, FY 2023 performance, long term performance details and investment structure summary.

Action Taken

No action taken. Informational item only.

12. San Diego Transit Corporation (SDTC) Employee Retirement Plan's Actuarial Valuation as of July 1, 2023 (Anne Harper and Alice Alsberghe with Cheiron Inc., and Mike Thompson)

Anne Harper and Alice Alsberghe with Cheiron Inc., along with Mr. Thompson, presented on SDTC Employee Retirement Plan's Actuarial Valuation as of July 1, 2023. They outlined the following information: background, Revised Actuarial Standard of Practice (ASOP) No. 4, plan contributions for Fiscal Year 2024-2025 (based on 2023 Actuarial Valuation), PEPR Member Contributions July 1, 2024 (based on 2023 Actuarial Valuation), plan history, and plan projections.

Public Comment

Truth – Provided a verbal statement to the Board during the meeting. Truth read a series of sound bites from the presentation that caught their attention.

Board Comment

Board Member Campillo asked about the discount rate and referenced the strengthened assumption model of 6% and asked to clarify that the discount rate's intent was the long-term return of funds over time. Ms. Harper confirmed. He asked staff why the discount rate is now at 6%, rather than 8.4%. Ms. Harper replied that economic assumptions predict future forecasts, while historical rates allowed low risk bond markets an 8%-12% return. When setting the discount rate, they consider how funds are invested into asset classes and capital market assumption. The expected return is created based off how assets are invested. While MTS has become more conservative in its investments due to it being a closed plan, the 6% rate of return was set based on the current market conditions. Board Member Campillo replied that after realizing that a 6% has been favorable, he questioned why the rate has been maintained low and if there were plans to re-assess the percentage on a year-by-year basis. Ms. Harper replied that the annual adjustment could be made; however, the discount rate determines the cost of the discounted benefit payments. She noted higher discounted benefit payments are due to low discount rates, compared to other systems. Actual investment earnings is the most important and assured the Board that valuations are a self-adjusting process, and actual returns are taken into account. The discount rate acts as a budgeting lever and there are hopes to exceed the expected return more than 50% of the time. Board Member Campillo asked that a year over year variance slide be presented at future meetings, to track the standard deviation.

Board Member Moreno noted that she had previously asked for the percentage to be lowered to 6%, which proved to be a fiscally conservative recommendation.

Vice Chair Goble asked about the discretion of the discount rate as a budgeted amount. Vice Chair Goble asked if exceeding a 6% investment return results in a lower contribution from the participants to fund the plan. Ms. Harper confirmed and clarified that employer contributions are affected; employee contributions are based on asset returns and are collectively bargained. Ms. Alsberghe recalled a previous slide where the reconciliation of the prior year's contribution to the current year's contribution, was an above-expected return for the year, due to actuarial asset smoothing techniques, and noted there is still a deferred loss over a course of five years to balance losses. Vice Chair Goble commended Board Member Moreno for her fiscal conservatism. He praised lowering the expectations of the return, to conserve investment of additional taxpayer money. Ms. Alsberghe added that Cheiron is asked to perform periodic

experience studies every three to five years, all assumptions are on an annual basis, and they work with RVK to look at expectations to ensure the discount rate is on track with expectations.

Action Taken

Board Member Campillo moved to receive the SDTC Employee Retirement Plan's (Plan) Actuarial Valuation as of July 1, 2023, and adopt the pension contribution amount of \$20,174,660 for fiscal year 2025. Vice Chair Goble seconded the motion, and the vote was 13 to 0 in favor with Board Member Gonzalez and Board Member Frank absent.

13. Overnight Downtown – Border Express Bus Service Implementation (Denis Desmond)

Denis Desmond, MTS Director of Planning and Scheduling, presented on overnight downtown border express bus service implementation. He provided details on: SB 125 funding, bus service enhancements, early implementation for border express route, early implementation for Route 910, and Route 961.

Public Comment

Truth – Provided a verbal statement to the Board during the meeting. Truth expressed frustration with 15-minute frequencies, night running times for certain lines, low night security staffing, and supported the downtown to border express route.

Board Comment

Board Member Moreno commended staff for capturing the community's vision to implement the service. She asked staff for an implementation timeline. Mr. Desmond replied that the intention was to start the pilot in September. Board Member Moreno supported the timeline.

Board Member Chavez commended staff for the route. She noted that Chula Vista will be opening a university and requested routes such as this one to better serve those areas.

