

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

MINUTES

June 9, 2016

1. Roll Call

Vice Chairman Roberts called the Board meeting to order at 9:07 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Mr. Minto moved to approve the minutes of the May 12, 2016, MTS Board of Directors meeting. Mr. Gloria seconded the motion, and the vote was 12 to 0 in favor with Ms. Cole, Mr. Mathis and Ms. Salas absent.

3. Public Comments

*Steve Padilla* – Mr. Padilla commented on the restricted access to the doorway between the McDonald's building at the San Ysidro Transit Station and the bus terminal area. He stated that many people are adversely affected by the restricted access. Mr. Padilla commented that the doorway provides a safe and easy way for customers to access the bus terminal area, including passengers who are elderly, disabled or laden with luggage. He stated that Grand Central West, LLC has submitted plans, drawings and permit applications to the City of San Diego. Mr. Padilla said that the City has reviewed the structural and engineering elements and reported that there are no known structural or engineering issues on the second floor of the building at this time. He believes that the restricted access has a negative impact on MTS's constituents, members of the public and local businesses.

*Elliot Kevin* – Mr. Kevin stated that he has been a tenant for many years in the McDonald's building at the San Ysidro Transit Station. He said that he would like the doorways to be left open so that customers have easier access to the bus terminal through the building.

*Jose Sahagun* – Mr. Sahagun stated that he is the owner of Rapid Connection. He read a letter from the Border Transportation Council (BTC) which supports Rapid Connection and Tufesa to be allowed to access the restricted doorway from the McDonald's building to the bus terminal at the San Ysidro Transit Station. A copy of the letter is attached in the final meeting packet.

*Jim Lundquist* – Mr. Lundquist stated that he has been riding transit for forty years. He requested for speed bumps to be installed at the El Cajon Transit Center in the parking lot to prevent people from speeding. He also requested for a free public restroom to be installed at the El Cajon Transit Center. Lastly, he inquired if it would be possible to create a round trip senior ticket, instead of only one-way senior tickets.

*Colin Parent* – Mr. Parent stated that he is a policy advisor for Circulate San Diego. He thanked MTS and the Board for the progress that has been made toward implementing Stored Value.

*Stephen Heverly* – Mr. Heverly said that he works for the Equinox Project which tracks, publishes and distributes sustainability indicators called the quality of life dashboard. He commented that the issue of stored value was included in the policy recommendation for their dashboard publication. Mr. Heverly thanked MTS and the Board for following through on working toward stored value implementation.

*Martha Welch* – Ms. Welch commented on the following items: reduced lanes on the 15 freeway; bathrooms; electrical problems on the trolley; no benches on Broadway; and issues with the older trolley cars.

*Lorraine Leighton* – Ms. Leighton commented that there were not enough notices about the strike which effected route 833 operations. She asked that schedules be placed at Parkway Plaza so people know which buses are arriving. She stated that there are drug deals occurring near transit stations and there needs to be more enforcement. Ms. Leighton asked for the Board members to ride on the Orange Line to see the amount of trash that has accumulated.

