

**METROPOLITAN
TRANSPORTATION
COMMISSION**
Meeting Transcript



JUNE 12, 2024

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ADMINISTRATION COMMITTEE

WEDNESDAY, JUNE 12, 2024 10:35AM

CHAIR, GINA PAPAN: GOOD MORNING. WELCOME TO MTC ADMIN
COMMITTEE. MY NAME IS GINA PAPAN, I'M HERE WITH MY VICE CHAIR
VICTORIA FLEMING. I WOULD LIKE TO CALL THE ADMINISTRATION
COMMITTEE TO ORDER. THIS MEETING IS BEING WEBCAST ON MTC'S WEB
SITE. COMMISSIONERS AND MEMBERS OF THE PUBLIC PARTICIPATING BY
ZOOM WISHING TO SPEAK SHOULD USE THE RAISED HAND FEATURE OR
DIAL STAR NINE AND I WILL CALL UPON THEM AT THE APPROPRIATE
TIME. ITEM ONE ROLL CALL, PLEASE.

CLERK OF THE BOARD: CHAIR PAPAN.

CHAIR, GINA PAPAN: HERE.

CLERK OF THE BOARD: VICE CHAIR FLEMING?

V. CHAIR, VICTORIA FLEMING: PRESENT.

CLERK OF THE BOARD: ABE-KOGA?

MARGARET ABE-KOGA: HERE.



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1 **CLERK OF THE BOARD:** COMMISSIONER CHAVEZ HAS STEPPED AWAY FOR A
2 MOMENT. EL-TAWANSY?

3

4 **DINA EL-TAWANSY:** HERE.

5

6 **CLERK OF THE BOARD:** GLOVER?

7

8 **FEDERAL D. GLOVER:** HERE.

9

10 **CLERK OF THE BOARD:** MILEY?

11

12 **NATHAN MILEY:** HERE.

13

14 **CLERK OF THE BOARD:** RONEN?

15

16 **HILLARY RONEN:** HERE.

17

18 **CLERK OF THE BOARD:** NON-VOTING SCHAFF?

19

20 **LIBBY SCHAFF:** HERE.

21

22 **CLERK OF THE BOARD:** SCHAFF IS PRESENT. AND COMMISSIONER THAO
23 IS ABSENT. WE HAVE A QUORUM.

24



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1 **CHAIR, GINA PAPAN:** THANK YOU. WONDERFUL. ITEM TWO, CONSENT
2 CALENDAR. WHICH INCLUDES ITEMS 2A THROUGH 2C. IS THERE ANY
3 COMMISSIONER THAT WOULD LIKE TO PULL AN ITEM? SEEING NONE. DO
4 WE HAVE ANY PUBLIC COMMENTS?

5

6 **CLERK OF THE BOARD:** NO PUBLIC COMMENT ONLINE, NO ONE IN THE
7 BOARDROOM, AND NOTHING RECEIVED IN WRITING.

8

9 **CHAIR, GINA PAPAN:** OKAY.

10

11 **FEDERAL D. GLOVER:** GLOVER MOVES APPROVAL.

12

13 **CHAIR, GINA PAPAN:** THANK YOU COMMISSIONER GLOVER.

14

15 **MARGARET ABE-KOGA:** SECOND.

16

17 **CHAIR, GINA PAPAN:** SECOND ABE-KOGA. ALL IN FAVOR PLEASE NOTE
18 BY AYE. [AYES]

19

20 **CHAIR, GINA PAPAN:** ANY OPPOSED? ABSTENTIONS? NONE? OKAY.

21 MOVING ON. ITEM 3A, UPDATE ON THE ENTERPRISE RESOURCE PLANNING
22 PROGRAM AND REQUEST APPROVAL OF THREE CONTRACT ACTIONS. I KNOW
23 STAFF IS EXTREMELY EXCITED ABOUT THIS. OKAY. THEY'RE GOING TO
24 KEEP REPEATING, ERP. SO, THAT'S THE ENTERPRISE RESOURCE
25 PLANNING. GENTLEMEN, PLEASE.



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2 **SPEAKER:** THANK YOU CHAIR PAPAN. GOOD MORNING TO THE REST OF
3 THE COMMISSIONERS AND THE COMMITTEE. I AM EXCITED, AND I
4 ACTUALLY HAVE A NUMBER OF EXCITED FOLKS BEHIND ME WHO ARE, I
5 THINK, EQUALLY EXCITED TO SEE THAT WE ARE BRINGING THIS
6 FORWARD FOR YOUR CONSIDERATION. THERE ARE THREE ITEMS BEFORE
7 YOU FOR APPROVAL. I'M GOING TO BE ADDRESSING ONE IN GREATER
8 DETAIL THAN THE OTHER TWO, BUT I WILL VERBALLY TALK ABOUT THE
9 TWO ITEMS THAT I'M -- THAT ARE NOT SO MUCH REFERENCED IN THE
10 POWERPOINT. SPECIFICALLY I'M GOING TO TALK IN DETAIL ABOUT THE
11 SYSTEM INTEGRATOR PORTION. BUT I DO WANT TO REMIND YOU ABOUT
12 WHAT WE TALKED ABOUT BACK IN MARCH. NEXT SLIDE PLEASE. AS A
13 REMINDER, LOOKING AT THE EYE CHART HERE. ENTERPRISE RESOURCE
14 PLANNING TOOL IS A SYSTEM THAT WILL BE USED ACROSS THE ENTIRE
15 AGENCY. RIGHT NOW WE'RE USING TEN DIFFERENT SOFTWARE
16 APPLICATIONS TO DO WHAT WE WANT TO DO WITH ONE PIECE OF
17 SOFTWARE ALSO, AS A REMINDER, THE REASON WE HAVE SO MANY TOOLS
18 IS MTC HAS CHANGED DRAMATICALLY IN THE LAST 25 YEARS, WHICH IS
19 APPROXIMATELY WHEN THE CURRENT FINANCIAL SYSTEM THAT WE'RE
20 USING WAS INSTALLED. SINCE THEN WE HAVE ADDED TOLLING, WE HAVE
21 ADDED A HOUSING FINANCE AUTHORITY, OTHER FINANCE AUTHORITY.
22 SO, WE HAVE JUST GROWN BY LEAPS AND BOUNDS. AND WE HAVE JUST
23 CONTINUED TO BOLT ON SOFTWARE SOLUTIONS TO ADDRESS THOSE
24 CHALLENGES. SO, THE FUTURE, THE MIDDLE PIECE THAT YOU SEE THAT
25 LOOKS LIKE A BIG HARD DRIVE WITH SOME COLORED CLOUDS IS WHERE



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1 WE'RE MOVING TOWARDS. THAT IS AN ENTERPRISE RESOURCE PLANNING
2 SYSTEM. THAT IS THE SINGLE SOURCE OF TRUTH, GIVES US INCREASED
3 TRANSPARENCY, ACCOUNTABILITY, WHICH IS ULTIMATELY RESULTING IN
4 DECREASED RISK. YOU CAN IMAGINE IF YOU HAVE TEN DIFFERENT
5 SOFTWARE SYSTEMS AND THERE ARE MANUAL PROCESSES BETWEEN THOSE
6 SYSTEMS THERE IS A LOT OF ROOM FOR ERROR MOVING DATA FROM ONE
7 PLACE TO THE OTHER AND WE WANT TO ADDRESS THAT. WE ALSO WANT
8 TO BE MAKING GOOD DECISION MAKING AND NOT CONTINUE TO DO WHAT
9 DEREK CALLS DECISION BY ANTIDOTE. WHICH I THINK IS A GREAT
10 TERM. AND IT ALSO MAKES US ADAPTABLE TO CHANGING NEEDS. NOT
11 JUST LOOKING TO TODAY LOOKING TO OTHER TYPES OF THINGS THAT
12 MTC COULD MAY TAKE ON IN THE FUTURE AND MAKING SURE WE'RE
13 SELECTING A SOFTWARE PACKAGE THAT CAN ADDRESS THOSE. WE'RE
14 TALKING ABOUT DISCOVERY AND ERP STRATEGY IN MARCH, WE HAVE
15 COMPLETED OUR WORK ON THE STAFF SIDE FOR THE SOFTWARE AND
16 SYSTEM INTEGRATOR PROCUREMENTS AND WE'RE BRINGING THAT TO YOU
17 FOR YOUR CONSIDERATION. ASSUMING THAT GOES FORWARD. WE WILL
18 BEGIN THE WORK. NEXT SLIDE. SO THE BIG ITEM TODAY IS TO TALK
19 ABOUT THE SYSTEM INTEGRATOR, THE FOLKS THAT ARE COMING IN THAT
20 WILL ACTUALLY TURN THE KNOBS, AND SWITCH THE LEVERS. THEY'RE
21 GOING TO BE THE FOLKS THAT ARE MAKING THE SOFTWARE WORK FOR
22 MTC. SO, OUR OBJECTIVE WAS TO FIND THE BEST INTEGRATOR TO
23 IMPLEMENT ORACLE'S ERP SOLUTION, ALSO UP FOR CONSIDERATION
24 TODAY, FOR MTC'S PUBLIC SECTOR NEEDS. SO, WE TALKED WITH
25 ORACLE AS THE SORT OF WEAR PROVIDER -- SOFTWARE PROVIDER AND



