



Budget Development Committee Agenda

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<https://us02web.zoom.us/j/82907998675>

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	▶	Use the raise hand feature every time you wish to make a public comment.
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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
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3. The Clerk will announce your name when it is your turn to speak
4. Unmute yourself to speak

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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 Committee* by 4:00pm the day prior to the meeting.



Translation Services: Requests for translation services can be made by contacting the Clerk of the Committee* 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 Committee* 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 Committee* at least two working days prior to the meeting.



***Contact Information:** Contact the Clerk of the Committee via email at Lucia.Mansour@sdmts.com, phone at (619) 557-4521 or by mail at 1255 Imperial Ave. Suite 1000, San Diego CA 92101.



Agenda del Comité de Desarrollo Presupuestario

Haga clic en el enlace para acceder a la reunión:

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ID de la reunión
en Zoom

Formas de Participar



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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 subtitulado 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 del Comité* 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 del Comité* 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 del Comité* 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 del Comité* por lo menos dos días hábiles antes de la reunión.



***Información de Contacto:** Comuníquese con el secretario del Comité por correo electrónico en Lucia.Mansour@sdmts.com, por teléfono al (619) 557-4521 o por correo postal en **1255 Imperial Ave. Suite 1000, San Diego CA 92101.**



**Metropolitan
Transit
System**

Budget Development Committee

Agenda

May 8, 2024 at 1:00 p.m.

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

Teleconference Participation (669) 444-9171; Webinar ID: 829 0799 8675, <https://us02web.zoom.us/j/82907998675>

NO.	ITEM SUBJECT AND DESCRIPTION	ACTION
1.	Roll Call	
2.	Public Comments	
3.	Approval of Minutes Approval of the April 23, 2024 Budget Development Committee Meeting Minutes.	Approve
DISCUSSION ITEMS		
4.	Fiscal Year (FY) 2025 Operating Budget Discussion (Gordon Meyer) Action would forward a recommendation to the MTS Board of Directors to 1. Postpone the Trolley 15-minute add-ons until future of SB-125 funding known; and 2. Postpone the public hearing and implementation date for Route 910 (overnight border express).	Possible Action
OTHER ITEMS		
5.	Next Meeting Date: TBD	
6.	Other Staff/Committee Member Communications and Business	
7.	Adjournment	

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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 nine cities.



MINUTES
MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BUDGET DEVELOPMENT COMMITTEE (BDC)

April 23, 2024

[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

Ms. Moreno called the Budget Development Committee meeting to order at 9:01 a.m. A roll call sheet listing Budget Development Committee member attendance is attached.

2. Public Comments

There were no Public Comments.

3. Approval of Minutes

Mr. Goble moved to approve the minutes of the March 7, 2024, MTS Budget Development Committee meeting. Mr. McCann seconded the motion, and the vote was 3 to 0 in favor with Whitburn and Montgomery Steppe absent.

DISCUSSION ITEMS

4. Fiscal Year (FY) 2025 Operating Budget Discussion (Gordon Meyer)

Gordon Meyer, MTS Manager of Financial Planning and Analysis, presented on the FY 2025 Operating Budget Discussion. He gave an overview of the Budget Development Process. Mr. Meyer went over the FY25 Operating Budget Revenue Assumptions; Sales Tax Revenues; Federal Transit Administration (FTA); Seante Bill (SB) 125; Other Subsidy Revenue; Passenger Fare Revenue; Other Operating Revenue and the overall Revenue Summary. He also went over the FY2025 Operating Budget service levels. Mr. Meyer gave an overview of the FY25 Operating Budget Expense Assumptions: Personnel; Purchased Transportation; Outside Services; Energy; Other Expenses; Expenses Summary and Consolidated Revenue less Expenses. He also gave an overview of the Operating Deficit Reserve and the next steps for the BDC.

Sharon Cooney, MTS Chief Executive Officer (CEO) went over the areas where changes could be made in order to help address the structural deficit in the upcoming years.

Public Comment

There were no Public Comments.

