

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BUDGET DEVELOPMENT COMMITTEE
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

March 3, 2016

MINUTES

1. ROLL CALL

Chairman Roberts called the Budget Development Committee (BDC) meeting to order at 9:11 a.m. A roll call sheet listing BDC member attendance is attached.

2. APPROVAL OF MINUTES

Mr. Mathis moved to approve the minutes of the April 30, 2015 MTS BDC meeting. Mr. McClellan seconded the motion, and the vote was 3-0 in favor, with Mr. Minto and Ms. Cole absent.

3. PUBLIC COMMENTS

There were no public comments.

4.a. Appointment of Committee Chairman and Vice Chairman

The appointment of Committee Chairman and Vice Chairman was deferred to the next meeting.

4 b. Fiscal Year 2017 Capital Improvement Program (Mike Thompson)

Mr. Thompson gave the Committee a presentation on the MTS Fiscal Year (FY) 2017 Capital Improvement Program (CIP). He discussed the development of MTS's FY17 CIP requests for projects, which began in October 2015. He explained that the Capital Projects Review Committee (CPRC) met to discuss the priority project list, and the CEO approved the prioritization of the capital requests. He gave an overview of CIP project highlights, including a \$45 million Trolley Capacity Improvement Project. He explained that \$31.9 million was awarded from the Transit and Intercity Rail Capital Program for this project.

Mr. Jablonski spoke about SD100 Replacement, which calls for replacing 43 SD100s by 2025. He explained that the project requires about \$180 million in funding, and he has a goal of setting aside 50% of the requirement. He also proposed funding \$170,000 in both FY17 and FY18 for the vintage trolley. Mr. Jablonski then highlighted the need for a new transit facility, and led a discussion regarding this topic.

Mr. Thompson explained how funding for the various capital project categories made up a total of about \$108.9 million for the proposed FY17. He also provided an overview of the five year outlook of funding for the CIP.

Action Taken

Mr. McClellan moved to forward the following recommendation to the MTS Board for Fiscal Year 2017 Capital Improvement Program: (1) approve the fiscal year 2017 Capital Improvement Program (CIP) with the estimated federal and nonfederal funding levels. As the federal appropriation figures are finalized and/or other project funding sources become available, allow the Chief Executive Officer (CEO) to identify and adjust projects for the adjusted funding levels; (2) recommend that the San Diego Association of Governments (SANDAG) Board of Directors approve the submittal of federal Sections 5307, 5337, and 5339 applications for the MTS fiscal year 2017 CIP; (3) approve the transfer of \$600,000 from project 1142500-Centralize Train Control to 1144000-Substation SCADA; (4) recommend that the SANDAG Board of Directors approve the amendment of the Regional Transportation Improvement Program (RTIP) in accordance with the fiscal year 2017 CIP recommendations. Mr. Mathis seconded the motion, and the vote was 3-0 in favor, with Mr. Minto and Ms. Cole absent.

4 c. Fiscal Year 2016 Midyear Adjustment (Mike Thompson)

Mr. Thompson gave the Committee a report of the FY16 midyear budget adjustment and discussed the non-operating revenue and operating revenue. He explained that the passenger revenue is unfavorable by \$1.2 million. He explained that bus ridership decreased 8% year over year through December, but the average fare increased, so this growth partially offset ridership loss. Mr. Thompson explained that CNG Tax Credit is included in the operating budget instead of CIP to offset the State Transit Assistance (STA) funding that was lost. Mr. Jablonski discussed the decrease in STA. Mr. Thompson discussed the FY16 midyear revenue summary and explained that the total revenue is increasing by \$2.78 million, or an increase of 1.0%.

Mr. Thompson explained the expense assumptions summary and stated personnel costs are favorable by \$1.4 million or 1.1%. He recommended changing the salary grade ranges for non-represented employees who have not been reviewed using market data since 2011. A discussion of the proposed pay increases followed. Mr. Thompson said that repairs and maintenance services, part of outside services, have unfavorable expenses of \$850,000. Mr. Jablonski led a discussion on vandalism, which is the main cost of repairs and maintenance services.

Mr. Thompson stated that the total revenue less expenses is a \$760,000 favorable variance. He reviewed the reserve balance and explained that the projected balance on June 30, 2016 would be \$32.9 million. He also stated that the goal is to have a contingency reserve balance of 12.5% of operating expense budget by FY16.

Action Taken

Mr. McClellan moved to forward a recommendation to the MTS Board of Directors to approve the Combined MTS FY2016 Midyear Budget Amendment. Mr. Mathis seconded the motion, and the vote was 3-0 in favor, with Mr. Minto and Ms. Cole absent.

4 d. Fiscal Year 2017 Operating Budget High Level Assumptions (Mike Thompson)

Mr. Thompson discussed the FY2017 revenue assumptions, including sloping growth in sales tax receipts revenue and changes in passenger levels. He reviewed expense assumptions, including service level assumptions and purchased transportation. Mr. Jablonski elaborated on ADA First Transit

rate. Mr. Thompson summarized the San Diego Transit Corporation pension plan experience study, which falls under personnel costs. He stated that management pension contribution will increase by 1% to 8% beginning January 1, 2017. Lastly, he reviewed the budget development calendar.

5. Adjournment

Chairman Roberts adjourned the meeting at 10:32 a.m.



Chairman of the Budget Development Committee

Clerk of the Budget Development Committee

Attachment: A. Roll Call Sheet

BUDGET DEVELOPMENT COMMITTEE
SAN DIEGO METROPOLITAN TRANSIT SYSTEM

ROLL CALL

MEETING OF (DATE) 3/3/16

CALL TO ORDER (TIME) 9:11 AM

RECESS _____

RECONVENE _____

CLOSED SESSION _____

RECONVENE _____

ADJOURN 10:32 AM

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
COLE <input type="checkbox"/>		
MATHIS <input checked="" type="checkbox"/>	9:11	10:32
McCLELLAN <input checked="" type="checkbox"/>	9:11	10:32
MINTO <input type="checkbox"/>		
ROBERTS <input checked="" type="checkbox"/>	9:11	10:32

SIGNED BY THE CLERK OF THE BUDGET DEVELOPMENT COMMITTEE: 

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL: 

c: Clerk of the Board
Accounts Payable
Attachment to Original and Draft Minutes