

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

August 7, 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 9:01 a.m. A roll call sheet listing Budget Development Committee member attendance is attached as Attachment A.

2. Public Comments

Sam Borinsky – Provided a written statement to the Committee prior to the meeting. Sam expressed support with MTS increasing late night Trolley frequencies to 15 minutes systemwide. The written comment is provided in the August 7, 2024, Final Meeting Packet.

Jacob Aguirre – Provided a written statement to the Committee prior to the meeting. Jacob urged MTS to not consider delaying the bus and Trolley service enhancements as part of the upcoming Budget Development Committee meeting. The written comment is provided in the August 7, 2024, Final Meeting Packet.

Samuel Sharp – Provided a written statement to the Committee prior to the meeting. Samuel expressed that it is very important for MTS to invest in increasing service networkwide. The written comment is provided in the August 7, 2024, Final Meeting Packet.

Lissette Wilensky – Provided a written statement to the Committee prior to the meeting. Lissette expressed support with MTS's decision to accelerate increasing late night Trolley frequencies to 15 minutes, systemwide. The written comment is provided in the August 7, 2024, Final Meeting Packet.

Alex Wong – Representing Ride SD made a verbal statement to the Committee during the meeting. Alex expressed the importance of implementing frequency on the Green Line to 7.5 minutes.

3. Approval of Minutes

Chair Moreno moved to approve the minutes of the May 8, 2024, MTS Budget Development Committee meeting. Board Member Whitburn seconded the motion, and the vote was 4 to 0 in favor with Board Member Montgomery Steppe absent.

DISCUSSION ITEMS

4. Senate Bill (SB) 125 Funding Update (Mike Thompson)

Mike Thompson, MTS Deputy Chief Financial Officer, presented on the SB 125 Funding Update. He gave an update on the timing of the SB 125 funding by fiscal year. He reviewed the original SB 125 Submitted Program, listing the Capital & Operations funding in the original plan. Due to shifts in funding, he proposed a revised approach to plan the spending around each payment MTS receives individually. Mr. Thompson covered the impact of the revised approach on the Transit and Intercity Rail Capital Program (TIRCP), he gave an overview on the first three

TIRCP payments and the TIRCP program totals. Mr. Thompson went over the Zero-Emission Transit Capital Program (ZETCP), including the original funding plan, the ZETCP revised funding plan, and the SB 125 Allocation Package.

Public Comment

Jack Moyle – Provided a written statement to the Committee prior to the meeting. Jack expressed support with MTS's decision to accelerate increasing late night Trolley frequencies to 15 minutes systemwide. The written comment is provided in the August 7, 2024, Final Meeting Packet.

Alex Wong – Representing Ride SD made a written and verbal statement to the Committee both during and prior the meeting. Alex expressed support to MTS's decision to accelerate increasing late night Trolley frequencies to 15 minutes systemwide. The written comment is provided in the August 7, 2024, Final Meeting Packet.

Vahan Hartooni – A resident of University Heights provided a written statement to the Committee prior to the meeting. Vahan expressed frustration of infrequent trains on the Blue Line to UTC, especially late at night. The written comment is provided in the August 7, 2024, Final Meeting Packet.

Evvan Burke – Provided a written statement to the Committee prior to the meeting. Evvan expressed support for accelerating late night Trolley frequencies. The written comment is provided in the August 7, 2024, Final Meeting Packet.

Maxwell G – Provided a written statement to the Committee prior to the meeting. Maxwell expressed support for SB 125 funds to be used for bus and Trolley frequency improvements. The written comment is provided in the August 7, 2024, Final Meeting Packet.

Alejandro Amador – Representing Casa Familiar made a verbal statement to the Committee during the meeting. Alejandro expressed concerns with cuts in Bus and Trolley enhancements and service. Alejandro asked staff to reconsider those cuts to increase ridership.

Carolina Martinez – Representing Environmental Health Coalition made a verbal statement to the Committee during the meeting. Carolina advocated for the Blue Line Overnight express to be a priority come January 2025.

Guthre Leonard – Provided a verbal statement to the Committee during the meeting. Guthre expressed that most crime happens at bus or Trolley stations rather than on the vehicles themselves. Guthre claimed that reducing frequency gives riders more time at stations, especially along the Mid-Coast corridor.

Committee Comment

Chair Moreno mentioned that the SB 125 package proposal obtained several projects and services such as the Orange Line Modernization project, Security Enhancements, Iris Rapid Operation, and the Blue Line Overnight Express is also going to receive full funding. Chair Moreno asked when the Blue Line Express Bus is expected to operate. Denis Desmond, MTS Director of Planning, stated that if the MTS Board approves the motion in September 2024, the Overnight Express Bus service will be implemented by January 2025.

Chair Moreno stated that the revised version of the SB 125 funding does not include funding for Otay Mesa Service or bus stop improvements and asked if the reduction delayed any of the

services that were proposed. Sharon Cooney, MTS Chief Executive Officer (CEO), stated that no specific improvements had been proposed for Otay Mesa, she added that staff would first create a comprehensive analysis. Mr. Desmond added that staff's goal is to look for additional planning grants for the necessary studies and to bring in a consultant to provide different scenarios on how to use those funds. Chair Moreno asked when the next planning grants were due. Mr. Desmond replied by the end of the year. Ms. Cooney mentioned that a discussion with San Diego Association of Governments (SANDAG) does need to occur to determine if they have funding sources available to them. Chair Moreno posed a scenario where no grants or funding from SANDAG is received. Ms. Cooney answered that it would then be brought to a Budget Development Committee meeting for discussion. Chair Moreno added that she had full trust in staff to find the funding, she mentioned that the structural deficit made her very uneasy. Chair Moreno stated that staff was very successful in obtaining the SB 125 funding because of the projects like Otay Mesa and border project, having those project be cut first, makes it difficult because those communities were used to obtain SB 125 funding.