Board Comment

Board member McCann asked what is the probability that MTS will receive funding from State Transit Assistance (STA) for FY25, with the current deficit the State of California has and continues to grow. Mr. Meyer mentioned the projected amount received for

FY25 is still an estimated amount and is based on the January Governor's proposal. A more refined projection will be received in the May Governor's proposal.

Mr. Goble thanked Mr. Meyer for the presentation. He mentioned that it is concerning to see passenger revenue dropping from FY24 18% to FY25 17.5%. He also mentioned that on the bright side the open source payment should help increase the revenue. Mr. Goble also addressed his concerns about the penalty of just paying for your fare when you get caught without a fare as there is really no penalty. Mr. Goble asked if staff is projecting a 14% increase in electricity and 4.4% increase in transmission/demand. Mr. Meyer mentioned that staff's forecasts are based on these numbers but are expected to change. Mr. Goble mentioned electricity is increasing fast and with the transition of an all-electric fleet, we are very vulnerable to high electricity increases each year and wonders if there will be enough electricity in California as the more electric buses are purchased the more electricity that needs to be created. Mr. Meyer mentioned that staff met with Calpine Energy Solutions as they also have the same concerns. Mr. Goble asked if the cost for electric buses tires, or where the buses will be parked on etc. are similar to the cost of the current bus's tires. Mike Wygant, Chief Operating Officer, Bus (COO), mentioned that tire cost is not an issue. He also mentioned that for the next two deployments of overhead charging at MTS divisions, we have the grid capacity, but after those upgrades, there are concerns with that balance. Mr. Wygant also mentioned that at the moment the electric vehicles are able to be charged during off peak or super off peak hours but eventually as the transition to electric vehicles continues that will no longer be possible as we won't be able to make service; and will need to incorporate the cost of commodity and the transmission increasing. Mr. Goble asked if the range of miles of the new electric buses are comparable to the range of the Compressed Natural Gas (CNG) buses. Mr. Wygant mentioned that the current electric bus versions run about 140 miles and the newer version will get closer to 200 miles, but the technology has not advanced to that level yet. Mr. Goble commented on the personnel expenses increasing 11.5% in one year, due to increased service and wage levels combined. He asked if MTS would need more electric buses to replace the current fleet of buses and does that mean more people to run those buses, such as are two (2) electric bus needed to replace one (1) CNG bus and two (2) drivers needed to replace one (1) driver. Ms. Cooney mentioned that at the moment staff is not planning for that until later in the future, mentioning that the goal would be to never have a two for one replacement on a bus and only have the one for one. Mr. Wygant commented that the transition plan as of today is to have a one for one replacement. Mr. Goble commented on the Operating Deficit Reserve, mentioning if the \$65M will get us through 2026 and if SB125 is funded it will get us through another couple of years. Mr. Meyer mentioned that that is correct and that looking at what we have now, and staff is building out the official 5-year forecast, which will be presented at the next meeting. Mr. Goble mentioned that when the reserves have been exhausted, whether that's in FY25 or FY28, at that moment fares would have to be raised or service would have to be reduced or a combination of both or find another source of revenue.

Mr. McCann thanked Gordon and the staff for doing a great report.

Chair Moreno mentioned that she would like to see an update to the Zero Emission Bus (ZEB) transition plan in the future. Ms. Cooney mentioned that an update is scheduled for the June MTS Board meeting. Ms. Moreno mentioned that it would be prudent to add

details of the future of the budget to the conversation. Ms. Moreno mentioned that she appreciates the Federal support that MTS received during the pandemic, and she wants to commend staff for using the Federal support wisely, including creating the operating deficit reserve to supplement the budget through FY26. She also mentioned that she is pleased staff used the time the Federal support gave us to try to grow ridership as she did see the graph a little bit differently. She mentioned that passenger levels continue to grow, even if they are at a slightly lower rate that what was projected at midyear. And as we continue to have challenges with the structural budget deficit, she thinks the agency is in very good standing and in very good shape, especially compared to many of the local governments in the State of California. Ms. Moreno mentioned that ultimately she believes MTS needs more funding to support its operations long term and she encourages staff to look at potential revenue that could be pursued in FY26.

Action Taken

Informational item only. No action taken.

OTHER ITEMS

5. Next Meeting Date

The next Budget Development Committee meeting is scheduled for May 8, 2024, at 1:00 p.m.