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1 SAID WHO IS THE BEST FOLKS FOR THIS WORK WE ALSO ASKED TO BE
2 PART OF THE GROUP PURCHASING ORGANIZATION THAT GPO ALLOWS US
3 TO TAKE A LOOK AT A GROUP OF CONSULTANTS WHO HAVE ALREADY
4 PASSED MUSTER FOR THE PUBLIC SECTOR AND HAS A COMMON SET OF
5 TERMS AND CONDITIONS THAT ARE ACCEPTABLE BY MOST PUBLIC SECTOR
6 AGENCIES. ORACLE CAME BACK TO US WITH FOUR DIFFERENT VENDORS
7 TO CONSIDER, WE INVITED THOSE FOUR VENDORS TO PROPOSE, TWO OF
8 THOSE VENDORS PROVIDED PROPOSALS TO US. NEXT SLIDE PLEASE. A
9 BIT OF PROCESS CHART OF WHAT WE DID TO GIVE YOU A TASTE OF HOW
10 IN-DEPTH THE PROCESS WAS. AS I SAID, WE RELEASED THE
11 PROCUREMENT DOCUMENT TO FOUR DIFFERENT SYSTEM INTEGRATION
12 FIRMS ALSO WHILE THOSE ON THE STREET SELECTED 19 PEOPLE ACROSS
13 THE AGENCY THAT IS WIDE CROSS-CUTTING GROUP OF PEOPLE AT ALL
14 DIFFERENT LEVELS IF ALL DIFFERENT DEPARTMENTS SECTIONS TECH
15 ADVISORS HELP THE EVALUATION PANEL, CONSISTED OF DEREK HANSEL,
16 THERESA ROMMEL, TECH ADVISORS AND MYSELF, TWO PROPOSALS WERE
17 RECEIVED WE LOOKED AT THE PROPOSALS IN DEPTH, CAME UP WITH A
18 COMPREHENSIVE SET OF INTERVIEW QUESTIONS WE INTERVIEWED TOOK A
19 FULL DAY OUT AND INTERVIEWED THE PROPOSERS HAD A SET OF
20 MEETINGS, DETERMINING PROS AND CONS AND DECIDED THAT MYTHICS
21 WAS THE BEST FIT FOR THE AGENCY. WE LOOKED AT A NUMBER OF
22 THINGS INCLUDING CULTURAL FIT WITH MTC AND ABLE TO UNDERSTAND
23 WHAT MTC DOES WE'RE A BIT OF A UNICORN WHEN IT COMES TO
24 SOFTWARE BECAUSE THERE ARE NOT MANY OHS THAT HAVE THE TYPE OF
25 FUNCTIONS THAT WE HAVE SINCE WE'RE NOT CITY OR COUNTY



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1 GOVERNMENT THERE IS A LOT OF DIFFERENT THINGS THAT FOLKS HAVE
2 TO GET USED TO IN ORDER TO UNDERSTAND WHAT WE DO. SO WE DID A
3 SECOND INTERVIEW WITH MYTHICS THEN WE ASKED THEM FOR THEIR
4 BEST AND FINAL OFFER THAT'S WHERE WE SIT TODAY BRINGING
5 MYTHICS TO YOU TODAY AS THE SYSTEM INTEGRATOR. NEXT SLIDE
6 PLEASE. NEXT SLIDE. I'M GOING TO SKIP THIS ONE FOR NOW,
7 PLEASE. THANK YOU. I WANT TO BRING TO YOUR ATTENTION THE
8 OVERALL CAPITAL BUDGET SO YOU'RE AWARE, WE WANT TO BE
9 TRANSPARENT ABOUT THE PROCESS BECAUSE THERE WAS A BIT A CHANGE
10 IN ONE OF THE THERE ITEMS ACTUALLY QUITE A BIT OF A CHANGE.
11 FOR THE MOST PART AS FAR AS WHAT WE ESTIMATED AND CAME TO YOU
12 IN MARCH AND SHOWED YOU AS PRELIMINARY DRAFT FOR THE STRATEGY
13 AND CHANGE MANAGEMENT CONSULTANT, AND JUST AS A REMINDER ON
14 THAT, THE STRATEGY AND CHANGE MANAGEMENT INTEGRATOR IS REALLY
15 THE FOLKS THAT ARE WORKING WITH US INTERNALLY. I CALL IT
16 RIDING SHOTGUN WITH US, SO THEY UNDERSTANDS OUR STAFF, THEY
17 HAVE GOTTEN TO KNOW OUR STAFF. THEY ALSO HAVE DONE A NUMBER OF
18 ERP PROJECTS AND UNDERSTAND THE PITFALLS AND HELP US STAY AWAY
19 FROM THOSE PITFALLS. THEY ALSO HELPED US PUT TOGETHER THE
20 DOCUMENTS TO DO THE PROCUREMENT FOR THE INTEGRATOR. THEY WERE
21 NOT ALLOWED TO BID FOR THE INTEGRATOR, BECAUSE OF THEIR STATUS
22 AS A TECHNICAL ADVISOR. SO, THAT STRATEGY AND CHANGE
23 MANAGEMENT, WE HAD A PRELIMINARY DRAFT AROUND 5 MILLION. WE'RE
24 COMING TO YOU SHOWING YOU THAT THE DRAFT BUDGET WHEN DEREK
25 BRINGS IT FORWARD LATER IN JUNE WILL ALSO BE 5 MILLION. THE



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1 SYSTEM INTEGRATOR THAT I JUST TALKED ABOUT TODAY WE'RE RIGHT
2 AROUND 9 MILLION FOLLOWING AROUND 9 MILLION STAFF COST HAS
3 CHANGED BY \$6 MILLION. THE REASON FOR THE INCREASE IS WHEN WE
4 LOOKED AT WHAT WE WANTED TO CAPITALIZE IN TERMS OF THE OVERALL
5 PROJECT WE WANTED TO MAKE SURE THAT WE WERE CAPTURING THE
6 ACTUAL STAFF COST OF WHAT TIME STAFF WILL BE SPENDING ALONG
7 WITH THE SYSTEM INTEGRATOR ALONG WITH THE CHANGE MANAGEMENT
8 CONSULTANT AND TRULY CAPTURE THE ENTIRE AMOUNT OF HOURS THAT
9 OUR STAFF WILL BE SPENDING AND HAVE THAT AS PART OF THE
10 CAPITAL PROJECT RATHER THAN IT BEING PART OF THE OPERATING
11 BUDGET. SO THAT'S WHAT REPRESENTS THAT CHANGE. IT'S REALLY
12 ABOUT HOW WE'RE ACCOUNTING FOR THE PROJECT IT'S NOT BECAUSE OF
13 PROJECT IS GOING OFF THE RAILS OR BECAUSE THERE HAS BEEN
14 SOMETHING THAT WE HAVE UNCOVERED THAT IS OUT OF SCOPE. IF WE
15 COULD GO BACK A SLIDE, PLEASE? SO, BEFORE YOU TODAY ARE THESE
16 THREE ITEMS, AND OF COURSE DEREK AND I AND OF OTHER STAFF ARE
17 AVAILABLE TO ANSWER QUESTIONS

18

19 **CHAIR, GINA PAPAN:** THIS IS ONE TIME COST, THIS IS NOT ONGOING?
20 NICK.

21

22 **NICK ROETHEL:** THE SYSTEM INTEGRATOR IS ONE TIME COST STRATEGY
23 ONE TIME COST AND MANAGEMENT IS ONE TIME COST.

