MINUTES

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM

EXECUTIVE COMMITTEE

May 14, 2026

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

1. Roll Call

Chair Whitburn called the Executive Committee meeting to order at 9:06 a.m. A roll call sheet listing Executive Committee member attendance is attached as Attachment A.

2. Public Comment

There were no Public Comments.

3. Approval of Minutes

Public Comment

There were no Public Comments.

Committee Comment

There were no Committee Comments.

Action Taken

Vice Chair Goble moved to approve the minutes of the April 9, 2026, MTS Executive Committee meeting. Board Member Dillard seconded the motion, and the vote was 5 to 0 in favor with Board Member Montgomery Steppe, and Board Member Elo-Rivera absent.

DISCUSSION ITEMS

4. Fiscal Year (FY) 2027 Operating Budget Discussion (Gordon Meyer)

Gordon Meyer, MTS Manager of Financial Planning, presented on Fiscal Year (FY) 2027 Operating Budget Discussion. He presented on: Fiscal Year 2027 Operating Budget overview, revenue changes, and Fiscal Year 2027 operating budget revenue summary, Fiscal Year 2027 operating budget service levels, expense changes, expenses summary, and operating budget consolidated revenues less expenses. Fiscal Year 2027 operating budget expense assumptions – personnel, and budget development next steps.

Public Comment

There were no Public Comments.

Committee Comment

Board Member Dillard thanked staff for the presentation and clarified that her previous recommendation was intended to apply to employees earning over $200,000, not under $200,000 as referenced on slide 12 of the presentation. She expressed concern that her proposal may not have reflected that clarification accurately. Sharon Cooney, MTS Chief Executive Officer (CEO), asked for clarification on Board Member Dillard's proposal and whether the bonus was intended for employees earning over $200,000. Board Member Dillard clarified that employees earning under $200,000 would continue receiving normal pay increases, while employees earning over $200,000 would receive a 4% bonus instead of a salary increase. She stated that she preferred the proposal to be implemented for only one year rather than a four-year period so it could later be reassessed. Board Member Dillard also questioned the figures on slide 13 of the presentation and requested clarification regarding the inclusion of non-union employees and the application of the 4% calculation over four years. Mr. Meyer clarified that the discussion was focused on FY27 and that the projected 4% increases in future years were included only for comparison purposes. He explained that revising the proposal to apply only to employees earning over $200,000 would result in minimal savings because only approximately 12 employees were in that salary range. Board Member Dillard questioned the relevance of including union employee reference in the presentation. Mr. Meyer clarified that union employee figures were not included in the dollar calculations and were referenced only for comparison purposes, noting that MTS generally aims to keep union and non-union wage increases comparable. Ms. Cooney explained that the union employee references were included to reassure the Executive Committee that the collective bargaining agreements would remain unchanged and that union employees would continue receiving the 4% merit increase in FY27. Board Member Dillard expressed concern that the comparison involving union employees lacked context regarding differences in benefits and job responsibilities between union and non-union employees. She requested additional information comparing benefit packages and revised figures reflecting all staff under the proposal. Board Member Dillard also questioned the use of a 4% increase projection over four years, reiterating that her proposal was intended for only one year with a later reassessment.

Board Member Fernandez stated that he was unclear about the specifics of Board Member Dillard’s original motion and asked whether the written proposal circulated in mid-April reflected her exact wording or staff’s interpretation. Ms. Cooney clarified that the written proposal reflected the language provided by Board Member Dillard. She explained that Attachment C of the agenda item included an updated version of the motion that was submitted by Board Member Dillard and noted that the only change made from the April proposal was replacing the term “non-represented” with “non-union”. Board Member Fernandez asked whether the committee was being asked to take action on any of the proposals at the meeting. Chair Whitburn clarified the committee was being asked to make a recommendation to the full Board regarding one of the proposed pay structures for inclusion in the FY27 budget assumptions. Board Member Fernandez stated that the decision was significant and suggested either narrowing the options down to two proposals or forwarding all proposals to the full Board for consideration.

Board Member Moreno requested clarification regarding the timeline for approving the budget and confirmed that the Board still had two additional Board meetings and one more Executive Committee meeting before the June 30, 2026 deadline.

