



MINUTES

Board of Directors' Meeting

Call to Order

The June 17, 2019 Board of Directors (Board) meeting of the Los Angeles - San Diego - San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) was called to order by Chairman Murray at 11:17 a.m., at the Orange County Transportation Authority (OCTA) Headquarters, Board Room – Conference Room 07, 550 South Main Street, Orange, California.

Chairman Murray announced that several of the Directors would participate in today's meeting via teleconferencing, and all votes would be taken by roll call.

Directors Present: Al Murray, Chairman
 Dana Reed, Vice Chairman
 Jewel Edson, NCTD (teleconference)
 John Fasana, Metro
 Caylin Frank, SDMTS (teleconference)
 Ellie Haviland, SANDAG (teleconference)
 Bryan MacDonald, VCTC (teleconference)
 Cathy Murillo, SBCAG (teleconference)
 Tim Shaw, OCTA
 Fred Strong, SLOCOG
 Jess Talamantes, Metro
 Kyle Gradinger, Caltrans, Ex-Officio
 Eric Hosey, Amtrak, Ex-Officio

Directors Absent: Gregg Hart, SBCAG
 Alan D. Wapner, SCAG, Ex -Officio

Staff Present: Jennifer L. Bergener, Managing Director
 Olga Prado, LOSSAN Agency Clerk of the Board
 James Donich, General Counsel

Pledge of Allegiance

The pledge of allegiance was led by Vice Chairman Reed.

1. Public Comments

There were no public comments.

Special Calendar

There were no Special Calendar Matters.

Consent Calendar (Items 2 through 7)

2. Approval of Minutes

Director Strong pulled this item and noted a spelling correction was needed to Page 11, Item 11 of the minutes, last paragraph. The words "a settling torch..." should be corrected to read "an acetylene torch..."

A motion was made by Vice Chairman Reed, seconded by Director Fasana, and following a roll call vote, declared passed 11-0, to approve the minutes of the LOSSAN Board of Directors meeting of March 18, 2019.

3. Amendment to Conflict of Interest Code and Statement of Economic Interest Designated Positions

A motion was made by Vice Chairman Reed, seconded by Director Fasana, and following a roll call vote, declared passed 11-0, to approve amendment to the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Conflict of Interest Code and Statement of Economic Interest designated positions.

4. Annual Performance Evaluation of the Agency's Managing Director, Jennifer Bergener

Director Murillo pulled this item to ask about the Managing Director's performance evaluation and inquired if there would be a Closed Session of the full Board to review the evaluation.

4. (Continued)

James Donich, General Counsel, responded that pursuant to the LOSSAN Agency By-Laws, the Executive Committee is tasked with reviewing the Managing Director and providing that evaluation to the Board. Mr. Donich stated that the Executive Committee met in Closed Session and reviewed Jennifer L. Bergener, Managing Director's performance and at this point, it is not intended to be a Closed Session of the full Board.

A motion was made by Vice Chairman Reed, seconded by Director Fasana, and following a roll call vote, declared passed 11-0, to receive and file as an information item and direct staff to forward the annual performance evaluation to the Chief Operating Office of the Managing Agency.

5. Legislative Update

A motion was made by Vice Chairman Reed, seconded by Director Fasana, and following a roll call vote, declared passed 11-0, to receive and file as an information item.

6. Los Angeles - San Diego - San Luis Obispo Rail Corridor Trends for the Fourth Quarter of Federal Fiscal Year 2017-18

A motion was made by Vice Chairman Reed, seconded by Director Fasana, and following a roll call vote, declared passed 11-0, to receive and file as an information item.

7. Fiscal Year 2018-19 Third Quarter Budget Status Report

A motion was made by Vice Chairman Reed, seconded by Director Fasana, and following a roll call vote, declared passed 11-0, to receive and file as an information item.