24

25 **CHAIR, GINA PAPAN:** GLADS YOU'RE CLEAR ON THAT [LAUGHTER]



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1

2 **DEREK HANSEL:** YES ONE TIME COSTS ARE ACCOUNTED FOR THERE WILL
3 BE ONGOING COST FOR THE ORACLE SYSTEM ITSELF AND THOSE WILL BE
4 CAPTURED IN THE OPERATING BUDGET AS OPPOSED TO IN THE CAPITAL
5 BUDGET.

6

7 **CHAIR, GINA PAPAN:** SO, YOU'RE STRIVING FOR EFFICIENCIES?

8

9 **DEREK HANSEL:** ABSOLUTELY. NICK CAN ALSO TALK ABOUT THIS, BUT,
10 YOU KNOW, AS HE MENTIONED, WE HAVE A 25-YEAR-OLD SYSTEM. A LOT
11 OF WHAT WE TALK ABOUT WHEN WE INTEGRATE -- WHEN WE DO THESE
12 NEW ERP SYSTEMS IS WE'LL TALK ABOUT BUSINESS PROCESS
13 REENGINEERING, RIGHT? THERE ARE WAYS WE DO THINGS TODAY IN OUR
14 CURRENT ERP CENTRAL SQUARE THAT WILL NOT BE THE WAY WE DO
15 THINGS ONCE WE MOVE TO ORACLE. THE NEW ERP SYSTEMS WILL FORCE
16 US TO A CERTAIN DEGREE TO USE BUSINESS PROCESSES THAT ARE
17 DIFFERENT FROM WHAT WE DO TODAY, BUT ARE INHERENTLY INTENDED
18 TO BE MUCH MORE EFFICIENT AND EFFECTIVE.

19

20 **CHAIR, GINA PAPAN:** THOSE ARE THE RIGHT WORDS. OKAY. [LAUGHTER]
21 OKAY. AND AS FAR AS INFORMATION GATHERING, WILL WE BE ABLE TO
22 DIVERSIFY THIS SYSTEM TO GATHER ADDITIONAL INFORMATION WE NEED
23 TO MAKE DECISIONS OR CAN EVALUATE FOR THE FUTURE?

24



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1 **DEREK HANSEL:** YEAH, YOU KNOW, NICK REFERRED TO MY USING THE
2 TERM MANAGEMENT BY ANECDOTE, AS OPPOSED TO MANAGEMENT BY DATA.
3 AND YOU KNOW, REALLY WHAT THE ERP IS INTENDED TO DO, AGAIN, IS
4 TO PULL TOGETHER A LOT OF DISPARATE SOURCES OF DATA INTO WHAT
5 WE'LL OFTEN REFER TO AS A SINGLE SOURCE OF TRUTH AND THAT
6 INHERENTLY WILL ALLOW US TO BE A MORE DATA-DRIVEN ORGANIZATION
7 AND OPERATION.

8

9 **CHAIR, GINA PAPAN:** NOW THAT WE'RE IN ENTERPRISE RESOURCE
10 PLANNING VICE CHAIR JOSEFOWITZ LOOKS LIKE HE HAS A QUESTION.

11

12 **NICK JOSEFOWITZ:** HI DID YOU LOOK AT NOT HAVING ONE, SORT OF,
13 SOFTWARE PROVIDER TO DO EVERYTHING? BECAUSE IN THE ER -- SORT
14 OF, PROCURING ONE BIG SOFTWARE PROVIDER WITH ONE BIG CONTRACT
15 FOR, LIKE, TEN YEARS, IT'S, SORT OF, LIKE, CLASSIC RECIPE FOR
16 GOVERNMENT IT CATASTROPHE. I HAVE SEEN IT OVER AND OVER AND
17 OVER AGAIN IN LOCAL GOVERNMENT, STATE GOVERNMENT, AND FEDERAL
18 GOVERNMENT AND IT SEEMS LIKE THERE IS INCREASING, SORT OF,
19 MOVEMENT TOWARDS MORE AGILE, MORE, SORT OF, YOU KNOW, SORT OF,
20 PROCUREMENT, WHERE YOU ARE PROCURING THE BEST HR SOFTWARE THEN
21 THAT SOFTWARE CAN TALK TO THE FINANCE SOFTWARE AND YOU'RE
22 PUTTING THE BEST FINANCE SOFTWARE AND ET CETERA, ET CETERA?

23

24 **NICK ROETHEL:** GREAT QUESTION WE APPRECIATE THAT. WE TALKED
25 ABOUT A HYBRID APPROACH TO PUTTING IN A SOLUTION AND WHAT I



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1 THINK WE'RE ULTIMATELY GOING TO SEE, A, IS FOR THE MOST PART,
2 THE ITEMS THAT WE'RE LOOKING AT, HR FINANCE, PAYROLL, GRANT
3 PROJECT MANAGEMENT, BUDGET CONTRACTS AND PURCHASES, WHICH ARE
4 THE CORE PIECES OF THE SYSTEM, WHEN WE LOOKED AT ORACLE AS A
5 SOLUTION IT DID GIVE US WHAT WE NEEDED AND EVEN RISES TO THE
6 TOP WHEN WE LOOK AT DIFFERENT BED OF BRIEF SO TO SPEAK, SORT
7 OF, APPROACH. SO WE THINK WE WERE A BIT LUCKY TO BE FRANK WHEN
8 WE LOOKED AT SOLUTIONS THAT WERE OUT THERE, THAT ONE SOLUTION
9 ACTUALLY GAVE US WHAT WE WOULD CONSIDER BEST OF BREED. THAT
10 DOESN'T HAPPEN OFTEN BUT IT DID HAPPEN IN THIS CASE. I DO
11 THINK THERE WILL BE SOME AREAS WHERE MTC JUST HAS SOME
12 INTERESTING SPECIAL AREAS WHERE YOU COULD GET A THIRD PARTY
13 PIECE OF SOFTWARE THAT WE MAY WANT TO INTEGRATE. AND ONE OF
14 THE KEYS TO ORACLE IS THAT ABLE TO PLUG NEARLY ANY SOLUTION
15 IN. NOW, TODAY, I DO NOT HAVE ANY THIRD PARTY SOLUTIONS THAT
16 WE'RE LOOKING AT, SPECIFICALLY, ALTHOUGH I SHOULDN'T SAY THAT.
17 THERE IS MAYBE ONE OR TWO THAT ARE EXISTING TODAY THAT WILL
18 PLUG INTO THE ORACLE SYSTEM. BUT I THINK FOR FUTURE
19 DEVELOPMENT IN THE SYSTEM, I THINK THAT'S WHERE IT'S POSSIBLE
20 THAT ORACLE IS THAT SINGLE SOURCE OF TRUTH, BUT THERE MAY BE A
21 THIRD PARTY PIECE OF SOFTWARE THAT MAY BE REQUIRED. BUT IT ALL
22 DEPENDS ON WHAT THE WILL OF THE COMMISSION IS, AND WHAT
23 ADDITIONAL FUNCTIONALITY WE MAY NEED FOR ADDITIONAL FUNCTIONS
24 THAT THE AGENCY ADDS OVER TIME.
25



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1 **NICK JOSEFOWITZ:** SO, I -- I -- I APPRECIATE YOU LOOKING AT
2 THAT. AND I'M -- I'M JUST INCREDIBLY SKEPTICAL ABOUT THIS.
3 LIKE, YOU KNOW, YOU JUST HAVE ON GOOGLE, SORT OF, ORACLE, ERP
4 PUBLIC SECTOR DISASTERS, THERE IS A WHOLE LIST, LIKE
5 BIRMINGHAM ALABAMA SPENT \$125 MILLION AND THEN HAD TO JUNK IT,
6 BLAH, BLAH BEING, IT'S NOTHING ABOUT ORACLE, IT'S, SORT OF,
7 LIKE A BIG AS I'M GOING TO HIRE A CONSULTANT TO SOLVE ALL MY
8 PROBLEMS, I THINK THAT HAS NOT BEEN A RECIPE FOR SUCCESS
9 GENERALLY IN THE PUBLIC SECTOR. SO, I'M-- I AM, SORT OF,
10 SKEPTICAL ABOUT THIS, AND IF I HAD TO -- I'M NOT ON THIS
11 COMMITTEE, BUT I WOULD PROBABLY VOTE NO WHEN IT COMES TO THIS
12 COMMISSION.

