

MINUTES
MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS
May 21, 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 Board meeting to order at 9:03 a.m. A roll call sheet listing Board member attendance is attached as Attachment A.

2. Public Comment

Anthony Covarrubias – provided a written statement to the Board prior to the meeting. The written comment is provided in the May 21, 2026 Final Meeting Packet.

Luis Moreles – provided a written statement to the Board prior to the meeting. The written comment is provided in the May 21, 2026 Final Meeting Packet.

CONSENT ITEMS (ITEMS TAKEN OUT OF ORDER):

3. Approval of Minutes

Action would approve the April 16, 2026 Board of Directors meeting minutes.

4. CEO Report

5. Affordable Housing and Sustainable Communities (AHSC) Round 8 Grant Program Award and Project Acceptance – Blue Line Operating and Passenger Shelter Projects

Action would 1) Approve Resolution No. 26-04 authorizing the Chief Executive Officer to accept the Fiscal Year (FY) 2024-2025 AHSC Round 8 Grant via the Strategic Growth Council (SGC) and California Department of Housing and Community Development (HCD) in the amount no less than \$12,316,993 to support Blue Line Saturday operations and the installation of passenger shelters; and 2) Authorize the Chief Executive Officer to take all actions necessary to fulfill MTS's obligations under the resolution, including, but not limited to, executing an Indemnification Agreement for the grant funded portion of the project.

6. Affordable Housing and Sustainable Communities (AHSC) Round 9 Grant Program Award and Project Acceptance – Green Line Operating and Passenger Shelter Projects

Action would 1) Approve Resolution No. 26-05 authorizing the Chief Executive Officer to accept the Fiscal Year (FY) 2025-2026 AHSC Round 9 Grant via the Strategic Growth Council (SGC) and California Department of Housing and Community Development (HCD) in the amount no less than \$6,714,557 for the purposes of supporting Green Line weekday operations and the installation of passenger shelters; and 2) Authorize the Chief Executive Officer to take all actions necessary to fulfill MTS's obligations under the resolution, including, but not limited to, executing an Indemnification Agreement for the grant funded portion of the project.

7. Operations Budget Status Report for March 2026

8. Fiscal Year (FY) 2026 Transportation Development Act (TDA) Claim Amendment

Action would Directors adopt Resolution Nos. 26-06 and 26-07, approving FY 2026 TDA Article 4.0 and 4.5 claim amendments allocating \$134,731,320.00 in TDA revenues for MTS.

- 9. Rail Seat Upholstery Repair Services - Contract Award**
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L1709.0-26, with Molina Manufacturing (Molina), in the amount of \$787,413.86 (inclusive of CA 7.75% sales tax) for five (5) years, effective June 1, 2026, for the provision of Rail Seat Upholstery Repair Services.
- 10. SAP S/4HANA Conversion and Migration Services – Contract Award**
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G3097.0-25 with Sierra Digital, Inc. (Sierra), to provide SAP S/4HANA conversion and migration professional services in the amount of \$2,898,380.00 for a contract period of one (1) year and one (1) month.
- 11. Bus Part Supplies - Contract Award**
Action would authorize the Chief Executive Officer (CEO) to: 1) Execute MTS Doc. No. B0791.0-26, with Cummins Inc., to furnish Bus Part Supplies for five (5) years in an amount not to exceed \$6,385,267.04 (inclusive of 7.75% CA sales tax); 2) Execute MTS Doc. No. B0792.0-26, with EW Truck and Truck Equipment Co., Inc. (Group A), to furnish Bus Part Supplies for five (5) years in an amount not to exceed \$7,572.08 (inclusive of 7.75% CA sales tax); 3) Execute MTS Doc. No. B0793.0-26, with Mohawk Manufacturing & Supply Co. (Group A), to furnish Bus Part Supplies for five (5) years in an amount not to exceed \$1,285,485.43 (inclusive of 7.75% CA sales tax); and 4) Execute MTS Doc. No. B0794.0-26, with Crossline Supply LLC (Group A), to furnish Bus Part Supplies for five (5) years in an amount not to exceed \$1,142,503.79 (inclusive of 7.75% CA sales tax).
- 12. Wireless Voice Communications Network Agreement with San Diego County – Regional Communications System (RCS)**
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. G3219.0-26, with RCS, for up to three hundred and seventy-five (375) radio connections to the RCS network, for a five-year period, on a non-member basis, for up to \$1,812,825.00.
- 13. Investment Report – Quarter Ending March 31, 2026**
- 14. Revisions to San Diego Metropolitan Transit System (MTS) Board Policy No. 41, “Signature Authority”**
Action would approve revisions to MTS Board Policy No. 41, “Signature Authority”.
- 15. El Cajon Bus Maintenance Facility (ECBMF) Battery Storage – Contract Amendment**
Action would 1) Ratify MTS Doc. No. PWB414.0-25, with Fordyce Construction, Inc. (Fordyce), a Small Business (SB), in the amount of \$143,016.00 for the procurement and installation of a pre-manufactured battery storage building at ECBMF; 2) Ratify Amendment No. 1 to MTS Doc. No. PWB414.0-25, with Fordyce, for the addition of explosion-proof electrical fixtures to the battery storage building in the amount of \$3,858.92; and 3) Authorize the Chief Executive Officer (CEO) to execute Amendment No. 2 to MTS Doc. No. PWB414.0-25, with Fordyce, for the increased power supply and fire alarm system tie-in of the battery storage building in the amount of \$37,969.54.
- 16. PRONTO Fare Collection System – Contract Amendment**
Action would authorize the Chief Executive Officer (CEO) to execute Amendment No. 23 to

