



Board of Directors Agenda

Click link to access the meeting:

<https://www.zoomgov.com/j/1602805839>






Zoom Meeting ID

Ways to Join



Computer: Click the link above. You will be prompted to run the Zoom browser or Zoom application. Once signed on to the meeting, you will have the option to join using your computer audio system or phone.

Webinar Features:

 Raise Hand	▶	Use the raise hand feature every time you wish to make a public comment.
	▶	Participants can enable closed captioning by clicking the CC icon. You may also view the full transcript and change the font size by clicking 'subtitle settings'. These features are not available via phone.
	▶	This symbol shows you are muted , click this icon to unmute your microphone.
	▶	This symbol shows you are currently unmuted , click this button to mute your microphone.
	▶	The chat feature should be used by panelists and attendees solely for "housekeeping" matters as comments made through this feature will not be retained as part of the meeting record. See the Live Verbal Public Comment for instructions on how to make a public comment.



Smartphone or Tablet: Download the Zoom app and join the meeting by clicking the link or using the webinar ID (found in the link).



Phone:

1. If you are joining the meeting audio by phone and viewing the meeting on a device, dial the number provided in the 'join audio' phone call tab of the initial pop-up, and enter the Meeting ID (found in the link).
2. If you are joining by phone only, dial: **+1-669-900-9128** or **+1-253-215-8782** and type the meeting ID found in the link, press #. You will have access to the meeting audio, **but will NOT be able to view the PowerPoint presentations.**



Live Verbal Public Comments:

Use the 'Raise Hand' icon every time you wish to make a public comment on an item. Raise your hand once the agenda item you wish to comment on has been called. In person public comments will be taken first, virtual attendees will be taken in the order in which they raise their hand. Requests to speak will not be taken after the public comment period ends, unless under the Chair's discretion. General Public Comment, at the beginning of the Board of Directors meeting only, will be limited to five speakers. Additional speakers with general public comments will be heard at the end of the meeting. Two-minutes of time is allotted per speaker, unless otherwise directed by the Chair.

Public Comments Made Via Zoom

1. Click the link found at the top of this instruction page
2. Click the raise hand icon located in the bottom center of the platform
3. The Clerk will announce your name when it is your turn to speak
4. Unmute yourself to speak

Public Comments Made by Phone Only

1. Dial **+1-669-900-9128**
2. Type in the zoom meeting ID found in the link and press #
3. Dial *9 to raise your hand via phone
4. The Clerk will call out the last 4 digits of your phone number to announce you are next to speak
5. Dial *6 to unmute yourself



Written Public Comments (before the meeting): Written public comments will be recorded in the public record and will be provided to MTS Board Members in advance of the meeting. Comments must be emailed or mailed to the Clerk of the Board* by 4:00pm the day prior to the meeting.



Translation Services: Requests for translation services can be made by contacting the Clerk of the Board* at least four working days in advance of the meeting.



In-Person Participation: In-person public comments will be heard first. Following in-person public comments, virtual attendees will be heard in the order in which they raise their hand via the Zoom platform. Speaking time will be limited to two minutes per person, unless specified by the Chairperson. Requests to speak will not be taken after the public comment period ends, unless under the Chair's discretion.

Instructions for providing in-person public comments:

1. Fill out a speaker slip located at the entrance of the Board Room;
2. Submit speaker slip to MTS staff seated at the entrance of the Board Room;
3. When your name is announced, please approach the podium located on the right side of the dais to make your public comments.

Members of the public are permitted to make general public comment at the beginning of the agenda or specific comments referencing items on the agenda during the public comment period. General Public Comment, at the beginning of the Board of Directors meeting only, will be limited to five speakers. Additional speakers with general public comments will be heard at the end of the meeting.



Assistive Listening Devices (ALDs): ALDs are available from the Clerk of the Board* prior to the meeting and are to be returned at the end of the meeting.



Reasonable Accommodations: As required by the Americans with Disabilities Act (ADA), requests for agenda information in an alternative format or to request reasonable accommodations to facilitate meeting participation, please contact the Clerk of the Board* at least two working days prior to the meeting.



***Contact Information:** Contact the Clerk of the Board via email at ClerkoftheBoard@sdmts.com, phone at (619) 398-9561 or by mail at **1255 Imperial Ave. Suite 1000, San Diego CA 92101.**



Agenda de la Junta de Directores

Haga clic en el enlace para acceder a la reunión:

<https://www.zoomgov.com/j/1602805839>






Formas de Participar



Computadora: Haga clic en el enlace más arriba. Recibirá instrucciones para operar el navegador de Zoom o la aplicación de Zoom. Una vez que haya iniciado sesión en la reunión, tendrá la opción de participar usando el sistema de audio de su computadora o teléfono.

ID de la reunión
en Zoom

Funciones del Seminario En Línea:

 Levantar la mano	▶	Use la herramienta de levantar la mano cada vez que desee hacer un comentario público.
	▶	Los participantes pueden habilitar el subtítulo haciendo clic en el ícono CC. También puede ver la transcripción completa y cambiar el tamaño de letra haciendo clic en “configuración de subtítulos”. Estas herramientas no están disponibles por teléfono.
	▶	Este símbolo indica que usted se encuentra en silencio , haga clic en este ícono para quitar el silenciador de su micrófono.
	▶	Este símbolo indica que su micrófono se encuentra encendido . Haga clic en este símbolo para silenciar su micrófono.
	▶	La herramienta de chat deben usarla los panelistas y asistentes únicamente para asuntos “pertinentes a la reunión”, ya que comentarios realizados a través de esta herramienta no se conservarán como parte del registro de la reunión. Consulte el Comentario público verbal en vivo para obtener instrucciones sobre cómo hacer un comentario público.



Teléfono Inteligente o Tableta: Descargue la aplicación de Zoom y participe en la reunión haciendo clic en el enlace o usando el ID del seminario web (que se encuentra en el enlace).



Teléfono:

1. Si está participando en la reunión mediante audio de su teléfono y viendo la reunión en un dispositivo, marque el número indicado en la pestaña de llamada telefónica “unirse por audio” en la ventana emergente inicial e ingrese el ID de la reunión (que se encuentra en el enlace).
2. Si está participando solo por teléfono, marque: **+1-669-900-9128** o **+1-253-215-8782** e ingrese el ID de la reunión que se encuentra en el enlace, pulse #. Tendrá acceso al audio de la reunión, **pero NO podrá ver las presentaciones en PowerPoint.**



Comentarios Públicos Verbales en Vivo: Use la herramienta “levantar la mano” cada vez que desee hacer un comentario público sobre alguno de los artículos. Levante la mano una vez que el artículo de la agenda sobre el que desea comentar haya sido convocado. Los comentarios públicos en persona se escucharán primero, se escuchará a los asistentes virtuales en el orden en el que levanten la mano. No se aceptarán solicitudes para hablar después de que termine el periodo para hacer comentarios públicos, a menos de que el presidente determine de otra forma a su discreción. Comentarios públicos generales, únicamente al inicio de la reunión de la Junta de Directores, se limitarán a cinco personas que deseen hablar. Las personas adicionales que deseen aportar comentarios públicos generales podrán hacerlo al final de la reunión. Se otorga dos minutos de tiempo por persona que desee hablar, a menos de que el presidente instruya de otra forma. *(Consulte la página 2 para obtener instrucciones sobre cómo hacer un comentario público.)*

Comentarios Públicos a Través de Zoom

1. Haga clic en el enlace que se encuentra en la parte superior de esta página de instrucciones
2. Haga clic en el ícono de levantar la mano en el centro inferior de la plataforma
3. El secretario anunciará su nombre cuando sea su turno de hablar
4. Desactive el silenciador para que pueda hablar

Comentarios Públicos Realizados Únicamente por Teléfono

1. Marque el **+1-669-900-9128**
2. Ingrese el ID de la reunión en Zoom que se encuentra en el enlace y pulse #
3. Marque *9 para levantar la mano por teléfono
4. El secretario indicará los últimos 4 dígitos de su número de teléfono para anunciar que usted será el siguiente en hablar
5. Marque *6 para desactivar el silenciador



Comentarios Públicos por Escrito (Antes de la Reunión): Los comentarios públicos por escrito se registrarán en el registro público y se entregarán a los miembros de la Junta de MTS antes de la reunión. Los comentarios deben enviarse por correo electrónico o postal al secretario de la Junta* antes de las 4:00 p.m. el día anterior a la reunión.



Servicios de Traducción: Pueden solicitarse servicios de traducción comunicándose con el secretario de la Junta* por lo menos cuatro días hábiles antes de la reunión.



Participación en Persona: Los comentarios públicos en persona se escucharán primero. Después de los comentarios públicos en persona, se escuchará a los asistentes virtuales en el orden en el que levanten la mano a través de la plataforma de Zoom. El tiempo para hablar se limitará a dos minutos por persona, a menos de que el presidente especifique de otra forma. No se recibirán solicitudes para hablar después de que termine el periodo para hacer comentarios públicos, a menos de que el presidente determine de otra forma a su discreción.

Instrucciones para brindar comentarios públicos en persona:

1. Llene la boleta para personas que desean hablar que se encuentran en la entrada de la Sala de la Junta.
2. Entregue la boleta para personas que desean hablar al personal de MTS que se encuentra sentado en la entrada de la Sala de la Junta.
3. Cuando anuncien su nombre, por favor, acérquese al podio ubicado en el lado derecho de la tarima para hacer sus comentarios públicos.

Los miembros del público pueden hacer comentarios públicos generales al inicio de la agenda o comentarios específicos que hagan referencia a los puntos de la agenda durante el periodo de comentarios públicos. Los comentarios públicos generales únicamente al inicio de la reunión de la Junta de Directores, se limitarán a cinco personas que deseen hablar. Las personas adicionales que deseen aportar comentarios públicos generales podrán hacerlo al final de la reunión.



Dispositivos de Asistencia Auditiva (ALD, por sus siglas en inglés): Los ALD están disponibles con el secretario de la Junta* antes de la reunión y estos deberán ser devueltos al final de la reunión.



Facilidades Razonables: Según lo requerido por la Ley de Estadounidenses con Discapacidades (ADA, por sus siglas en inglés), para presentar solicitudes de información de la agenda en un formato alternativo o solicitar facilidades razonables para facilitar su participación en la reunión, por favor, comuníquese con el secretario de la Junta* por lo menos dos días hábiles antes de la reunión.



***Información de Contacto:** Comuníquese con el secretario de la Junta por correo electrónico en ClerkoftheBoard@sdmts.com, por teléfono al **(619) 398-9561** o por correo postal en **1255 Imperial Ave. Suite 1000, San Diego CA 92101.**



**Metropolitan
Transit
System**

Board of Directors Workshop

Agenda

June 11, 2026 at 9:00 a.m.

In-Person Participation: James R. Mills Building, 1255 Imperial Avenue, 10th Floor Board Room, San Diego CA 92101

Teleconference Participation: (669) 254-5252; Webinar ID: 160 280 5839, <https://www.zoomgov.com/j/1602805839>

NO.	ITEM SUBJECT AND DESCRIPTION	ACTION
-----	------------------------------	--------

1.	Roll Call	
----	------------------	--

2.	Public Comments	
----	------------------------	--

This item is limited to five speakers with two minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.

DISCUSSION ITEMS

3.	Fiscal Year (FY) 2027 Operating Budget Workshop (Mike Thompson)	Approve
----	--	---------

Action would 1) Engage in a budget workshop; 2) Consider two options for the draft FY 2027 Operating Budget; and 3) Select which budget version to bring to the Public Hearing at the June 18, 2026 MTS Board meeting and/or provide other feedback to staff.

OTHER ITEMS

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

5.	Remainder of Public Comments Not on The Agenda	
----	---	--

This item is a continuation of item No. 2 (Public Comment), in the event all speakers who request to comment on item No. 2 are not called. If all Public Comment is accepted during item No. 2, no additional public comment will be accepted under this item.