Regular Calendar

8. **Amendment to the Federal Fiscal Year 2018-19 Operating Agreement with Amtrak for Pacific Surfliner Intercity Passenger Rail Service**

Jennifer L. Bergener, Managing Director, reported on the following:

Six Superliner Rail Car Upgrades –

- Working in partnership with Amtrak, the LOSSAN Agency was able to secure six additional Amtrak-owned Superliner passenger cars for exclusive use on the Pacific Surfliner service in anticipation of the 13th and 14th roundtrips.
- The exclusive use of the six passenger cars will also help address some overcrowding issues on several of the existing peak period trains.
- These cars are typically used on Amtrak's long-distance fleet and are not equipped with the same passenger amenities as the existing Pacific Surfliner fleet.
- A budget amendment is necessary in order to modify the cars and ensure that a consistent quality of service is provided to passengers. The modifications include: install onboard WiFi on the six cars and a general refresh to the cars to address aesthetic issues including deep cleaning, carpeting, and repairing some elements of the cars interiors.

Business Class Enhancements –

- Building on the success of the expanded business class program, all 21 business class cars in use on the Pacific Surfliner fleet will be refreshed, including replacing all seat cushions with leatherette, performing deep cleaning, adding decals, and upgrading signage on the interior and exterior of the cars.

Federal Fiscal Year (FFY) 2018-19 Operating Cost –

- The LOSSAN Agency is seeing some increased operating costs in excess of what was estimated or budgeted.
- The major cost categories experiencing higher expenses than forecasted include stations route and stations-shared cost, train and engine crew labor, on board service crew, commissary costs, as well as fuel costs. This, combined with decreasing ridership and lower farebox recovery/ lower ticket sales revenue, has resulted in a roughly \$3 million delta in the operating budget.

8. (Continued)

- This is expected to be balanced out with additional supplemental funding from the State in the amount of \$3 million.
- The LOSSAN Agency is only six months into the FFY and is coming into its busiest season with the summer season kicking off with the Del Mar events and Comic-Con International in San Diego.
- Favorable trends are expected in the latter half of the FFY.

A robust discussion ensued regarding:

- Per the interagency transfer agreement (ITA), the LOSSAN Agency is allowed to keep up to 12.5 percent of its previous years' operating agreement amount in reserves to specifically use for any operating expense variances.
- The LOSSAN Agency currently has approximately \$3.4 million in reserves and historically, over the last three fiscal years (FY), has not needed to tap into those reserves and has experienced positive credits at the end of those FYs.
- Page 5 of the Staff Report mentions depleting the operating reserve fund and Board Members questioned if there are other reserves. Staff clarified that there are no other reserves, and as part of the \$3 million request to the State, staff is assuming the reserve fund would be fully depleted.
- As the reserves are monitored month-to-month over the next six months, staff is hopeful that the negative trend will not continue and utilizing all the reserves will not be necessary.
- The LOSSAN Agency has seen a ridership decline in the current year and this is very different than what has been experienced in the preceding four years.
- A significant service change was implemented last April, and staff believes this has contributed to the decline. It is fully expected that these trends will be normalized and reversed in the upcoming months.
- All the funding the LOSSAN Agency receives to operate the Pacific Surfliner service comes from the State, and the State has its own contingency reserves.
- Suggestion by Chairman Murray for staff to return in three months with an update to provide some added reassurance to the Board.
- LOSSAN Agency reports quarterly to the Board the LOSSAN Agency's budget status and if any material changes take place between today's meeting and the next quarterly report, staff will ensure the Board receives a memorandum.
- This type of situation is the reason the LOSSAN Agency has reserves, and the ITA allows the agency to maintain the 12.5 percent to account for anomalies.

8. (Continued)

- Inquiry about increasing the reserves percentage to a higher number, and clarification that the 12 percent reserve percentage number is consistent with other entities within the State.