MTS Doc. No. G2091.0-18 with Innovations in Transportation, Inc. (INIT) for additional gateway services funding, in the amount of \$2,404,338.52.

- 17. VMware Software Subscription Three-Year Renewal – Contract Award**
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G3210.0-26, with New Tech Solutions, Inc. (New Tech), for a three-year renewal of VMware software subscription services, in the amount of \$814,876.80.
- 18. Regional Communications System (RCS) Radios Purchase and Installation – Sole Source Contract Award**
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G3198.0-26, with Motorola Solutions, Inc. (Motorola), in the amount of \$193,817.97 for a period of three (3) base years.
- 19. Increased Authorization for Legal Services Contracts to Pay Projected Expenses through December 31, 2026 – Contract Amendment**
Action would authorize the Chief Executive Officer (CEO) to execute amendments to eleven (11) legal services contracts increasing the funding authorization by \$1,550,000.00 to cover anticipated expenses through December 31, 2026.
- 20. Iris Rapid Transit Center East and Bus Stops Construction Management Services (CM) – Work Order Amendment**
Action would 1) Ratify Work Order Amendment No. WOA2498-CM19.03 under MTS Doc. No. G2498.0-21, with Kleinfelder Construction Services, Inc. (KCS), in the amount of \$114,324.83 for additional construction management services through end of May 2026 for the Iris Rapid Transit Center East and Bus Stops Construction Project; and 2) Authorize the Chief Executive Officer (CEO) to execute Work Order Amendment No. WOA2498-CM19.04 under MTS Doc. No. G2498.0-21, with KCS, in the amount of \$151,351.67 for additional construction management services through end of June 2026 for the Iris Rapid Transit Center East and Bus Stops Construction Project.
- 21. Traction Power Substations Replacement (TPSS) – Work Order Amendment**
1) Ratify Work Amendment No. WOA-357-AE-31.02, under MTS Doc No. PWL357.0-22 with Chen Ryan Associates (CRA) in the amount of \$105,988.60 to incorporate a 3.0MW substation into the design; and 2) Authorize the Chief Executive Officers (CEO) to execute Work Order Amendment No. WOA357-AE-31.04, under MTS Doc No. PWL357.0-22, with CRA in the amount of \$81,265.27 for additional funding to provide Capacity Analysis for Phase II.
- 22. Approval of San Diego Metropolitan Transit System (MTS) Board Policy No. 67, “Technology Disruptions During Board Meetings”**
Action would approve Board Policy No. 67, “Technology Disruptions During Board Meetings”.
- 23. Not Being Used**
- 24. 13.23 Mile Fiber Optic Cable Easement (Blue Line Right-of-Way Milepost 1.66 to 15.5)**
Action would authorize the Chief Executive Officer (CEO) to execute a proposed Fiber Easement Agreement with Transtelco, Inc. for an up to 40-year easement term.

Public Comment for Item No. 6

Blaer Jessen – provided a verbal statement to the Board during the meeting. Blaer opposed a potential fare increase, stating that it could reduce ridership and create financial hardships for lower-income riders who rely on transit services.

Board Comment:

There were no Board Comments.

Action on Recommended Consent Items, Excluding Consent Item No. 22

Board Member Downey moved to approve Consent Agenda Item Nos. 3 to 21 and 24. Board Member Montgomery Steppe seconded the motion, and the vote was 11 to 0 in favor with Board Member Foster, Board Member Bush, Board Member Vaus and Board Member Moreno absent.

