

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM  
BUDGET DEVELOPMENT COMMITTEE  
1255 Imperial Avenue, Suite 1000  
San Diego, CA 92101

February 28, 2019

MINUTES

1. ROLL CALL

Ms. Gomez called the Budget Development Committee (BDC) meeting to order at 9:03 a.m. A roll call sheet listing BDC member attendance is attached.

2. APPROVAL OF MINUTES

Mr. Arambula moved to approve the minutes of the April 26, 2018, San Diego Metropolitan Transit System (MTS) BDC meeting. Mr. Fletcher seconded the motion, and the vote was 3 to 0 in favor, with Ms. Aguirre and Ms. Salas absent.

3. PUBLIC COMMENTS

There were no public comments.

4a. APPOINTMENT OF COMMITTEE CHAIRPERSON AND VICE CHAIR PERSON

Mr. Fletcher moved to nominate Mayor Salas as Committee Chairperson, and Ms. Gomez nominated Mr. Fletcher as Vice Chairperson

Action Taken

The vote for Mayor Salas as Committee Chairperson was 3-0 in favor, with Ms. Aguirre and Ms. Salas absent.

4b. FISCAL YEAR 2019 MIDYEAR ADJUSTMENT

Paul Jablonski, Chief Executive Officer, gave an overview of the meeting including the mid-year report and existing year's budget adjustment, Fiscal Year (FY) 20 budget with high level assumption issues, and the capital improvements program.

Mike Thompson, Director of Financial Planning and Analysis, spoke about SB1 not being repealed and the additional revenue for State Transit Assistance (STA) going forward. He presented a PowerPoint about the history and changes of STA from FY07 through FY19. He discussed revenue assumptions and stated that this year, MTS plans on receiving a total of \$30 million in FY19 receipts and made recommendations of how to allocate the funds.

Mr. Thompson discussed revenue assumptions involving passenger levels. FY19 is projected at 85.8 million passengers, which is a 00.7% increase over FY18. Revenue was \$240K unfavorable in December year-to-date, but it is projected to get back to

budget. Other operating revenue, including energy credit revenues, is expected to increase by \$3 million.

Mr. Thompson reviewed the FY19 midyear expenses assumption summary. He stated that personnel costs are increasing by \$1.6 million and were unfavorable by \$1 million due to an increase in Rail operating wages. Fringe benefits were unfavorable mainly due to the Riverstone bankruptcy. He noted that \$5 million of TDA (Transportation Development Act) funds from Capital, \$2 million from STA, and \$500K from FY18 surplus are being used to balance the FY19 budget.

#### Action Taken

Ms. Gomez moved to forward a recommendation to the MTS Board of Directors to enact Resolution No. 19-1 amending the FY19 operating budget. Mr. Arambula seconded the motion, and the vote was 3 to 0 in favor, with Ms. Aguirre and Ms. Salas absent.

#### 4c. FISCAL YEAR 2020 OPERATING BUDGET DISCUSSION

Mr. Thompson stated that he would be presenting high-level projections and assumptions. With the fare increase and growth in passengers next year, MTS is expecting an increase of \$6 million in revenue. He spoke of continued growth in sales tax receipt revenue with out-of-state retailers that are required to collect and remit sales tax. On the expense side, the service levels would increase by 2.4% in Revenue Service Miles. Fringe Benefits will include a \$300K increase in San Diego Transit's self-funded pension plan and \$910K for CalPERS pension payments.

#### Action Taken

No action was taken. Informational item only.

#### 4d. FISCAL YEAR 2020 CAPITAL IMPROVEMENT PROGRAM

Mr. Thompson went over the historical trend of the Capital Improvement Program (CIP) to build the current CIP. Federal recurring revenues is anticipating to increase by \$10.7 million in FY20 (with \$28.3 million for CIP) and projecting \$38.6 million in TDA funding for CIP. Recurring revenue from Cap and Trade Low Carbon Transit Operations Program (LCTOP) funding and carryover from FY18 cash receipts will go toward funding the Zero-Emission Bus Pilot Program. Mr. Thompson discussed nonrecurring revenues, a Federal 5339 award of \$3.9 million, and the Cap-and-Trade Transit and Intercity Rail Capital Program (TIRCP) award of \$40.1 million.

Mr. Thompson went over the FY20 projects that will be funded. Operational and safety needs are considered the priority, and all will be funded this year. He discussed the need for a new bus maintenance facility (as all facilities are close to capacity) in order to keep with growing the agency, and the Fare System upgrades (with a total project cost of \$31 million).

Action Taken

Ms. Gomez moved to forward a recommendation to the MTS Board of Directors to:

1. Approve the fiscal year 2020 CIP with the estimated federal and nonfederal funding levels. As the federal appropriations figures are finalized and/or other project funding sources become available, allow the Chief Executive Officer (CEO) to identify and adjust projects for the adjusted funding levels;
2. Recommend that the San Diego Association of Governments (SANDAG) Board of Directors approve the submittal of Federal Section 5307 and 5337 applications for the MTS fiscal year 2020 CIP; and
3. Recommend that the SANDAG Board of Directors approve Amendment No. 2 to the 2018 Regional Transportation Improvement Program (RTIP) in accordance with the fiscal year 2020 CIP recommendations.

Mr. Arambula seconded the motion, and the vote was 3 to 0 in favor, with Ms. Aguirre and Ms. Salas absent.

5. Adjournment

Ms. Gomez adjourned the meeting at 10:37 a.m.

/s/ Mary Salas  
Chair of the Budget Development Committee

/s/ Veronica Quinci  
Clerk of the Budget Development Committee

Attachment: Roll Call Sheet