6. Other Staff/Committee Member Communications and Business

Ms. Cooney announced that Mike Thompson has been promoted to Deputy Chief Financial Officer (CFO). She mentioned that Mr. Thompson has many years of service at MTS has presented many times about our finances; he will also be assuming the procurement side of the house.

7. Adjournment

Chair Moreno adjourned the meeting at 10:06 a.m.

Chairperson
San Diego Metropolitan Transit System

Committee Clerk
San Diego Metropolitan Transit System

Attachment: Roll Call Sheet

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BUDGET DEVELOPMENT COMMITTEE MEETING

ROLL CALL

MEETING OF (DATE): 04/23/2024 CALL TO ORDER (TIME): 9:01 a.m.

ADJOURN: 10:06 a.m.

BOARD MEMBER		(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
MORENO (Chair)	<input checked="" type="checkbox"/>	(no alternate) <input type="checkbox"/>	9:01 a.m.	10:06 a.m.
GOBLE	<input checked="" type="checkbox"/>	(no alternate) <input type="checkbox"/>	9:01 a.m.	10:06 a.m.
MCCANN	<input checked="" type="checkbox"/>	(no alternate) <input type="checkbox"/>	9:01 a.m.	10:06 a.m.
Montgomery-Steppe	<input type="checkbox"/>	(no alternate) <input type="checkbox"/>	Absent	Absent
WHITBURN	<input type="checkbox"/>	(no alternate) <input type="checkbox"/>	Absent	Absent

COMMITTEE CLERK: Lucia I Mansour Digitally signed by Lucia I Mansour
Date: 2024.04.24 08:03:39 -07'00'

From: [Alex Wong](#)
To: [Lucia Mansour](#)
Subject: 05/08 Budget Development Committee Item 4 Comment
Date: Tuesday, May 7, 2024 7:17:55 AM

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hi Lucia,

Please attach the following as a written comment for Item 4. Thank you!

As Data Researcher for RideSD, I believe it is crucial for MTS to improve late night service to 15 minutes or better, as soon as possible. 30 minute frequencies are unusable for many late-night shift workers. 30 minute Trolley frequencies means that they could easily miss their connecting bus home and be stranded at a transit stop for the night. 15 minute late night frequencies will fix that. It will ensure that anyone who begins or ends their shift during late nights or Sunday mornings, anywhere on the Trolley system, will enjoy a basic level of service. It's also incumbent on MTS to deliver 7.5 minute Mid-Coast Trolley frequencies as soon as possible. As University City steadily densifies, Mid-Coast Trolley ridership will continue to rapidly grow for many years. Doubling frequencies will not only shorten trips and alleviate overcrowding, it will also help passengers feel safer, especially since most crimes on the Trolley system happen at stations rather than on-board the Trolleys themselves.

MTS also needs to restore pre-pandemic bus services on the busiest lines to meet, if not exceed, pre-pandemic levels. MTS should perform bus network redesign to tailor transit to post-pandemic travel patterns and transit-oriented development. It would be wise for MTS to eliminate the lowest-ridership routes and reallocate service on those routes to high-ridership routes. Counterintuitive as it may seem, reducing the overall number of route-miles in order to maximize frequency on busy corridors actually expands the frequent transit network, as seen in Jarrett Walker's Atlanta bus redesign. As Walker notes in his book Human Transit, a transit network with a limited number of vehicles would gain far more ridership by concentrating service on a handful of busy corridors rather than spreading the transit fleet thinly across a vast web of infrequent routes.

That's why it's particularly crucial to maximize frequencies on Trolley Lines—our region's

busiest transit lines—to increase ridership. Best of all, maximizing Trolley frequencies is extremely cost-effective, as Trolley lines have far lower subsidies per passenger than most bus lines.