Board Comment for Item No. 22:

Karen Landers, MTS General Counsel, explained that Policy No. 67 was being presented separately because it required a separate Board vote and verbal report. She stated that the policy was required by Senate Bill (SB) 707 and established procedures for technology disruptions affecting remote public participation during Board meetings. She explained that the Board would be required to recess for at least one hour to restore service and, if unsuccessful, could adjourn, extend the recess, or continue the meeting without remote access by roll call vote. She noted that the proposed policy complied with statutory requirements and recommended its approval.

Action on Recommended Consent Item No. 22

Board Member Hall moved to approve Consent Agenda Item No. 22. Board Member McCann seconded the motion, and the vote was 12 to 0 in favor with Board Member Bush, Board Member Vaus and Board Member Moreno absent.

DISCUSSION ITEMS:

25. 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: Budget development process, revenue assumptions – passenger fare revenue, other operating revenue, sales tax revenues, Federal Transit Administration (FTA), Senate Bill (SB) 125, other subsidy revenue and revenue summary, service levels, expense assumptions – personnel, purchased transportation, outside services, energy, other expenses, and expenses summary, consolidated revenues less expenses, preliminary 5-year forecast, financial sustainability, budget development next steps and staff recommendation.

Public Comment

There were no Public Comments.

Board Comment

Vice Chair Goble moved to approve the staff recommendation for the budget as presented, including the Executive Committee’s recommendation of a 4% merit pool for non-union staff.

Board Member Dillard inquired whether MTS had explored negotiating with SDG&E to help reduce utility cost in light of the agency's financial challenges. She asked whether such discussions had been considered or pursued as a potential cost saving measure. Mr. Meyer explained that SDG&E rates are established through published rate schedules that apply to different customer classes and are approved by the California Public Utilities Commission. He noted that individual rate reductions were likely not an option but said staff could look into the matter.

Board Member Dillard asked about contingency plans if a proposed ballot measure were unsuccessful or not pursued. She expressed concern about economic conditions and the likelihood of achieving the voter support necessary for new funding measures, and requested information on alternative strategies being considered to address future financial challenges. Ms. Cooney clarified that the discussion pertained only to the FY 2027 budget and was not intended to establish budgets or financial plans for the following five years. Board Member Dillard reiterated her interest in understanding potential contingency plans if future funding initiatives were not pursued or successful. She expressed concern that the Board should be looking ahead to future financial challenges and requested that staff provide additional information on alternative strategies at a later date. Board Member Dillard also asked for examples of how a zero based budgeting approach would be applied in developing the FY 2027 budget. Mr. Meyer explained that the zero based budgeting process requires managers to justify every budgeting line item rather than relying on prior year funding levels. He stated that all expenses, contracts, and budget categories are reviewed individually, and any costs that are no longer necessary are removed, with no automatic approval of previous budget allocations. Board Member Dillard explained that her proposal was intended as a temporary, one year cost containment measure in response to the agency's structural deficit. She emphasized that the proposal was not meant to punish management or administrative employees, whom she describes as valued and essential to agency operations. She stated that one time payments could recognize employee contributions while avoiding permanent increases to structural costs and liabilities, and argued that the approach reflected shared responsibility, accountability, and responsible financial stewardship.

Board Member Hall expressed concern about the agency's long term financial outlook and emphasized the need to begin addressing projected deficits immediately. He stated that relying on future funding assistance was uncertain and argued that cost reductions should be identified and implemented now to achieve a balanced budget and improve the agency's financial stability.

Board Member Mendoza requested clarification on the motion and asked whether the Board was asked to recommend alternative 1 or alternative 2. She sought confirmation as to whether either of the alternatives was included as part of the motion. Vice Chair Goble clarified that his motion pertained to the Executive Committee's recommendation to include a 4% merit pool for non-union staff, at the discretion of the CEO, as reflected in the staff presentation. He further clarified that the budget alternatives presented were not part of his motion.

Board Member Elo-Rivera acknowledged the challenges facing MTS and noted that many transit agencies nationwide were experiencing similar financial pressures. He reiterated his opposition to fare increases, stating that he did not believe all potential revenue opportunities had been explored before asking riders to bear additional costs. Board Member Elo-Rivera expressed concern that the proposed budget relied on fare increases to generate additional revenue and advocated for pursuing alternative revenue sources, including energy partnerships, property leases, and expanded advertising revenue. He emphasized the need to seek greater

contributions from tourism and other non-fare sources before placing additional financial burdens on riders and stated that he would be voting against the budget as presented.

