BOARD OF DIRECTORS
ALAMEDA-COSTA TRANSIT DISTRICT

MINUTES

Regular Meeting of the Board of Directors
AC Transit General Offices
2nd Floor Board Room
1600 Franklin Street
Oakland, CA 94612

Wednesday, May 16, 2018 at 5:00 p.m.
Closed Session: 4:30 p.m. (Items 6A-6D)

MEMBERS OF THE BOARD OF DIRECTORS
ELSA ORTIZ, PRESIDENT (WARD 3)
JOE WALLACE, VICE PRESIDENT (WARD 1)
GREG HARPER (WARD 2)
MARK WILLIAMS (WARD 4)
JEFF DAVIS (WARD 5)
H. E. CHRISTIAN PEEPELES (AT-LARGE)
JOEL YOUNG (AT-LARGE)

BOARD OFFICERS
MICHAEL A. HURSH, GENERAL MANAGER
DENISE C. STANDRIDGE, GENERAL COUNSEL
LINDA A. NEMEROFF, DISTRICT SECRETARY
The Alameda-Contra Costa Transit District Board of Directors held a regular meeting on Wednesday, May 16, 2018.

The meeting was called to order at 4:30 p.m. for the purpose of Closed Session. All Board members were present. The Board convened in Closed Session to discuss Items 6A-6D as listed on the agenda. Closed Session concluded at 4:55 p.m.

President Ortiz called the Board of Directors meeting to order at 5:02 p.m.

1. **ROLL CALL**
   Present: Harper, Williams, Davis, Young, Peeples, Wallace, Ortiz

2. **PUBLIC COMMENT**
   There was no public comment offered.

3. **MODIFICATIONS TO THE AGENDA**
   President Ortiz announced that item 4E (travel authorization) was pulled off the agenda.

4. **CONSENT CALENDAR**
   **MOTION:** WILLIAMS/WALLACE to receive or approve items 4A, 4B, and 4D on the Consent Calendar as indicated. The motion carried by the following vote:

   **AYES:** 7: Williams, Wallace, Harper, Davis, Young, Peeples, Ortiz

   Item 4c was pulled off the Consent Calendar by Director Harper who had comments to offer on the item.

   **4A. Consider approving Board of Directors minutes of April 25, 2018.**

   **4B. Consider receiving the Quarterly Report on the Status of Contracts and Purchase Orders over $50,000 (Report 18-115).**

   **4C. Consider receiving the Quarterly Report on the District’s Involvement in External Planning Processes (Report 18-116).**

   Director Harper pulled the item off the Consent Calendar to comment that several activities taking place in his ward, specifically Emeryville, had gone unreported. He asked that staff update their report to reflect these activities.
MOTION: PEEPLES/WALLACE to receive the Quarterly Report on the District’s Involvement in External Planning Processes. The motion carried by the following vote:

AYES:7: Peeples, Wallace, Harper, Williams, Davis, Young, Ortiz

4D. Consider approving non-substantive amendments to Board Policy 212 (Nondiscrimination on the Basis of Disability) to renumber the policy to Board Policy 424 and make minor clarifications (Report 18-019a).

4E. Consider authorizing the General Manager to attend the American Public Transportation Association’s Rail Conference in Denver, Colorado on June 10-14, 2018 (Report 18-139).

5. REGULAR CALENDAR

External Affairs Items:

5A. Consider adoption of Resolution No. 18-023 giving notice of the General District Election to be held on Tuesday, November 6, 2018, for the election of four Directors, requesting consolidation of said election with the General State Election to be held on the same date, and specifications of the election order (Report 18-124).

There was no presentation of the staff report.

MOTION: PEEPLES/WILLIAMS to adopt Resolution No. 18-023 giving notice of the General District Election to be held on Tuesday, November 6, 2018, for the election of four Directors, requesting consolidation of said election with the General State Election to be held on the same date, and specifications of the election order. The motion carried by the following vote:

AYES:7: Peeples, Williams, Harper, Davis, Young, Wallace, Ortiz

Finance and Audit Items:

5B. Consider the adoption of Resolution No. 18-024 electing to participate in the Prefunding Plan also known as the California Employers’ Retiree Benefit Trust (CERBT) Program, adopting the Agreement to Prefund Other Post-Employment Benefits (OPEB) Through CalPERS, and execution of related documents (Report 17-309a).