Board Member Bush expressed support for the project.

Board Member Montgomery Steppe asked Mr. Desmond about the transit optimization plan in 2017 and how it plays a part moving forward as MTS gathers new information to incorporate into the plan. Mr. Desmond replied that a comprehensive operational analysis evaluates the entire system and all routes, compared to looking at optimizing service on a route by route basis. The annual Performance Monitoring report presented to the Board details the performance of each route to adjust for changes.

Action Taken

No action taken. Informational item only.

14. MTS Safety Performance Targets Annual Review & Update (Fabeann Soberg and Jared Garcia)

Fabeann Soberg, MTS System Safety Manager for Rail, and Jared Garcia, MTS Manager of Safety for Bus, presented the annual review of safety performance targets. They outlined: Public Transportation Agency Safety Plan (PTASP), safety performance measures, statewide rail accidents CY 2023, Washington Street crossing safety mitigations, Beardsley grade crossing 2023 nine vehicles stuck on the track, 2023 Internal Safety & Security Audit (ISSA), FTA safety advisory 22-4 suicide prevention on public transit, bus performance targets for fatalities, injuries,

safety events, system reliability in CY 2023, fixed route preventable accidents KPI, rapid preventable accidents PIP goal, El Cajon Blvd bus only lane pilot, results and mitigations, electronic mirror survey results, BEB charger thermal camera testing, and CHP annual terminal inspections.

Public Comment

Truth – Provided a verbal statement to the Board during the meeting. Truth expressed frustration with trolley security, operations, and similar light rail operators throughout the nation. Truth agreed with many of the infrastructure upgrades as presented.

Board Comment

Vice Chair Goble asked staff what the difference was between MTS versus Transdev operations. Mr. Garcia replied that both organizations abide by a comprehensive safety training program. Some minor differences include personnel performing the training and Transdev’s national standardized training that has been customized to support the San Diego region. Vice Chair Goble asked about the mechanical failures between buses operated by Transdev versus MTS. Mr. Garcia replied that the following variances between the two fleets contributed to failures: a mixed fleet of articulated and 40-foot buses with extra axles and number of components, general electrical faults, various outdated vehicles, and a recent transition to new pistons have led to cylinder head failures. Vice Chair Goble asked staff to confirm that the type of buses Transdev uses would explain the milage differences. Mr. Garcia confirmed. Mike Wygant, Chief Operating Officer for Bus, added that the COVID-19 pandemic caused delays to bus procurements, with mileage changes due to speed of the system, and Zero Emission Bus (ZEB) vehicles contributed to fleet variances.

Board Member Elo-Rivera asked if there is bus technology that could capture automated bus lane enforcement. Mr. Wygant replied that the technology does exist but is primarily used for buses that are parked in the lane. He clarified that MTS sees less issues with lane parking but rather public confusion with when to enter the bus only lane. Board Member Elo-Rivera suggested a partnership with the City to red stripe the entirety of the bus only lane. Mr. Wygant replied that red striping has been successful on the freeway. Mr. Desmond added that there were ongoing conversations with the City, based on the location of the bus lanes, cars are allowed to enter the lane under certain circumstances and therefore cannot be compared to the freeway striping. Board Member Elo-Rivera encouraged MTS to make El Cajon Boulevard as safe as possible for pedestrians.

Action Taken

No action taken. Informational item only.

OTHER ITEMS:

15. Chair, Board Member and Chief Executive Officer’s (CEO’s) Communications and CEO Report

Public Comment

Truth – Provided a verbal statement to the Board during the meeting. Truth expressed frustration with flood costs.

Committee and CEO Comments

Board Member Leyba-Gonzalez looked forward to receiving ridership data for the Rapid 227 bus to reassess the route of the bus. He asked the name of the contractor who was assisting with the Orange Line repairs. Staff confirmed the contractor to be Blue Iron.

Board Member Gastil thanked MTS for the Orange Line shuttle. He noted the efficiency of the bus on the same route. He asked staff when the Orange Line was expected to reopen.

[Clerk's note: The Orange Line reopened February 16, 2024]

Ms. Cooney presented on the damage to MTS property from the January 22, 2024 storm.

16. Remainder of Public Comments Not on The Agenda

There were no additional public comments.

CLOSED SESSION:

17. Public Comment for Closed Session

Truth – Provided a verbal statement to the Board during the meeting. Truth stipulated about the discussions that would be had during closed session.