Board Member Montgomery Steppe sought clarification regarding Board Member Dillard's proposal, confirming that it involved a one-time 4% bonus. She also asked procedural questions about the fare increase process and requested clarification on whether the proposed budget assumptions included a fare increase. Ms. Cooney explained that the budget reflected the Board's prior recommendation to SANDAG regarding a regional fare increase and assumed the changes would take effect in October. She noted that if the SANDAG Board did not approve the proposal, staff would return with a revised midyear budget to adjust revenue and expense assumptions accordingly. Board Member Montgomery Steppe noted that she had not been present for the prior fare increase discussion and asked for clarification on the approved proposal. She requested information on the actual fare adjustment and the cost increases that riders would experience.

Mark Olson, MTS Director of Marketing and Communications, explained that the proposed fare increase focused primarily on the adult monthly pass which would increase from \$72 to \$85 in fall 2026 and then to \$95 in fall 2027. He noted that the adult monthly pass generates approximately 88% of MTS fare revenue and was therefore the primary component of the proposal to address the agency's budget challenges. Ms. Cooney noted that MTS had not implemented an increase of the monthly pass price since 2009. Board Member Montgomery Steppe asked whether the fare increase would apply only to monthly passes or if it would include a general fare increase for all passes. Mr. Olson explained that the proposed fare increase would apply to other fare categories in addition to the monthly pass. He stated that one-way fares would increase from \$2.50 to \$3.00 in phase 1 and to \$3.25 in phase 2, senior fares would increase from \$1.25 to \$1.50 and would remain the same in phase 2, and adult day passes would increase from \$6.00 to \$7.00. Mr. Olson emphasized that the monthly pass remained the primary revenue driver and noted that fare increases had not occurred since 2009, when the agency faced similar economic challenges.

Board Member Montgomery Steppe asked whether fare increase projection accounted for riders who might no longer be able to afford transit and whether potential ridership declines were reflected in the forecasting model. She also asked whether MTS has evaluated the potential for increased fare evasion as a result of higher fares and whether additional security might be needed to address those impacts. Ms. Cooney explained that SANDAG's model includes projected ridership declines associated with fare increases and that those impacts were incorporated into the budget assumptions. She also noted that MTS anticipated improved fare collection based on recent trends following enhancements to fare enforcement security staffing, which had previously been approved and were partially funded through SB 125 funds. Mr. Thompson responded that no additional security staffing was proposed as a result of the fare increase and that MTS would continue using its existing enforcement resources. Board Member Montgomery Steppe expressed concern about the potential negative impacts of fare increases on riders and transit operations and emphasized the importance of considering those effects when evaluating the agency's financial assumptions.

Board Member Foster reiterated his opposition to the proposed fare increase, expressing concern about its impact on low income riders who rely on transit for essential needs. He emphasized the importance of exploring all available alternatives before increasing costs for vulnerable populations and stated that he would not support the item.

Board Member Downey stated that she would support the budget, explaining that the proposed fare increase and cost reductions demonstrated the agency's efforts to address its financial challenges and could help illustrate the need for future funding measures. She noted that utility rates could not be negotiated individually and suggested that reducing energy consumption could be a potential cost saving strategy. Board Member Downey commended staff for increasing revenue, reducing costs, and improving ridership projections, and expressed support for continued efforts to strengthen the agency's financial position.

Board Member Moreno thanked staff for their work on the budget and noted that she had previously voted against advancing the motion at the Executive Committee. She expressed opposition to the proposed fare increase, citing concerns about its potential impact on ridership and the agency's continued recovery since the pandemic. Board Member Moreno stated that MTS had made progress in rebuilding ridership and that increasing fares could negatively affect riders who depend on transit services. She stated that because the budget assumptions included revenue from future fare increases she would be voting against the item.

Vice Chair Goble expressed support for the budget and noted that inflation had significantly increased operating costs since the last fare increase in 2009. He stated that the proposed fare adjustments did not fully reflect inflationary impacts and emphasized the importance of shared responsibility in addressing the agency's financial challenges. Vice Chair Goble also stated that community outreach indicated many riders preferred modest fare increases over service reductions and said those considerations informed his support for the motion.

Board Member Elo-Rivera clarified that his opposition was not to fare increases in principle, but to implementing them before all possible alternatives had been fully explored. He stated that he could not confidently tell riders that MTS had done everything to avoid increasing fares and urged the agency to be more creative in pursuing non fare revenue opportunities. Board Member Elo-Rivera emphasized that transit riders should be treated as valued constituents and not bear a disproportionate share of the agency's financial challenges. He also expressed concern about relying on a future sales tax measure, noting the uncertainty of future ballot opportunities and the need to consider other funding strategies.