Sincerely,

--

Alex Wong
RideSD Data Researcher

"Frequency is Freedom, but [every] 15 minutes isn't frequency" - Alon Levy



**Metropolitan
Transit
System**

Agenda Item No. 4

**MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BUDGET DEVELOPMENT COMMITTEE**

May 8, 2024

SUBJECT:

Fiscal Year (FY) 2025 Operating Budget Discussion (Gordon Meyer)

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Budget Development Committee (BDC) forward a recommendation to the MTS Board of Directors to:

1. Postpone the Trolley 15-minute add-ons until the future of Senate Bill (SB) 125 funding is known; and
2. Postpone the public hearing and implementation date for Route 910 (overnight border express).

Budget Impact

None at this time.

DISCUSSION:

Staff will review the current draft of the FY 2025 Operating Budget and review key decision points for the finalization of that budget. Since the previous draft was presented to the Budget Development Committee and the Board, staff has made some minor adjustments to the proposed Operating Budget, including:

- Updates to the energy expense budget to reflect the most recent projections from the Department of Energy for compressed natural gas commodity prices.
- Updates to the personnel expense budget to incorporate the approved salary survey impact as well as finalize pension assumptions.
- Increased the projected budget for Transportation Development Act (TDA) funding to add \$3 million of additional revenue from the reserve held at the County level.

Staff was finalizing the draft balanced budget and preparing the budget book for the proposed public hearing on May 16, 2024, when notification on April 30th was received that a freeze was placed on MTS's upcoming SB 125 funding. Per the legislation, MTS was to be allocated



\$118,515,843 of Transit Intercity Rail Capital program (TIRCP) funding as well as \$17,265,263 Zero Emission Transit Capital Program (ZETCP) funding, which was supposed to be paid to the agency by April 30th. MTS had planned on including a total of \$63.3 million in the FY 2025 budgets, including \$20.0 million in the operating budget that primarily funds added service, plus another \$43.3 million in the approved FY 2025 Capital Improvement Program (CIP) budget.

Staff will present the impact of removing the SB 125 funding from the FY 2025 Operating Budget. Staff believes when the May Revision of the State budget is published, it should provide some clarity on the status of the SB 125 funding.

Staff recommends that the MTS Budget Development Committee (BDC) forward a recommendation to the MTS Board of Directors to:

1. Postpone the Trolley 15-minute add-ons until the future of SB 125 funding is known; and
2. Postpone the public hearing and implementation date for Route 910 (overnight border express).

Sharon Cooney
Chief Executive Officer

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

Metropolitan Transit System FY 2025 Operating Budget Overview

Budget Development Committee

Fiscal Year 2025 Operating Budget Overview

Overview

- Presented initial draft of FY25 operating budget to Board on April 25th
- Staff continued making revisions, formulated final budget draft
- On April 30th, staff were alerted that State Senate Bill (SB) 125 funds are currently frozen
 - Initial deposit of \$136M was supposed to be received in April
 - State notified CTA of freezing all SB-125 funds for distribution to all transit properties
 - \$284M planned for MTS in original legislation over multiple fiscal years:
 - \$211M of SB-125 funds planned in operations between FY24 and FY28
 - \$72M planned for CIP between FY25 and FY28
- Significant impact on FY25 operating/capital budgets and outyears
- Without SB-125 support, fiscal cliff approaching in FY26

Agenda

- Review final assumption changes since prior budget draft
- Review 5-year forecast scenarios based on various strategic alternatives
- Discuss alternatives and reach consensus on recommended path forward
- New budget timeline (additional BDC on May 30th, public hearing moved to June 20th)

Fiscal Year 2025 Operating Budget Revenue Summary (\$000s)

	FY 2025 Prior Draft	FY 2025 Proposed	Change
Passenger Revenue	\$ 80,125	\$ 80,125	\$ -
Other Operating Revenue	33,916	33,916	-
Total Operating Revenue	\$ 114,042	\$ 114,042	\$ -
Federal	\$ 73,123	\$ 73,123	\$ -
Federal Stimulus Funds	\$ 47,000	\$ 47,000	\$ -
TDA	89,810	92,810	3,000
TransNet Formula	42,415	42,415	-
TransNet Operating	33,497	33,497	-
STA	11,300	11,300	-
SB 125 TIRCP	19,658	19,658	-
Other	4,310	4,310	-
Total Subsidy	\$ 321,111	\$ 324,111	\$ 3,000
Reserves	\$ 21,958	\$ 21,168	\$ (790)
Total Revenue	\$ 457,111	\$ 459,321	\$ 2,210

