



Metropolitan Transit System

Attachment 2

December 29, 2025

Ms. Susan Huntington
TransNet Program Director, SANDAG
1011 Union Street, Suite 400
San Diego, CA 92101

Dear Ms. Huntington,

Within fiscal year 2025, both MTS Bus and Rail Operations were not in compliance with the annual Consumer Price Index (CPI) requirement (that the increase in operating cost per revenue hour or revenue mile not exceed the increase in CPI). The primary factors contributing to this noncompliance is the faster inflationary rate in the labor markets within the region as compared to the comparative Transportation Index in the San Diego County CPI Table (increasing 3.71 percent in fiscal year 2025), and fiscal year 2025 systematic changes within our Rail Operations.

Within our Bus Operations and through Collective Bargaining Agreements (CBA), the MTS Board of Directors approved new rate increases with our various labor unions in excess of 7% for the previous fiscal year with lower increases in future fiscal years. This was a direct response to hiring challenges based on competing wage growth in other comparable markets. Also in late fiscal year 2024, an external consultant was engaged and analyzed wages for our non-union staff, resulting in identifying many positions outside of equitable wages for their respective positions. Had wages been in line with the CPI Table (3.71 percent), overall Bus Operations would have been in compliance with the CPI Transportation Index at a 3.67 percent increase year over year.

Within Rail Operations, MTS introduced the Copper Line in the eastern portion of our region in early 2025. This systematic change terminated Green and Orange Lines at the El Cajon Transit Station (rather than the Santee Transit Station and Arnele Avenue, respectively), and delivered Copper Line services running 15-minute frequencies from El Cajon to Santee, improving rider service reliability and experience. These services are currently running one-car trains as compared to the typical three-car trains for the rest of the system. For comparative purposes, Rail Operations has added services as compared to previous years, but given that train-consists have decreased from three to one-car trains, revenue car miles are decreasing. Given that the formula used within this CPI calculation is based on car miles and hours, the reduction in car miles makes it virtually impossible for MTS to achieve this CPI target. When applying train hours (regardless of the size of the train consist), MTS Rail Operations would be compliant with only a 2.15 percent increase as compared to the 3.71 percent CPI Table.

MTS respectfully requests that the SANDAG Board of Directors approve the MTS's eligibility requirement calculation excluding \$3.98 million in personnel expenses for the Bus Operations year over year increase of 3.71% (amount above the Transportation Index in the San Diego County CPI). MTS also requests the SANDAG Board to allow for the Rail Operations metric to shift to Train Hours for fiscal year 2025 to calculate operator eligibility due to the introduction of the Copper Line and structural change of the Rail system.

We appreciate the Board's recognition of our continued concerted efforts to increase efficiency of our operations and responsibly manage our costs.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry Marinesi", written over a white background.

Larry Marinesi
Chief Financial Officer

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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 multiple cities in San Diego County.