#### CONSENT ITEMS

6. San Diego Metropolitan Transit System MS4 Phase II - Municipal Permit  
Action would authorize the Chief Executive Officer (CEO) to execute Work Order 13.02 to MTS Contract No. G1492.0 with Parsons Brinckerhoff Inc. (Parsons) for MS4 Phase II Municipal Permit Compliance.
7. Enterprise Resource Planning / Transit Asset Management Implementation Services Agreement - Contract Amendment  
Action would authorize the Chief Executive Officer (CEO) to execute Amendment No. 9 to MTS Doc. No. G1731.0-15 with Labyrinth Solutions, Inc. (LSI), to upgrade the current SAP Business Warehouse (SAP BW) version 7.4 to SAP BW 7.5, with a migration to the SAP high performance analytic appliance (SAP HANA).
8. San Diego Metropolitan Transit System (MTS) Task Order Contract Approval for Fashion Valley Station Second Elevator Project; Finding that Project is Exempt Under the California Environmental Quality Act  
Action would authorize the Chief Executive Officer (CEO) to execute Work Order 13.12 for MTS Doc. No. G1496.0-13 with RailPros, Inc. to perform Design-Engineering Services for the Fashion Valley Station Second Elevator Project ("Project") and find the Project exempt under the California Environmental Quality Act ("CEQA").
9. Transit On Board Video Surveillance System Post-Warranty Maintenance, Repair, and Support Services - Sole Source Contract Award  
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0645.0-16, with Apollo Video Technology (Apollo), on a sole source basis, for the provision of post-warranty maintenance, repair and support services for the MTS bus fleet On Board Video Surveillance System (OBVSS) for two (2) base years with an option to extend for an additional three (3) years.
10. Taxicab Advisory Committee Lease Driver Member Election Results  
Action would approve appointing new members to the Taxicab Advisory Committee as stated in the results of the Taxicab Advisory Committee member election.

11. Taxicab Advisory Committee Permit Holder Member Election Results  
Action would approve appointing new members to the Taxicab Advisory Committee as stated in the results of the Taxicab Advisory Committee member election.
12. Portable Toilet Rental Services - Contract Award  
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1881.0-16, with Diamond Environmental, for the provision of Portable Toilet Rental Services for five years effective July 1, 2016 through June 30, 2021.
13. Approval to Close Seven (7) J.P. Morgan Chase & Co. Bank Accounts  
Action would approve staff's recommendation to close seven (7) J.P. Morgan Chase & Co. bank accounts to consolidate bank activity.
14. HASTUS Regional Scheduling System Annual Software Maintenance and Support Services - Contract Award  
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1883.0-16 with Giro, Inc., on a sole source basis, for the provision of HASTUS Regional Scheduling System (RSS) annual software maintenance and support services for one (1) base year with an option to extend for an additional two (2) years.
15. Investment Report - April 2016
16. Proposed Revisions to San Diego Metropolitan Transit System (MTS) Board Policy No. 52, "Procurement of Goods and Services" and Repeal of Board Policies No. 3, No. 5, No. 14 and No. 54  
Action would: (1) Adopt the revisions to MTS Board Policy No. 52, "Procurement of Goods and Services"; (2) Authorize the Chief Executive Officer (CEO) to modify MTS Board Policy No. 52 Exhibit A relating to MTS's Statutory and Regulatory Requirements; (3) Repeal MTS Board Policy No. 3, "Design-Preparation Plans, Specifications and Estimates"; (4) Repeal MTS Board Policy No. 5, "Construction Contract Administration and Contractor Assurances"; (5) Repeal MTS Board Policy No. 14, "Relief from Maintenance and Responsibility and Acceptance of Work on Construction Contracts"; and (6) Repeal MTS Board Policy No. 54, "Rules of Procedure for MTS Administrative Hearings".
17. San Diego Metropolitan Transit System Automobile Leasing Service - Contract Award  
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1872.0-16, with Enterprise Fleet Management (Enterprise) for the provision of non-revenue Automobile Leasing Services, for a five (5) year base term and three (3) one year options, exercisable at MTS's sole determination.
18. San Diego Metropolitan Transit System (MTS) Bus Subcomponents Groups A to H - Contract Award  
Action would authorize the Chief Executive Officer (CEO) to execute five (5) five-year contracts for the provision of bus brake and axle-related subcomponents.
19. Resolution for Affordable Housing and Sustainable Communities (AHSC) Grant Program Joint Application

Action would: (1) Adopt a resolution in support of the Joint Application with Domus Development for the 2015-2016 AHSC grant cycle; and (2) Authorize the Chief Executive Officer to sign a transit agreement with Domus Development for the transfer of funds to MTS for a bus purchase to support additional transit service.