13

14 **DEREK HANSEL:** THROUGH THE CHAIR?

15

16 **CHAIR, GINA PAPAN:** YES.

17

18 **DEREK HANSEL:** I APPRECIATE THE VICE CHAIR'S CONCERNS AND
19 COMMENTS. INTEGRATION OF ENTERPRISE SYSTEM -- OR DEVELOPMENT
20 OF ENTERPRISE SYSTEMS, INTEGRATION, IMPLEMENTATION OF
21 ENTERPRISE SYSTEMS, IS EXTREMELY DIFFICULT. PERIOD. IT'S JUST
22 CRAZY HARD. AND IT'S CRAZY HARD WHETHER WE'RE GONNA DO ORACLE,
23 OR ONE OF ORACLE'S COMPETITORS AS A SINGLE SOURCE, OR WHETHER
24 YOU'RE DOING MULTIPLE SYSTEMS, IT'S JUST A HARD THING. NICK
25 AND I HAVE BEEN SUPER CLEAR WITH THE ENTIRE EXECUTIVE TEAM. WE



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1 HAVE BEEN SUPER CLEAR WITH OUR STAFF, ACROSS THE AGENCY, AND
2 ACKNOWLEDGING THIS COULD BE A CHALLENGE. AND THEY'RE ALL
3 CHALLENGING. AND YOU'RE RIGHT. ALL YOU HAVE TO LOOK AT, FOR
4 ANY OF THESE, LOOK AT SAN FRANCISCO SCHOOL DISTRICT, WHICH HAS
5 HAD ITS HUGE CHALLENGES WITH ITS PAYROLL SYSTEM. A SINGLE
6 SYSTEM. I MEAN ONE PROVIDER FOR ONE PIECE OF WHAT THEY DO.
7 THESE ARE HARD. AND WE'RE JUST GOING TO HAVE TO RIDE VERY
8 CLOSELY HARD ON IT. AND NICK AND I ARE GOING TO BE JOINED AT
9 THE HIP FOR THIS ENTIRE JOURNEY AND EXPERIENCE. AND YOU KNOW
10 SOMETIMES WE BOTH HAVE SHARP ELBOWS, SO WE'LL ELBOW EACH OTHER
11 AS WE GO FORWARD. BUT, YEAH, IT'S GOING TO BE HARD.

12

13 **SPEAKER:** THROUGH THE CHAIR?

14

15 **CHAIR, GINA PAPAN:** WHO IS THAT?

16

17 **SPEAKER:** THROUGH THE CHAIR?

18

19 **CHAIR, GINA PAPAN:** OH SORRY. YES?

20

21 **NICK ROETHEL:** ONE OF THE THINGS WE DID DO IS LOOK AT DISASTERS
22 AND TALKED ABOUT WHAT COULD GO WRONG. BUT WE ALSO LOOKED AT
23 THE DEVIL THAT'S IN THE DETAILS OF THOSE AND DETERMINED WHERE
24 THE PITFALLS ARE IN A LOT OF THESE PROJECTS AND WE'RE ACUTELY
25 FAMILIAR WITH THE SAN FRANCISCO EXAMPLE, FOR A CASE THAT WE



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1 LOOKED AT. THE SOFTWARE FROM OUR ANALYSIS, FROM OUR ADVISOR'S
2 ANALYSIS, FITS THE NEEDS OF THE AGENCY. THE QUESTION IS, HOW
3 DO YOU INTEGRATE IT IN A WAY THAT IT MEETS THE NEEDS OF THE
4 ORGANIZATION? BECAUSE WHAT WE HAVE SEEN IS, WHERE THESE TYPES
5 OF PROJECTS FALL APART, IS IN THE INTEGRATION. AND THAT'S
6 WHERE WE SPENT SO MUCH TIME MAKING SURE WE HAVE AN
7 ORGANIZATION THAT UNDERSTANDS WHAT IS WE DO AND GIVES US
8 HONEST FEEDBACK ABOUT WHAT WE CAN AND CANNOT DO. ONE OF THE
9 BIG PITFALLS THAT WE HAVE SEEN IN THESE SYSTEMS ARE WHEN
10 PEOPLE TAKE A SYSTEM LIKE ORACLE AND TRY TO CUSTOMIZE ALL THE
11 THEIR BAD PROCESSES AND THEN TURN AROUND AND SAY ORACLE IS A
12 PIECE OF JUNK. PROCESSES WERE THE PIECE OF JUNK IN A LOT OF
13 THESE CASES. SO WE'RE VERY CAREFUL AND WE HAVE ALSO SET THAT
14 TONE WITH STAFF THAT THERE WILL BE SIGNIFICANT CHANGE. THAT'S
15 WHY PART OF THIS FOR SLALOM WHO CHANGE MANAGEMENT THAT'S PART
16 OF WHERE WE SINK OR SWIM WE'RE VERY MUCH READY TO SWIM ON THIS
17 PROJECT.

18

19 **CHAIR, GINA PAPAN:** THROUGH THE CHAIR, DO YOU HAVE ANYMORE? NOW
20 THAT ORACLE STOCK HAS TANKED. GO AHEAD. [LAUGHTER]

21

22 **NICK JOSEFOWITZ:** I -- I -- I APPRECIATE THE -- YOU KNOW, THAT
23 YOU'RE GOING TO DO THE BEST YOU CAN, AND I JUST -- YOU KNOW, I
24 STILL DON'T THINK THIS IS THE RIGHT APPROACH. I THINK THERE
25 HAS BEEN, YOU KNOW, ONE -- I THINK TO KIND OF LIKE SPECK IS



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1 OUT, DEPLOY IT OVER TEN YEARS IS NOT THE RIGHT APPROACH TO
2 DEPLOY SOFTWARE. I THINK THE BEST PRACTICE IS HOW YOU KIND OF,
3 SORT OF, DEPLOY SOFTWARE IN A CONTINUOUS BASIS IN AN AGILE
4 WAY, AND I THINK WE'LL END UP WITH A, SORT OF, BETTER OUTCOME
5 THERE. BUT THIS IS CERTAINLY HOW GOVERNMENT USUALLY DOES IT
6 AND I THINK THIS IS OFTEN HOW -- YOU KNOW, WHY GOVERNMENT ENDS
7 UP IN THE MESS THAT IT DOES WITH SOFTWARE DEPLOYMENTS.

8

9 **CHAIR, GINA PAPAN:** HOPEFULLY WE'LL BE BETTER THAN GOVERNMENT.
10 BUT I WILL SHARE WITH THE VICE CHAIR THAT, SIMILAR CONCERNS
11 HERE, THAT WE HAVE HEARD ABOUT HUGE INVESTMENTS GOING ON AND
12 ON AND ON, AND WHEN IT JUST -- WHEN YOU -- IF YOU REALIZE THAT
13 SOMETHING IS NOT WORKING, YOU KNOW, IT SHOULDN'T BE AT THE END
14 OF TEN YEARS. UM, WE SHOULD BE, YOU KNOW -- I ASKED IF THERE
15 WAS ANY INSURANCE POLICIES [LAUGHTER] AS TO WHAT WE'RE GETTING
16 INTO HERE. I KNOW IT'S BEEN 25 YEARS, AND NOTHING'S BEEN DONE.
17 SO, AGAIN, I UNDERSTANDS YOUR COMMITMENT, AND I HOPE YOU
18 UNDERSTAND OUR CONCERNS. BECAUSE WE HAVE SEEN INVESTMENTS GO
19 THE WRONG WAY HERE. AND WE ADOPT THE GREATEST SUCCESS FOR THE
20 AGENCY. SO, A LOT OF HEADS NODDING BETWEEN THE TWO HIPPED-
21 ATTACHED PEOPLE THERE. [LAUGHTER] SO, VICE CHAIR FLEMING?