6.	Next Meeting Date	
----	--------------------------	--

The next Board of Director's meeting is scheduled for June 18, 2026 at 9:00am.

ADJOURNMENT

7.	Adjournment	
----	--------------------	--

1255 Imperial Avenue, Suite 1000, San Diego, CA 92101-7490 • (619) 231-1466 • sdmts.com

San Diego Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego. MTS is also the For-Hire Vehicle administrator for multiple cities in San Diego County.





**Metropolitan
Transit
System**

Agenda Item No. 03

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD WORKSHOP

June 11, 2026

SUBJECT:

Fiscal Year (FY) 2027 Operating Budget Workshop (Mike Thompson)

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors (Board):

- 1) Engage in a budget workshop;
- 2) Consider two options for the draft FY 2027 Operating Budget (Attachments A and B); and
- 3) Select which budget version to bring to the Public Hearing at the June 18, 2026 MTS Board meeting and/or provide other feedback to staff.

Budget Impact

None at this time. The Board will hold a Public Hearing for review and comment on the FY 2027 MTS Operating Budget at its June 18, 2026 meeting. The FY 2027 Operating Budget must be adopted in advance of July 1, 2026 (the first day of FY 2027).

DISCUSSION:

On May 21, 2026 (Agenda Item 25) staff presented an updated draft of the FY 2027 operating budget to the Board and reviewed all major revenue and expense assumptions. At that meeting, the Board was unable to come to a consensus on direction for staff for the FY 2027 Operating Budget and the Public Hearing that will be held for budget adoption on June 18, 2026. The central issue was whether to include the estimated impact of the passenger fare increase being considered by the San Diego Association of Governments (SANDAG) Transportation Committee (TC).

On June 12, 2026, the SANDAG TC will be presented with the proposed amendments to the Comprehensive Fare Ordinance, a report on public outreach conducted throughout the Fare Change Study, and Title VI analysis of the proposed fare changes. The SANDAG TC will be asked to conduct the first reading of amendments to the Comprehensive Fare Ordinance. At its next meeting on July 17, 2026, the SANDAG TC will be asked to approve the ordinance amendment, which will be after the start of the new budget year for MTS (July 1, 2026).



The Board directed staff to hold a special Board meeting workshop focused on the FY 2027 budget in advance of the June 18, 2026 Public Hearing to address this and any other open questions on the budget. Staff were also directed to prepare two versions of the FY 2027 Operating Budget for consideration and to prepare an informational document (Attachment C) that details the financial sustainability efforts since the pandemic.

- Version 1, which would include the estimated MTS revenue increase resulting from the proposed Comprehensive Fare Ordinance changes. The full draft of the budget documents for this version can be found at the following link:
<https://www.sdmts.com/sites/default/files/attachments/fy-2027-budget-book-version-1-fare-increase.pdf>
- Version 2 would not include increased revenue assumptions from the proposed fare changes, instead showing ridership and passenger fare revenue assumptions based on the current trends. If the fare ordinance amendments are ultimately passed by the SANDAG TC, the MTS Operating Budget could be amended after the start of the fiscal year. A mid-year Operating Budget adjustment, typically adopted in March of each year, would reflect the revenue and ridership trends actually experienced so far during the fiscal year, including any increased revenue from a fare change. The full draft of the budget documents for this version can be found at the following link:
<https://www.sdmts.com/sites/default/files/attachments/fy-2027-budget-book-version-2-no-fare-increase.pdf>

In this meeting, staff will review the direction previously received from the Board and the current plan to balance the operating budgets using non-recurring Senate Bill (SB) 125 funding for at least the next three years. Staff will also review the recent budget history to show the growth of the operating structural deficit, where the annual recurring revenue sources do not equal recurring expenses. This is primarily due to stagnant subsidy revenue streams at a time with higher-than-normal inflation, both of which are issues facing transit agencies industry wide.

At the June 18, 2026 Board meeting, a Public Hearing will be held for review and comment on the FY 2027 Operating Budget.

Given the requirement of an adopted budget prior to July 1, 2026 (the first day of Fiscal Year 2027), staff seeks Board direction on which version of the operating budget to be presented at the Public Hearing.

Therefore, staff recommends that the Board:

- 1) Engage in a budget workshop;
- 2) Consider two options for the FY 2027 Draft Budget (Attachments A and B); and
- 3) Select which budget version to bring to the Public Hearing at the June 18, 2026 MTS Board meeting and/or provide other feedback to staff.

/s/ Sharon Cooney
Sharon Cooney
Chief Executive Officer

Key Staff Contact: Julia Tuer, 619.557.4515, Julia.Tuer@sdmts.com

Attachments: A. FY 2027 Operating Budget – Consolidated MTS – Version 1, with fare increase
B. FY 2027 Operating Budget – Consolidated MTS – Version 2, without fare increase
C. Financial Sustainability Actions Since 2020

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATING BUDGET SUMMARY
FISCAL YEAR 2027
SECTION 2.01**

	ACTUAL FY25	AMENDED BUDGET FY26	PROPOSED BUDGET FY27	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	77,896,658	80,820,126	90,210,908	9,390,782	11.6%
OTHER OPERATING REVENUE	36,176,729	33,478,163	33,489,800	11,637	0.0%
TOTAL OPERATING REVENUES	114,073,387	114,298,289	123,700,708	9,402,419	8.2%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	309,605,221	288,785,167	358,881,444	70,096,277	24.3%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	19,359,078	67,981,456	(82,598)	(68,064,054)	-100.1%
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	19,359,078	67,981,456	(82,598)	(68,064,054)	-100.1%
TOTAL NON OPERATING REVENUE	328,964,299	356,766,623	358,798,847	2,032,224	0.6%
TOTAL COMBINED REVENUES	443,037,686	471,064,912	482,499,555	11,434,643	2.4%
OPERATING EXPENSES					
LABOR EXPENSES	115,656,871	121,425,779	126,789,555	5,363,776	4.4%
FRINGE EXPENSES	78,958,853	81,367,453	80,951,626	(415,827)	-0.5%
TOTAL PERSONNEL EXPENSES	194,615,723	202,793,232	207,741,181	4,947,949	2.4%
SECURITY EXPENSES	14,142,830	15,274,622	16,311,495	1,036,873	6.8%
REPAIR/MAINTENANCE SERVICES	11,152,828	15,259,257	12,645,191	(2,614,066)	-17.1%
ENGINE AND TRANSMISSION REBUILD	1,328,910	1,154,468	1,714,000	559,532	48.5%
OTHER OUTSIDE SERVICES	25,432,291	29,402,718	29,045,915	(356,803)	-1.2%
PURCHASED TRANSPORTATION	109,099,796	111,607,521	114,927,329	3,319,808	3.0%
TOTAL OUTSIDE SERVICES	161,156,655	172,698,586	174,643,930	1,945,344	1.1%
LUBRICANTS	490,290	484,000	527,000	43,000	8.9%
TIRES	1,351,794	1,562,300	1,627,300	65,000	4.2%
OTHER MATERIALS AND SUPPLIES	16,476,172	19,287,264	19,785,569	498,305	2.6%
TOTAL MATERIALS AND SUPPLIES	18,318,256	21,333,564	21,939,869	606,305	2.8%
GAS/DIESEL/PROPANE	2,862,634	3,139,575	3,793,261	653,686	20.8%
CNG	12,804,983	13,673,143	13,384,413	(288,730)	-2.1%
TRACTION POWER	23,784,125	27,731,480	28,615,015	883,535	3.2%
UTILITIES	6,238,841	6,445,654	6,820,244	374,590	5.8%
TOTAL ENERGY	45,690,583	50,989,852	52,612,933	1,623,081	3.2%
RISK MANAGEMENT	10,840,927	13,599,339	15,729,391	2,130,052	15.7%
GENERAL AND ADMINISTRATIVE	6,898,324	7,313,754	7,386,548	72,794	1.0%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	2,196,944	2,336,586	2,445,703	109,117	4.7%
TOTAL OPERATING EXPENSES	439,717,412	471,064,913	482,499,555	11,434,642	2.4%
NET OPERATING SUBSIDY	(325,644,025)	(356,766,624)	(358,798,847)	2,032,223	0.6%
OVERHEAD ALLOCATION	0	(0)	0	0	0.0%
ADJUSTED NET OPERATING SUBSIDY	(325,644,025)	(356,766,624)	(358,798,847)	2,032,223	0.6%
TOTAL REVENUES LESS TOTAL EXPENSES	3,320,274	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATING BUDGET SUMMARY
FISCAL YEAR 2027
SECTION 2.01**

	ACTUAL FY25	AMENDED BUDGET FY26	PROPOSED BUDGET FY27	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	77,896,658	80,820,126	83,014,390	2,194,264	2.7%
OTHER OPERATING REVENUE	36,176,729	33,478,163	33,489,800	11,637	0.0%
TOTAL OPERATING REVENUES	114,073,387	114,298,289	116,504,190	2,205,901	1.9%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	309,605,221	288,785,167	366,077,962	77,292,795	26.8%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	19,359,078	67,981,456	(82,598)	(68,064,054)	-100.1%
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	19,359,078	67,981,456	(82,598)	(68,064,054)	-100.1%
TOTAL NON OPERATING REVENUE	328,964,299	356,766,623	365,995,365	9,228,742	2.6%
TOTAL COMBINED REVENUES	443,037,686	471,064,912	482,499,555	11,434,643	2.4%
OPERATING EXPENSES					
LABOR EXPENSES	115,656,871	121,425,779	126,789,555	5,363,776	4.4%
FRINGE EXPENSES	78,958,853	81,367,453	80,951,626	(415,827)	-0.5%
TOTAL PERSONNEL EXPENSES	194,615,723	202,793,232	207,741,181	4,947,949	2.4%
SECURITY EXPENSES	14,142,830	15,274,622	16,311,495	1,036,873	6.8%
REPAIR/MAINTENANCE SERVICES	11,152,828	15,259,257	12,645,191	(2,614,066)	-17.1%
ENGINE AND TRANSMISSION REBUILD	1,328,910	1,154,468	1,714,000	559,532	48.5%
OTHER OUTSIDE SERVICES	25,432,291	29,402,718	29,045,915	(356,803)	-1.2%
PURCHASED TRANSPORTATION	109,099,796	111,607,521	114,927,329	3,319,808	3.0%
TOTAL OUTSIDE SERVICES	161,156,655	172,698,586	174,643,930	1,945,344	1.1%
LUBRICANTS	490,290	484,000	527,000	43,000	8.9%
TIRES	1,351,794	1,562,300	1,627,300	65,000	4.2%
OTHER MATERIALS AND SUPPLIES	16,476,172	19,287,264	19,785,569	498,305	2.6%
TOTAL MATERIALS AND SUPPLIES	18,318,256	21,333,564	21,939,869	606,305	2.8%
GAS/DIESEL/PROPANE	2,862,634	3,139,575	3,793,261	653,686	20.8%
CNG	12,804,983	13,673,143	13,384,413	(288,730)	-2.1%
TRACTION POWER	23,784,125	27,731,480	28,615,015	883,535	3.2%
UTILITIES	6,238,841	6,445,654	6,820,244	374,590	5.8%
TOTAL ENERGY	45,690,583	50,989,852	52,612,933	1,623,081	3.2%
RISK MANAGEMENT	10,840,927	13,599,339	15,729,391	2,130,052	15.7%
GENERAL AND ADMINISTRATIVE	6,898,324	7,313,754	7,386,548	72,794	1.0%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	2,196,944	2,336,586	2,445,703	109,117	4.7%
TOTAL OPERATING EXPENSES	439,717,412	471,064,913	482,499,555	11,434,642	2.4%
NET OPERATING SUBSIDY	(325,644,025)	(356,766,624)	(365,995,365)	9,228,741	2.6%
OVERHEAD ALLOCATION	0	(0)	0	0	0.0%
ADJUSTED NET OPERATING SUBSIDY	(325,644,025)	(356,766,624)	(365,995,365)	9,228,741	2.6%
TOTAL REVENUES LESS TOTAL EXPENSES	3,320,274	-	-	-	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS BUDGET
FISCAL YEAR 2027
SECTION 2.02**