20. Motorola Regional Transit Management System Annual Maintenance and Support Services - Contract Amendment  
Action would authorize the Chief Executive Officer (CEO) to execute Amendment 17 to MTS Doc. No. G0867.0-03 with Motorola, Inc. (Motorola) to extend the Regional Transit Management System (RTMS) post warrant annual maintenance and support agreement by three months, from July 1, 2016 through September 30, 2016.
21. Revisions to Ordinance No. 3 (Regulating Parking at MTS Parking Lots) and Board Policy No. 23 (Parking at MTS Facilities)  
Action would approve the proposed changes to MTS Ordinance No. 3 and Board Policy No. 23, regulating parking at MTS facilities.

#### CONSENT ITEMS – BOARD MEMBER COMMENTS

Mr. Alvarez inquired about agenda item number 16 and asked if there were any changes regarding DBE requirements. Karen Landers, General Counsel, replied that this item does not diminish the DBE policy or requirements. She stated that this policy is more in line with the federal and state requirements and noted that we have a separate DBE policy. Ms. Landers commented that MTS's contracting officers have been obtaining at least one DBE bid for procurements, and if there were no DBE bids, the contracting officers are documenting that note. Mr. Alvarez inquired about the advertising publishing requirements for procurements. Ms. Landers replied that at least one advertising publication is required and depending on the type of procurement, it could require more than one publication.

#### Action on Recommended Consent Items

Mr. Cunningham moved to approve Consent Agenda Item Nos. 6 – 21. Mr. Minto seconded the motion, and the vote was 13 to 0 in favor with Ms. Cole and Mr. Mathis absent.

#### CLOSED SESSION

24. Closed Session Items

The Board convened to Closed Session at 9:31 a.m.

- a. CLOSED SESSION – CONFERENCE WITH LABOR NEGOTIATORS PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54957.6  
Agency: San Diego Trolley, Inc. (SDTI)  
Employee Organization: International Brotherhood of Electrical Workers, Local 465 and/or Public Transit Employees Association (Representing SDTI Train Operators, Electromechanics, Servicers and Clerical)  
Agency-Designated Representative: Jeff Stumbo

- b. CLOSED SESSION – CONFERENCE WITH REAL PROPERTY NEGOTIATORS PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54956.8  
Property: The San Diego and Arizona Eastern Railway Company (SD&AE) Desert Line from approximate Mile Post 60 to approximate Mile Post 130 (Division to Plaster City) in San Diego and Imperial Counties  
Agency Negotiators: Paul Jablonski, Chief Executive Officer; Karen Landers, General Counsel; and Tim Allison, Manager of Real Estate Assets  
Negotiating Parties: Pacific Imperial Railroad, Inc. (PIR)  
Under Negotiation: Price and Terms of Payment under Desert Line Lease and Operating Agreement

The Board reconvened to Open Session at 10:07 a.m.

Oral Report of Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

- a. The Board received a report from labor negotiators.
- b. The Board gave instructions to negotiators.

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

30. Mobile Ticketing Services RFP (MTS RFP No. G1818.0-15): Protest by Bytemark, Inc. (Karen Landers and Rob Schupp)

Karen Landers, General Counsel, provided a presentation on the Mobile Ticketing Services RFP. She introduced the item and noted that Bytemark, Inc. will present their protest first and then MTS staff will provide their response. Ms. Landers briefly reviewed the background and schedule of the Mobile Ticketing Services RFP process. She also explained the legal basis for a protest.

Micah Bergdale, CEO of Bytemark, provided a presentation on Bytemark's protest to the RFP. Mr. Bergdale discussed Bytemark's pricing proposal and noted their price was 10% less than GlobeSherpa's quote. He discussed their security features and noted that Bytemark is PCI compliant. Mr. Bergdale stated that privacy is important to Bytemark and he discussed Bytemark's intellectual property and subjectivity. Lastly, he stated the reasons Bytemark feels they will do a better job, including that they have successfully implemented mobile ticketing solutions around the globe and they feel confident they can fulfill the requirements of the RFP for a lower cost.