Chief Financial Officer Claudia Allen presented the staff report, clarifying that in the title of the report, should say “prefund” instead of “refund”. In addition, she advised that the trust account would only be established for the District’s non-trust OPEB obligation, which included all medical payments for Unrepresented retirees as well as vision, dental, and life insurance for all retirees.
Discussion ensued regarding the investment strategy outlined in the staff report, with Director Young asking who would manage the money and why Strategy I was being recommended. Ms. Allen advised that investments would be managed by CalPERS and Strategy I was recommended based on 1) information obtained from CalPERS on the investment decisions of other public agencies; and 2) because it had the highest investment results for an unfunded plan. President Ortiz asked what would happen if the market crashed. Ms. Allen advised that while there would be consequences, the District had to consider the performance of the investment over a long period of time.

Directors Young and Harper expressed concern with the size of the OPEB liability. Director Harper felt the District could not afford this liability and advised that he would support the staff recommendation if it were conditioned on the elimination of OPEB for all new Unrepresented employees. Director Young suggested the idea be discussed in the future. Ms. Allen argued that establishing the trust would be viewed favorably by the credit markets.

President Ortiz asked why the trust was being established. Ms. Allen reported that once the money is placed in the CalPERS account, it will be available to pay benefits as needed and would also reduce the liability that will be reported on the District’s balance sheet.

MOTION: WALLACE/WILLIAMS to adopt of **Resolution No. 18-024** electing to participate in the Prefunding Plan also known as the California Employers’ Benefit Trust Program, adopting the Agreement to Prefund Other Post-Employment Benefits Through CalPERS, and execution of related documents. The motion carried by the following vote:

AYES:6: Wallace, Williams, Davis, Peeples, Young, Ortiz
NOES:1: Harper

5C. Consider authorizing the General Manager to exercise a two-year option to extend AC Transit’s contract with Bank of America for the District’s comprehensive banking services (Report 13-116a).

Director of Revenue Management Sue Lee presented the staff report.

President Ortiz asked if local banks had been considered to provide services for the District. Ms. Lee advised that the District had complex banking needs that only larger banks could satisfy. President Ortiz expressed concern with the process and hoped that smaller banks would have an opportunity to provide services in the future.
MOTION: YOUNG/WILLIAMS to authorize the General Manager to exercise a two-year option to extend AC Transit’s contract with Bank of America for the District’s comprehensive banking services. The motion carried by the following vote:

AYES: 7: Young, Williams, Harper, Williams, Davis, Peeples, Ortiz

Planning Items:

5D. Consider receiving an update on the Salesforce (Transbay) Transit Center Project (Report 18-117).

Transportation Planner Linda Morris presented the staff report, advising that this would be the final quarterly report for the project.

President Ortiz continued to express concern with the 2008 lease and use agreement with the Transbay Joint Powers Authority which obligated the District to pay for all unfunded operating expenses. She asked if the licenses for the bus deck would address the issue of annual increases in operating expenses. Director Harper shared similar concerns. General Manager Michael Hursh advised that staff’s strategy was to negotiate licenses for the bus bays that share the risks. He added that staff is currently in negotiations and declined to provide additional information on those grounds.

President Ortiz asked if commitments to construct the mitigations for the bus ramp were in writing, to which Ms. Morris confirmed that they were and should be completed by the end of May.

Director Harper advised that he only recently learned that AC Transit had not been consulted about the vending machines (or the products sold in them) at the terminal. He cited concerns about bus cleanliness and who would receive the revenue from the machines on the bus deck which was controlled by AC Transit. President Ortiz felt the machines should not be allowed on the bus deck unless AC Transit received the revenue. Mr. Hursh advised that staff would pursue this with the Transbay Joint Powers Authority.

Director Young asked if the District could sell naming rights to the bus deck since AC Transit controlled it. The General Counsel was asked to investigate the issue. Ms. Morris advised that there was advertising space at each of the stops which would be managed by the building as a whole and would be applied to AC Transit’s costs.

Director Peeples felt it was not ideal for MUNI to start operations in June while AC Transit would not start until August, noting this would create a lot of inconvenience for riders.
MOTION: ORTIZ/WILLIAMS to receive an update on the Salesforce (Transbay) Transit Center Project. The motion carried by the following vote:

AYES:7: Ortiz, Williams, Harper, Davis, Peeples, Young, Wallace

5E. Consider directing staff to reduce service levels on Lines 800 and 801 commensurate with the end of BART’s financial support of the Late Night Bus Service Expansion (Report 14-222e).

Planning Manager Michael Eshleman presented the staff report.

Director Harper requested that the item be continued in order to split up the Line 800 changes, which appeared to be working and should be saved, from the Line 801 changes which were not. Mr. Eshleman advised that in negotiations with BART, BART offered to extend funding for the service for another year, but expected the District to commit full funding to provide the service thereafter. Director Peeples advised that in his conversations with a BART board member, it was clear there was no more money coming from BART. In contrast, Director Harper advised that he too had talked to BART board members and they felt they were paying too much for the service, adding that if AC Transit charged them less for the 800 service, it could still make money on it.