	ACTUAL FY25	AMENDED BUDGET FY26	PROPOSED BUDGET FY27	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	77,896,658	80,820,126	83,014,390	2,194,264	2.7%
OTHER OPERATING REVENUE	1,197,969	702,941	1,074,720	371,779	52.9%
TOTAL OPERATING REVENUES	79,094,627	81,523,067	84,089,110	2,566,043	3.1%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	302,214,724	285,239,334	361,453,817	76,214,483	26.7%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	19,540,356	67,607,783	-	(67,607,783)	-100.0%
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	19,540,356	67,607,783	-	(67,607,783)	-100.0%
TOTAL NON OPERATING REVENUE	321,755,081	352,847,117	361,453,817	8,606,700	2.4%
TOTAL COMBINED REVENUES	400,849,708	434,370,184	445,542,927	11,172,743	2.6%
OPERATING EXPENSES					
LABOR EXPENSES	92,009,119	96,181,948	100,066,019	3,884,071	4.0%
FRINGE EXPENSES	68,200,223	70,356,136	68,816,853	(1,539,283)	-2.2%
TOTAL PERSONNEL EXPENSES	160,209,341	166,538,084	168,882,872	2,344,788	1.4%
SECURITY EXPENSES	1,247,599	1,315,122	1,419,319	104,197	7.9%
REPAIR/MAINTENANCE SERVICES	10,797,644	14,932,357	12,402,291	(2,530,066)	-16.9%
ENGINE AND TRANSMISSION REBUILD	1,328,910	1,154,468	1,714,000	559,532	48.5%
OTHER OUTSIDE SERVICES	9,703,339	11,001,377	8,495,938	(2,505,439)	-22.8%
PURCHASED TRANSPORTATION	109,099,796	111,607,521	114,927,329	3,319,808	3.0%
TOTAL OUTSIDE SERVICES	132,177,287	140,010,845	138,958,877	(1,051,968)	-0.8%
LUBRICANTS	490,290	484,000	527,000	43,000	8.9%
TIRES	1,351,794	1,562,300	1,627,300	65,000	4.2%
OTHER MATERIALS AND SUPPLIES	16,290,390	19,207,016	19,265,710	58,694	0.3%
TOTAL MATERIALS AND SUPPLIES	18,132,474	21,253,316	21,420,010	166,694	0.8%
GAS/DIESEL/PROPANE	2,626,509	2,901,975	3,520,661	618,686	21.3%
CNG	12,804,983	13,673,143	13,384,413	(288,730)	-2.1%
TRACTION POWER	23,784,125	27,731,480	28,615,015	883,535	3.2%
UTILITIES	5,184,603	5,447,633	5,806,999	359,366	6.6%
TOTAL ENERGY	44,400,221	49,754,231	51,327,088	1,572,857	3.2%
RISK MANAGEMENT	9,900,789	12,423,566	14,474,531	2,050,965	16.5%
GENERAL AND ADMINISTRATIVE	1,103,989	1,322,022	1,140,611	(181,411)	-13.7%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	1,713,877	1,676,466	1,753,120	76,654	4.6%
TOTAL OPERATING EXPENSES	367,637,978	392,978,530	397,957,109	4,978,579	1.3%
NET OPERATING SUBSIDY	(288,543,351)	(311,455,463)	(313,867,999)	2,412,536	0.8%
OVERHEAD ALLOCATION	(33,211,729)	(41,391,655)	(47,585,818)	(6,194,163)	15.0%
ADJUSTED NET OPERATING SUBSIDY	(321,755,080)	(352,847,118)	(361,453,817)	8,606,699	2.4%
TOTAL REVENUES LESS TOTAL EXPENSES	0	(1)	(0)	(1)	-71.7%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
ADMINISTRATIVE BUDGET
FISCAL YEAR 2027
SECTION 2.03**

	ACTUAL FY25	AMENDED BUDGET FY26	PROPOSED BUDGET FY27	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING REVENUE	33,872,458	31,620,877	31,187,312	(433,565)	-1.4%
TOTAL OPERATING REVENUES	33,872,458	31,620,877	31,187,312	(433,565)	-1.4%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	7,390,497	3,545,833	4,624,145	1,078,312	30.4%
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	-	-	-	-	-
TOTAL NON OPERATING REVENUE	7,390,497	3,545,833	4,624,145	1,078,312	30.4%
TOTAL COMBINED REVENUES	41,262,955	35,166,710	35,811,457	644,747	1.8%
OPERATING EXPENSES					
LABOR EXPENSES	23,229,836	24,783,831	26,230,071	1,446,240	5.8%
FRINGE EXPENSES	10,529,754	10,766,767	11,855,919	1,089,152	10.1%
TOTAL PERSONNEL EXPENSES	33,759,589	35,550,598	38,085,990	2,535,392	7.1%
SECURITY EXPENSES	12,895,232	13,959,500	14,892,176	932,676	6.7%
REPAIR/MAINTENANCE SERVICES	351,686	319,900	235,900	(84,000)	-26.3%
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	15,623,405	17,861,341	20,447,977	2,586,636	14.5%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	28,870,322	32,140,741	35,576,053	3,435,312	10.7%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	183,400	79,748	519,359	439,611	551.3%
TOTAL MATERIALS AND SUPPLIES	183,400	79,748	519,359	439,611	551.3%
GAS/DIESEL/PROPANE	231,725	230,600	265,600	35,000	15.2%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	1,054,238	998,021	1,013,245	15,224	1.5%
TOTAL ENERGY	1,285,963	1,228,621	1,278,845	50,224	4.1%
RISK MANAGEMENT	864,224	1,033,106	1,138,086	104,980	10.2%
GENERAL AND ADMINISTRATIVE	5,730,424	5,928,068	6,188,673	260,605	4.4%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	458,458	632,120	663,726	31,606	5.0%
TOTAL OPERATING EXPENSES	71,152,381	76,593,002	83,450,732	6,857,730	9.0%
NET OPERATING SUBSIDY	(37,279,923)	(44,972,125)	(52,263,420)	7,291,295	16.2%
OVERHEAD ALLOCATION	33,210,996	41,426,292	47,639,275	6,212,982	15.0%
ADJUSTED NET OPERATING SUBSIDY	(4,068,927)	(3,545,833)	(4,624,145)	1,078,313	30.4%
TOTAL REVENUES LESS TOTAL EXPENSES	3,321,569	0	-	0	-100.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OTHER ACTIVITIES BUDGET
FISCAL YEAR 2027
SECTION 2.04**

	ACTUAL FY25	AMENDED BUDGET FY26	PROPOSED BUDGET FY27	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
OTHER OPERATING REVENUE	1,106,302	1,154,345	1,227,768	73,423	6.4%
TOTAL OPERATING REVENUES	1,106,302	1,154,345	1,227,768	73,423	6.4%
NON OPERATING REVENUE					
TOTAL SUBSIDY REVENUE	-	-	-	-	-
OTHER NON OPERATING REVENUE					
RESERVE REVENUE	(181,279)	373,673	(82,598)	(456,271)	-122.1%
OTHER INCOME	-	-	-	-	-
TOTAL OTHER NON OPERATING REVENUE	(181,279)	373,673	(82,598)	(456,271)	-122.1%
TOTAL NON OPERATING REVENUE	(181,279)	373,673	(82,598)	(456,271)	-122.1%
TOTAL COMBINED REVENUES	925,024	1,528,018	1,145,170	(382,848)	-25.1%
OPERATING EXPENSES					
LABOR EXPENSES	417,916	460,000	493,465	33,465	7.3%
FRINGE EXPENSES	228,876	244,550	278,854	34,304	14.0%
TOTAL PERSONNEL EXPENSES	646,792	704,550	772,319	67,769	9.6%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	3,498	7,000	7,000	-	0.0%
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	105,547	540,000	102,000	(438,000)	-81.1%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	109,045	547,000	109,000	(438,000)	-80.1%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	2,382	500	500	-	0.0%
TOTAL MATERIALS AND SUPPLIES	2,382	500	500	-	0.0%
GAS/DIESEL/PROPANE	4,399	7,000	7,000	-	0.0%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	-	-	-	-	-
TOTAL ENERGY	4,399	7,000	7,000	-	0.0%
RISK MANAGEMENT	75,915	142,667	116,774	(25,893)	-18.1%
GENERAL AND ADMINISTRATIVE	63,911	63,664	57,264	(6,400)	-10.1%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	24,608	28,000	28,857	857	3.1%
TOTAL OPERATING EXPENSES	927,053	1,493,381	1,091,714	(401,667)	-26.9%
NET OPERATING SUBSIDY	179,249	(339,036)	136,054	(475,090)	-140.1%
OVERHEAD ALLOCATION	733	(34,637)	(53,456)	-	54.3%
ADJUSTED NET OPERATING SUBSIDY	179,983	(373,673)	82,598	(456,271)	-122.1%
TOTAL REVENUES LESS TOTAL EXPENSES	(1,296)	0	0	(0)	0.0%



**San Diego Metropolitan Transit System
Budget & Financial Sustainability Actions Since 2020**

Since 2020, as pandemic relief funding expired and operating costs increased, MTS has taken a multi-pronged approach to balance its budget, implementing strategies to maintain high levels of transit service and secure additional long-term funding. MTS's goal is to maintain balanced operations through FY 2030 while securing sustainable long-term funding sources to minimize potential service reductions. Those strategies and efforts are outlined below:

Pursuit of Short-Term and New Long-Term Funding Sources

Federal Advocacy:

- Pursued additional federal stimulus funding (one-time funding via CARES Act and ARP Act; received a total of \$360.4 million).
- Advocating for increased public transportation funding in Federal Surface Transportation Reauthorization bill.

State Advocacy:

- Pursued state stimulus funding (one-time funding via SB 125; to-date, have received \$195.2 million out of \$283.7 million).
- Advocated for expansion of Transportation Development Act (TDA) funding through participation in the Transit Transformation Task Force.
- Continuing discussions with peer transit agencies and metropolitan transportation organizations on long-term state funding proposals, including TDA expansion.
- Ongoing pursuit of more flexible use of Greenhouse Gas Reduction Fund (GGRF) funding for transit operations.
- Advocating for preserving Zero-Emission Transit Capital Program (ZETCP) funding levels in state budget.

Local Efforts & Advocacy:

- MTS is undertaking a comprehensive operational analysis (COA) to evaluate the efficiency of our operations over the next couple of years. The COA will examine two scenarios: securing more revenue or not.
- Created an Ad Hoc Sustainability Transit Subcommittee made up of MTS Board Members to provide guidance to staff on financial sustainability efforts.
- Committee met approximately every two months since March 2025
- Hired consultant to further research additional funding mechanisms for consideration.
- Ongoing research and assessment of a potential local sales tax ballot measure targeted for November 2028.
- Pursuing legislation (AB 2484, Alvarez) to confirm and clarify existing law that the imposition of a voter-approved sales tax dedicated exclusively to MTS may also be imposed by a qualified voter initiative.

- Explored future funding options including, but not limited to, redistribution of regional TransNet funding, parcel taxes, rideshare taxes, zero-emission vehicle fees, vehicle license and registration fees, and land value capture strategies.
- Determined greatest revenue impacts to come from local sales tax measure and/or TDA funding expansion.
- Other individual funding mechanisms may require new legislative authority and voter approval, resulting in potential conflicting ballot measures. Additional funding mechanisms will continue to be explored as potential out year opportunities.