Action Taken

Vice Chair Goble moved to approve the staff recommendation for the FY 2027 draft Operating budget as presented, including the Executive Committee's recommendation of a 4% merit pool for non-union staff. Chair Whitburn seconded the motion, and the vote was 8 opposed (Board Member Fernandez, Board Member Foster, Board Member McCann, Board Member Montgomery Steppe, Board Member Dillard, Board Member Hall, Board Member Elo-Rivera, Board Member Moreno) to 5 in favor (Board Member Downey, Board Member Mendoza, Board Member Leyba-Gonzalez, Chair Whitburn, Vice Chair Goble), with Board Member Bush and Board Member Vaus absent.

Board Comment

Chair Whitburn asked Ms. Cooney how she would like to proceed. Ms. Cooney asked the Board Members who opposed the budget to provide feedback on what changes they would like to see, including potential additions or reductions. She noted that a decision did not need to be made that day but emphasized that the agency must adopt a balanced budget before July 1st. Ms. Cooney explained that staff would need to return in June for a public hearing to approve the budget and added that a special meeting could be held beforehand to further discuss assumption, alternatives, and any budget modification requested by the Board.

Board Member Hall expressed concern about the agency's long term financial outlook and emphasized that action must be taken now to address the projected fiscal cliff. He cautioned against relying on uncertain future funding sources or ballot measures. Board Member Hall stressed the importance of reducing future deficits and questioned what options would remain if action were delayed, warning that continued inaction could eventually lead to service reduction, or other significant impacts to the transit system. He stated that his primary focus was addressing the agency's growing budget shortfalls in a realistic and timely manner.

Board Member Elo-Rivera stated that he would like to see a clearer roadmap for pursuing additional non-fare revenue opportunities before relying further on riders to address the agency's financial challenges. He acknowledged that some potential revenues may be too speculative to include in the budget but emphasized that he has consistently advocated for non-fare revenue solutions. Board Member Elo-Rivera also noted that Elevate SD had been viewed as a key component of the agency's long term financial strategy.

Ms. Cooney clarified that prior to the pandemic, MTS was on a structurally sound financial footing and that the current challenges were largely driven by pandemic-related impacts, inflation, wage adjustments, and affordability concerns. She explained that previous funding discussions focused on expanding transit service throughout the region, whereas the current focus is on maintaining operations. Ms. Cooney noted that staff has been working for several years to identify solutions and emphasized that the immediate goal is to adopt a balanced one year operating budget while continuing to pursue longer term funding opportunities, including state level funding sources and other revenue options.

Board Member Elo-Rivera acknowledged the significant impact of the pandemic on transit agencies and noted that MTS had recovered ridership more successfully than its peers. He expressed concern that riders were being presented with a choice between higher fares and service reductions. Board Member Elo-Rivera reiterated his belief that alternative revenue strategies should have been pursued more aggressively and earlier. While he did not offer a specific budget alternative, he stated that he could be more supportive of the budget if presented with a clear roadmap for generating additional revenue while minimizing impacts on working families.

Board Member Montgomery Steppe supported further discussions on the budget and reiterated her interest in exploring land value capture strategies and other potential revenue options to ensure the Board considers all available alternatives.

Board Member Downey expressed frustration with the discussion, noting that some Board Members had previously opposed employee pay increases to allow time to identify additional savings and revenue opportunities, yet were now also opposing fare increases. Board Member Downey cautioned the Board that failing to generate additional revenue could eventually require difficult decisions, including service reductions or changes to employee compensation agreements. She also stressed the importance of demonstrating shared responsibility when seeking future voter support for funding measures and encouraged Board Members to advocate for additional transit funding opportunities at the regional and state levels.

Board Member Downey expressed concern about the consequences of not adopting a budget and asked what would occur if the Board failed to approve a balanced budget before the end of the fiscal year. Ms. Cooney stated that failing to adopt a balanced budget could jeopardize the agency's eligibility for state funding. Ms. Landers stated that the agency had never faced that situation and that she would research the issue before the June Board meeting. She noted that

without an approved budget, there could be questions about the agency's ability to pay employee wages and process invoices beginning July 1st.