22

23 **V. CHAIR, VICTORIA FLEMING:** THANK YOU CHAIR PAPAN. I DO -- YOU
24 KNOW, NORMALLY, I DON'T TRY TO GET INTO THE WEEDS OF THIS
25 STUFF. I THINK YOU GUYS DO A FANTASTIC JOB OF OPERATIONS, AND



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1 I DON'T REALLY THINK IT'S OUR JOB TO FREQUENTLY TO GET INTO
2 THE NITTY-GRITTY OF HOW YOU RUN THIS ORGANIZATION, BUT I DO
3 THINK THAT THE VICE CHAIR BRINGS UP A SOLID POINT. AND ONE
4 THAT COULD BE SOLVABLE WITHIN THE FRAMEWORK OF ALL THE
5 RESEARCH AND EFFORTS THAT YOU HAVE ALREADY PUT OUT. I DON'T
6 KNOW IF ORACLE WOULD BE OPEN TO LOOKING AT SOMETHING THAT
7 DOESN'T COMMIT US FOR TEN WHOLE YEARS AT A TIME. I MEAN, I
8 TENDS TO THINK OF IT YOU'RE ASKING FOR US TO MARRY SOMEONE FOR
9 A CERTAIN TERM AND WE HAVEN'T MET THEM YET. YOU KNOW THEM
10 REALLY WELL, AND YOU'RE THE MATCHMAKER AND THAT'S ALL GOOD,
11 BUT I KIND OF WANT A PRENUP. [INDISCERNIBLE] SO, CAN YOU
12 CUSTOMIZE IT A LITTLE BIT IN CASE I MEET THIS GUY AND I'M
13 REALLY UNHAPPY IN A FEW YEARS? [LAUGHTER]

14

15 **DEREK HANSEL:** YEAH. SO A COUPLE OF THINGS. IN THE OPERATING
16 CONTRACT, WHICH IS THAT FULL TEN-YEAR PIECE, WE DO HAVE A
17 RIGHT TO SAY OKAY, WELL ORACLE REALLY ISN'T WHAT WE WANT. THE
18 CHALLENGES WITH ALL OF THE INVESTMENTS IT'S GETTING ORACLE UP
19 AND RUNNING. IT'S CONFIGURING ALL THOSE DIALS AND SWITCHES
20 THAT NICK WAS REFERRING TO. THE COST OF THE ORACLE SOFTWARE,
21 AS YOU SEE IN THE REQUESTED ACTION IS ACTUALLY RELATIVELY
22 SMALL IT'S GETTING THIS GOING IN THE FIRST PLACE. THAT'S A
23 HUGE EFFORT. IT'S AN EFFORT IN DOING ALL THAT CONFIGURATION,
24 IT'S AN EFFORT IN GETTING ALL OF THE DATA WE HAVE GOT TODAY
25 INTO THE NEW SYSTEM.



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1

2 **V. CHAIR, VICTORIA FLEMING:** UNDERSTOOD.

3

4 **DEREK HANSEL:** YEP.

5

6 **V. CHAIR, VICTORIA FLEMING:** I DEFINITELY APPRECIATE THAT. IT'S
7 COME UP A COUPLE OF TIMES THAT WE WOULD LIKE TO DO BETTER THAN
8 GOVERNMENT. I'M ALWAYS REMINDED THAT WE ARE GOVERNMENT AND SO
9 THESE CONVERSATIONS WHERE WE CAN FRONT LOAD THEM AND BE NIMBLE
10 AND GIVE OURSELVES ALL THE OPTIONALITY THAT THE PEOPLE OF THIS
11 REGION DESERVE AND THAT OUR STAFF DESERVES TO DO THE EXCELLENT
12 JOB THAT YOU DO IS WHAT WILL BE TOP OF MIND FOR ME. THANK YOU
13 SO MUCH. LOOKS LIKE NICK HAS SOMETHING.

14

15 **NICK ROETHEL:** YEAH. THROUGH THE CHAIR. THANK YOU. I THINK THE
16 OTHER PIECE OF THIS IS THE GOVERNANCE STRUCTURE WE HAVE SET UP
17 INTERNALLY AND THE POINT OF THAT GOVERNANCE STRUCTURE IS IF
18 WE'RE STARTING TO SEE FAILURES WHERE WE'RE HEADING DOWN A BAD
19 PATH WE KNOW WE CAN CUT BAIT. SO WE HAVE SET THIS PROJECT UP
20 TO BE NIMBLE. BECAUSE DEREK AND I DO NOT WANT TO COME BACK AND
21 HAVE A CONVERSATION ABOUT HOW POORLY THIS IS GOING TWO YEARS
22 FROM NOW WHEN WE'RE SUPPOSED TO BE LAUNCHING IT.

23

24 **V. CHAIR, VICTORIA FLEMING:** YEAH. I THINK THAT WOULD BE
25 UNPLEASANT FOR ALL INVOLVED. [LAUGHTER] THE LAST THING WAS



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1 WONDERING, ARE THERE -- I TEND TO THINK THAT LIKELY IT WILL
2 WORK OUT BUT I'M AN OPTIMIST. DO YOU SEE A WAY THAT -- ARE
3 THERE BAKED INTO THE CONTRACT WAYS FOR US TO KEEP OUR DATA, TO
4 KEEP THE PIECES THAT WORK, AND TO BREAK WITH ORACLE IF THERE
5 IS A SIGNIFICANT PROBLEM? OR TO MODIFY THE TERMS OF THE
6 CONTRACT TO ADAPT TO OUR FUTURE NEEDS? BECAUSE TEN YEARS IS A
7 LONG TIME. I DON'T THINK -- MAYBE COMMISSIONER SPERING WILL BE
8 HERE. BUT I'M NOT SURE THAT ANY OF THE REST OF US WILL BE.

9 [LAUGHTER]

10

11 **NICK ROETHEL:** ONE OF THE THINGS WE DO BECAUSE WE'RE CLOUD
12 BASED IN SOLUTIONS THAT WE PUT INTO MTC IN THE TIME I HAVE
13 BEEN HERE IS MAKING SURE WE HAVE RIGHTS TO OUR DATA WE DON'T
14 WANT OUR DATA TO BE HELD HOSTAGE THAT'S DEFINITELY SOMETHING
15 WE CONSIDER IN THESE SITUATIONS CONTRACTUALLY.

16

17 **V. CHAIR, VICTORIA FLEMING:** EXCELLENT. THANK YOU FOR ANSWERING
18 MY QUESTIONS.

19

20 **CHAIR, GINA PAPAN:** AND FINAL ASSURANCE IS WE'RE NOT GOING TO
21 LOSE ANY EMPLOYEES. NOBODY IS GOING TO BE PULLING OUT THERE
22 HAIR?

23

24 **ANDREW FREMIER:** I DON'T THINK THAT'S IS GOING TO HAPPEN CHAIR.
25 I CAN ASSURE YOU. JUST A MENTION AND REMINDER, WE EBB AND FLOW



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1 THROUGH THESE MAJOR IT PROCUREMENTS BOTH IN FASTRAK BOTH IN
2 LANES AND IN THE BACK OFFICE WE HAVE THOSE COMING FORWARD TO
3 YOU NEXT YEAR. THIS PROGRAM IS SIMILAR IN THIS CASE WE HAVE A
4 LOT MORE CONTROL OVER WHAT THE WORK IS AND THE PRODUCT AND
5 WE'LL ACTUALLY BE MORE RESPONSIBLE FOR ITS SUCCESSES OR
6 FAILURES. BUT WE DO FACE THIS CHALLENGE EVERY TIME WE TRY TO
7 FIGURE OUT HOW TO PUT ONE OF THESE THINGS OUT AND PROTECT BOTH
8 THE INVESTMENT FOR LONG ENOUGH THAT IT MATTERS. CLIPPER IS TEN
9 YEARS. FASTRAK TEN OR 15 YEARS OLD ALMOST, SO IF WE GET STUCK
10 IN THIS CYCLE WE HAVE DIFFICULTY PICKING OUT THE RIGHT
11 DURATION OF MARRIAGE IT ALLOWS US TO KEEP BUSINESS MOVING
12 COLLECT REVENUE AND PUT IT BACK INTO THE SYSTEM. WE ARE
13 WATCHING THIS CLOSELY THIS IS NOT AN EASY DROP SHOT THIS IS A
14 TOUGH ONE.

15

16 **CHAIR, GINA PAPAN:** SO, WHAT SHOULD WE BE ASKING HERE?
17 HOPEFULLY THIS GETS THROUGH TODAY. WILL THERE BE REPORTS TO
18 THE COMMISSION AS TO HOW WE'RE DOING HERE? JUST SO NOBODY JUST
19 SKIRTS IT UNDER THE CARPET, OR THE PRENUP FAILS? THAT KIND OF
20 THING.