Preservation/Growing Service Levels to Promote Transit Use

Trolley Service Improvements:

- UC San Diego Blue Line Mid-Coast extension opened in November 2021, fully subsidized through SANDAG TransNet funds.
- Increased service on the Green Line to every 15 minutes, all day every day (launched January 2025)
- Added the Copper Line between El Cajon and Santee (launched September 2024), improving service reliability and reducing expenses simultaneously using Short-Term Financial Strategies

Bus Service Improvements:

- Iris Rapid (Route 227 launched October 2023) implemented and fully subsidized through SB 125 TIRCP funding.
- Blue Line Overnight Express (Route 910 launched January 2025) implemented and fully subsidized through SB 125 TIRCP funding.

Preservation of Existing Transit Service Levels:

- Strategically utilized CARES and ARP relief funds post-COVID for service continuity and social distancing which has assisted in ridership recovery.
- Current usage of SB 125 to stretch fiscal cliff and provide relative continuity of transit services concurrent to staff seeking long-term sustainability funding.
- Reallocated capital funds to support operating needs.
- Implemented additional operational efficiencies and cost-saving measures (pension amortization strategy, administrative cost cutting, minor service efficiencies).

Growing Ridership and Fare Revenues

- Increased Trolley service frequency and expanded bus and rail service with assistance from SB 125 funds.
- Invested in public safety and security improvements.
- Developed special event and airport transit partnerships.
- Implemented marketing campaigns tied to major sports and entertainment events.

- Adjusted fare enforcement policies implemented during the pandemic, and strengthened fare compliance efforts, while exploring additional strategies to reduce unpaid fares and revenue loss.
- Expanded Code Compliance Inspectors by 47 positions to address fare collection challenges and to provide greater visibility and security for MTS passengers.
- Supported ridership recovery following the COVID-19 pandemic resulting in ridership and fare growth from 39 million passengers and \$48 million fare revenue in FY 2021 to a projected 81 million passengers and \$81 million fare revenue in FY 2026.
- Provided existing riders, particularly special event riders, alternative open payment options. To date, open payment transactions now make up 6% of total monthly revenue and a total of \$5.7 million in open payment revenue.
- Expanded employer transit pass and U-Pass partnerships with universities and major employers.

Growing Non-Fare Revenue

- Expanded advertising programs with new digital billboards, vehicle wraps, station advertising, and onboard digital displays.
- Pursued naming rights and sponsorship agreements.
- Expanded transit-oriented development (TOD) projects and land lease agreements.
- Increased concession and kiosk rental opportunities.
- Generated additional State LCFS and Federal RINS fuel credits and resulting revenues to \$10.7 million in FY 2026. This was done through contract negotiations and strategic initiatives around renewable electricity purchases.
- Non-fare operating revenue has more than doubled over the last decade (\$13.4 million to \$28.9 million), with advertising revenue reaching approximately \$8.9 million annually.

Exploring Fare Changes

- In February 2025, initiated a collaborative fare study effort with SANDAG and NCTD to consider the region's first major fare increase since 2009.
- Developed fare change proposals projected to generate an additional \$9 million to \$14 million in annual operating revenue.
- Conducted public outreach and hearings regarding proposed fare adjustments.

Ongoing Belt Tightening

- Zero-based budget process provides visibility in all organizational initiatives allowing for budget savings for non-priority expenses.
- Direct Access purchasing of electricity commodity saving MTS \$2-5M annually as compared to traditional utilization of the commodity.
- SDTC Pension Plan Unfunded Actuarial Liability (UAL) re-amortization providing short-term funding relief.
- With MTS infrastructure in state-of-good-repair (SGR), developed capital to operations funding shift strategy to stretch fiscal cliff and retain capital focus on continued SGR.



**Metropolitan
Transit
System**

Item No. 3, 06/11/2026

Budget Meeting Workshop

Board of Directors

Operating Budget Board Direction

Current Status

Budget – Current Status

- Structural deficit - recurring expenses exceed recurring revenues
 - Began in FY20 during the pandemic
 - Operating budgets have been balanced each year with one-time funding
 - Board-directed plan in place
- Key Board direction to staff in February and November 2025
- Current plan projects balanced budgets through at least FY 2029
 - Goal is to get through FY 2030 to allow for more time to find additional revenue sources
 - Still work to do to bridge FY 2030 based on latest projections - three years away

Board Direction – February 13, 2025

Agenda item 18 re COA, Fare Study, & Potential Ballot Measure:

1. Pursue a Comprehensive Operational Analysis (COA), to be completed by November 2026;
2. Begin preliminary efforts on researching the feasibility of placing a transit revenue measure, for the MTS service area only (or parts thereof), on the ballot for the November 2026 general election; and
3. Work with SANDAG and NCTD to conduct a fare study regarding potential impacts of a fare increase

Agenda item 19 re Structural Budget Deficit Planning:

1. Create Ad Hoc subcommittee related to the COA and Transit Revenue Measure research and efforts;
2. Exercise Innovative Clean Transit (ICT) Off-Ramp provisions (delay implementation) to provide maximum flexibility of capital funds in the short-term while minimizing impacts to State of Good Repair (SGR) projects for FY 2026, with MTS staff returning to the Board for approval to exercise Off-Ramp provisions for additional years if needed;
3. Shift flexible funds from the Capital Improvement Program (CIP) to the operating budget beginning in FY 2026 with the following targets by FY: \$25 million in FY 2026, \$35 million in FY 2027, \$50 million in FY 2028; and
4. Maintain service levels at January 2025 levels: Delay future Trolley service enhancements (7.5-minute Blue Line service) in FY 2026 and beyond and revise the Senate Bill (SB) 125 funding proposal and delay \$22 million in future planned bus service enhancements in FY 2027 and FY 2028 and revise the SB 125 funding proposal.

Board Direction – November 20, 2025

Agenda item 19 re MTS Financial Sustainability:

1. Move target for revenue measure from November 2026 ballot to 2028
2. During the development of FY 2027-2030 Capital Improvement Programs, include shift of \$50M per year to the Operating budget
3. Goal of \$10M in annual operational savings beginning with the FY 2027 Operating budget (excludes service changes)
4. Continue pursuing additional funding from regional, state, and/or federal sources, including MTS to pursue legislation to expand transit revenue options through tourism, luxury vehicles or other options other than a sales tax

Operating Budget Board Direction

Current Status

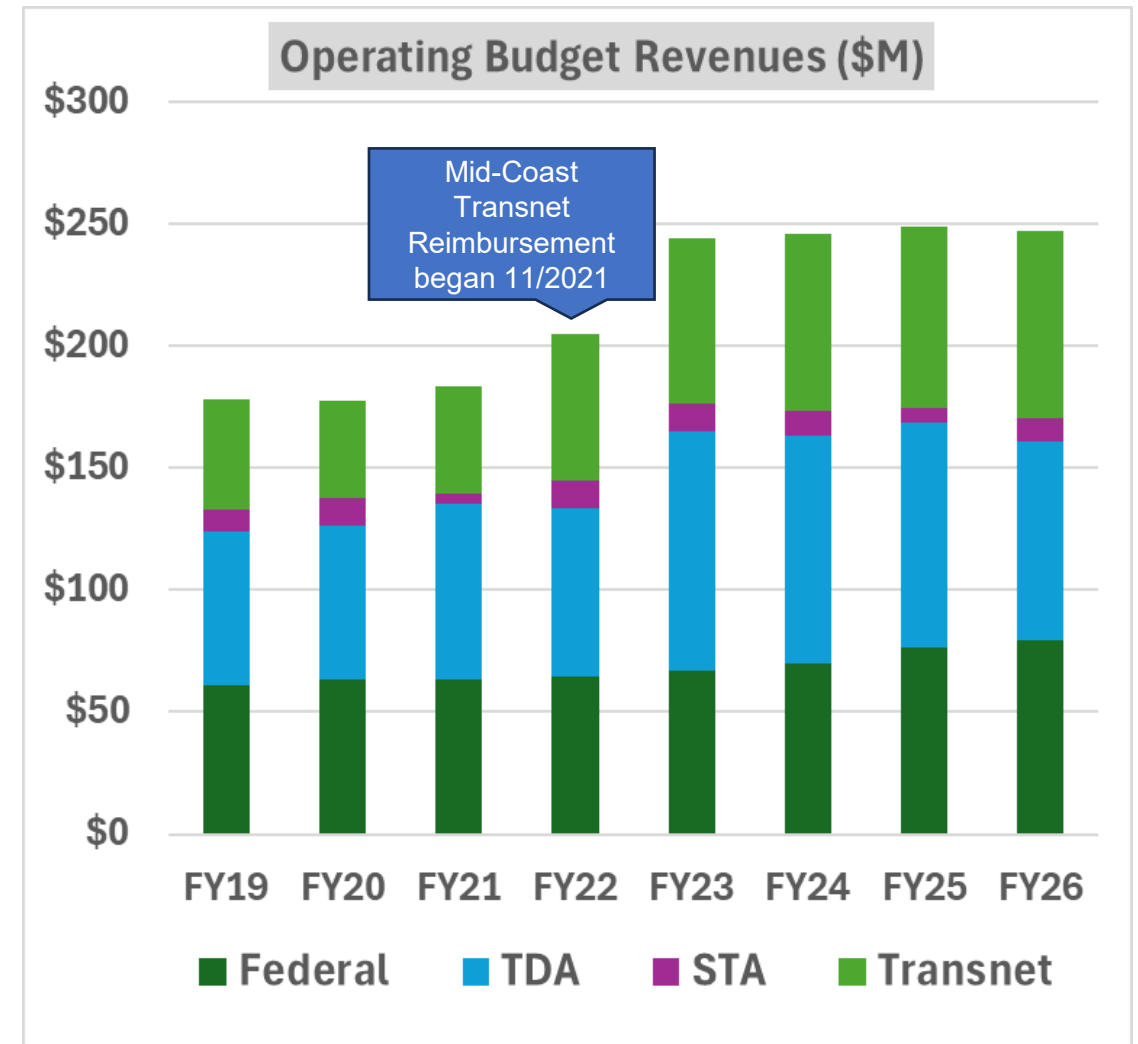
Questions?

Structural Deficit

How did we get here?

Budget History – How did we get here?