Board Member Dillard made a motion to postpone a decision on the proposal in order to allow for additional clarification and analysis. She requested additional information comparing staff and union employee benefit packages, as well as revised projections focused on a one or two year period rather than a four year outlook. Board Member Dillard also requested updated calculations showing the fiscal impact providing all staff with a one-time bonus in lieu of a merit increase. Ms. Cooney sought clarification on Board Member Dillard’s motion, asking whether the requested revisions would focus only on the savings for the current fiscal year rather than the previously five year savings projections and structural costs controls. Board Member Dillard stated that she preferred to reassess the proposal after one year rather than commit to a four year period. She explained that she would want to evaluate whether a one-time bonus structure would meaningfully reduce overall budget impacts before considering it for future years.

Chair Whitburn clarified that the committee would only be making a decision regarding FY27 unrepresented employee pay and not approving a multi-year compensation package. He explained that the multi-year chart was intended only to illustrate potential future impacts depending on whether compensation was provided through bonuses or salary increases, noting that any assumptions beyond FY27 were hypothetical and for comparison purposes only. Board Member Dillard clarified that her revised proposal would apply to 100% of staff rather than only employees earning under $200,000. She stated that all staff would receive a 4% one-time bonus and noted that excluding employees earning over $200,000 no longer made sense given the small number of employees in that category. Chair Whitburn explained that including all staff in the proposal would slightly increase the FY27 projected cost from approximately $59.9M to $60M.

Vice Chair Goble summarized his understanding that the motions would provide all unrepresented employees with a 4% non-pensionable bonus for FY27. He expressed concern that replacing a merit increase with a bonus would negatively affect the pensionable earning of unrepresented employees while represented employees would continue receiving pensionable increases. Vice Chair Goble stated that he believed this created an imbalance and suggested that a standard 4% merit increase would treat all employee groups more fairly. Vice Chair Goble stated that he would make a substitute motion to provide unrepresented employees with a 4% merit increase matching the 4% increase being provided to union employees.

Board Member Dillard stated that she did not view her motion as unfair, explaining that union employee compensation was governed by existing collective bargaining agreements that could not be modified mid-contract. She stated that her proposal was intended as a one year measure to demonstrate shared sacrifice following recent fare increases affecting riders, many of whom she described as disadvantaged and dependent on public transportation. Board Member Dillard emphasized that the motion was meant to help address difficult fiscal decisions while showing accountability to the public and stated that she would not support the substitute motion.

Chair Whitburn stated that he shared the goal of supporting transit riders but believed replacing a pensionable salary with a non-pensionable bonus would negatively affect unrepresented employees while providing little benefit to riders. He emphasized the importance of retaining and valuing staff and stated that providing unrepresented employees the same 4% increase as represented employees was fair and appropriate.

Board Member Moreno reiterated her prior concern about limiting the CEO authority to manage staff compensation. She noted that the discussion had narrowed to two proposals and sought clarification regarding the fiscal differences between them. Board Member Moreno also stated that Board Member Dillard had originally requested a one year analysis rather than a five-year projection and questioned her understanding of the projected FY27 budget impacts reflected in the presentation.

Larry Marinesi, MTS Chief Financial Officer (CFO), clarified that the projected FY27 cost under Board Member Dillard's revised proposal would be very close to the $60.2M baseline because all non-represented employees would still be receiving the equivalent 4% compensation increase, whether through a bonus or salary increase. Karen Landers, MTS General Counsel, clarified that the five-year projection was included only to illustrate the long-term savings impact of Board Member Dillard's motions, since the FY27 savings alone appeared relatively small. She explained that the projections assumed all proposals would revert back to a standard 4% merit increase beginning in FY28 for comparison purposes only and were not intended to establish a multi-year compensation plan. Board Member Moreno stated that she remained confused by the proposal and was not prepared to support the motion at that time. She requested additional clarification from Board Member Dillard regarding her position on the motion before the committee. Ms. Cooney clarified that the two proposals being discussed are providing unrepresented employees with either a 4% one-time bonus or a 4% merit increase. She noted that both options would have a similar FY27 cost impact and stated her understanding that the previous staff proposal was no longer under consideration.

Chair Whitburn summarized that Board Member Dillard was advocating for a 4% non-pensionable bonus for unrepresented employees, while he and Vice Chair Goble supported providing a 4% merit increase instead of a bonus.