Ms. Landers continued the presentation and discussed the reasons why MTS opposes this protest. She noted that Bytemark did not state a claim and the public contract code section 10344, which was cited in Bytemark's protest, does not apply to MTS. Ms. Landers stated that this contract award was done in April and MTS was fast-tracked with GlobeSherpa to have a go

live date in the summer. Due to the protest, the contract with GlobeSherpa has not been finalized and resulted in a change in GlobeSherpa's timeline to implement mobile ticketing. Ms. Landers noted that Mr. Jablonski had negotiations with GlobeSherpa, and in consideration of the timeline change, GlobeSherpa waived their development costs and first year costs, which is approximately a savings of \$207,000 off of the contract. Due to these waived costs, GlobeSherpa would now also have the lowest cost. She stated that even if Bytemark had the lowest price, the technical score that was given to GlobeSherpa made them the winning bidder. Ms. Landers commented that Bytemark's comments about privacy issues and PCI compliance were not in their official protest. She stated that this procurement required the mobile application to be PCI compliant and GlobeSherpa has confirmed that they are PCI compliant.

Rob Schupp, Director of Marketing and Communications, continued the presentation and reviewed the MTS Evaluation Committee members, selection criteria, initial evaluations, subsequent evaluations, technical evaluation, experience, personnel, customization, fraud prevention, back-end reporting and last-mile solutions.

Mr. Alvarez inquired about the protest period timeline. Ms. Landers replied that the protest period is 15 days, however the protest was allowed after the Board approved the contract with GlobeSherpa, because certain information regarding GlobeSherpa's bid was not available to provide to Bytemark until after it was distributed to the Board. Ms. Landers noted that they will be revising this policy to ensure that materials can be provided within the protest period going forward. Mr. Alvarez inquired about the evaluation scores and why the initial scores were different and what differences increased their scores during the second scoring. Mr. Schupp replied that the first round scores are based on written proposals only. The second round scores are based on demonstrations. Mr. Alvarez inquired about the final round scores. Mr. Schupp replied that staff asked each company different questions to better demonstrate their solutions for the final round. Mr. Alvarez inquired what the basis of protest was by Bytemark. Ms. Landers replied that Bytemark felt that since they had the lowest price they should have been awarded the contract. She noted that even though their score was the lowest cost, their technical scores were not the highest and that is the reason they were not awarded the contract. Mr. Alvarez inquired about PCI compliance and GlobeSherpa. Mr. Schupp replied GlobeSherpa's PCI compliance provider also does the PCI compliance for PayPal and Airbnb. Mr. Alvarez asked how Cubic's involvement affects the scoring. Mr. Schupp replied that this was not a stated requirement however it was a positive, because GlobeSherpa and Cubic have worked together previously.

Mr. Minto asked about the PCI compliance feature. Ms. Landers replied that the RFP stated that the application must be PCI complaint and GlobeSherpa is PCI compliant.

Mr. Woiwode inquired if we have a process by which we can select a contract by the lowest bid. Ms. Landers replied that process is normally conducted for the selection of goods and construction.

#### Action Taken

Mr. Woiwode moved to deny a protest filed by Bytemark, Inc. in response to MTS's award of a contract to GlobeSherpa following a competitive, negotiated request for proposal process for a mobile ticketing application. Mr. Jones seconded the motion, and the vote was 11 to 0 in favor with Ms. Cole, Mr. Cunningham, Mr. Mathis and Ms. Salas absent.

31. Desert Line Lease and Operating Agreement: Consent to Sublease and Amendment to PIR-SD&AE-MTS Desert Line Lease and Operating Agreement (Karen Landers)