- Drawing \$3M from TDA reserve for operating budget (2.1% growth versus -0.1% SANDAG budget)
- Reserves usage decreased by \$790K since prior draft (revenues increased more than expenses)

Fiscal Year 2025 Operating Budget Expenses Summary (\$000s)

	FY 2025 Prior Draft	FY 2025 Proposed	Change
Personnel Expenses	\$ 194,904	\$ 198,607	\$ 3,703
Purchased Transportation	113,542	113,549	7
Outside Services	53,587	53,592	5
Materials and Supplies	20,581	20,581	-
Energy	54,642	53,137	(1,505)
Risk Management	11,335	11,335	-
Other	8,520	8,520	-
Total Expenses	\$ 457,111	\$ 459,321	\$ 2,210

- Personnel increasing \$3.7M
 - \$2.2M for salary study
 - \$1.5M for CalPERS update (reflects headcount updates)
- Energy decreasing \$1.5M – CNG commodity rate (-19.9% decrease versus prior year)

Fiscal Year 2025 Operating Budget

Consolidated Revenues less Expenses (\$000s)

	FY 2025 Prior Draft	FY 2025 Proposed	Change
Operating Revenues	\$ 114,042	\$ 114,042	\$ -
Recurring Subsidy	254,454	257,454	3,000
Total Recurring Revenues	\$ 368,495	\$ 371,495	\$ 3,000
Total Expenses	457,111	459,321	\$ 2,210
Structural Deficit	\$ (88,616)	\$ (87,826)	\$ 790
Reserves	21,958	21,168	(790)
Federal Stimulus	47,000	47,000	-
SB-125 Funding	19,658	19,658	-
Revenues Less Expenses	\$ -	\$ -	\$ -

- Decrease in structural deficit of \$790K versus prior draft

Fiscal Year 2025 Operating Budget 5 Year Projection – Baseline (with SB-125)

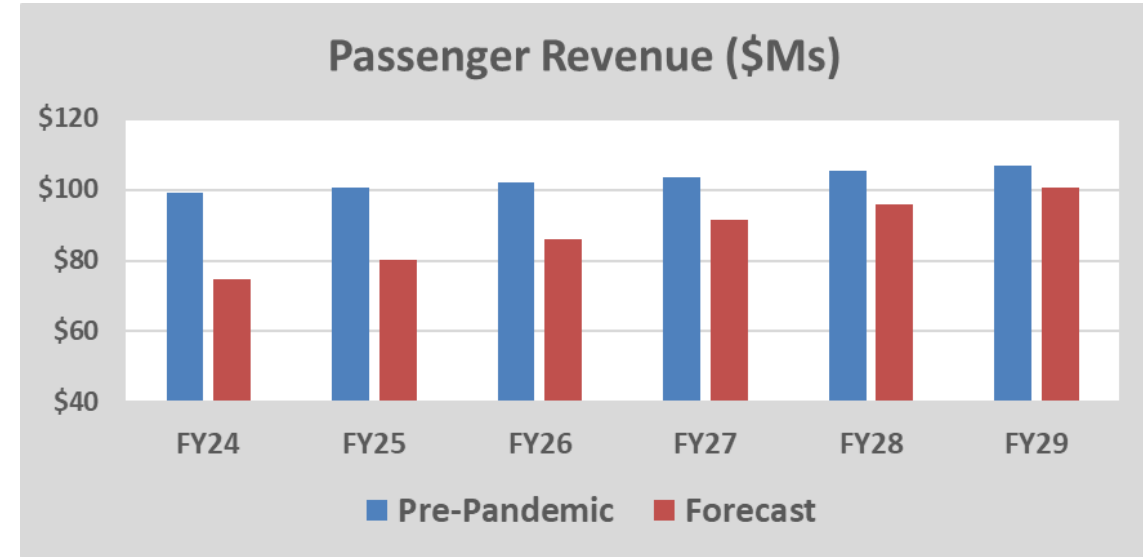
- Major Themes

- Revenue Assumptions

- Passenger revenue grows but not return to pre-pandemic levels
- Federal revenue stable in operating budget
- Sales tax revenues (TDA, TransNet) projected by Avenu

