

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

May 1, 2014

MINUTES

1. ROLL CALL

Chairman Roberts called the Budget Development Committee (BDC) meeting to order at 2:09 p.m. A roll call sheet listing BDC member attendance is attached.

2. APPROVAL OF MINUTES

Mr. Minto moved to approve the minutes of the April 1, 2014 MTS BDC meeting. Ms. Cole seconded the motion, and the vote was 3-0 in favor, with Mr. Mathis and Mr. McClellan absent.

3. PUBLIC COMMENTS

There were no public comments.

4.a. FY 2015 Operating Budget (Mike Thompson)

Mike Thompson, Director of Financial Planning and Analysis, gave the Committee a report on the FY15 Operating Budget Development. He discussed sales tax revenue and stated that SANDAG forecasts 5.0% for FY14 and 4.0% for FY15. He stated that there will be a \$9.2M increase in TransNet operating subsidy mainly due to new BRT services. Mr. Thompson explained that STA revenue was decreasing by \$600K and FasTrack revenue was decreasing from \$1M to \$500K. He discussed the lease/leaseback transactions and explained that for FY15 the debt service cost will increase by \$19.5M. Mr. Thompson discussed passenger revenues and said BRT routes are projected to have 3.2M passengers and in total MTS is projecting a 2.6M passenger increase overall. He reported on the FY15 revenue projection, stating that total revenue is projected to be \$282.4M, an increase of 12.7%.

Mr. Thompson reported on expense assumptions for personnel which are increasing by \$4.6M or 4.0%. He stated that the headcount is increasing by 29 full time equivalents (FTEs), all due to BRT service. He also reviewed expense assumptions for management employees stating that the merit pool is assumed at 3.5%, the performance improvement program is 1.5%, pension contributions will increase from 4% to 6% in January 2015, and salary grade ranges will increase by CPI by 1.3%. Mr. Thompson stated that health and welfare costs are increasing by \$713K or 5.6%. He also explained that total pension plan costs are increasing by \$31K or 0.2%. Mr. Thompson discussed the energy assumptions starting with Compressed Natural Gas (CNG). He reported that CNG will be increasing by \$2.0M or 28.9%. He reported that diesel and gasoline are increasing by \$157K or 2.1% and electricity and traction power are increasing by \$810K or 7.8%. Mr. Thompson also reported that outside services are increasing by \$6.3M or 7.8% and total materials and supplies are increasing by \$624K or 6.5%. He discussed the FY2015 expense projections and stated that expenses are projected to increase by \$33.6M or 13.5% and noted that excluding the BRT and lease/leaseback debt service, expenses are only growing by \$7.2M or 2.9% and they are projecting a balanced budget.

Mr. Thompson reported on the contingency reserves and stated that the goal is to get to 12.5% by FY16. He said that there is a \$28.4M projected balance at the end of FY14 and MTS will be adding \$2.5M to the reserve within FY15. The \$30.9M projected reserve balance would be 12.2% of the FY15 proposed MTS operating expenses. Lastly, Mr. Thompson reviewed the upcoming calendar. The Public Hearing date on the agenda was incorrectly listed as June 20, 2014. The correct date of the Public Hearing is June 19, 2014 and the presentation was updated to reflect the correct date.

#### Public Speakers

*Abdul Mohamed – Mid-City CAN.* Mr. Mohamed stated that he is in favor of the youth bus pass program. He said that he believes this program would bring public awareness to MTS and that it would be a beneficial program to both the public and MTS. He stated that he enjoys riding the bus and would like that opportunity for others as well.

*Barbara Navarez – Mid-City CAN.* Ms. Navarez stated that she was in Sacramento the week before speaking with legislators about the program. She said that they gave a presentation in Sacramento and that the legislators were excited about the program. She stated that they have distributed 850 passes and the families are very pleased with those passes. She also stated that she is pleased to see the students use the passes for school and other activities.

*Emily Serafy Cox – Mid-City CAN.* Ms. Serafy Cox stated that over the next year they are hoping to educate young people about transportation. She said the youth pilot program has made a difference in the communities. She said she is hoping that the program can be implemented to be year-round instead of only throughout the school year. They are requesting that MTS expand its partnership and contribute 33% to the program.

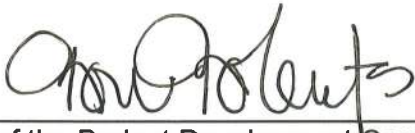
Chairman Roberts asked about the status of the program. Mr. Jablonski stated that the program was initially supposed to distribute 1,000 passes per month; however, the 1,000 pass limit was never reached. He said that only about 80% of the cards are being used. Janelle Carey, Associate Transportation Planner, stated that 40% of the passes are being used less than 10 times per month, 16% of the passes are being used 11 to 15 days per month, and 44% of the passes are being used 16 to 20 days per month. Mr. Jablonski stated that two-thirds of the passes are being used during school commute hours. Sharon Cooney stated that the school was not able to provide a report on whether school attendance has increased. Mr. Jablonski also added that the monthly pass cost is \$72 and MTS reduces the monthly youth pass to \$36, a 50% discount. Discussion continued to ensue between Committee members regarding the student pass pilot program. Chairman Roberts stated that they will continue their discussions and will follow up on the matter.

#### Action Taken

Ms. Cole moved to: (1) receive the report on the proposed combined MTS fiscal year 2015 operational budget; and (2) forward a recommendation to the Board of Directors to recommend staff hold a public hearing on June 19, 2014 with the purpose of reviewing the proposed combined MTS fiscal year 2015 operating budget. Mr. Minto seconded the motion, and the vote was 3-0 in favor, with Mr. Mathis and Mr. McClellan absent.

5. Adjournment

Chairman Roberts adjourned the meeting at 3:10 p.m.



Chairman of the Budget Development Committee



Clerk of the Budget Development Committee

Attachment: A. Roll Call Sheet

BUDGET DEVELOPMENT COMMITTEE  
METROPOLITAN TRANSIT SYSTEM

ROLL CALL

MEETING OF (DATE) May 1, 2014

CALL TO ORDER (TIME) 2:10 p.m.

RECESS N/A

RECONVENE \_\_\_\_\_

CLOSED SESSION N/A

RECONVENE \_\_\_\_\_

ADJOURN 3:10 p.m.

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
COLE <input checked="" type="checkbox"/>	2:00 p.m.	3:10 p.m.
MATHIS <input type="checkbox"/>		
MCCLELLAN <input type="checkbox"/>		
MINTO <input checked="" type="checkbox"/>	2:00 p.m.	3:10 p.m.
ROBERTS <input checked="" type="checkbox"/>	2:10 p.m.	3:10 p.m.

SIGNED BY THE CLERK OF THE BUDGET DEVELOPMENT COMMITTEE:



CONFIRMED BY OFFICE OF THE GENERAL COUNSEL:



cc: Clerk of the Board  
Accounts Payable  
Attachment to Original and Draft Minutes

MASTER - Budget Development Committee