Ms. Landers provided a presentation on the Desert Line Lease and Operating Agreement. She presented a map of the SD&AE property, provided a brief background and history of the Desert Line, and presented photos of the Desert Line. She stated that there have been ongoing binational negotiations between Pacific Imperial Railroad (PIR) and Baja Railroad (BJRR). The negotiations have been ongoing since 2013. On June 2, 2016, PIR & BJRR executed a sublease agreement. The binational railroad sublease is known as the Cali-Baja Railroad. BJRR will repair, maintain and operate freight in Mexico and along the first 60 miles of the Desert Line right-of-way. Ms. Landers presented a map of the PIR-BJRR Desert Line operating segments. She highlighted details of the sublease including that BJRR will pay PIR \$3,000,000 plus \$425,000 semiannually until operations commence. After operations, BJRR will pay PIR a minimum of \$212,500 per quarter and 10% of gross freight revenue, of which 7% will go to MTS and 3% will go to PIR. Ms. Landers stated that a modification to the master lease is proposed to change the gross freight revenue paid to MTS from PIR from 10%-15% to a flat 7%. She noted that this rate is still substantially higher than other similar freight agreements. This rate will be reasonable for PIR to have the means to pay their operational costs of the line. Ms. Landers also noted that staff is proposing to extend the construction milestones by 12 months. She stated that full scale repairs and operations will be required to be finished by December 31, 2018 for phase one and January 21, 2019 for phase two. Ms. Landers also reviewed next steps.

Arturo Alemany, CEO of PIR, stated that he and Roberto Romandio, CEO of BJRR, are very pleased with the binational agreement and are looking forward to the work ahead.

Mr. Alvarez commented about the reduction in gross revenue and asked why this reduction is still a good deal for MTS. Ms. Landers replied that the 7% gross revenue rate is a return on investment that is fair to the tax payers that can be used to reinvest back into public transit; it is consistent with the rate BJRR is paying to the government of Baja; staying at a gross rate is more favorable, because there is a risk of manipulating a net rate; consultants hired by MTS also found that 7% is a higher rate than other similar agreements; and MTS is not contributing any money to the capital improvements that are being done on the Desert Line. Mr. Roberts commented that MTS staff had a professional consulting team to help evaluate and determine the best possible deal. Mr. Alvarez inquired if PIR is still the primary company under the sublease agreement with MTS. Ms. Landers stated that all of the terms of the master lease still apply. BJRR, under the sublease, is required to comply with all of the terms of the master lease. Mr. Alvarez asked about the delay in construction milestones. Robert Romandio, CEO of BJRR, stated that he believes the new milestones are doable and do not see any issues making those milestones happen.

Action Taken

Mr. Alvarez moved to authorize the Chief Executive Officer (CEO) to: (1) Consent to the Cali-Baja Joint Venture Sublease and Operating Agreement by and between Pacific Imperial Railroad, Inc. (PIR) and Baja California Railroad, Inc. (BJRR); and (2) Execute an amendment to the Desert Line Lease and Operating Agreement between MTS, San Diego & Arizona Eastern Railway (SD&AE), and PIR (MTS Doc. No. S200-12-560.1) modifying the payment terms and performance milestones. Mr. McClellan seconded the motion, and the vote was 11 to 0 in favor with Ms. Cole, Mr. Cunningham, Mr. Mathis and Ms. Salas absent.

REPORT ITEMS

45. Fiscal Year 2016 Third Quarter Performance Monitoring Report (Denis Desmond)

Denis Desmond, Manager of Planning, provided a presentation on the FY 2016 third quarter performance monitoring report. Mr. Desmond discussed total passenger ridership and noted that there is a 6.5% reduction on the fixed route bus side, and system wide is about 3% down. He stated that they researched the possible reasons as to why there is a reduction in ridership and noted that there is a significant decrease in the SDM passengers. Mr. Desmond stated that MTS has recently tightened up the process for the SDM application process and the enforcement of SDM fares. He noted that the fixed route revenue is relatively flat. Mr. Desmond also discussed the results of average weekday passengers, passengers per revenue hour and on-time performance.

Action Taken

No action taken. Informational item only.

46. Operations Budget Status Report for March 2016 (Larry Marinesi)

Larry Marinesi, Chief Financial Officer, provided a report on the Operations Budget Status Report for March 2016. He discussed total operating revenues, total operating expenses, the total operating variance and ongoing concerns.

Action Taken

No action taken. Information item only.

60. Chairman's Report

There was no Chairman's report.