Board Member Elo-Rivera objected to the suggestion that Board Members voting against the budget were not fulfilling their responsibilities, emphasizing that he was representing constituents who depend on transit and cannot afford additional costs. He stated that his responsibility was to ensure riders are asked to pay no more than absolutely necessary and that all reasonable alternatives have been explored first. Board Member Elo-Rivera argued that public transportation has historically been underfunded and that greater urgency is needed in pursuing alternative revenue sources, including tourism related revenues, regional funding strategies, and broader transit advocacy. He acknowledged the complexity of the issue and maintained that additional efforts should be made before placing further financial burdens on riders and stressed that his position reflected the interests of the constituents he represented.

Ms. Cooney encouraged the Board to provide specific feedback that would help staff revise the budget. She explained that if the Board wished to remove the assumed fare increase revenue, staff would need direction on what offsetting changes should be made, such as using reserves, shifting capital funds, adjusting revenue assumptions, or revisiting compensation recommendations for non-represented employees. Ms. Cooney emphasized that the Board was engaged in a budgeting process and that a balanced budget must be approved by July 1st.

Board Member Foster sought clarification on the budget assumptions and asked whether the agency was simultaneously proposing fare increases and reductions in service levels. Ms. Cooney confirmed that the proposed strategy to extend the fiscal cliff included both fare increases and service level reductions. Board Member Foster noted that the budget reflected a 2.4% reduction in fixed-route bus service and referenced additional service changes planned for June. He asked whether the Board had been provided with detailed information regarding those proposed service adjustments. Ms. Cooney explained that staff reviews the service network three times each year and uses data from the Comprehensive Operational Analysis (COA) to evaluate potential adjustments. She noted that only major service changes are brought to the Board, while minor service modifications are implemented administratively. Ms. Cooney added that the June service changes had already been scheduled and incorporated into the proposed budget. Board Member Foster asked whether additional information was available regarding the service changes referenced in the presentation or whether those changes had not yet been determined. He stated that as he was being asked to approve the budget, he wanted to fully understand all proposed service reductions. Ms. Cooney clarified that the service changes referenced in the presentation were for June FY 2026 that had already been planned and scheduled, rather than future service reductions that were still to be determined. Mr. Thompson stated that the changes were available on the MTS website and offered to review the planned changes with the Board.

Board Member Foster requested that staff provide his office with information regarding the planned service changes. He also asked staff to prepare a concise summary of the steps MTS has taken to address its financial challenges prior to proposing fare increases. He stated that having those efforts documented in one place would help Board Members better understand the actions already taken and assist them in evaluating the budget and providing feedback. Ms. Cooney reminded the Board that staff had already presented the measures taken to address the agency's financial challenges and suggested revisiting the presentation. Chair Whitburn asked Board Member Foster if he had any additional comments to share while staff gathered the presentation for review. Board Member Foster requested that staff provide additional

information to the Board so members can review it and provide feedback in advance of the June budget discussions.

Chair Whitburn suggested that staff provide a concise summary of the prior month's presentation, which included discussion of the Board's recommendation to pursue a fare increase and the efforts undertaken to increase revenues and reduce costs. He then asked when SANDAG would make its decision on the recommended fare increases, noting that both MTS and NCTD had voted to recommend the increase but that the final decision rests with SANDAG. Mr. Olson explained that SANDAG's fare increase review process would include two public hearings on June 9, one within the MTS service area and one within the NCTD service area. He stated that the proposal would then be considered by the SANDAG Transportation Committee on June 12, with a final decision anticipated at the committee's July Transportation Committee meeting. Board Member Moreno clarified that the SANDAG Transportation Committee has the authority to make the final decision on the proposed fare increase and noted for the record that she would not be attending the June 12 Transportation Committee meeting. Mr. Olson explained that SANDAG would receive a presentation on the proposed fare increase in June and that the Transportation Committee was expected to make the final decision at its July meeting.

Mr. Olson outlined the following information from last month's Board presentation: Non-Fare operating revenue: historical trends, new and ongoing non-fare revenues, new vehicle wraps, digital kiosks, digital billboards, digital monitors, more station advertising, online merchandise store, more bus shelters and benches with advertising, land management, TOD's, concession kiosk rental, renegotiated contracts, naming rights agreements, employer program outreach, special events, corporate partnerships to grow large event ridership, and other funding mechanisms at the state and local levels.

Ms. Cooney informed the Board of ongoing discussions at the state level regarding proposals to redirect funding from programs that support transit agencies, including the Greenhouse Gas Reduction Fund and Zero-Emission Transit Capital Program. She explained that these changes could significantly impact MTS's capital budget and potentially affect projects that have already been approved and awarded funding. Ms. Cooney noted that transit agencies, housing advocates and state legislators were opposing the proposal and emphasized that, while MTS continues to advocate for additional funding, the agency cannot currently rely on state assistance to resolve the financial challenges. Ms. Cooney stated that she had begun exploring land value capture strategies and consulting with experts in that field. She noted that while those efforts continue, they would take time to develop and would not be available to help balance the FY 2027 budget.