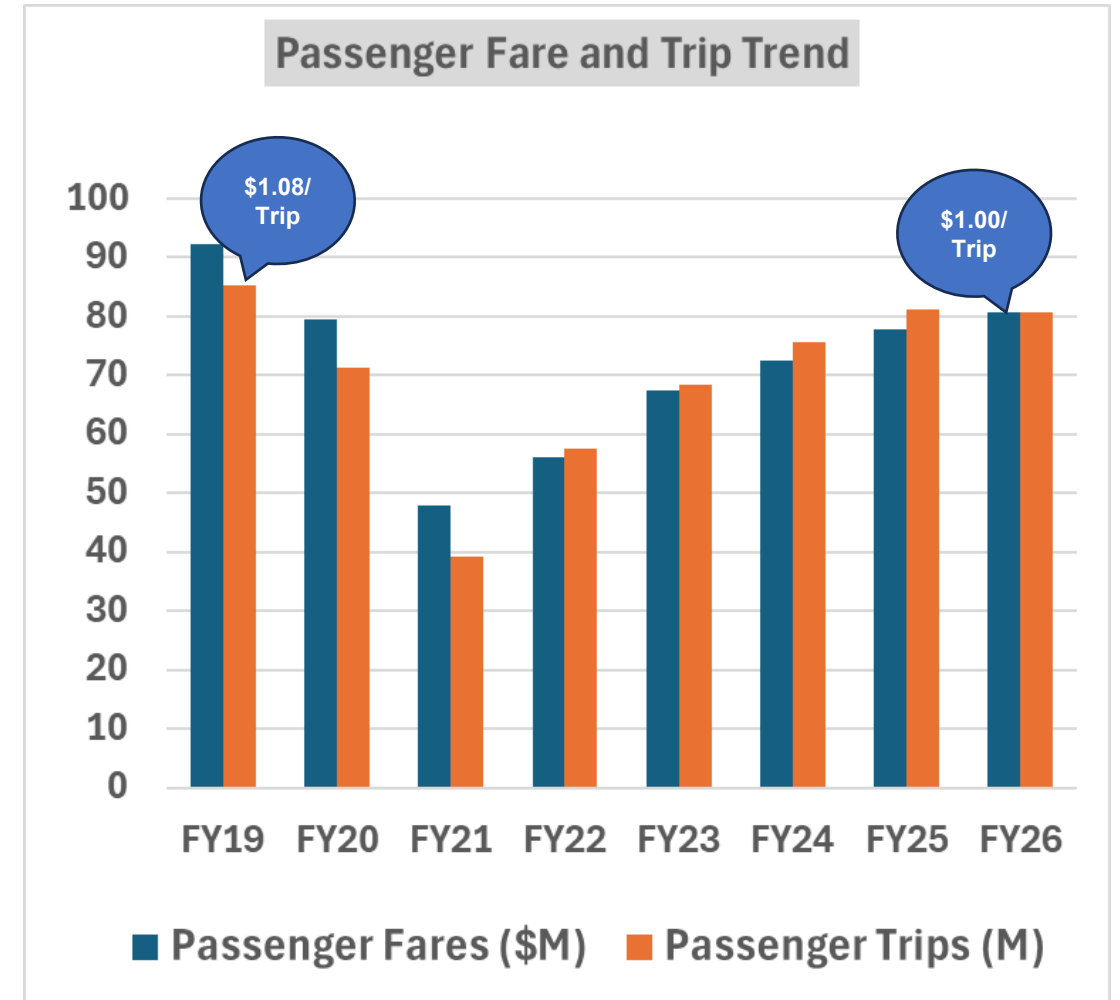
- Revenues have not been keeping pace with expenses
 - Federal subsidies grow very slowly
 - Sales tax performance for Transportation Development Act (TDA) and TransNet
 - State Transit Assistance (STA) declines
 - TransNet reimbursement grew with the start of the Mid-Coast segment in November 2021
- Main subsidy revenue sources in the operating budget flat for last four years (FY23-26)



Budget History – How did we get here?

• Passenger Fare Revenues

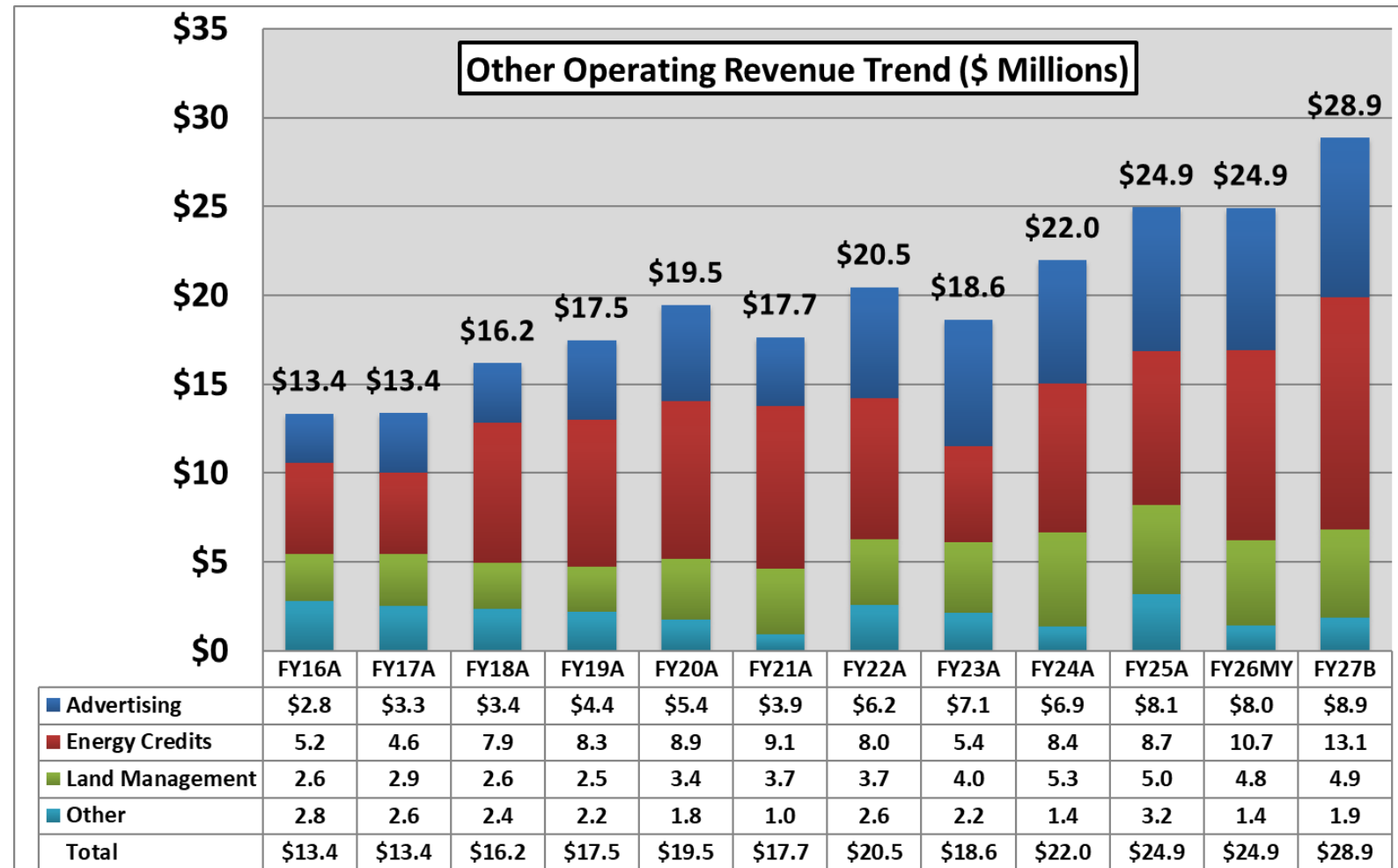
- FY19
 - \$92M in revenue
 - 85M riders
 - \$1.08 average fare
- FY20-21: Declines due to the pandemic, with FY21 ridership 54% lower than FY19
- FY22-25: Steady ridership and revenue recovery each year
- FY26
 - \$81M in revenue
 - 81M riders, no ridership growth over FY25
 - \$1.00 average fare



Budget History – How did we get here?

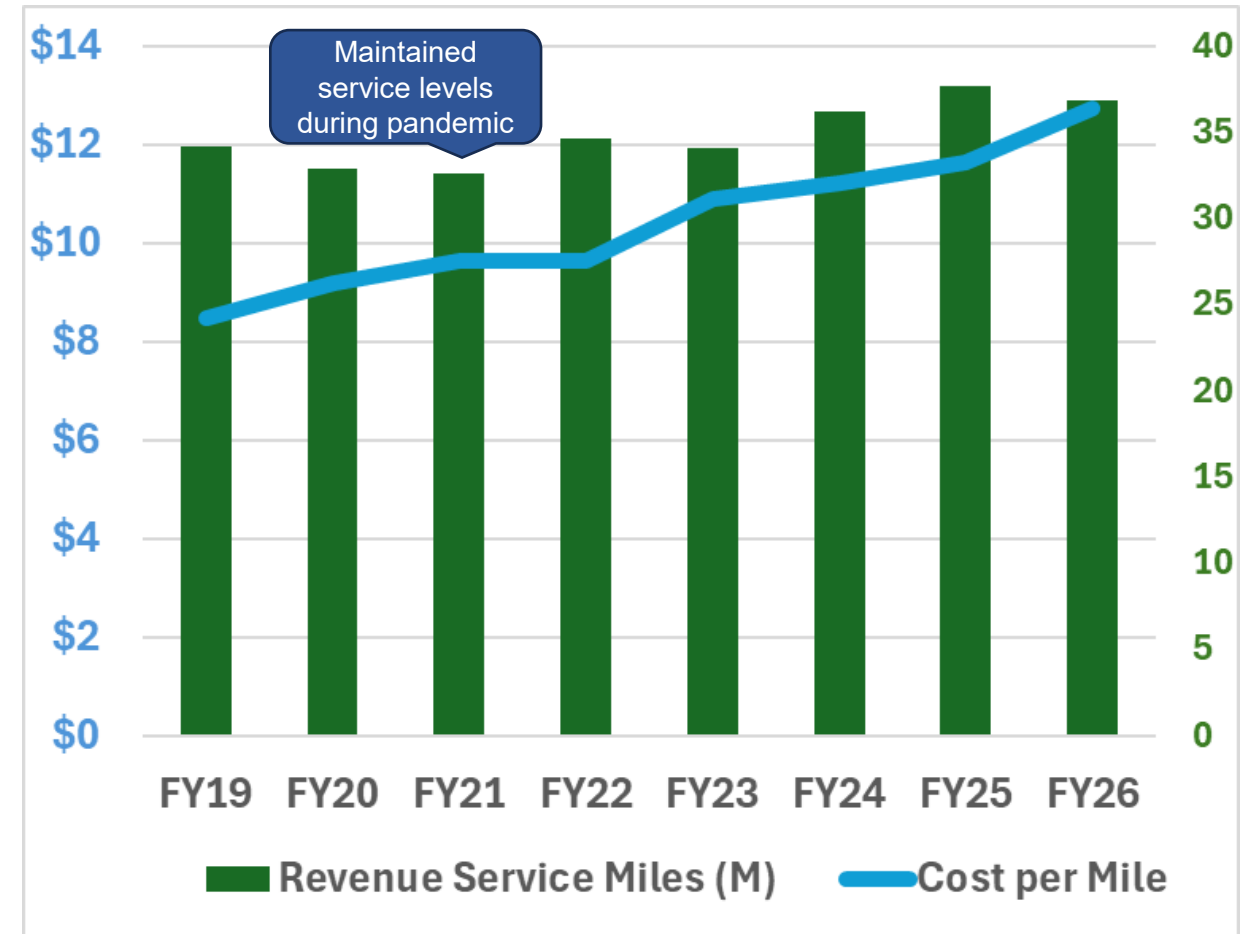
• Non-Fare Revenues

- Excludes interest revenue
- Growth over time
- Advertising revenue has more than doubled in the last 10 years (\$8.9M annually)
- Energy credits are crucial revenue stream for MTS operations
- Marketing department exploring many new initiatives
- Has grown from 6% to nearly 8% of total recurring operating revenues