- Service Levels

- Assume additional bus/trolley service in FY26 and beyond per SB-125 plan
- Continued recovery of ADA Paratransit volumes
- No other changes to service levels



Expense Assumptions

	FY26	FY27	FY28	FY29
CPI	3.5%	3.0%	3.0%	2.8%
Wage/Benefits	4.5%	4.5%	3.5%	3.5%
Purchased Transportation	4.1%	4.2%	2.5%	2.7%
Energy	8.6%	3.7%	4.3%	4.9%
Overall Average Growth	7.2%	3.8%	3.1%	3.2%

Fiscal Year 2025 Operating Budget 5 Year Projection - Baseline

Baseline Scenario – receive all SB-125 funds per original plan

	FY 2025 Proposed	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Operating Revenues	\$ 114,042	\$ 121,559	\$ 125,815	\$ 126,890	\$ 130,716
Recurring Subsidy	257,454	268,627	275,169	281,341	287,600
Total Recurring Revenues	\$ 371,495	\$ 390,187	\$ 400,984	\$ 408,231	\$ 418,315
Total Expenses	459,321	492,490	511,292	527,202	543,974
Structural Deficit	\$ (87,826)	\$ (102,303)	\$ (110,308)	\$ (118,971)	\$ (125,659)
Reserves	21,168	65,836	3	156	226
Federal Stimulus	47,000	-	-	-	-
SB-125 Funding	19,658	36,468	110,306	39,399	-
Revenues Less Expenses	\$ -	\$ -	\$ -	\$ (79,416)	\$ (125,433)

Results:

- Significant structural deficit remains in place under current revenue and expense assumptions
- Balanced with one-time funding through FY27 and into FY28

Fiscal Year 2025 Operating Budget SB-125 Original Funding Plan (Operations)

Operating Activity	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Total
Security Enhancements	\$ 1,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 15,500
Trolley Service Enhancements	-	4,514	9,880	12,262	12,262	38,917
Bus Service Enhancements	-	7,444	14,556	16,000	16,000	54,000
Iris Rapid Operations	3,000	4,000	4,000	4,000	4,000	19,000
Otay Mesa (CBX) Service Improvements	-	200	1,500	1,500	1,800	5,000
Bus Stop Improvements	-	-	1,500	1,500	1,000	4,000
Structural Deficit Balancing	-	-		13,418	61,495	74,913
Total	\$ 4,500	\$ 19,658	\$ 34,936	\$ 52,180	\$ 100,057	\$ 211,330

- \$211M in SB-125 funds in operations over 5 years
 - Move forward with security enhancements and Iris Rapid activities without SB-125 revenue
 - Recommending suspension/delay of Trolley and Bus service enhancements
 - \$74.9M in funds planned for balancing structural deficit balancing no longer available
 - SB-125 revenue removed from FY25 budget and 5-year forecast
 - Significantly impacts timing of fiscal cliff

Fiscal Year 2025 Operating Budget 5 Year Projection – Remove SB125

- Revenue Assumptions
 - Reduce passenger revenue assumptions
 - Reduce energy credit and interest revenue
- Expense Assumptions
 - \$4.0M for Iris Rapid operations still included
 - \$3.5M for Security Enhancements still included
 - \$13.2M reduction in expenses due to rolling back all other planned SB-125 activities (primarily service increases)
- Net unfavorable impact of \$10.1M in FY25
 - Requires \$10.1M more from operating deficit reserve
- 5-year forecast
 - Passenger Fares and Other Income assumptions reduced
 - Same expense growth factors applied to outyears as baseline projection (CPI, Energy, etc.), but expenses/revenues for planned SB-125 activities removed

	FY 2025	
Passenger Fares	\$	(1,200)
Other Income		(2,363)
Operating Revenue	\$	(3,563)
SB-125	\$	(19,658)
Subsidy Revenue	\$	(19,658)
Total Revenue	\$	(23,221)
Personnel Expenses	\$	(3,601)
Purchased Transportation		(5,330)
Outside Services		(300)
Materials and Supplies		(500)
Energy		(3,423)
Expenses	\$	(13,154)
Net Impact (Unfavorable)	\$	(10,067)