Chair Whitburn summarized the Board's discussion by noting that public transit agencies rely heavily on subsidies and that MTS has prioritized maintaining service levels and keeping fares as low as possible despite ongoing financial challenges. He acknowledged the Board's continued interest in pursuing additional revenue sources but emphasized that the most immediate tools available to balance the budget were fare increases and service reductions. Chair Whitburn noted that several Board Members were reluctant to rely on projected fare increase revenue and suggested using approximately \$9M in reserves to balance the budget, with the possibility of restoring those funds if SANDAG ultimately approved the fare increase. He asked whether that approach would be acceptable to the Board.

Board Member Montgomery Steppe stated that she wanted additional time to review potential options before voting on the budget. She explained that Board Members had requested more

information regarding cost-saving measures, revenue opportunities, and long-term strategies and she wanted those ideas to be fully evaluated before making a decision. Board Member Montgomery Steppe acknowledged staff's work to develop the budget, she emphasized the importance of understanding all available options and being able to demonstrate to constituents that every reasonable alternative had been considered before adopting the budget.

Ms. Cooney emphasized that staff has spent years advocating for alternative funding sources and transit funding reforms at the state level. She noted that while efforts such as securing SB 125 funding have been successful, progress is often slowed by competing interests and priorities, and staff will continue pursuing those opportunities.

Board Member Moreno urged Chair Whitburn and Vice Chair Goble to establish a Budget Committee, stating that many of the issues being discussed could have been addressed through that process. She also reiterated her interest in exploring Major Corridor Projects and EMP related funding opportunities as potential revenue sources, noting that while those efforts may be challenging, they should continue to be considered as part of the agency's long-term funding strategy.

Chair Whitburn clarified that the purpose of the discussion was not to adopt a budget but to provide direction to staff on the revenue and cost assumptions that could be used to finalize the FY 2027 budget proposal. He recommended that staff prepare additional information summarizing the actions taken to address the budget gap and respond to questions raised by Board Members. Chair Whitburn also suggested that staff return next month with two budget scenarios, one relying on the proposed fare increase revenue and another using reserves to balance the budget. Mr. Thompson noted that as part of the public hearing process, MTS is required to publish a draft budget at least 15 days before the hearing. He sought clarification on whether staff would be permitted to publish two draft budget scenarios for public review. Ms. Landers clarified that both draft budget scenarios could be published for the public hearing. She explained that the purpose of the publication is to provide the public with the same information the Board will be reviewing and to clearly indicate that the Board will be considering both budget options before making a final decision. Ms. Cooney questioned whether the proposed timeline would provide the Board enough time to review the draft budget and reach a decision before the July 1 deadline. She asked whether an additional Board meeting should be scheduled in June to allow for further discussion and consideration of the budget.

Vice Chair Goble asked Board Members opposing a fare increase to clearly identify what additional information or actions they would need to see before supporting the proposal, so staff would have a clear direction moving forward.

Chair Whitburn asked whether the Board would be prepared to make a budget decision at the next regular meeting after reviewing the requested information and two budget scenarios, or if an additional meeting should be scheduled to allow for further discussion.

Board Member Hall recommended for Board Members to attend the June 11 Executive Committee meeting to continue discussing the budget.

Ms. Landers stated that the Board could potentially convert the June 11 Executive Committee meeting into a Board Workshop to allow additional discussion of the budget before the June 18 public hearing and budget adoption meeting. She explained that the required 15-day public notice could still be provided for the June 18 meeting, while the June 11 Board Workshop could be used to review and discuss the two budget scenarios and any proposed changes. Ms. Landers added that staff would need to ensure sufficient Board Member attendance to establish

a quorum for the workshop. Chair Whitburn sought clarification on whether the proposed June 11 Board Workshop would need to include any additional business or if it could be dedicated solely to discussing the FY 2027 budget. Ms. Cooney stated that the June 11 Board Workshop could be dedicated entirely to the budget discussion. She added that strong Board Member participation would be needed to ensure the discussion reflected the full Board's perspective. Ms. Landers stated that at least eight Board Members would need to attend that workshop to establish a quorum and emphasized that strong participation would help ensure a productive discussion before the June 18 Board meeting.

Chair Whitburn directed staff to schedule a Board Workshop on June 11 and encouraged as many Board Members as possible to attend in preparation for the June 18 Board meeting.