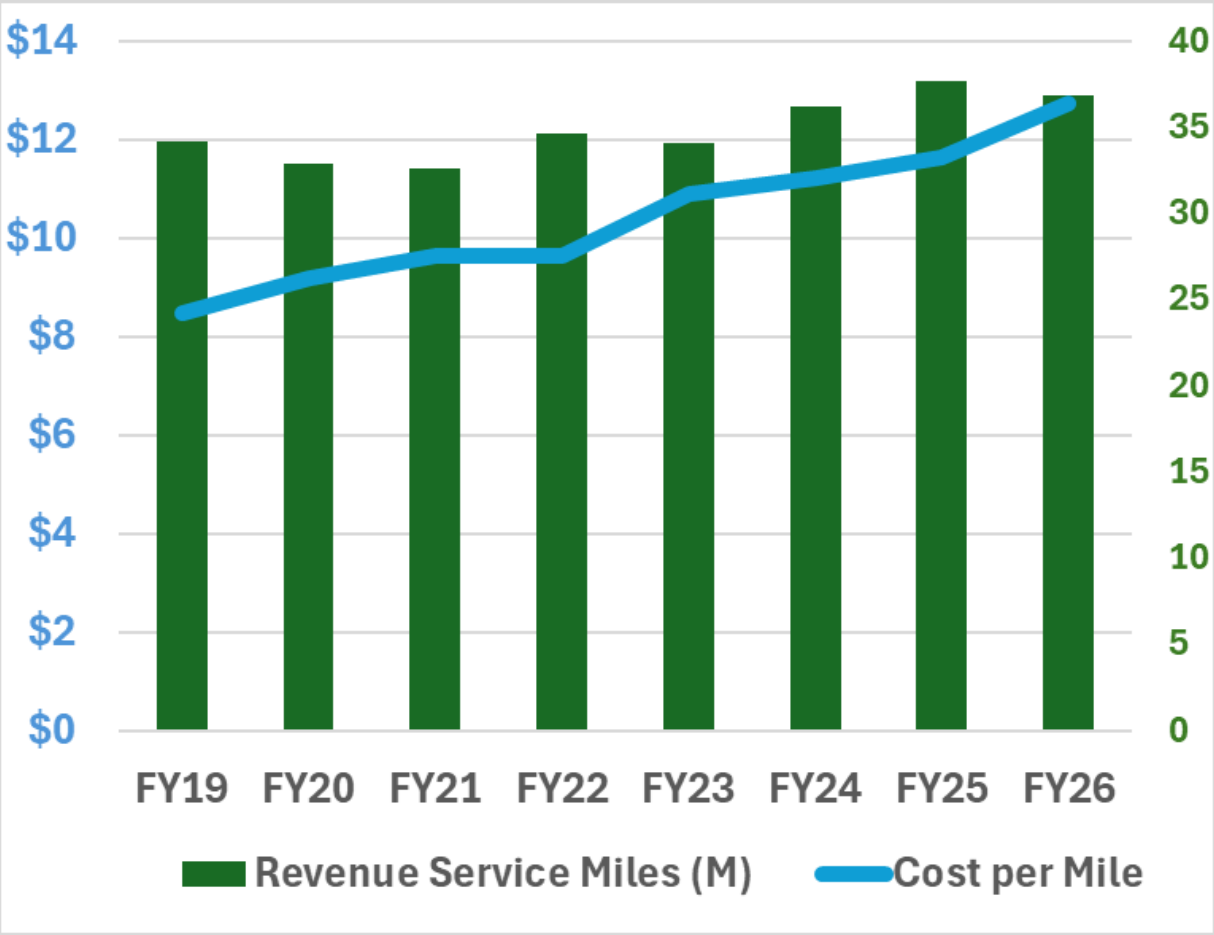
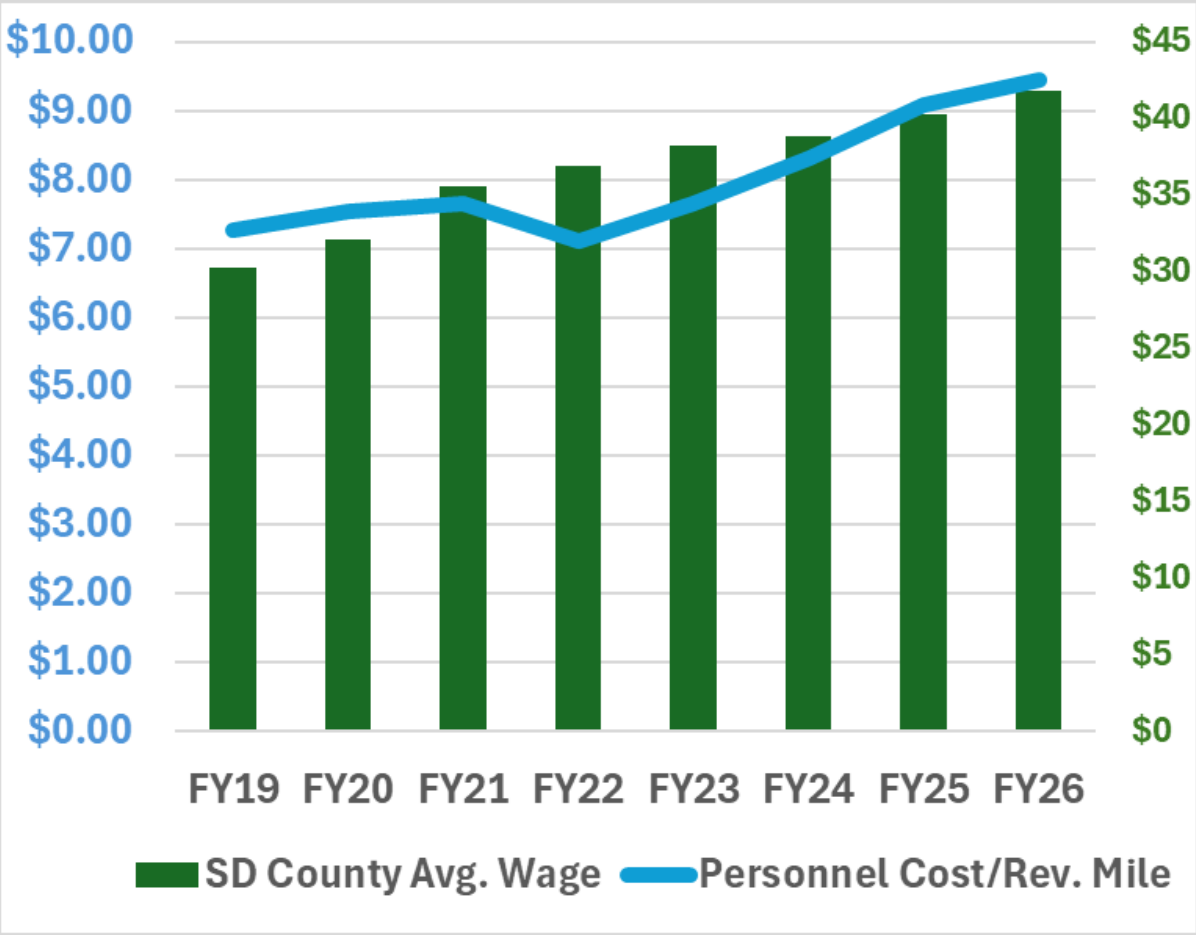


Budget History – How did we get here?

- Kept service levels high and have added service
- Cost per revenue service mile has increased by 51% (average of 6.4% per year)
 - Wage growth internally and for all contracted services
 - 80% of the budget is Personnel and Outside Services
 - Electricity costs from SDGE
 - Insurance premiums for healthcare, liabilities, and property

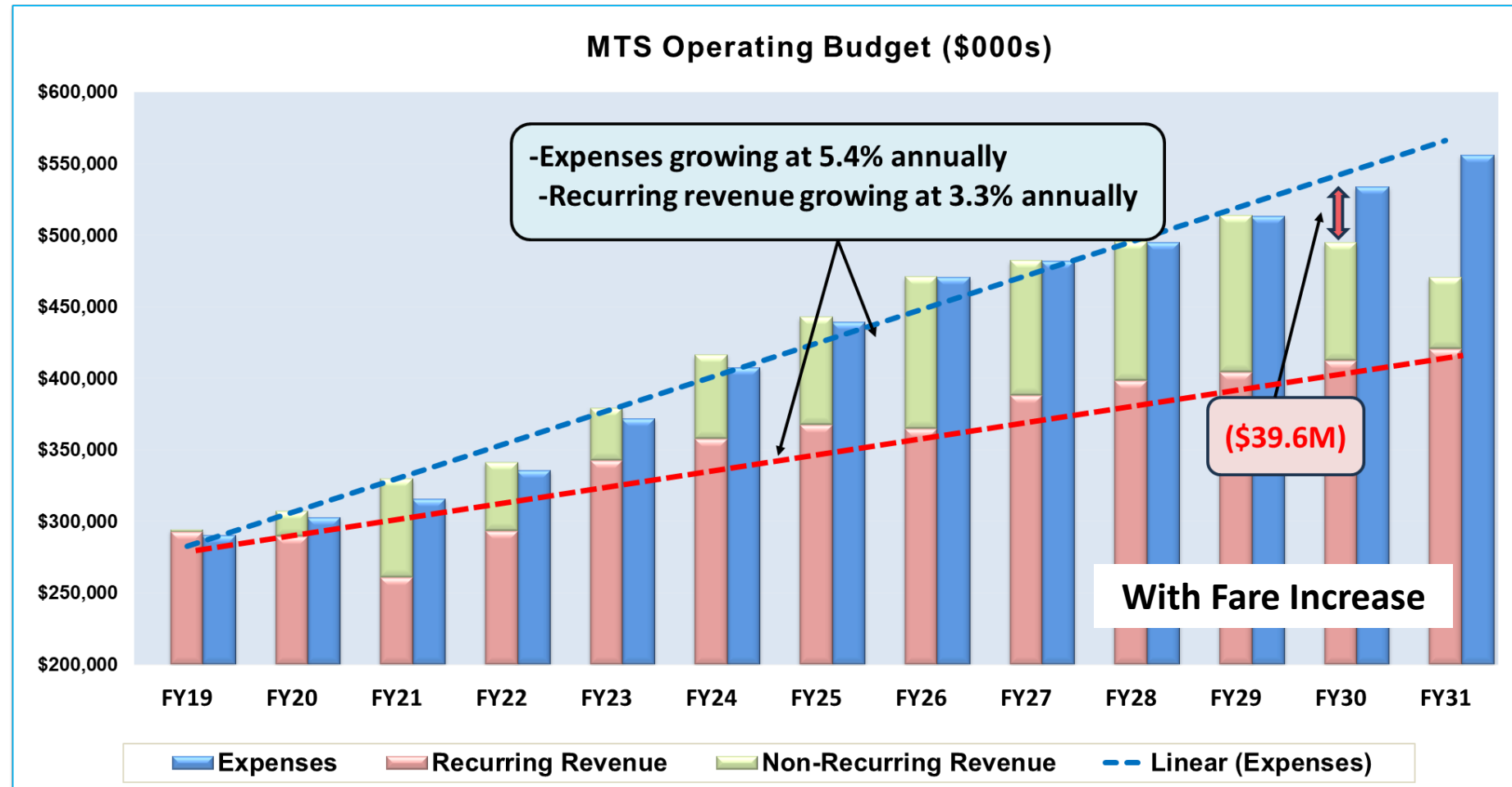


Budget History – How did we get here?



