

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

April 30, 2015

MINUTES

1. ROLL CALL

Mr. Mathis called the Budget Development Committee (BDC) meeting to order at 9:06 a.m. A roll call sheet listing BDC member attendance is attached.

2. APPROVAL OF MINUTES

Mr. Roberts moved to approve the minutes of the February 26, 2015 MTS BDC meeting. Mr. Mathis 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. MTS: FY 2016 Proposed Operating Budget (Mike Thompson)

Mr. Thompson gave the Committee a report on the FY16 operating budget assumptions. He discussed MTS zero based budgeting process. He explained in traditional historic budgeting, managers only justify variances versus prior year budget. By contrast, in zero-based budgeting, every line item of the budget must be approved. He discussed the subsidy revenue assumptions on the Federal side and stated that the Federal authorizations through MAP-21 expire at the end of this Federal fiscal year. Mr. Thompson discussed Lease/leaseback transactions. He stated in 1990 and 1995, MTS entered into two leasing transitions involving light rail vehicles (LRV's), these transactions provided tax benefits to investors in exchange for profit, cash proceeds were used in capital and balance was put in risk free investments for debt services.

Mr. Thompson discussed potential service changes on route 150. He explained on weekdays, midday service will increase from 60 minute frequency to 30 minutes and will also extend evening service from approximately 7:00 p.m. to 9:30 p.m. Mr. Thompson also mentioned service increase on routes 709 and 712 due to the increase in ridership in FY 15 Q1 and Q2.

Mr. Thompson discussed the passenger level revenue assumptions, stating that there has been an average growth in passengers over the last 10 years of about 2.3% annually. He reviewed the service levels assumptions and stated MTS is currently assuming 2.0% growth in passengers. Mr. Thompson discussed the FY16 budget contingency reserves. He explained that the goal is to have a contingency reserve balance of 12.5% of the operating expense budget by FY16. He stated the target balance is \$32.6 million. Mr. Thompson reviewed the energy expense assumptions and said that MTS is currently forecasting an increase in electricity costs by \$716,000 (5.5%). He stated the new LRV's use more electricity.

Mr. Thompson reported the FY16 consolidated revenue lease expenses, stating that total revenues proposed for FY16 are \$264,748, 3.5% variance.

Mr. Thompson explained the economy, federal reauthorization, energy costs and ADA paratransit service levels are ongoing concerns for the FY 16 budget. Mr. Thompson stated that staff recommends that the Budget Development Committee receive the report on the proposed combined MTS FY16 operating budget and forward a recommendation to the Board of Directors, to recommend staff hold a public hearing, with the purpose of reviewing the proposed combined MTS FY16 operating budget.

5. Adjournment

Chairman Roberts adjourned the meeting at 10:45 a.m.

A handwritten signature in cursive script, appearing to read "A. Roberts", written above a horizontal line.

Chairman of the Budget Development Committee

A handwritten signature in cursive script, appearing to read "L. Fisher", written above a horizontal line.

Clerk of the Budget Development Committee

Attachment: A. Roll Call Sheet

BUDGET DEVELOPMENT COMMITTEE
SAN DIEGO METROPOLITAN TRANSIT SYSTEM

ROLL CALL

MEETING OF (DATE) 4/30/2015

CALL TO ORDER (TIME) 9:06 am

RECESS _____

RECONVENE _____

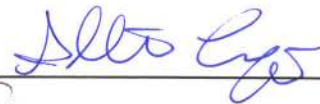
CLOSED SESSION _____

RECONVENE _____

ADJOURN 10:45 am

BOARD MEMBER (Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
COLE <input type="checkbox"/>		
MATHIS <input checked="" type="checkbox"/>	9:06 am	10:45 am
MCCLELLAN <input checked="" type="checkbox"/>	9:06 am	10:45 am
MINTO <input type="checkbox"/>		
ROBERTS <input checked="" type="checkbox"/>	9:06 am	10:45 am

SIGNED BY THE CLERK OF THE BUDGET DEVELOPMENT COMMITTEE:



CONFIRMED BY OFFICE OF THE GENERAL COUNSEL:



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