Fiscal Year 2025 Operating Budget 5 Year Projection – Remove SB-125

Scenario 1 – Remove all SB-125 planned activities

	FY 2025 Proposed	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Operating Revenues	\$ 110,479	\$ 119,056	\$ 123,466	\$ 127,448	\$ 131,830
Recurring Subsidy	257,454	268,441	275,015	281,616	287,965
Total Recurring Revenues	\$ 367,932	\$ 387,497	\$ 398,481	\$ 409,064	\$ 419,796
Total Expenses	446,167	475,744	493,841	509,179	525,329
Structural Deficit	\$ (78,235)	\$ (88,247)	\$ (95,360)	\$ (100,114)	\$ (105,533)
Reserves	31,235	51,386	38	93	142
Federal Stimulus	47,000	-	-	-	-
SB-125 Funding	-	-	-	-	-
Revenues Less Expenses	\$ -	\$ (36,861)	\$ (95,322)	\$ (100,022)	\$ (105,391)

Results

- Balanced through FY25, hit fiscal cliff in FY26
- Requires \$10M more from operating deficit reserve to balance FY25
- This is current draft budget that would go to Board in June

Fiscal Year 2025 Operating Budget Structural Deficit

- Identified Strategies for delaying fiscal cliff:
 - Shift \$30M of identified flexible funding from FY25 CIP to operations (one-time)
 - Change preventive maintenance sharing methodology between capital/ops (\$38M per year)
 - Shift State Transit Assistance (STA) funding from capital to operations (up to \$20M per year)
 - Shifting STA and TDA has significant impact on upcoming projects and State of Good Repair, and ZEB transition
 - Change fare diversion program to increase compliance
 - Fare increase
 - Service reductions
 - Ballot measure in November 2026?
 - New state sales tax?
 - Other?
- Top 3 options combined get us through FY27

Fiscal Year 2025 Operating Budget 5 Year Projection – Remove SB-125

Scenario 2 – Remove all SB-125 planned service increases, shift funding from capital

	FY 2025 Proposed	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Operating Revenues	\$ 110,479	\$ 119,056	\$ 123,466	\$ 127,448	\$ 131,830
Recurring Subsidy	257,454	268,441	275,015	281,616	287,965
Total Recurring Revenues	\$ 367,932	\$ 387,497	\$ 398,481	\$ 409,064	\$ 419,796
Total Expenses	446,167	475,744	493,841	509,179	525,329
Structural Deficit	\$ (78,235)	\$ (88,247)	\$ (95,360)	\$ (100,114)	\$ (105,533)
Reserves	31,235	31,386	7,360	12,771	142
Federal Stimulus	47,000	-	-	-	-
Capital TDA to Operations	-	36,861	38,000	38,000	38,000
One-time flexible funding from CIP to Ops	-	-	30,000	-	-
Shift STA from CIP to Ops	-	20,000	20,000	20,000	20,000
SB-125 Funding	-	-	-	-	-
Revenues Less Expenses	\$ -	\$ -	\$ -	\$ (29,344)	\$ (47,391)

Results:

- Balanced through FY27, fiscal cliff in FY28
- \$58M annual reduction to CIP, significant impact to CIP

Fiscal Year 2025 Operating Budget

Next Steps

- Notify unions and contractors of intent to keep service at current levels
- May Revision of State budget expected to be published by May 14th
 - Hope to receive clarification on timing/amount of funds
 - Final State budget won't be available until summer (typically last week of June)
- Present same report to Board on May 16th, updated with any new information
- Bring final proposed budget to newly scheduled BDC on May 30th
- Public hearing on June 20th (moved from May 16th)

- Hold additional BDC meeting(s) over summer to provide updated information, discuss strategy, and formalize action plan

Fiscal Year 2025 Operating Budget Staff Recommendation

That the Budget Development Committee forward a recommendation to the Board of Directors to:

- 1) Postpone the Trolley 15-minute addons until future of SB-125 funding known and
- 2) Postpone the public hearing and implementation date for Route 910 (overnight border express)

Questions/Comments