

MINUTES
MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BUDGET DEVELOPMENT COMMITTEE (BDC)

May 8, 2024

[Clerk's note: Except where noted, public, staff and Committee member comments are paraphrased. The full comment can be heard by reviewing the recording at the [MTS website](#).]

1. Roll Call

Chair Moreno called the Budget Development Committee meeting to order at 1:02 p.m. A roll call sheet listing Budget Development Committee member attendance is attached.

2. Public Comments

Alex Wong – Representing Ride SD made a verbal statement to the Committee during the meeting. Alex advocated for increased Green Line frequencies to 7.5 minutes.

3. Approval of Minutes

Board Member McCann moved to approve the minutes of the April 23, 2024, MTS Budget Development Committee meeting. Chair Moreno seconded the motion, and the vote was 5 to 0 in favor.

DISCUSSION ITEMS

4. Fiscal Year (FY) 2025 Operating Budget Discussion (Gordon Meyer)

Gordon Meyer, MTS Manager of Financial Planning and Analysis, presented on the FY 2025 Operating Budget Discussion. Mr. Meyer outlined the FY25 Operating Budget Revenue Summary; Expenses Summary; and Consolidated Revenues less Expenses. He analyzed the 5-Year Projection Baseline scenario with Senate Bill (SB) 125 funding included if all SB125 funds are received per the original plan. Mr. Meyer also provided two additional 5-Year Projection Baseline scenarios. One included removing all SB125 funding with the planned activities, and another scenario included removing all SB125 funding with planned services increases and shift flexible funding from capital. Mr. Meyer went over the next steps for the FY25 Operating Budget.

Public Comment

Alex Wong – Representing Ride SD made a written and verbal statement to the Committee both during and prior the meeting. Alex advocated to improve late night service to 15 minutes for late night shift workers, deliver 7.5 minute Mid-Coast trolley frequencies during daytime service and mentioned that doubling frequencies will shorten trips and alleviate overcrowding.

Committee Comment

Board Member Goble asked if the Transdev worker strike was in FY24, and Mr. Meyer stated the strike was in FY23. Board Member Goble mentioned that shifting capital funds may not be a favorable idea because MTS would not be continually updating its assets, such as trolleys and buses. If capital money would be spent on something that might not be needed in the future, he favored a fund shift to operations. He supports the revenue ideas of keeping the Iris Rapid and the new security, because safety and security is paramount for the riders.

Board Member Montgomery Steppe referenced slide six (6) and asked where the projection or assumption of the dip between FY26 and FY27 came from for the expense assumptions and the energy assumptions. Mr. Meyer referenced slide eight (8) to explain that the bus service enhancements in the SB125 plan, projects the spending on additional bus services almost doubles in FY25 and additional service increase was also planned for FY26, with FY26 being the last year where a significant amount of service will be added. Mr. Meyer mentioned this is the reason why FY26 has a high expense growth, but it does level out and the remaining expense growth is due to rate increases and general expense growth. Board Member Montgomery Steppe asked if this was similar with energy as well. Larry Marinesi, MTS Chief Financial Officer (CFO), responded that the 8.6% is not a rate increase within energy, it's the total cost increase. He mentioned that when the significant amount of service is added in FY26, that will essentially increase the cost by 8.6%, and the only aspect of FY27 is the ratable cost increase of the commodity itself. Board Member Montgomery Steppe asked for further clarification as to why there is a dip in energy assumption if services are continuing. Mr. Marinesi explained that there is not a decline, rather the cost will continue to increase in FY27 at 3.7% which ties into the rate in which the commodity is expected to increase. Board Member Montgomery Steppe expressed that she was looking forward to many of the decisions around the frequency and routes that would have been implemented with the additional SB125 funding, she hopes that the California May Revise reflects the funding coming to MTS.

Chair Moreno commented that it behooves the BDC to look at the Capital versus the Operations budget and to assess the amount of Capital budget that is being used for safety projects. She mentioned how difficult it is to hear that we might have to shift money from the Capital budget, being that MTS has been in the forefront of a lot of the innovations that are happening in the transportation industry. She also mentioned that many agencies are doing far worse than MTS, and it is her assumption that the Governor is prioritizing those agencies. She asks this body and the MTS Chair to start engaging with some of the state legislators to make sure that we are in the conversation when discussing other systems that are not doing well. She mentioned that the uncertainty of SB125 will put a pause in launching new services. She added that she supports the staff recommendation and hopes that the State will not follow through with the potential removal of SB125 funding. She also mentioned that she would be supportive of MTS exploring a revenue measure to gain more financial independence moving forward in 2026.

Action Taken

Board Member Goble moved that the MTS BDC forward a recommendation to the Board of directors to 1) Postpone the Trolley 15-minute add-ons until future of SB-125 funding known, and 2) Postpone the public hearing and implementation date for Route 910 (overnight border express). Board Member Montgomery Steppe seconded the motion, and the vote was 5 to 0 in favor.

OTHER ITEMS

5. Next Meeting Date

The next Budget Development Committee meeting is to be determined.

Clerks note: Subsequent to this meeting, the next Budget Development Committee Meeting was scheduled for August 07, 2024, at 9:00 a.m.

6. Other Staff/Committee Member Communications and Business

There was no Committee Member Communications and Other Business discussion.

7. Adjournment

Chair Moreno adjourned the meeting at 1:40 p.m.

/s/ Vivian Moreno
Chairperson
San Diego Metropolitan Transit System

/s/ Lucia Mansour
Committee Clerk
San Diego Metropolitan Transit System

Attachment: Roll Call Sheet

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BUDGET DEVELOPMENT COMMITTEE MEETING

ROLL CALL

MEETING OF (DATE): 08/07/2024 CALL TO ORDER (TIME): 9:01 a.m.

ADJOURN: 10:24 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
MORENO (Chair) <input checked="" type="checkbox"/>	(no alternate) <input type="checkbox"/>	9:01 a.m.	10:24 a.m.
GOBLE <input checked="" type="checkbox"/>	(no alternate) <input type="checkbox"/>	9:01 a.m.	10:24 a.m.
MCCANN <input checked="" type="checkbox"/>	(no alternate) <input type="checkbox"/>	9:01 a.m.	10:24 a.m.
Montgomery-Steppe <input type="checkbox"/>	(no alternate) <input checked="" type="checkbox"/>	9:01 a.m.	10:24 a.m.
WHITBURN <input checked="" type="checkbox"/>	(no alternate) <input type="checkbox"/>	9:01 a.m.	10:24 a.m.

COMMITTEE CLERK: /s/ Lucia Mansour