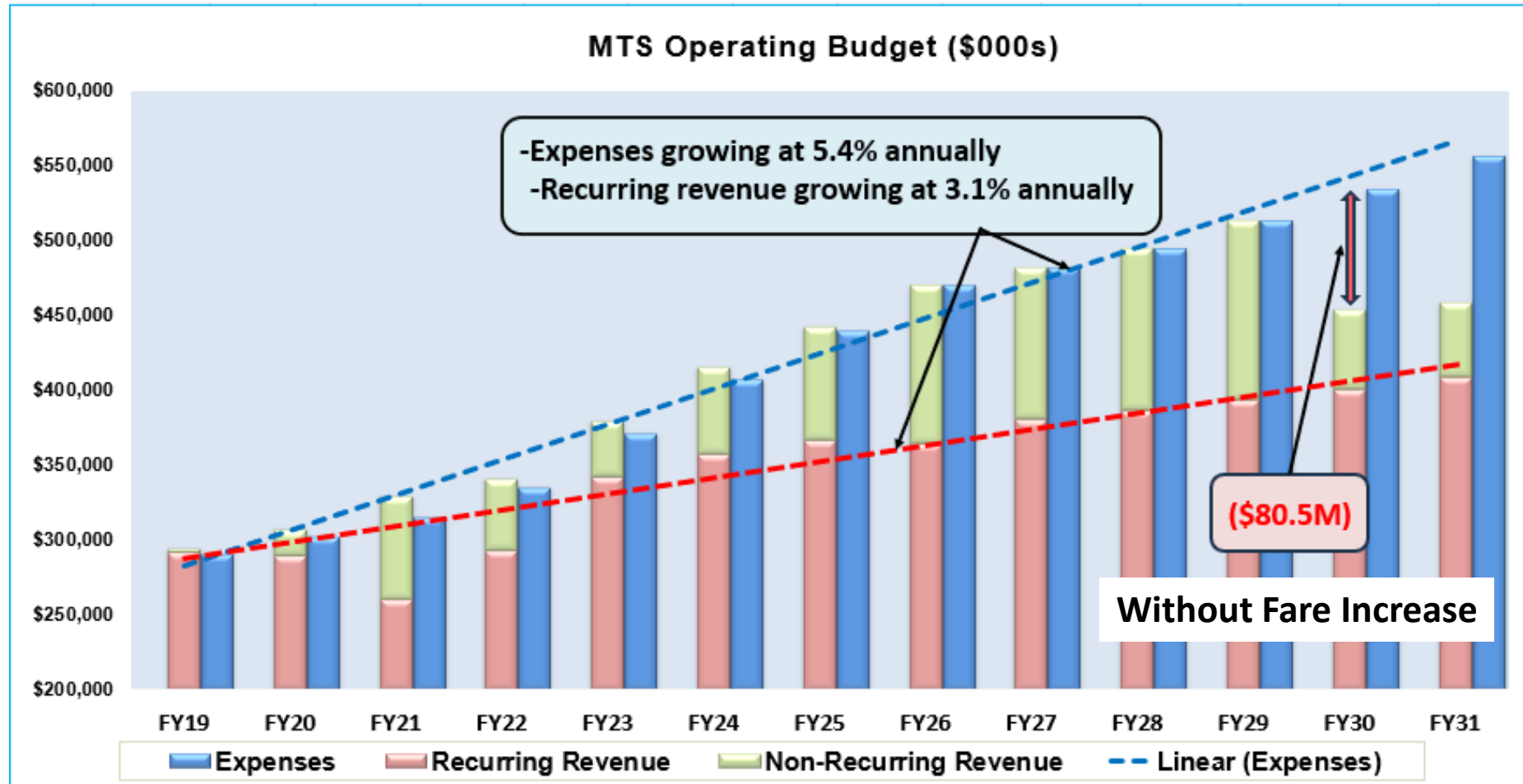
Budget History – How did we get here?

- Revenues have not been keeping pace with expenses
 - Higher wage/cost inflation
 - Sales tax performance
 - Federal/state subsidies flat
- Budgets have been balanced with one-time/emergency funding since FY20
 - Federal stimulus
 - Senate Bill 125 (SB 125)



Budget History – How did we get here?

- Revenues have not been keeping pace with expenses
 - Higher wage/cost inflation
 - Sales tax performance
 - Federal/state subsidies flat
- Budgets have been balanced with one-time/emergency funding since FY20
 - Federal stimulus
 - Senate Bill 125 (SB 125)



5-Year Forecast **with Fare Increase**

	FY 2027 Budget	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected
Operating Revenues	\$ 123,701	\$ 128,585	\$ 129,074	\$ 131,313	\$ 133,790
Recurring Subsidy	263,814	269,435	275,145	280,867	286,603
Total Recurring Revenues	\$ 387,514	\$ 398,019	\$ 404,219	\$ 412,181	\$ 420,393
Total Expenses	482,500	495,462	513,736	534,375	556,303
Structural Deficit	\$ (94,985)	\$ (97,442)	\$ (109,517)	\$ (122,194)	\$ (135,911)
Reserves	(83)	68	134	173	205
Shift from Capital to Ops	50,000	50,000	50,000	50,000	50,000
SB-125 Funding	45,068	47,374	59,382	32,433	-
Revenues Less Expenses	\$ -	\$ -	\$ -	\$ (39,589)	\$ (85,706)

- Goal is to balance through FY 2030
 - Key FY 2029 Date: November 2028 election, potential for ballot measure
 - Key FY 2030 Date: January 2030, revenue starts if a ballot measure passes

5-Year Forecast **without Fare Increase**

	FY 2027 Budget	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected
Operating Revenues	\$ 116,504	\$ 116,854	\$ 118,176	\$ 120,197	\$ 122,452
Recurring Subsidy	263,814	269,435	275,145	280,867	286,603
Total Recurring Revenues	\$ 380,318	\$ 386,289	\$ 393,321	\$ 401,065	\$ 409,054
Total Expenses	482,500	495,462	513,736	534,375	556,303
Structural Deficit	\$(102,182)	\$(109,173)	\$(120,415)	\$(133,310)	\$(147,249)
Reserves	(83)	68	134	173	205
Shift from Capital to Ops	50,000	50,000	50,000	50,000	50,000
SB-125 Funding	52,264	59,105	70,281	2,606	-
Revenues Less Expenses	\$ -	\$ -	\$ -	\$ (80,532)	\$ (97,044)

- Goal is to balance through FY 2030
 - Key FY 2029 Date: November 2028 election, potential for ballot measure
 - Key FY 2030 Date: January 2030, revenue starts if a ballot measure passes

Industry-wide Challenges

Industry-wide Challenges

SEPTA Board Approves FY26 Budget with Devastating Service Cuts & Fare Increases

Without State Funding Solution, SEPTA Will Begin Process of Dismantling the System

Chicago-area public transit faces up to 40% service cuts

The Illinois General Assembly ended its legislative session without resolving a \$770 million budget gap affecting train, bus and commuter service across Northern Illinois.

Muni to cut 5 bus lines in San Francisco starting this weekend: Here's what to know



Bay Area Rapid Transit

SCHEDULES

STATIONS

US

Home | About | Financials | BART Is Facing A Fiscal Cliff

BART is Facing a Fiscal Cliff

We can't afford to lose transit



MASS TRANSIT

TX: 'Appalled': Hundreds decry proposed DART cuts, fare hikes at raucous hearing



Schedules

Rider Info

Fares

Services

FUNDING CRISIS

Home > 2025 Funding Crisis > Funding Crisis

PRT to cut service by 35% and raise fares by more than 9% due to lack of state funding.

Bus and MAX reductions coming this summer as TriMet is struggling for new revenue

Industry-wide Challenges

- MTS has always been a lean organization
 - Despite the higher cost of living, always a leader in all cost metrics
- San Francisco Muni commissioned a report from urban planning think tank SPUR
 - Uses FY 2024 National Transit Database information
 - Compares 14 peer agencies across many industry metrics
 - Cost per hour comparison (exhibit 17 in the report) is reproduced to the right
 - Shows MTS as the most cost-effective agency for both bus and rail!
- Full report: [SPUR Taking Muni's Vitals.pdf](#)

Agency (Metro Area)	Cost per Hour, Motorbus Only	Costs per Hour, Light Rail Only	Cost per Hour, All Models
SFMTA	\$301.60	\$412.10	\$327.39
NYMTA (New York)	\$239.39	-	\$287.02
CTA (Chicago)	\$197.88	-	\$200.42
Metro (Los Angeles)	\$221.63	\$691.33	\$275.44
WMATA (Washington, D.C.)	\$272.51	-	\$302.88
MBTA (Boston)	\$302.24	\$420.18	\$351.63
NJT (New Jersey/New York)	\$213.96	\$560.24	\$327.86
SEPTA (Philadelphia)	\$207.34	-	\$232.38
King County Metro (Seattle)	\$256.20	-	\$227.03
Miami Dade (Miami)	\$230.00	-	\$179.83
MTS (San Diego)	\$153.87	\$212.29	\$141.76
MARTA (Atlanta)	\$163.66	-	\$213.89
TriMet (Portland)	\$208.60	\$464.84	\$251.84
RTD (Denver)	\$346.72	\$311.28	\$258.73
DART (Dallas)	\$185.48	\$493.85	\$222.94
Average of Peer Set	\$237.01	\$445.76	\$253.40

Fiscal Cliff responses at other agencies

- Staff conducted survey of other agencies:
 - Both in CA and nationally
 - Their current budget situation
 - What tools they are using to balance their operating budgets

Anonymous Agency	State	Year of Fiscal Cliff	As part of your response to budget challenges, are you reviewing/pursuing:					
			Fare Increases?	Service Reductions?	Deferral of Capital?	State/Legislative Assistance?	Revenue Measure	Other Revenue Initiatives?
A	CA	FY25	Yes	Yes	No			
B	CA	FY29/30	No	No	Yes		Yes, 2026	No
C	CA	FY26	Yes	Yes	Yes	Yes	Yes, 2026	Yes
D	CA	FY27	Yes				Yes, 2026	Yes
E	CA	FY26	Yes	Yes	No		Yes, 2026	No
F	FL	FY27	Yes	Yes	No	Yes		Yes
G	IA	FY27	No	Yes	Yes	Yes	No	
H	IL	FY27	Yes	Yes		Yes		
I	NV	FY28	Yes	Yes	Yes		Yes, 2026	Yes
J	OH	FY27/28	No	No	No		No	Yes
K	OR	FY31	Yes	Yes	Yes			Yes
L	TX			Yes				Yes
M	TX		Yes		Yes			
12			9	9	6	4	5	7

New Revenue Sources

- In Summer 2025, MTS retained a consultant to evaluate potential funding mechanisms to support long-term transit operations
- In September 2025, consultant presented findings and funding options to MTS Ad-Hoc Sustainable Transit Committee
- In January 2026, MTS state lobbyist reviewed funding options with Ad-Hoc Sustainable Transit Committee and identified a local sales tax measure and/or expansion of TDA funding as the most viable near-term opportunities, and noted key considerations:
 - MTS currently has authority to pursue local sales tax measure
 - State legislation (AB 2484) is currently being advanced to clarify citizen initiative authority for local sales tax measure
 - Sales tax measure represents largest potential revenue opportunity
 - TDA expansion has been longstanding policy discussion and offers second-largest revenue potential
 - MTS currently lacks statutory authority to pursue most other funding mechanisms evaluated
 - Alternative funding mechanisms would require new legislation, followed by implementation and/or voter approval, resulting in longer timelines and lower projected revenues

Funding Sources	Est. Timeline	Potential Fiscal Impact to MTS
Local Sales Tax Measure (MTS-led or Citizens Initiative)	Target: November 2028 election	Approximately \$300M annually
Transportation Development Act (TDA)	Est. 2 years	Approximately \$140M annually
Greenhouse Gas Reduction Fund (GGRF) - Updating Program Policies	Est. 1 – 2 years	Approximately \$25M annually
Zero-Emission Transit Capital Program (ZETCP)	1 – 2 years (FY27 – FY 28)	Approximately \$29M annually (one-time funding)
Generate new revenue through land value capture	5+ years	Unknown
Property Parcel Tax	Est. 2 - 4 years, plus future ballot measure TBD	Approximately \$25M-\$50M annually
Zero-Emission Vehicle (ZEV) Registration Fee Expansion	Est. 2 - 4 years	Approximately \$5M-\$13M annually
Rideshare Tax	Est. 2-4 years, plus future ballot measure TBD	Approximately \$10M-\$30M annually
Vehicle License Fee (VLF) and/or Vehicle Registration Fee (VRF) Increase	Future ballot measure	Unknown; dependent on targeted increase to VLF / VRF