61. Chief Executive Officer's Report

Mr. Jablonski reported that in May he traveled to the APTA Bus and Paratransit Conference in Charlotte, NC and traveled to the CTA Spring Legislative Conference in Sacramento. He also asked the Board if there was concurrence to move the September Executive Committee and Board of Directors meetings back by one week. The Board accepted the change to the schedule.

62. Board Member Communications

There were no Board Member communications.

63. Additional Public Comments on Items Not on the Agenda

There were no additional public comments.

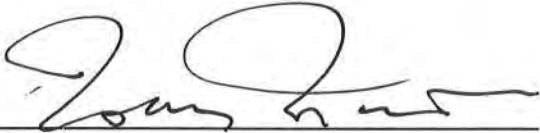


64. Next Meeting Date

The next regularly scheduled Board meeting is July 14, 2016.

65. Adjournment

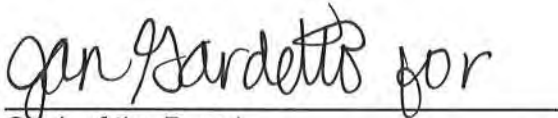
Vice Chairman Roberts adjourned the meeting at 11:18 a.m.



Chairperson  
San Diego Metropolitan Transit System

Filed by:

Approved as to form:



Clerk of the Board  
San Diego Metropolitan Transit System



General Counsel  
San Diego Metropolitan Transit System

Attachment: Roll Call Sheet

SAN DIEGO METROPOLITAN TRANSIT SYSTEM  
BOARD OF DIRECTORS  
ROLL CALL

MEETING OF (DATE): June 9, 2016 CALL TO ORDER (TIME): 9:07 a.m.  
 RECESS: \_\_\_\_\_ RECONVENE: \_\_\_\_\_  
 CLOSED SESSION: 9:31 a.m. RECONVENE: 10:07 a.m.  
 PUBLIC HEARING: \_\_\_\_\_ RECONVENE: \_\_\_\_\_  
 ORDINANCES ADOPTED: 1 ADJOURN: 11:18 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ALVAREZ	<input checked="" type="checkbox"/> (Cate) <input type="checkbox"/>	9:07 a.m.	11:18 a.m.
BRAGG	<input checked="" type="checkbox"/> (Spriggs) <input type="checkbox"/>	9:07 a.m.	11:18 a.m.
COLE	<input type="checkbox"/> (Cate) <input type="checkbox"/>		
CUNNINGHAM	<input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/>	9:07 a.m.	10:38 a.m.
GASTIL	<input type="checkbox"/> (Jones) <input checked="" type="checkbox"/>	9:07 a.m.	11:18 a.m.
GLORIA	<input checked="" type="checkbox"/> (Cate) <input type="checkbox"/>	9:07 a.m.	11:18 a.m.
MATHIS	<input type="checkbox"/>		
MCCLELLAN	<input checked="" type="checkbox"/> (Ambrose) <input type="checkbox"/>	9:07 a.m.	11:18 a.m.
MCWHIRTER	<input checked="" type="checkbox"/> (Arapostathis) <input type="checkbox"/>	9:07 a.m.	11:18 a.m.
MINTO	<input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/>	9:07 a.m.	11:08 a.m.
RIOS	<input checked="" type="checkbox"/> (Sotelo-Solis) <input type="checkbox"/>	9:07 a.m.	11:18 a.m.
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:07 a.m.	11:18 a.m.
SALAS	<input checked="" type="checkbox"/> (Miesen) <input type="checkbox"/>	9:15 a.m.	10:30 a.m.
WOIWODE	<input checked="" type="checkbox"/> (Sandke) <input type="checkbox"/>	9:07 a.m.	11:18 a.m.
ZAPF	<input checked="" type="checkbox"/> (Cate) <input type="checkbox"/>	9:07 a.m.	11:18 a.m.

SIGNED BY THE CLERK OF THE BOARD:

Julia Tuer

CONFIRMED BY THE GENERAL COUNSEL:

Paul Carde