Board Member Goble asked if staff knew how much money would be added to the budget if the Board decided to pursue an MTS half cent sales tax through a ballot measure. Mr. Thompson replied that MTS would receive approximately \$300M a year, similar to TransNet. Board Member Goble asked if MTS has an expiration on the use of SB 125 money. Ms. Cooney stated that the SB 125 funding had no expiration date.

Action Taken

Chair Moreno moved that the MTS BDC forward the following recommendation to the Board of Directors: 1) Approve the revised SB 125 Allocation Package proposal; 2) That Otay Mesa service and bus stop improvements be funded with grants or other sources, and 3) If such funds are not identified, staff shall return to the Budget Development Committee to identify capital improvement or operational budget sources. Board Member McCann seconded the motion, and the vote was 4 to 0 in favor with Board Member Montgomery Steppe absent.

5. Fiscal Year (FY) 2025 Capital Improvement Program (CIP) Update Mike Thompson

Mike Thompson, MTS Deputy Chief Financial Officer, presented on the FY 2025 CIP Update. He gave an overview of the FY2025-29 CIP unconstrained project list, FY 2025 CIP approved budget by year and the five-year summary. Mr. Thompson gave a detailed overview of the FY 2025 CIP project highlights, revenue vehicles, facility & construction projects, rail infrastructure projects, other equipment & installation projects, and other initiatives, and discussed the structural deficit strategies.

Public Comment

Maxwell G – Provided a written statement to the Committee prior to the meeting. Maxwell asked about additional information on “Future Southwestern Rapid” that was mentioned on the unconstrained projects list. The written comment is provided in the August 7, 2024, Final Meeting Packet.

Committee Comment

Board Member Whitburn thanked staff for both the SB 125 Funding Update and the FY 2025 CIP Update exercise. He mentioned that he does not want to use any CIP funds that have been previously allocated.

Board Member Goble asked that with a \$2M per year in operating costs for the Blue Line Express Overnight Bus, would there also be capital costs included to increase the fleet. Mr. Thompson clarified that the buses used for this route would primarily be overnight and the existing fleet is able to cover that service.

Chair Goble asked what happens if electric technology does not catch up as fast as what MTS is planning for capital spending. Ms. Cooney mentioned that at that point, hydrogen would bridge the gap, which would provide longer distances for some routes. Ms. Cooney added that if the technology does not improve significantly, it would no longer be a one for one bus transition. If that occurs, MTS will come back and ask the Board for direction on a two for one bus ratio, alternatively, MTS can ask the California Air Resources Board (ARB) for a delay in the ZEB transition, which is already built into the regulation as an alternative for policy making at the local level.

Mike Wygant Chief Operating Officer - Transit Services, provided an overview of hydrogen technology. He stated that staff is looking into hydrogen feasibility for the fleet. Mr. Wygant mentioned that currently, hydrogen is much more expensive to use.

Chair Moreno thanked staff for their presentation. Chair Moreno stated that addressing the State of Good Repair (SGR) takes precedent and feels confident that staff is keeping the Board on track regarding those efforts.

Chair Moreno asked if both the State Transit Assistance (STA) funding and the Transportation Development Act (TDA) is funding the CIP and the Operating Budget. Mr. Thompson mentioned that STA funding is mainly placed in the CIP budget and the Operating Budget has more TDA funding. Chair Moreno asked if it was normal for other agencies to put so much of their TDA and STA funding into CIP. Mr. Thompson stated that staff has not conducted those agency comparisons. He also mentioned the fund source was primarily viewed as an Operating Budget alone, whereas federal funds are adopted into the Capital Budget. Ms. Cooney added that other agencies such as LA Metro have different options because they have a sales tax.

Chair Moreno stated that 71% of funding going to SGR is very important but also 31% is a large sum of money that is being focused on the transition to clean transportation. Chair Moreno asked what amount is encumbered in CIP. Mr. Thompson mentioned that it is approximately \$800M in open projects, and about \$500M of that has been encumbered or spent. He noted approximately \$300M of that has not been spent yet. Chair Moreno asked staff to present this item to the Board as an informational item to foster ample discussion.

Chair Moreno mentioned that she did not hear bathrooms or the transit amenities policy allotments. Mr. Desmond mentioned that staff is starting the Scope of Work (SOW) for the transit amenities plan. He noted the monitoring report will also review the distribution of transit amenities policy, which is planned for presentation at the Executive Committee in September 2024. Ms. Cooney added that the transit amenities policy is being brought to the Executive Committee because there is a standing request to discuss this item, staff also believes that the Executive Committee could sit as a Transit Amenities Committee.

Chair Moreno asked if the funding received is earning interest. Mr. Thompson stated that in general, the interest of the TDA and STA funds are put into the Operating Budget, and with other funds, the interest has to stay within that specific fund. Ms. Cooney added that if the SB 125 check is received, the interest of those funds will be put into the Operating Budget.

Action Taken

Informational item only. No action taken.

OTHER ITEMS

6. Next Meeting Date

The next Budget Development Committee meeting is To Be Determined (TBD).

[Clerk's Note: For calendar year 2025, the Executive Committee will assume the duties of the Budget Development Committee]

7. Other Staff/Committee Member Communications and Business

There was no Committee Member Communications and Other Business discussion.

8. Adjournment

Chair Moreno adjourned the meeting at 10:24 a.m.

/S/ Stephen Whitburn
Chairperson
San Diego Metropolitan Transit System

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

Attachment: A. 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