A motion was made by Director Strong, seconded by Director Talamantes, and following a roll call vote, declared passed 11-0, to:

- A. Authorize the Managing Director to amend the Amtrak operating agreement for federal fiscal year 2018-19 for rail car upgrades, business class enhancements and additional federal fiscal year 2018-19 operating costs in an amount not to exceed \$4,871,316.
- B. Amend the fiscal year 2019-20 operating revenue and expense in the amount of \$5,016,935 for Amtrak rail car upgrades, business class enhancements and additional federal fiscal year 2018-19 net Amtrak operating costs.
- C. Amend the fiscal year 2018-19 operating budget down by \$145,619 in order to decrease Amtrak operating expenses for rail car upgrades.
- D. Authorize the Managing Director to amend and execute Master Fund Transfer Agreement annual supplements necessary for rail car upgrades, business class enhancements and additional federal fiscal year 2018-19 operating costs.

9. Los Angeles - San Diego - San Luis Obispo Rail Corridor Trends for the First Quarter of Federal Fiscal Year 2018-19

Roger M. Lopez, Manager, Planning and Analysis, provided a brief presentation on the first quarter of FFY 2019 corridor trends covering the months of October through December 2018 as follows:

- Report is late due to extensive delays in the Amtrak reporting process; however, the challenges experienced with the reporting process have been resolved and staff is now receiving timely data from Amtrak. Going forward, LOSSAN Agency staff should receive the Amtrak reports within approximately two months of the close of each quarter.
- Pacific Surfliner, Metrolink, and COASTER service system performance for quarter one (Q1) in FFY 2019 was down by 0.6 percent, with just under two million riders.
- Focusing specifically on the performance of the Pacific Surfliner, ridership in Q1 was down just under 5 percent when compared to the same period the prior year.

9. (Continued)

- Lower than normal Rail 2 Rail ridership and the loss of some of peak-period commuter ridership is due to some changes in the connections.
- For Q1, revenue was up 2.4 percent and, coupling that with the loss in ridership, it is a significant growth. In addition, staff continues to see positive results from the expanded business class.
- Continue to see increased food and beverage sales:
 - Marketing and the customer engagement team continue to adjust the Café car options, and these efforts are getting excellent results.
 - This quarter, there was a growth in food and beverage sales of 12.8 percent.
- On-time performance (OTP) continues to be an area that the Pacific Surfliner service needs some improvement. Ongoing efforts undertaken are as follows:
 - Quarterly Corridor Improvement Team meetings with the host railroads and the operators to do a deeper examination of the issues associated with OTP.
 - As part of those meetings, LOSSAN Agency staff does significant analysis to get to the root of what makes the trains late.
 - Attachment A of the Staff Report provides high-level details of that analysis, and the intent is to bring this type of information to the Technical Advisory Committee and the Board on a quarterly basis.

A lengthy discussion ensued regarding:

- Inquiry if the schedules are unrealistic as it relates to OTP.
- The bulk of the issues come from the host railroads related to dispatching and an example was provided for train Nos. 774 and 785.
- Chairman Murray asked if there are any suggestions or strategies being considered to address those issues and make incremental improvements.
- Amtrak currently has a strong effort underway with OTP and is looking at variance by stations (what is causing extended dwell at stations), and through that effort, significant time savings have been recognized.
- The LOSSAN Agency's corridor optimization work is a holistic approach that the agency is leading in coordination with the host railroads and other operators, whereby short-term service efforts will be implemented such as the 13th roundtrip in October.
- An incentive agreement has been drafted between the North County Transit District (NCTD) and the LOSSAN Agency and is closed to being executed. Staff believes this will lend itself to more favorable dispatching and train handling on the NCTD-controlled territory.

9. (Continued)

- Inquiry on how much of the delays have been in the Union Pacific Railroad (UPRR) section of the corridor, and staff will follow-up with a memorandum to the Board.
- Discussions between Director Strong and Jennifer Bergener, Managing Director, with UPRR senior officers and staff to discuss service goals, modeling efforts, and access and incentive fees.
- An update on the additional round trip service north of Los Angeles to San Luis Obispo is expected to come to the Board in the next 60 days.
- The October 2019 scheduled change (13th roundtrip) will be between Los Angeles and San Diego, but the intent is to extend north to San Luis Obispo as soon as possible.