21

22 **SPEAKER:** WE WILL PROVIDE PERIODIC UPDATES TO THE
23 ADMINISTRATION COMMITTEE.

24

25 **CHAIR, GINA PAPAN:** THANK YOU. COMMISSIONER CHAVEZ.



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1

2 **CINDY CHAVEZ:** I WORRY ABOUT SOMETHING, IN ADDITION TO THIS,
3 AND WE HAVE ALREADY VOTED ON AN INSURER ITEMS TODAY THAT ARE
4 BIG SOFTWARE INVESTMENTS, AND ONE OF THE THINGS I'M STRUCK BY
5 IS THE INCREASE IN THE COST, IN OUR PARTNERSHIPS. AND THE
6 THING I'M MOST WORRIED ABOUT WITH A SINGLE PARTNER IS THE
7 LEVERAGE THAT THEY HAVE OVER THE FUTURE VALUE OF HEALTH,
8 CHANGE, AND ALL OF THAT. AND THAT'S REALLY -- I'M ACTUALLY
9 MORE CONCERNED ABOUT THAT, BECAUSE I HAVE SEEN THE LEVERAGE
10 THAT DIFFERENT COMPANIES HAVE ON ALMOST EVERY AGENCY THAT WE
11 SIT ON, AND IT'S NO SURPRISE TO ME THAT, I THINK NOW IT'S A
12 STANDARD FOR ACCOUNTING, THAT WE HAVE TO BE ABLE TO SHOW THESE
13 LONG-TERM INVESTMENTS IN SOFTWARE. BECAUSE THEY'RE SO CRAZY
14 EXPENSIVE, THAT IT'S A RISK TO THE AGENCY WITH THESE KINDS OF
15 CONTRACTS. SO, I MENTION THAT BECAUSE ONE OF THE THINGS I
16 WOULD BE REALLY INTERESTED IN UNDERSTANDING -- AND IT'S NOT
17 JUST RELATED TO THIS, BUT REALLY IS RELATED TO OUR STRATEGIES
18 IN PROCUREMENT TO PROTECT US AGAINST THE INCREASED IN COST. I
19 ACTUALLY FEEL -- IT'S, LIKE, EXTORTION. BECAUSE WE'RE ALREADY
20 -- I MEAN, I CAN THINK OF A NUMBER OF COMPANIES I WOULD WANT
21 TO ADD TO THE LIST AND I THINK NICK'S POINT IS WELL TAKEN.
22 BECAUSE OF THE FACT THAT YOU COULD GET -- THE WAY THESE
23 COMPANIES ARE ABLE TO INCREASE COST BASED ON THE FACT THAT
24 THEY BECOME SO CRITICAL TO US. AND IT'S FUNNY WHEN YOU
25 MENTIONED FASTRAK THAT'S EXACTLY WHAT I WAS THINKING, IN FOR A



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1 PENNY, IN FOR A POUND AND IT FEELS LIKE THE INCREASES ARE
2 PRETTY DRAMATIC. SO, I'M -- I AM GOING TO MOVE APPROVAL, AND
3 JUST SUGGEST THAT WHEN THIS COMES TO THE FULL BOARD THAT SOME
4 OF THESE QUESTIONS ARE PART OF THE PRESENTATION SO THAT, YOU
5 KNOW, BECAUSE WE'LL GET THESE QUESTIONS, I THINK, FROM OUR
6 COLLEAGUES, AS WELL, WHO AREN'T HERE.

7

8 **ANDREW FREMIER:** I BELIEVE IT'S COMMITTEE APPROVAL.

9

10 **CINDY CHAVEZ:** OH IT'S US? WE CAN'T BLAME THIS ON ANYBODY
11 [LAUGHTER] ALL RIGHT. IT BE US. I AM GOING IT MOVE APPROVAL
12 BUT HERE IS WHAT -- GO AHEAD ANDY?

13

14 **ANDREW FREMIER:** YOU HIT A POINT ON FASTRAK, WE HAVE TALKED
15 ABOUT OVER THE YEARS WE HAVE TO BE VERY MINDFUL ABOUT WHAT WE
16 DO TO THE SCOPE OF THE WORK THAT HAPPENS WITH CAPITAL
17 CONSTRUCTION PROJECTS YOU ALL ARE GOING TO FACE IN BART TO
18 SILICON VALLEY, ET CETERA, [LAUGHTER] WE'RE FACING IT ON THE
19 BAY BRIDGE, IN THIS BUILDING, ALL OF THOSE PROJECTS IT DOESN'T
20 MATTER IF YOU ARE IN IT ENVIRONMENT OR CAPITAL CONSTRUCTION
21 ENVIRONMENT IT'S UP TO THE OWNER TO MAKE SURE THEY HAVE THEIR
22 OWN COST CONTROL IN PLACE. AND I DO THINK RISK MANAGEMENT IS
23 SOMETHING WE HAVE INVESTED IN THIS AND WE SHOULD BE ABLE TO
24 REPORT BACK TO YOU ON HOW EFFECTIVE OUR RISK MANAGEMENT WORK
25 IS. AS WE DO ON CAPITAL PROJECTS.



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1

2 **CHAIR, GINA PAPAN:** THAT WAS A FORMAL REQUEST FOR A RISK
3 MANAGEMENT REPORT.

4

5 **CINDY CHAVEZ:** YEAH. I ACTUALLY THINK THAT WOULD BE REALLY
6 BENEFICIAL TO THE ORGANIZATION. SO, I WOULD MAKE A MOTION TO
7 APPROVE WITH THE FOLLOWING. I THINK THAT RISK ASSESSMENT WOULD
8 BE INCREDIBLY IMPORTANT. I DO THINK AT SOME POINT -- AND I
9 DON'T KNOW IF THIS IS AN OPEN SESSION OR CLOSED SESSION, I
10 ACTUALLY WORRY SO MUCH ABOUT THE FACT THAT WE HAVE TO
11 NEGOTIATE IN PUBLIC WHERE THE PRIVATE SECTOR DOESN'T AND
12 DOESN'T KNOW HOW MUCH MONEY WE HAVE. YOU KNOW, ALL OF THE
13 THINGS THAT PUT US AT RISK. BUT I DO THINK BETTER
14 UNDERSTANDING OUR STRATEGIC APPROACH TO THESE KIND OF MULTI-
15 YEAR CONTRACTS, ESPECIALLY WHERE WE'RE DEALING WITH ONE
16 VENDOR, BECAUSE THE RISK IS SO SIGNIFICANT, WHAT'S OUR
17 PROCUREMENT STRATEGY, WOULD BE OF VALUE. AND THEN I THINK THE
18 POINT THAT VICE CHAIR JOSEFOWITZ RAISED ABOUT BETTER
19 UNDERSTANDING OR HAVING A MECHANISM FOR REPORT-OUT SO THAT THE
20 BOARD UNDERSTANDS WHETHER OR NOT WE'RE STAYING IN THIS
21 MARRIAGE OR NOT, OVER THE TEN YEAR TIME PERIOD WITH SOME
22 REGULAR TIME FOR REPORT-OUT, AT LEAST TO THIS COMMITTEE, AND,
23 IF NECESSARY, TO THE FULL BOARD. THAT WOULD BE MY MOTION.

24



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1 **CHAIR, GINA PAPAN:** OKAY. I THINK WE'RE SUPPOSED TO TAKE PUBLIC
2 COMMENT FIRST.

3

4 **SPEAKER:** CAN I ASK ONE MORE THING?

5

6 **CHAIR, GINA PAPAN:** MAYBE. GO RIGHT AHEAD.

7

8 **NICK JOSEFOWITZ:** THANK YOU. SO, I'M DISAPPOINTED. I'M

9 [INDISCERNIBLE] -- OF THIS AT SOME FUTURE POINT.

10

11 **CHAIR, GINA PAPAN:** [LAUGHTER] YOU STATED THAT.