Board Member Dillard expressed her respect for staff and their accomplishments but maintained that a one-time bonus structure could help address the agency's long-term fiscal challenges. She stated that her intent was to explore every available option to reduce budget pressure and preserve jobs while recognizing the agency's significant projected deficit. Board Member Dillard acknowledged the concerns raised by her colleagues but reiterated that she did not support the substitute motion.

Board Member Elo-Rivera asked for clarification if Board Member Dillard's motion was no longer under consideration. He asked Vice Chair Goble to explain why he thought the committee should make a recommendation rather than forward the full discussion to the Board. Chair Whitburn clarified that Board Member Dillard motion was no longer under consideration because it had not received a second. He noted that the committee was instead considering the motion and second that were currently before the committee.

Vice Chair Goble stated that the matter could be discussed by the full Board, but the committee should still make a recommendation. Board Member Elo-Rivera asked whether the committee's recommendation would accompany the item if it were forwarded to the full Board. Vice Chair Goble clarified that the Executive Committee's role was to provide a recommendation to the Board on the option it supported. Board Member Elo-Rivera emphasized the value of all agency employees and acknowledged the challenges faced by riders who depended on public transit. He stated that he shared the same concerns as Board Member Dillard regarding demonstrating shared sacrifices while fare increases were being considered. He also noted concerns about public perception related to compensation for higher level employees and expressed support for allowing the full Board to further discuss the issue if consensus could not be reached at the committee level.

Chair Whitburn noted that the proposal applied to all unrepresented employees, including customer support, administrative, and safety personnel. He explained that while a 4% bonus and a 4% raise would have similar FY27 costs, the long-term savings from the bonus approach would result from lower future salary and pension obligations. Chair Whitburn reiterated his preference for a 4% raise, stated that the Board could continue the discussion at its next meeting, and called for a vote on the motion. Ms. Cooney clarified that the motion referred to a 4% merit pool rather than a guaranteed 4% raise for all employees. Vice Chair Goble confirmed that his motion was intended for a 4% merit pool. Ms. Cooney suggested forwarding the matter to the full Board and noting that the Executive Committee had narrowed the discussion to either a 4% merit poor or a 4% bonus for non-represented employees.

Board Member Fernandez asked whether only the remaining proposal would be forwarded as the committee's recommendation to the Board. He also stated that he would like the comparison table containing all options, along with the five year projection table, to remain included in the materials when presented to the Board. Mr. Thompson clarified that the out year projections used the same assumed percentage increases across all proposals solely for comparison purposes. He explained that a consistent assumption was necessary to illustrate the compounding effects and allow meaningful comparisons among the options over time. Ms. Landers stated that staff could revise the tables to make the out year assumptions and projections more clear for the Board. Board Member Fernandez noted that Board Member Dillard had indicated her proposal had been interpreted incorrectly. Ms. Cooney confirmed that the table would be revised to reflect a 4% and that Vice Chair Goble's earlier 3% proposal would be removed.

Board Member Elo-Rivera requested that staff work with Board Member Dillard to ensure that the option presented to the full Board accurately reflected her proposal. Chair Whitburn stated that a sincere effort had been made to accurately reflect the proposal and confirmed that staff would continue working with Board Member Dillard to ensure it was properly presented to the full Board. Board Member Elo-Rivera stated that he was not questioning anyone's efforts but emphasized the importance of ensuring that the proposal presented to the full Board accurately reflected its intended purpose. He noted the time and thought invested by Board Member Dillard and staff in developing the proposal.

Board Member Dillard sought confirmation that her proposal would be revised to reflect a 4% bonus was for all unrepresented staff. Chair Whitburn stated that he understood the proposal to be a 4% non-pensionable bonus for all unrepresented employees in FY27. Board Member Dillard requested clarification regarding the term "non-pensionable", asking whether it meant flat bonus that would not affect an employee's annual salary or future salary calculations. Chair Whitburn explained that a non-pensionable bonus would be paid as a one time 4% payment that would not be included in future salary calculation and would not count toward an employee's pension benefits. Board Member Dillard stated that she wanted to ensure the motion had been captured the way she intended and confirmed that the clarified description accurately reflected her motion.

Chair Whitburn thanked his fellow Executive Committee members for the robust and thoughtful discussion regarding the item.