No action was taken on this receive and file information item.

10. **Proposed Amendments to the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency Contracting and Procurement Policy**

Jason Jewell, Finance and Administration Manager, provided background information and history on the LOSSAN Agency's contracting and procurement policy, adopted by the LOSSAN Agency Board in April 2016.

Mr. Jewell reported that as the Managing Agency for the LOSSAN Agency, the Orange County Transportation Authority (OCTA) is responsible for facilitating and assisting in the procurement of all the LOSSAN Agency's goods and services. Mr. Jewell provided background information on the two proposed amendments.

A discussion ensued as follows:

- Once the Google exception threshold is met, the policy should be revised and not presume that this will be a permanent exception.
- In order to create the LOSSAN Agency, the agency had to partner with an existing transportation organization due to the lack of funding to be an independent agency.
- The LOSSAN Agency should be as independent of OCTA as possible, at least fiscally.

10. (Continued)

A motion was made by Vice Chairman Reed, seconded by Chairman Murray, and following a roll call vote, declared passed 11-0, to:

- A. Amend the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency contracting and procurement policy to require letter amendments be signed by the Managing Director.
- B. Amend the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency contracting and procurement policy to increase the corporate credit card transaction limit to \$100,000 monthly for digital ad placements with Google.

11. Fiscal Year 2019-20 Budget Amendment and Fiscal Years 2019-20 and 2020-21 Business Plan Amendment

Jason Jewell, Finance and Administration Manager, provided background information on the annual business plan and budget development process. Mr. Jewell highlighted the major material changes included in the proposed business plan and budget amendment in Attachment A of the Staff Report as follows:

- A reduction in net Amtrak operating expenses and State funding for net Amtrak costs of approximately \$5.6 million.
- Proposed changes in the administrative expenses as an increase of \$360,000, which includes \$210,000 in professional services to be re-budgeted for the San Diego County layover and maintenance facility study. The increase also includes approximately \$127,000 to allow for the ability to hire the remaining vacant administrative positions.
- Funding for the ability to hire the vacant positions at a higher level, as well as the increase in insurance and travel expenses will be proposed to be funded directly out of interest earnings.
- Marketing expenses proposed change of approximately \$1.5 million for the use of prior year marketing roll over funds.
- Grant programs revenues and expenses include an increase of \$1.6 million in Transit and Intercity Rail Capital Program funds related to the host railroad incentive and maintenance agreement, and a reduction of \$1.5 million in both revenues and expenses associated with the central coast layover facility expansion project.
- The LOSSAN Agency bylaws authorize the Managing Director to make disbursements of funds up to \$100,000 each for both Google and Facebook.
- Moving forward, the LOSSAN Agency will include authorization for the Managing Director to approve total advertising expenditures to exceed \$100,000 for Google and Facebook on an annual basis with the approval of the annual FY budget.

11. (Continued)

- Expressed concerns about naming “Google or Facebook” in a document and request that in the future, documents only refer to “social media.” This is for the LOSSAN Agency to not limit its expenditures to only those two vendors.
- Clarification that the Managing Director’s threshold is \$100,000 with any contractor. In addition, each of these expenditures will be individually noted in the quarterly budget and finance reports.
- Google has an analytic portion of its program that provides information on how successful one is being and what areas may need improvement as it relates to social media and to monitor that aspect.
- Interest the LOSSAN Agency is earning on its cash in the bank and the agency asks the State for advanced funding to pay the actual net cost to Amtrak. Interest is being earned on the full cash balance.