26. Public Hearing: Assembly Bill (AB (Assembly Bill) 2561 (McKinnor): Status of Vacancies, Recruitment and Retention (Thuy Nguyen)

The Board deferred the staff report for this item to the next meeting.

27. Annual Safety Performance Review and Approval of Updated Agency Safety Plan (Fabeann Soberg and Jared Garcia)

The Board deferred the staff report for this item to the next meeting.

28. Fiscal Year (FY) 2026 Q3 Performance Monitoring Report (Brent Boyd and Matthew Grace)

The Board deferred the staff report for this item to the next meeting.

OTHER ITEMS:

29. Chair, Board Member and Chief Executive Officer's (CEO's) Communications

There were no Chair, Board Member, CEO communications.

30. Remainder of Public Comments Not on The Agenda

There were no additional public comments.

ADJOURNMENT

31. Next Meeting Date

The next scheduled Board Meeting Workshop is June 11, 2026 at 9:00 a.m. The next regularly scheduled Board meeting is June 18, 2026 at 9:00 a.m.

32. Adjournment

The meeting was adjourned at 11:40 a.m.

/s/ Stephen Whitburn

Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

/s/ Lucia Mansour

Clerk of the Board
San Diego Metropolitan Transit System

/s/ Karen Landers

General Counsel
San Diego Metropolitan Transit System

Attachment: A. Roll Call Sheet

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS
ROLL CALL

MEETING OF (DATE): May 21, 2026 CALL TO ORDER (TIME): 9:03 a.m.
 RECESS: _____ RECONVENE: _____
 CLOSED SESSION: _____ RECONVENE: _____
 ORDINANCES ADOPTED: _____ ADJOURN: 11:40 a.m.

JURISDICTION	BOARD MEMBER		ALTERNATE		PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
City of Chula Vista	Cesar Fernandez	<input checked="" type="checkbox"/>	Jose Preciado	<input type="checkbox"/>	9:06 a.m.	11:38 a.m.
City of Chula Vista	John McCann	<input checked="" type="checkbox"/>	Jose Preciado	<input type="checkbox"/>	9:03 a.m.	11:26 a.m.
City of Coronado	Carrie Downey	<input checked="" type="checkbox"/>	Mark Fleming	<input type="checkbox"/>	9:03 a.m.	11:40 a.m.
County of San Diego	Monica Montgomery Steppe	<input checked="" type="checkbox"/>	Paloma Aguirre	<input type="checkbox"/>	9:03 a.m.	11:29 a.m.
City of El Cajon	Steve Goble (Vice-Chair)	<input checked="" type="checkbox"/>	Phil Ortiz	<input type="checkbox"/>	9:03 a.m.	11:40 a.m.
City of Imperial Beach	Matthew Leyba- Gonzalez	<input checked="" type="checkbox"/>	Mariko Nakawatase	<input type="checkbox"/>	9:03 a.m.	11:29 a.m.
City of La Mesa	Patricia Dillard	<input checked="" type="checkbox"/>	Mark Arapostathis	<input type="checkbox"/>	9:03 a.m.	10:37 a.m.
City of Lemon Grove	Jennifer Mendoza	<input checked="" type="checkbox"/>	Seth Smith	<input type="checkbox"/>	9:03 a.m.	11:40 a.m.
City of National City	Marcus Bush	<input type="checkbox"/>	Jose Rodriguez	<input type="checkbox"/>	ABSENT	ABSENT
City of Poway	Steve Vaus	<input type="checkbox"/>	Peter De Hoff	<input type="checkbox"/>	ABSENT	ABSENT
City of San Diego	Vivian Moreno	<input checked="" type="checkbox"/>	Jennifer Campbell	<input type="checkbox"/>	9:09 a.m.	11:40 a.m.
City of San Diego	Sean Elo-Rivera	<input checked="" type="checkbox"/>	Joe LaCava	<input type="checkbox"/>	9:03 a.m.	11:40 a.m.
City of San Diego	Todd Gloria	<input type="checkbox"/>	Henry Foster	<input checked="" type="checkbox"/>	9:03 a.m.	11:39 a.m.
City of San Diego	Stephen Whitburn (Chair)	<input checked="" type="checkbox"/>	Kent Lee	<input type="checkbox"/>	9:03 a.m.	11:40 a.m.
City of Santee	Ronn Hall	<input checked="" type="checkbox"/>	Laura Koval John Minto	<input type="checkbox"/> <input type="checkbox"/>	9:03 a.m.	11:40 a.m.

SIGNED BY THE CLERK OF THE BOARD: /s/ Lucia Mansour