Action Taken

Vice Chair Goble moved to forward to the MTS Board of Directors the FY 2027 Draft Budget with the following revision: 1) Include table showing comparison between Executive Committee

4% merit pool recommendation, staff zero growth proposal, and one-time bonus of 4% proposal for non-union in Board presentation and 2) Forward to the Board the Executive Committee recommendation for the proposal of a 4% merit pool for non-union employees for FY27, at discretion of CEO. Chair Whitburn seconded the motion, and the vote was 5 in favor (Board Member Fernandez, Board Member Dillard, Board Member Elo-Rivera, Chair Whitburn, Vice Chair Goble), to 1 opposed (Board Member Moreno) with Board Member Montgomery Steppe absent.

5. Orange Line Improvement Project Update (Heather Furey and Consultant T.Y. Lin)

Heather Furey, MTS Senior Director of Capital Projects, and David Homan, T.Y. Lin, presented on Orange Line Improvement Project. They presented on: project overview, project schedule, Phase 1 updates, construction update, construction progress, summary of Phase 1 weekend closures, ongoing communication efforts and Phase 1 construction labor reporting, Phase 2 updates, owner furnished equipment, special track delivery, invitation for bids, construction progress, project funding, Phase 1 funding balance, Phase 2 funding balance, percent of project within local cities, other Orange Line work, State agency coordination, risk management, top risks and next steps. Ms. Cooney noted that staff planned to return with a proposal to add additional flagger positions and stated that those positions were directly related to supporting the right-of-way work and projects discussed in the presentation.

Public Comment

There were no Public Comments.

Committee Comment

Chair Whitburn thanked staff for the update on the project progress and for the efforts to keep riders informed about project status and upcoming activities.

Vice Chair Goble asked which jurisdiction received the sales tax generated from equipment and materials purchased for major capital projects and expressed hope that the revenue would benefit the cities where the work is being performed. Ms. Furey explained that the sales tax revenue is generally allocated based on where the equipment is shipped. Vice Chair Goble joked that El Cajon would be happy to receive all project shipments and offered the transit station parking lot as a place to help accommodate. Ms. Furey explained that during Phase 1, some equipment was shipped directly to the signal house manufacturer for installation purposes. She noted that most project equipment had been delivered directly to MTS facilities.

Action Taken

No action taken. Informational item only.

OTHER ITEMS:

6. Review of Draft May 21, 2026 Board Agenda

<u>Recommended Consent Items</u>

Ms. Landers highlighted several proposed changes to the upcoming consent calendar, including the addition of an IT disruption policy required under SB 707, moving previously recommended discussion item 24 to consent, and potentially adding a fiber easement agreement to the consent agenda following Executive Committee closed session. Vice Chair Goble supported moving discussion item 24 to the consent calendar, noting that it had been unanimously approved at the Public Security Committee and could still be pulled for discussion by any Board Member at the next Board meeting.

7. Committee Member Communications and Other Business

There was no Committee Member Communications and Other Business discussion.

8. Next Meeting Date

The next Executive Committee meeting is scheduled for June 11, 2026, at 9:00 a.m.

*Clerk's note: the June 11, 2026 Executive Committee was subsequently replaced with a Special Board of Directors Budget Workshop.

CLOSED SESSION:

9. Public Comment for Closed Session

There were no Public Comments.

The Committee convened to Closed Session at 10:52 a.m.

10. Closed Session – Conference with Real Property Negotiators Pursuant to California Government Code Section 54956.8;

13.23 Mile Fiber Optic Cable Easement (Blue Line Right-of-Way Milepost 1.66 to 15.5)
Agency Negotiators: Sharon Cooney, Chief Executive Officer of San Diego Metropolitan Transit System (MTS) and President of San Diego & Arizona Eastern Railway (SD&AE); Karen Landers, General Counsel; Sean Myott, Manager of Real Estate Assets
Negotiating Parties: Transtelco, Inc.
Under Negotiation: Price and Terms of Payment

Closed Session Reconvening

The Committee reconvened to Open Session at 11:09 a.m.

Karen Landers, General Counsel, reported the following oral report of final actions taken in Closed Session:

The Executive Committee received a report and gave instructions to negotiators.

11. Adjournment

The meeting was adjourned at 11:10 a.m.

/s/ Stephen Whitburn	/s/ Lucia Mansour
Chairperson	Clerk of the Board
San Diego Metropolitan Transit System	San Diego Metropolitan Transit System

Attachment: A. Roll Call Sheet