A motion was made by Director Strong, seconded by Vice Chairman Reed, and following a roll call vote, declared passed 11-0, to:

- A. Amend the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency’s Fiscal Year 2019-20 revenue and expense budget to reflect the revised Amtrak operating revenue and expense forecast and other adjustments.
- B. Amend the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency’s business plan for fiscal years 2019-20 and 2020-21 to reflect the revised budget.
- C. Direct staff to submit the Los Angeles - San Diego - San Luis Obispo Rail Corridor Agency revised business plan for fiscal years 2019-20 and 2020-21 to the Secretary of the California State Transportation Agency for approval.
- D. Authorize the Managing Director to make amendments to the Master Fund Transfer Agreement annual supplements for fiscal year 2019-20 operating funds, minor capital improvement projects funds, administrative, and marketing funds.
- E. Authorize the Managing Director to approve total advertising expenditures to exceed \$100,000 in Fiscal Year 2018-19 and Fiscal Year 2019-20 each with Facebook and Google for digital ad placements.

12. Quarterly Marketing Update

Emilia Doerr, Marketing & Communications Officer, provided an overview and a PowerPoint presentation on this item as follows:

- Performance Summary;
- Hug the Coast 2019 Campaign;
- Campaign Theme (a short video clip of the Pacific Surfliner experience was shown);
- History of PacificSurfliner.com;
- Sales from PacificSurfliner.com;
- Immediate Site Enhancements;
- Before and After;
- Optimized Booking Widget;
- Enhanced Destination Pages;
- Service Updates and Alerts; and
- Looking Ahead.

A discussion ensued as follows:

- Staff was thanked for its marketing efforts online and for providing information on what is happening along the corridor.
- An example was given when Pacific Surfliner staff was contacted for travel assistance for a recent trip. Staff who assisted via telephone in the booking was extremely helpful and knowledgeable.
- Jennifer L. Bergener, Managing Director, introduced new LOSSAN Agency staff member, Keith Mura, Principal Marketing Specialist.
- The LOSSAN Agency adopts an annual marketing program which will be forwarded to the new Board Members as part of the welcome and orientation package.
- In general, it has been hard to work specifically with individual television stations for public service announcements (PSA), and Director Talamantes volunteered the City of Burbank to put a short PSA on the city's television channel.
- Deep cleaning of the six Superliner rail cars has already taken place; However, the WiFi effort will not take place until approximately the September timeframe due to the LOSSAN Agency coming into its busiest time of the year.
- Amtrak stands ready to move forward with the 20 car enhancements.
- Alerts are really key, and it is extremely important to keep people notified of any changes in order to increase customer satisfaction.

No action was taken on this receive and file information item.

Discussion Items

13. Managing Director's Report

Jennifer L. Bergener, Managing Director, reported on the following:

- Staff is working to set up an initial meeting with newly appointed Secretary of the California State Transportation, David Kim, and the Board will be kept apprised.
- A memorandum was sent to the Board this morning noting that the State budget was passed by both houses of the California legislature on Friday, and there were no significant changes to anything that the LOSSAN Agency is working on.
- Staff is underway with several projects along the LOSSAN rail corridor including the San Diego layover maintenance facility relocation effort, the optimization work relative to meetings and discussions with UPRR, the Goleta layover facility expansion project, as well as the San Luis Obispo layover facility expansion/relocation project. Each project is being done in coordination with the host railroad, Amtrak, and member agencies in the jurisdiction of the projects.
- Staff is proposing to hold a workshop following the July 2019 Board meeting to focus specifically on OTP, which has been an ongoing discussion with both the Technical Advisory Committee and the Board. As part of the workshop, staff would highlight the revised website. An e-mail will be sent to the Board for input on the proposed date for the workshop.
- UPRR is an entity that exists for profit, however, staff believes UPRR is working on being a better and more willing partner with the LOSSAN Agency and is hopeful that both agencies will be able to resolve the access and incentive fees. Meetings are currently scheduled to continue those conversations and the Board will be kept apprised.
- Ms. Bergener thanked the Board for the privilege of serving as the Managing Director for the LOSSAN Agency and for the favorable review.

14. Board Members' Report

Director MacDonald proposed moving the July 15, 2019 meeting to Los Angeles in order to be able to attend the meeting in person.