The Board convened to Closed Session at 11:22 a.m.

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

Lourdes Maria Guerra, et al. vs. Metropolitan Transit System, et al.
San Diego Superior Court Case No. 37-2022-00023104-CU-PA-CTL

19. Closed Session - Conference with Labor Negotiators Pursuant to California Government Code Section 54957.6

Agency: San Diego Transit Corporation ("SDTC")
Employee Organization: Amalgamated Transit Union, Local 1309 ("ATU")
Agency- Designated Representative: Michael Wygant, Chief Operating Officer

Closed Session Reconvening

The Board reconvened to Open Session at 12:22 p.m.

Karen Landers, General Counsel, reported the following oral report of final actions taken in Closed Session:

18. The Board received a report and gave instructions to legal counsel.
19. The Board received a report, gave instructions to negotiators, and approved a tentative agreement with the ATU with 13 members in favor (Members: Bush, Dillard, Donovan, Elo-Rivera, Gastil, Goble, Campillo, Hall, Leyba Gonzalez, Chavez, Montgomery Steppe, Moreno and Whitburn) and 2 members absent (Members: Gonzalez and Frank).

ADJOURNMENT

20. Next Meeting Date

The next regularly scheduled Board meeting is March 14, 2024 at 9:00 a.m.

21. Adjournment

The meeting was adjourned at 12:24 p.m.

/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): February 8, 2024 CALL TO ORDER (TIME): 9:02 a.m.
 RECESS: _____ RECONVENE: _____
 CLOSED SESSION: 11:22 a.m. RECONVENE: 12:22 p.m.
 PUBLIC HEARING: _____ RECONVENE: _____
 ORDINANCES ADOPTED: _____ ADJOURN: 12:24 p.m.

JURISDICTION	BOARD MEMBER		ALTERNATE		PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
City of Chula Vista	Gonzalez	<input type="checkbox"/>	Chavez	<input type="checkbox"/>	ABSENT	ABSENT
City of Chula Vista	McCann	<input type="checkbox"/>	Chavez	<input checked="" type="checkbox"/>	9:11 a.m.	12:24 p.m.
City of Coronado	Donovan	<input checked="" type="checkbox"/>	Duncan	<input type="checkbox"/>	9:02 a.m.	12:24 p.m.
County of San Diego	Montgomery Steppe	<input checked="" type="checkbox"/>	Vargas	<input type="checkbox"/>	9:02 a.m.	12:24 p.m.
City of El Cajon	Goble (Vice-Chair)	<input checked="" type="checkbox"/>	Ortiz	<input type="checkbox"/>	9:02 a.m.	12:24 p.m.
City of Imperial Beach	Leyba-Gonzalez	<input checked="" type="checkbox"/>	Aguirre	<input type="checkbox"/>	9:02 a.m.	12:24 p.m.
City of La Mesa	Dillard	<input checked="" type="checkbox"/>	Arapostathis	<input type="checkbox"/>	9:02 a.m.	12:24 p.m.
City of Lemon Grove	Gastil	<input checked="" type="checkbox"/>	Mendoza	<input type="checkbox"/>	9:02 a.m.	12:24 p.m.
City of National City	Bush	<input checked="" type="checkbox"/>	Rodriguez	<input type="checkbox"/>	9:28 a.m.	12:24 p.m.
City of Poway	Frank	<input type="checkbox"/>	Pepin	<input type="checkbox"/>	ABSENT	ABSENT
City of San Diego	Moreno	<input checked="" type="checkbox"/>	Campbell	<input type="checkbox"/>	9:05 a.m.	12:24 p.m.
City of San Diego	Elo-Rivera	<input checked="" type="checkbox"/>	LaCava	<input type="checkbox"/>	9:05 a.m.	12:24 p.m.
City of San Diego	Gloria	<input type="checkbox"/>	Campillo	<input checked="" type="checkbox"/>	9:02 a.m.	12:24 p.m.
City of San Diego	Whitburn (Chair)	<input checked="" type="checkbox"/>	Lee	<input type="checkbox"/>	9:02 a.m.	12:24 p.m.
City of Santee	Hall	<input checked="" type="checkbox"/>	Koval	<input type="checkbox"/>	9:02 a.m.	12:24 p.m.
			Minto	<input type="checkbox"/>		

SIGNED BY THE CLERK OF THE BOARD: /S/ Dalia Gonzalez