12

13 **NICK JOSEFOWITZ:** IT WOULD BE VERY INTERESTING TO ME TO
14 UNDERSTAND FOR PARTICULAR COMBINATION OF, LIKE, IMPLEMENTER
15 AND SOFTWARE FIRM, FOR THAT PREVIOUS WORK THEY HAVE DONE IN
16 PUBLIC SECTOR AGENCIES. WHAT WAS THEIR INITIAL BUDGET? DID
17 THEY GO OVER BUDGET. AND BEING ABLE TO GET FEEDBACK ABOUT
18 THAT. BECAUSE IF THIS WAS A CAPITAL PROJECT WE WOULD BE
19 STICKING A 50% CONTINGENCY ON THIS, AND THAT PROBABLY STILL
20 WOULDN'T BE ENOUGH. AND, SO, YOU KNOW, I THINK -- SAN
21 FRANCISCO IS BEING -- LIKE MANY OTHER -- LIKE, SAN FRANCISCO,
22 AND COMMISSIONER RONEN WAS MUCH MORE IN THE MIDDLE OF THIS,
23 TRYING TO SOLVE THIS, I SHOULD SAY, NOT CAUSING IT, BUT IN THE
24 MIDDLE OF THIS LIKE MANY OF US. ALL DID AMAZING WORK. AND IT
25 CANNOT BE DESCRIBED, THE MESS OF THIS. BUT, LIKE, AND IT



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1 WASN'T AN ORACLE. IT WAS SAP IMPLEMENTATION, BUT IT'S JUST --
2 IT'S HORRIFYING.

3

4 **CHAIR GINA PAPAN:** AND I DID ASK SOME OF THESE QUESTIONS EARLY
5 ON. WHAT KIND OF REFERENCES WERE CHECKED. COMMISSIONER SCHAFF?

6

7 **LIBBY SCHAFF:** I WILL SAY WHEN I WAS MAYOR OF OAKLAND, I TRIED
8 TO GET A DIVORCE FROM ORACLE BUT I FAILED SO THEY'RE STILL
9 VERY MUCH MARRIED. I GUESS I THINK THAT THIS IS ACTUALLY --
10 AND IF I COULD VOTE, I WOULD PROBABLY SUPPORT THIS, HOWEVER
11 THIS IS REALLY IMPORTANT DISCUSSION. NICK, I THINK THE ISSUES
12 I HAVE VOICED AND RAISED ARE IMPORTANT. AND I GUESS MY
13 QUESTION IS PROCEDURALLY WHY CANNOT WE FORWARD THIS ITEM TO
14 THE FULL COMMISSION JUST SO THEY HAVE THE BENEFIT OF THE
15 CONVERSATION?

16

17 **ANDREW FREMIER:** YOU HAVE THE AUTHORITY TO DO THAT.

18

19 **CINDY CHAVEZ:** OH, ALL RIGHT. I'LL MAKE THAT PART OF THE
20 MOTION.

21

22 **CHAIR, GINA PAPAN:** OKAY. ANY MORE COMMISSIONER COMMENTS?

23

24 **FEDERAL D. GLOVER:** I WILL SECOND THE MOTION.

25



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1 **CHAIR, GINA PAPAN:** [INDISCERNIBLE] I'M GOING BY SCRIPT HERE.
2 DO WE HAVE PUBLIC COMMENT.

3

4 **KATHLEEN KANE:** ACTUALLY, THROUGH THE CHAIR. SINCE WE ENDED
5 WITH A MOTION ON THE FLOOR BUT DIDN'T COMPLETE THAT LOOP, WE
6 CAN DO THAT AND THEN TAKE PUBLIC COMMENT WITH THE MOTION
7 PENDING. SO, YOUR SCRIPT NOTWITHSTANDING.

8

9 **CHAIR, GINA PAPAN:** IS THIS NEW ONE?

10

11 **FEDERAL D. GLOVER:** [INDISCERNIBLE]

12

13 **CINDY CHAVEZ:** JUST WHAT I SAID EARLIER, PLUS ADDING FULL
14 COMMISSION [INDISCERNIBLE].

15

16 **KATHLEEN KANE:** OKAY. JUST TO CLARIFY, IT WAS THE ORIGINAL
17 MOTION WITH THE REPORT CONDITIONS ATTACHED TO IT, AND, ALSO,
18 THAT THIS ITEM ACTUALLY BE REFERRED TO THE FULL COMMISSION FOR
19 CONSIDERATION?

20

21 **CINDY CHAVEZ:** YES. THANK YOU.

22

23 **KATHLEEN KANE:** AND THEN SECOND FROM COMMISSIONER GLOVER.

24

25 **CHAIR, GINA PAPAN:** PUBLIC COMMENT.



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1

2 **CLERK OF THE BOARD:** WE HAVE ONE MEMBER ONLINE. JUST ONE
3 MOMENT. DIANE SHAW, IF YOU CAN PLEASE UNMUTE YOURSELF?

4

5 **DIANE SHAW:** THANK YOU VERY MUCH. THIS IS DIANE SHAW, AND I'M
6 ACTUALLY SPEAKING ON BEHALF OF MYSELF, BUT AS A FORMER IT
7 PROFESSIONAL. IMPLEMENTING AN ERP SYSTEM IS A HUGE ENDEAVOR
8 BUT CAN HAVE A LOT OF GAINS. YOUR CEO HAS SAID IT WELL ABOUT
9 LOOKING AT BUSINESS PROCESSES, I THINK THAT'S IMPORTANT PART
10 OF THIS, AND IT SOUNDS LIKE THEY HAVE TAKEN THAT INTO
11 CONSIDERATION, AND I FIND THAT VERY POSITIVE. THAT'S A LOT OF
12 TIMES WHAT TAKES THE TIME AND IMPLEMENTATION LIKE THIS, IT
13 DOESN'T MATTER WHAT THE SOFTWARE PRODUCT IS. IT'S ALL ABOUT
14 DETERMINING WHAT BUSINESS PROCESSES YOU WANT TO MOVE FORWARD
15 AND MAKING SURE THAT AS HE MENTIONED, YOU WOULD BE OFFERING
16 ADD PROCESSES FORWARD. BUT ONE THING I'LL SAY IS I CAN'T
17 EMPHASIZE ENOUGH THAT YOUR CURRENT STAFF CANNOT DO BOTH THEIR
18 CURRENT JOBS AND PROJECTS, AND A LOT OF TIMES WITH THESE BIG
19 IMPLEMENTATIONS WE TRY TO MAKE THEM DO THAT AND I WOULD JUST
20 SAY, I WOULD LOVE IF YOU GUYS -- AND MAYBE YOU'RE ALREADY
21 DOING THIS, BUT LOOKING AT BACK FILLING BEHIND CURRENT STAFF
22 TO DO THEIR CURRENT JOBS SO YOU HAVE STAFF THAT ARE VERY
23 KNOWLEDGEABLE IN BUSINESS PROCESSES THAT YOU CURRENTLY RUN AND
24 KNOW WHAT NEEDS TO BE CHANGED THEN THEY CAN ACTUALLY FOCUS ON
25 THE PROJECT AS YOU MOVE FORWARD AND I THINK IF YOU DO THAT I



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1 THINK YOU'LL HAVE GREAT IMPLEMENTATION AND SEE A LOT OF
2 SUCCESS. THANK YOU.

3

4 **CHAIR, GINA PAPAN:** THANK YOU MISS SHAW, AND I BELIEVE STAFF IS
5 DOING JUST THAT.

6

7 **NICK ROETHEL:** YES WE ARE, THAT'S WHY IN PART OF STAFFING COST
8 IS WHAT IT IS. GREAT SUGGESTION.

9

10 **CHAIR, GINA PAPAN:** OKAY MANY GREAT SUGGESTIONS. REALLY
11 APPRECIATE THE CALL. OKAY WE HAVE A MOTION AND A SECOND. ALL
12 IN FAVOR?

13

14 **AYES.**

15

16 **>>CHAIR, GINA PAPAN:** OPPOSE THAT CAN ACTUALLY OPPOSE? ABSTAIN?