Jennifer L. Bergener, Managing Director, responded that staff will make every effort to move the remainder of the meetings back to Los Angeles.

14. (Continued)

Directors Haviland and Edson reported that part of the new state budget that was just announced includes \$6.1 million for the next phase of the Del Mar Bluffs Stabilization Project. In addition, the San Diego Association of Governments plans to submit a federal BUILD grant by mid-July for this project, and this is in addition to the recent Federal Railroad Administration State of Good Repair grant application that the LOSSAN Agency supported.

Director Fasana clarified that the Los Angeles County Metropolitan Transportation Authority Board room is available for the July 15, 2019 Board meeting.

Vice Chairman Reed asked what the start time of the meeting in Los Angeles would be, and Ms. Bergener responded that the Board meeting would be from 12:30 p.m. – 2:30 p.m. Additionally, if a workshop is held after the Board meeting, that would be an additional hour to an hour and a half.

Director Strong reported that he would also appreciate the July Board meeting be moved to Los Angeles. He added that he wears many hats and is a representative, Member, or Chairman of numerous regional agencies such as the California Association of Councils of Governments, the National Association of Regional Councils, the National League of Cities, and the Coast Rail Coordinating Council.

Director Strong provided an update related to a recent meeting with UPRR executive leadership. He added that he had additional updates to provide and could do that at the next Board meeting or speak directly with the Managing Director.

Director Talamantes stated that he looks forward to working with the Board and staff, and hopes to represent Los Angeles County and the LOSSAN Agency well.

Director Grading expressed his appreciation for the meeting and stated that he was glad he was finally able to attend the meeting in person and meet everyone.

Ms. Bergener, Managing Director, introduced Darrell E. Johnson, OCTA Chief Executive Officer (CEO), who was in the audience.

Mr. Johnson, CEO, wanted to take the opportunity to let the Board know that they are always welcome to use the OCTA Board room. He added that this summer will be 28 years since he first stepped into the transportation arena, his first job was with Amtrak, and he has been involved with the Pacific Surfliner virtually every year since then.

14. (Continued)

Mr. Johnson, CEO, added that he felt now more than ever, the importance of the Pacific Surfliner service along the LOSSAN corridor could not be understated, and the partnership between the State of California, the federal government, Amtrak, and the LOSSAN Agency Board is stronger than ever.

Mr. Johnson, CEO, reiterated his personal support and the OCTA Board support. He reported that the OCTA Budget was adopted this past Monday and it was the largest budget in the history of OCTA, at about \$1.52 billion. He stated that he wanted to stop by and ensure the Board knew the importance of the LOSSAN Agency to OCTA.

Chairman Murray thanked Mr. Johnson, CEO, for taking time to stop by and speak to the LOSSAN Agency Board.

Chairman Murray reported that he started to hear again consternation regarding some of the encampment issues along the UPRR. He asked that staff do anything possible, whether it be a letter from the LOSSAN Agency Board to UPRR, to get some assistance with that issue, particularly in Orange County. Ms. Bergener, Managing Director, responded that staff will continue to work on these issues.

Director Strong stated that in conversations with UPRR, they are as concerned as the LOSSAN Agency is. He added that UPRR offered the acetylene torch-resistant fencing to the LOSSAN Agency, however, there would need to be negotiations and UPRR would have to give the LOSSAN Agency permission to police their area. UPRR does not have the capacity to police the entire track and the homeless encampments are trespassing, which is a dangerous and serious issue.

15. Closed Session

There was no Closed Session scheduled.



MINUTES

Board of Directors' Meeting

16. Adjournment

The meeting of the LOSSAN Agency's Board adjourned at 12:48 p.m. The next regularly scheduled meeting of this Board will be held:

Monday, July 15, 2019

12:30 p.m. – 2:30 p.m.

Los Angeles County Metropolitan Transportation Authority

Board Room -Third Floor

One Gateway Plaza

Los Angeles, California

ATTEST:

Al Murray
LOSSAN Chairman

Olga Prado
LOSSAN Clerk of the Board