Structural Deficit

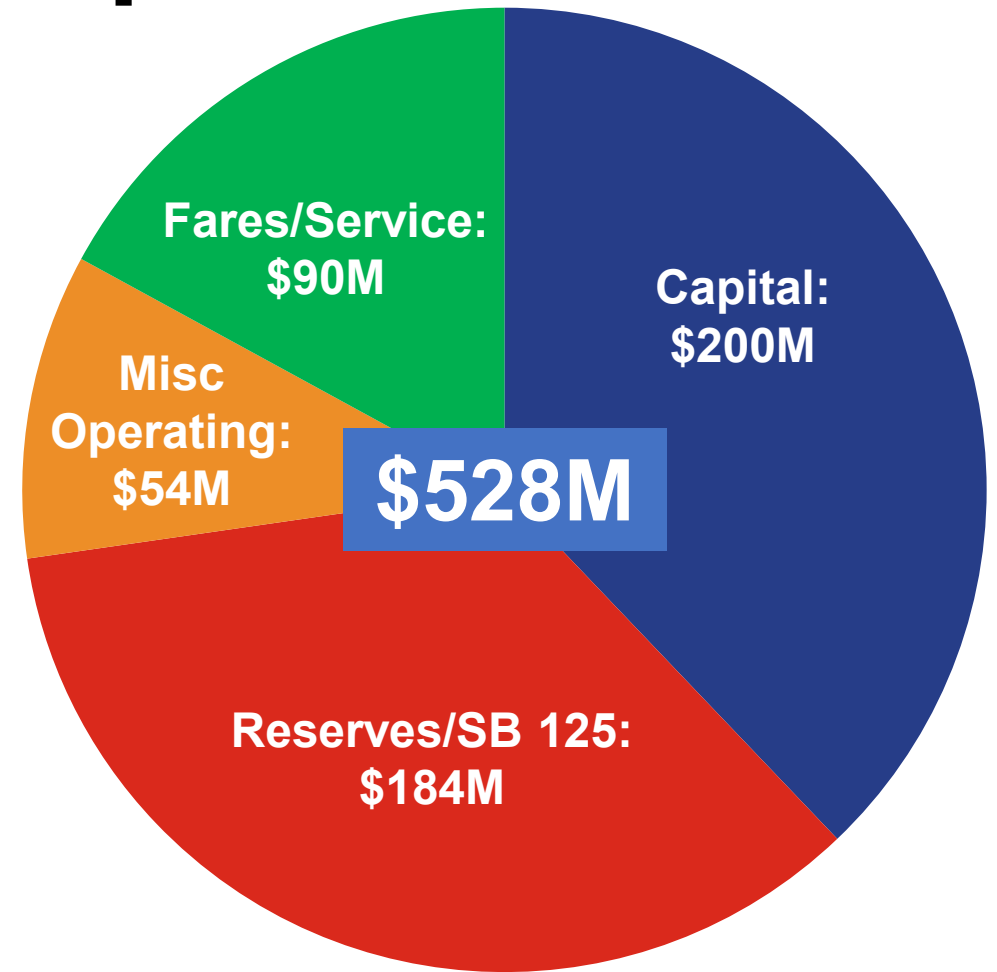
How did we get here?

Questions?

Path Forward

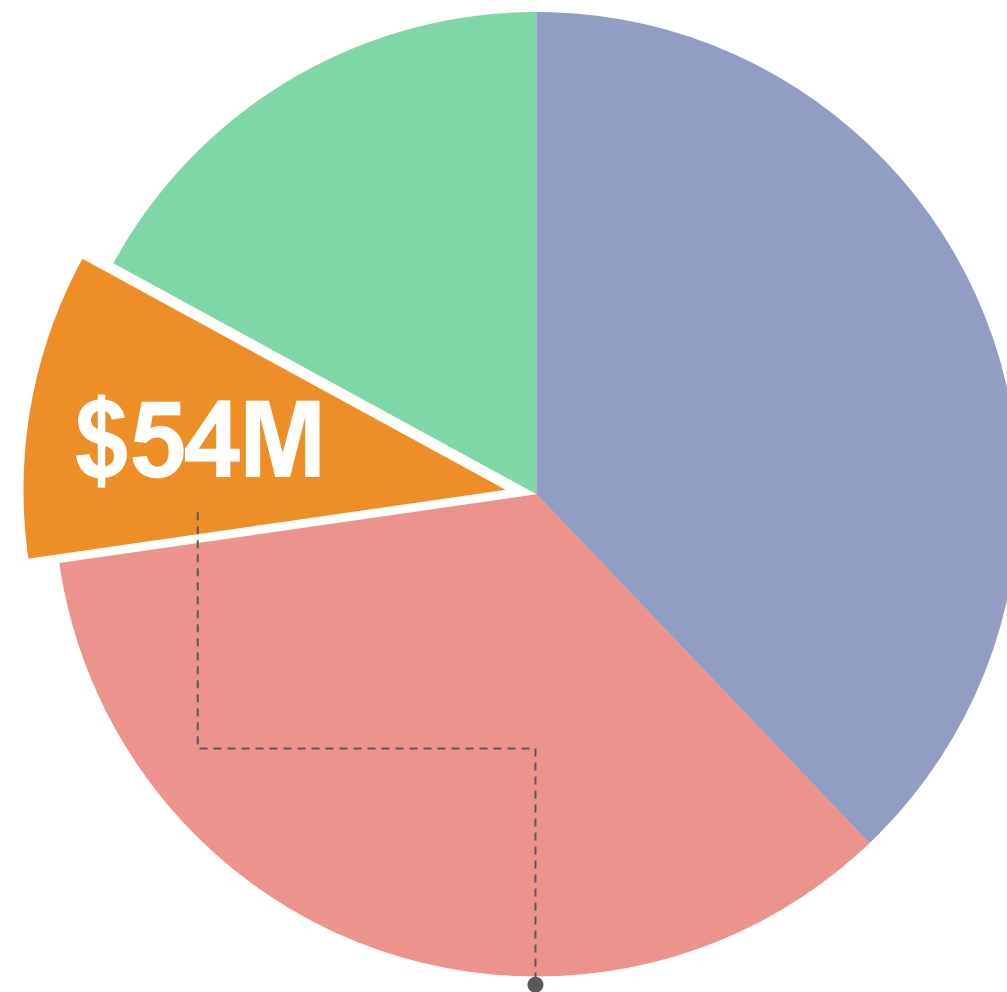
Strategy for Filling the Gap

- Started with \$500 million+ gap over the next four fiscal years (FY 27-30)
- Needs change year-to-year (\$118M-\$146M)
- Four main buckets: capital transfer, reserves, operational savings/revenue, fares/service levels



Filling the Gap

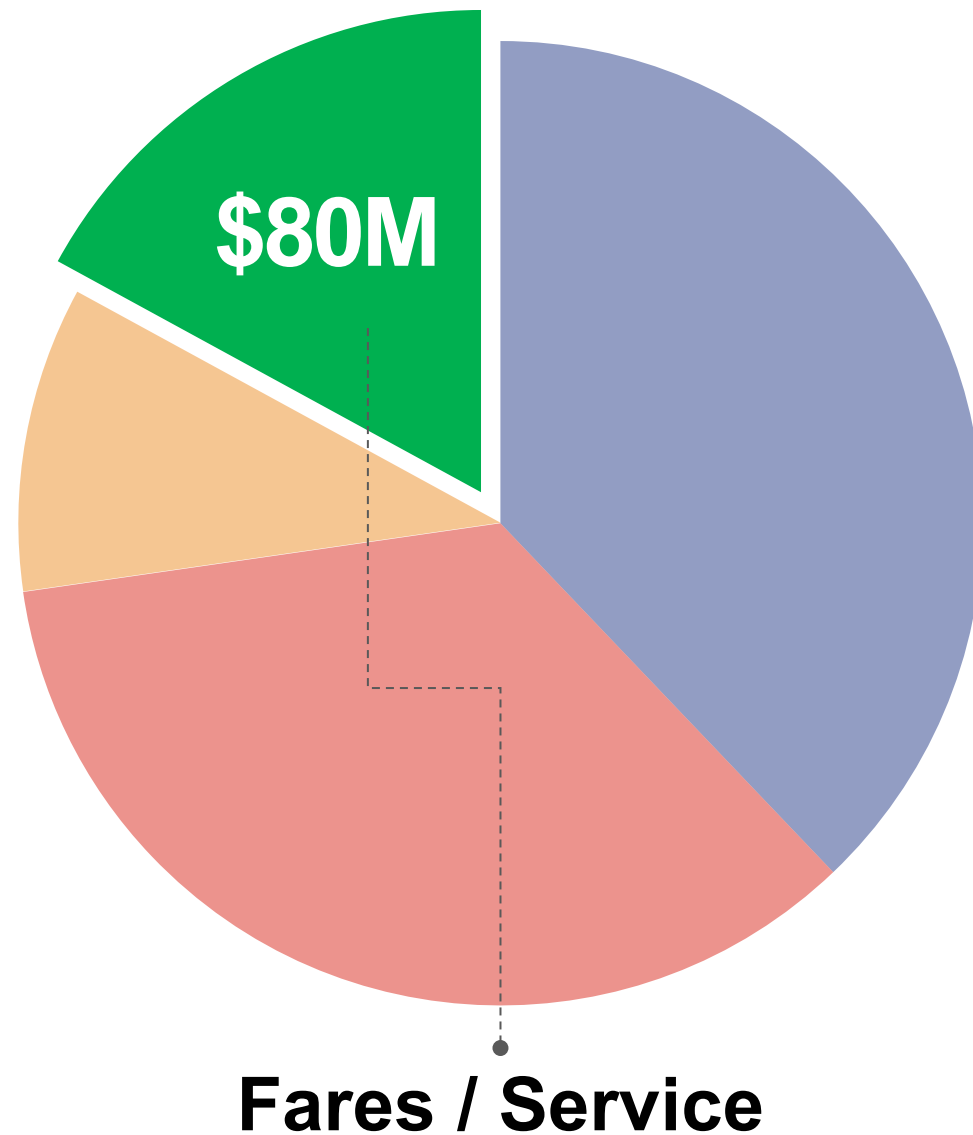
- Operational Savings:
 - Pension Amortization Strategy
 - Administrative cost cutting
 - Deferral of non-SGR/Safety projects / initiatives in operating budget
 - Service efficiencies
- Additional Non-Fare and Other Revenues



Misc Operating Savings and Revenue

Filling the Gap

- In transit industry, there are two primary means within the agency's control to address funding needs:
 - *fare prices*
 - *service levels*
- Budget gap through FY 2030 reflects average need of \$20 million per year over next four years between fares and service
- Securing fare revenue now helps lessen severity of service cuts in next 2-3 years



Long-term Direction

- What is being done to address the structural deficit
 - Current Board direction:
 - Target revenue ballot measure in 2028
 - Pursue any other subsidy revenue sources or increases
 - Continue to maximize additional non-fare revenues
 - Look for additional operational savings
 - COA planning to prepare for both additional recurring revenues or the lack of any additional revenues
 - Current plan in place can get to 2030
 - Still a significant recurring gap after that
 - Under this plan, have time and do not have to make strategic decisions today
 - FY27 Operating Budget prepared based on current Board direction
- Does the Board have other long-term direction for staff?

Budget Direction for FY 2027

- Need to pass FY27 budget at Public Hearing on June 18th
 - Fare decision made at SANDAG after the start of the fiscal year
 - After fare decision is finalized, the operating budget can be amended as necessary
- Choose which budget option to bring to public hearing at the June 18th Board of Directors meeting?
 - Version 1 – Includes fare increase
 - Version 2 – Does not includes fare increase
 - SB125 subsidy will be used to balance the difference
 - Shortens time-period where one-time funds will be exhausted

	FY 2027 Version 1	FY 2027 Version 2	Change
Operating Revenues	\$ 123,701	\$ 116,504	\$ (7,197)
Recurring Subsidy	263,813	263,813	-
Total Recurring Revenues	\$ 387,514	\$ 380,317	\$ (7,197)
Total Expenses	482,500	482,500	\$ -
Structural Deficit	\$ (94,986)	\$(102,182)	\$ (7,197)
Reserves	(83)	(83)	-
Shift TDA from Capital	50,000	50,000	-
SB-125 Funding	45,068	52,265	7,197
Revenues Less Expenses	\$ -	\$ -	\$ -

Questions/Comments