Mr. Eshleman advised that if service were reduced on one line but not the other, every other 801 trip would miss its 800 connecting trip by 10 minutes. In addition, the run-cut was already done for the August sign up and it was problematic to change it now because of all the other changes going into effect in August.

President Ortiz suggested that staff be directed to reduce service levels on Lines 800 and 801 effective in August and to examine the issues raised by Director Harper after six months. Director Harper felt it was unfair to remove service only to put it back later. He also wanted to know where BART really stood on providing financial support for the service. President Ortiz requested that the issue be discussed at the next BART/AC Transit Inter-agency Liaison Committee (ILC) meeting.

MOTION: ORTIZ/WILLIAMS to direct staff to reduce service levels on Lines 800 and 801, direct staff to analyze ridership with the possibility of reinstating Line 800 in time for the March sign-up, and to discuss the issue of financial support for Line 800 at the next BART/AC Transit ILC meeting. The motion carried by the following vote:

AYES:6: Ortiz, Williams, Harper, Davis, Peeples, Wallace
NOES:1: Harper
Operations Items:

5F. Consider receiving the Quarterly Operations Performance Report for AC Transit Fixed Route Services (Report 18-119).

Chief Operating Officer Salvador Llamas presented the staff report.

Director Williams asked about the hiring and training of new operators and road supervisors. Mr. Llamas advised that enough new operators were being hired to meet the District’s current needs. With respect to road supervisors, Mr. Llamas reported that staff was in the process of filling four new supervisor positions that were required as part of the transition to the new CAD/AVL system. Other supervisor shortages were a result of scheduled and non-scheduled leaves of absence. General Manager Michael Hursh commented that staff continued to focus on succession planning in order to fill vacancies resulting from retirements across the organization.

MOTION: YOUNG/ORTIZ to receive the Quarterly Operations Performance Report for AC Transit Fixed Route Services. The motion carried by the following vote:

AYES: 7: Young, Ortiz, Harper, Williams, Davis, Peeples, Wallace

5G. Consider authorizing the General Manager to enter into contracts and approve renewal rates for Kaiser Permanente, Health Net, Vision Services Plan, and MetLife Dental (Report 18-122).

There was no presentation of the staff report.

Director Young asked what type of savings the District would gain by eliminating Health Net. Ms. Lightburn advised that, in addition to Kaiser insurance, the ATU contract also called for an open panel to be provided as an alternative to Kaiser.

MOTION: YOUNG/ORTIZ to authorize the General Manager to enter into contracts and approve renewal rates for Kaiser Permanente, Health Net, Vision Services Plan, and MetLife Dental. The motion carried by the following vote:

AYES: 7: Young, Ortiz, Harper, Williams, Davis, Peeples, Wallace

6. CLOSED SESSION/REPORT OUT

General Counsel Denise Standridge reported out on the following:

MOTION: ORTIZ/PEEPLES to approve settlement in the matter of Chiu v. AC Transit, ACSC Case No. HG16804770 in the amount of $250,000. The motion carried by the following vote:
AYES:7: Ortiz, Peeples, Harper, Williams, Davis, Young, Wallace

6A. Conference with Legal Counsel – Existing Litigation
   (Government Code Section 54956.9 (a))
   - Lehman, et al. v Transbay Joint Powers Authority, et al., SFSC Case No. CGC-16-553758
   - Ying, et al. v Transbay Joint Powers Authority, et al., SFSC Case No.CGC17559210
   - Chiu v AC Transit, ACSC Case No. HG16804770, Claim No. 14-0577

6B. Conference with Legal Counsel – Potential Litigation
   (Government Code Section 54956.9(b)) (Two Cases)

6C. Conference with Labor Negotiators
   (Government Code Section 54957.6):
   Agency Designated Representative: General Manager
   Employee Organizations: ATU Local 192, AFSCME Local 3916, IBEW Local 1245, Unrepresented Employees

6D. Public Employee Performance Evaluation
   (Government Code Section 54957)
   Title: General Manager, General Counsel, District Secretary

7. AGENDA PLANNING

   Director Harper requested that the Board consider ending Other Post-Employment Benefits for new Unrepresented employees. (Director Young concurred)

8. GENERAL MANAGER’S REPORT
   The General Manager’s Report was presented for information only and is incorporated into the file by reference as Staff Report 18-158.

9. BOARD/STAFF COMMENTS
   Members of the Board commented on meetings and events attended since the last Board meeting.

10. ADJOURNMENT
    There being no further business to come before the Board of Directors, the meeting adjourned at 6:11 p.m. The next regular meeting of the Board of Directors is scheduled for Wednesday, May 30, 2018.

Respectfully submitted,

Linda A. Nemeroff
District Secretary