17 [LAUGHTER] OKAY. ON ITS WAY TO THE COMMITTEE. OR THE

18 COMMISSION -- THE FULL COMMISSION. OKAY. WHERE ARE WE HERE?

19 ITEM 3B. CONSULTANT BENCH, 2024 INVESTMENT MANAGEMENT AND

20 ADVISORY SERVICES, CYCLE ONE, CHANDLER ASSET MANAGEMENT, INC.,

21 METER -- I'M NOT GOING TO GO THROUGH THEM ALL -- [LAUGHTER]

22 CONTRACT APPROVAL. DEREK, YOU ARE UP.

23

24 **DEREK HANSEL:** GOOD MORNING DEREK HANSEL CHIEF FINANCIAL

25 OFFICER. NOT GOING TO MAKE A FORMAL PRESENTATION AS YOU CAN



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1 SEE FROM THE STAFF REPORT. WE DID A FORMAL PROCUREMENT FOR
2 INVESTMENT ADVISORS. THIS IS FOLKS TO HELP US ACTIVELY MANAGE
3 A COMBINED PORTFOLIO OF \$3.9 BILLION. YOU KNOW, WE -- NATALIE
4 PERKINS OUR DIRECTOR OF TREASURY AND I TALKED AT GREAT LENGTH
5 ABOUT WHETHER TO ESSENTIALLY BUY THE CAPACITY OR BUILD THE
6 CAPACITY TO IMPROVE AND INCREASE OUR ABLE TO ACTIVELY MANAGE
7 THESE FUNDS AND GENERATE ADDITIONAL REVENUE. THESE FUNDS
8 PROVIDE SUBSTANTIAL REVENUE FOR MTC AND BATA AND OUR OTHER
9 AGENCIES. AGAIN, WE WENT THROUGH THIS FORMAL PROCUREMENT,
10 WE'RE RECOMMENDING FOUR OUT OF THE FIVE FOLKS WHO PROPOSED TO
11 BE SELECTED TO A BENCH, AND THEN WE'LL PROVIDE INDIVIDUAL
12 MANDATES TO THOSE FIRMS BASED ON FURTHER DISCUSSION AND THEIR
13 QUALIFICATIONS IN VARIOUS SEGMENTS. WITH THAT, I CAN TAKE ANY
14 QUESTIONS.

15

16 **CHAIR, GINA PAPAN:** SO YOU'RE SPREADING YOUR RISK?

17

18 **DEREK HANSEL:** WE ARE. WE WANT TO BASICALLY PROVIDE COMPETITION
19 WITHIN THAT POOL.

20

21 **CHAIR, GINA PAPAN:** BECAUSE YOU GET PAY FOR THE LAST ITEM WE
22 HAD.

23

24 **DEREK HANSEL:** CORRECT.

25



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1 **CHAIR, GINA PAPAN:** VICE CHAIR JOSEFOWITZ?

2

3 **NICK JOSEFOWITZ:** ARE WE CHANGING WHAT WE'RE INVESTING IN OR
4 JUST -- LIKE, IS IT -- MY UNDERSTANDING IS MAINLY, OH, I
5 ACTUALLY DON'T HAVE ANY IDEA WHAT WE INVEST IN WITH OUR THREE
6 PENALTY \$9 BILLION -- IT'S A LOT OF MONEY.

7

8 **DEREK HANSEL:** IT IS A LOT OF MONEY. SO WE'RE CURRENTLY
9 INVESTED IN A COUPLE OF POOLS THAT THE STATE RUNS, ONE THAT'S
10 RUN THROUGH AUSPICES OF THE JOINT POWERS AUTHORITY, WHAT'S
11 CALLED LAIF FOR THE LOCAL AGENCY INVESTMENT FUND AND THEN CAMP
12 SO WE HAVE SIGNIFICANT INVESTMENT AMOUNTS IN THOSE TWO THINGS
13 AND DIRECT INVESTMENTS IN TREASURY SECURITIES AND AGENCY
14 SECURITIES WE HAVE INVESTMENT POLICY THAT PROVIDES FOR OTHER
15 KINDS OF INVESTMENT SAYS THESE FIRMS WOULD HELP US GET ACCESS
16 TO THOSE OTHER KINDS OF INVESTMENTS PROVIDING THEIR OWN CREDIT
17 RESEARCH AND CREDIT WORK THAT'S ONCE AGAIN WHEN WE TALK ABOUT
18 BUILDING THE CAPACITY OR BUYING IT, IT'S REALLY THAT CAPACITY
19 TO HELP US MUCH MORE EFFECTIVELY ENTER THOSE PIECES OF THE
20 MARKET, BOTH ON A CREDIT SIDE, AS WELL AS EVALUATING SUCH
21 THINGS AS RISK AND DURATION, AND THOSE VALUES. SO, I DO
22 ANTICIPATE THAT THE KINDS OF SECURITIES WE INVEST IN WILL
23 DIVERSIFY OVER TIME AS WE BRING THESE MANAGERS IN.

24



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1 **NICK JOSEFOWITZ:** SO YOU CAN JUST GIVE ME -- CAN YOU HELP ME
2 UNDERSTAND -- SO WE'RE STILL INVESTING IN BONDS?

3

4 **DEREK HANSEL:** YES.

5

6 **NICK JOSEFOWITZ:** INVESTING IN PRIVATE EQUITY FUNDS?

7

8 **DEREK HANSEL:** NO. NO. WE'RE NOT ALLOWED UNDER GOVERNMENT CODE
9 TO DO THAT. THIS WILL ALL BE FIXED INCOME INVESTMENTS AND HIGH
10 QUALITY FIXED INCOME INVESTMENTS BUT WE'LL PROBABLY BE
11 BRINGING IN CORPORATE BONDS INTO THE MIX, BRINGING IN MAYBE
12 SOME COMMERCIAL PAPER, DIRECT, AGAIN, MORE AGENCIES
13 SECURITIES, MORE TREASURY SECURITIES, ASSET BACKED SECURITIES,
14 THINGS LIKE CREDIT CARD AUTO LOAN RECEIVABLES, HIGH RATING
15 LEVELS, TRYING TO PRODUCE ADDITIONAL RETURN WHILE MAKING SURE
16 THAT OUR CORE COMPONENTS OF SAFETY AND LIQUIDITY, OUR
17 INVESTMENT POLICY IS VERY CLEAR, VERY FIRST PRIORITY IS
18 SAFETY, SECOND PRIORITY IS LIQUIDITY, AND THEN ONLY AFTER
19 THOSE TWO ARE ADDRESSED IS IT YIELD OR INCOME. SO, IT'S MAKING
20 SURE THAT ALL OF THOSE ARE DEALT WITH.

21

22 **NICK JOSEFOWITZ:** OKAY. THANK YOU.

23

24 **CHAIR, GINA PAPAN:** NO BITCOIN.

25



JUNE 12, 2024

1 **DEREK HANSEL:** NO.

2

3 **CHAIR, GINA PAPAN:** [LAUGHTER] OKAY -- ARE -- DO WE HAVE
4 CORRESPONDENCE OR QUESTIONS?

5

6 **CLERK OF THE BOARD:** NO COMMENT ONLINE.

7

8 **CHAIR, GINA PAPAN:** ANY FURTHER QUESTIONS FROM COMMISSIONERS?
9 OKAY IS THIS ACTION ITEM? I BELIEVE IT IS DO I HAVE A MOTION.

10

11 **CINDY CHAVEZ:** MOVE APPROVAL.

12

13 **V. CHAIR, VICTORIA FLEMING:** SECOND.

14

15 **CHAIR, GINA PAPAN:** MOTION AND SECOND. ALL IN FAVOR. [AYES]

16

17 **CHAIR, GINA PAPAN:** OPPOSED? ABSTAIN? UH, OH.

18

19 **CLERK OF THE BOARD:** JUST CONFIRMING NO PUBLIC COMMENT ONLINE,
20 NOTHING RECEIVED IN WRITING AND NOTHING IN THE BOARDROOM.

21

22 **CHAIR, GINA PAPAN:** OKAY. I THOUGHT I ASKED THAT. OKAY GREAT.
23 HERE WE GO. MOVING ON. ITEM FOUR, PUBLIC COMMENT. I'LL ASK THE
24 CLERK IF WE HAVE RECEIVED ANY CORRESPONDENCE?

25



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1 **CLERK OF THE BOARD:** NO WRITTEN CORRESPONDENCE RECEIVED, NO ONE
2 ONLINE AND NO ONE IN THE BOARDROOM.

3

4 **CHAIR, GINA PAPAN:** THANK YOU VERY MUCH. AGENDA ITEM FIVE,
5 ADJOURNMENT. MTC ADMINISTRATIVE COMMITTEE IS SCHEDULED TO BE
6 HELD HERE AT THE BAY AREA METRO CENTER, 375 BEALE STREET, SAN
7 FRANCISCO, ON WEDNESDAY JULY 10TH, IS OUR NEXT MEETING. IF
8 THERE IS ANY CHANGES, THEY WILL BE DULY NOTICED. THANK YOU
9 EVERYONE, APPRECIATE THE CONVERSATION AND DISCUSSION.

10 [ADJOURNED]

11



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