



## **BOARD OF DIRECTORS**

Minutes

August 8, 2014

A regular meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District was convened on Friday, August 8, 2014 at the Santa Cruz METRO Administrative Offices, located at 110 Vernon Street, in Santa Cruz, California.

### **SECTION I: OPEN SESSION**

**1. CALL TO ORDER**

Chair Bustichi called the meeting to order at 8:38 a.m.

**2. ROLL CALL**

The following Directors were present:

Director Hilary Bryant	<input type="checkbox"/>
Director Dene Bustichi	<input checked="" type="checkbox"/>
Director Karina Cervantez	<input type="checkbox"/>
Director Daniel Dodge	<input checked="" type="checkbox"/>
Director Zach Friend	<input checked="" type="checkbox"/>
Director Ron Graves	<input checked="" type="checkbox"/>
Director Michelle Hinkle	<input type="checkbox"/>
Director Deborah Lane	<input type="checkbox"/>
Director John Leopold	<input checked="" type="checkbox"/>
Director Bruce McPherson	<input type="checkbox"/>
Director Lynn Robinson	<input checked="" type="checkbox"/>
Ex-Officio Director Donna Blitzer	<input checked="" type="checkbox"/>

**STAFF PRESENT**

Alex Clifford, CEO

Leslyn K. Syren, District Counsel

**SANTA CRUZ METRO EMPLOYEES AND MEMBERS OF THE PUBLIC WHO VOLUNTARILY INDICATED THEY WERE PRESENT**

Debbie Kinslow, Santa Cruz METRO

Carolyn Derwing, SEA President

Brian Bauldry, Pacific Crest Engineering

Angela Aitken, Santa Cruz METRO

Claire Fliesler, Santa Cruz METRO

April Warnock, Santa Cruz METRO

Mike Johnson, Direct Surety

Ciro Aguirre, Santa Cruz METRO

Anna-Marie Gouveia, Santa Cruz METRO

**3. ANNOUNCEMENTS**

None.

**4. COMMUNICATIONS TO THE BOARD OF DIRECTORS**

None.

**5. LABOR ORGANIZATION COMMUNICATIONS**

None.

**6. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS**

None.

With the expectation of attaining a quorum later, Chair Bustichi announced that the Consent Agenda will be postponed and Item 9 will be taken out of order.

**9. STRUCTURAL DEFICIT WORKSHOP I OF VIII**

Mr. Clifford started the presentation by reviewing the timeframe and what could be expected in the upcoming months. He introduced the team and emphasized how the presentation and the work behind it was a true collaborative effort.

Chair Bustichi requested that all questions be recorded and included in the following meeting's workshop.

Presenters Angela Aitken, Tom Hiltner and Debbie Kinslow presented a look into the definition of a Structural Deficit, how Santa Cruz METRO reached the deficit it had, and where they saw the deficit heading.

Questions Raised were as follows:

Slide 9.6: Director Leopold stated that the budget that was passed assumed an increase of less than 3% and asked what would have looked like if included in the graph. He wondered how accurate they were in the initial estimate. Ms. Aitken replied that she would look into that and bring that information back to the board.

Slide 9.11: Chair Bustichi asked if the prediction that the reserves would be exhausted in FY16? He questioned what that number was. Ms. Aitken replied that based on the data, FY16 was a conservative time frame and it would be exhausted at that time.

Vice-Chair Robinson looked for confirmation on what was done during FY13. Ms. Aitken replied that they had used reserves to balance the budget.

Slide 9.12: Chair Bustichi asked for what was anticipated in sales tax growth and what that number was based upon. Ms. Aitken stated they based the numbers on an estimated 7% growth which has been the historical average. Mr. Clifford acknowledged the projection was a snapshot of the information at that time and would be subject to move.

Slide 9.15: Director Leopold asked about the differences in Operation Capital reserves and where the cash flow fits in that amount. Mr. Clifford clarified that the question was what would happen to the reserves if the Cash Flow was added. Ms. Aitken stated the Operations Capital reserves would change to be \$9.6M.

Director Dodge arrived at 9:24 a.m.

Vice-Chair Robinson referred back to slide 9.6 and noted the numbers show a loss of \$26M in sales tax but the graph's top is at \$25M. Mr. Clifford replied that the graph was depicting the loss difference year over year.

Slide 9.28:

Director Leopold asked for information in regards to the success of grants. He asked if there was an increase year over year or if the funding stayed pretty flat. Mr. Hiltner replied that grants for Operating Budget stayed fairly consistent. Director Leopold asked if the number represented all of the grants for Santa Cruz METRO. Mr. Hiltner replied in the negative. Mr. Clifford stated he would bring back a slide that will show grant amounts cumulatively, which he believed would show growth.

Slide 9.29: Mr. Clifford stated at the beginning of every workshop previous questions and follow-up items would be addressed first.

Director Friend asked if a future slide could show two or three assumptions for upcoming fiscal years that may include ideal and non-ideal scenarios. Mr. Clifford stated that they would bring back information that would include models at 75%, 100% and 125%.

Director Leopold asked if they could see detailed information on the drivers of labor cost.

Vice-Chair Robinson wanted to have information that got more into the details of time trends and extrapolate the reasons for the trends. Mr. Clifford replied they will bring back more detailed information.

Chair Bustichi clarified that on one of the graphs Vice-Chair Robinson was questioning, there was a dip in spending which may have been due to not replacing retirees. Chair Bustichi ask to see a graph that charted the historical percent of labor costs throughout the year.

Mr. Clifford and staff were thanked by Chair Bustichi, Vice-Chair Robinson and Director Leopold for their work and passion that helped engage the Board.

Public comment: none.

Director Friend acknowledged to the members of the Board that a quorum had been reached. In consideration of time, Vice-Chair Robinson moved item 8 out of order.

## REGULAR AGENDA

**8. PUBLIC HEARING: RECEIVE PUBLIC COMMENTS ON SANTA CRUZ METRO'S PROPOSED DISADVANTAGED BUSINESS ENTERPRISE (DBE) GOAL OF 1.5% FOR FEDERAL FISCAL YEARS 2015-2017 (FFY15-FFY17) AND ADDITION OF THE DBE PROGRAM TO METRO'S ADMINISTRATIVE CODE**

Ms. Aitken, presented the Staff Report stating there had been no comments submitted at that time.

Vice-Chair Robinson opened the public hearing at 10:03 a.m.

Public comment: Mike Johnson, with Direct Surety, spoke in favor of the program.

With no further public comment, Vice-Chair Robinson closed the public hearing at 10:06 a.m.

**ACTION: MOTION: BUSTICHI SECOND: LEOPOLD**

**APPROVED DISADVANTAGED BUSINESS ENTERPRISE (DBE) GOAL OF 1.5% FOR FEDERAL FISCAL YEARS 2015-2017 (FFY15-FFY17) AND ADDITION OF THE DBE PROGRAM TO METRO’S ADMINISTRATIVE CODE**

**MOTION PASSED UNANIMOUSLY WITH DIRECTORS BRYANT, CERVANTEZ, HINKLE, LANE AND MCPHERSON ABSENT.**

**CONSENT AGENDA**

- 7-1. ACCEPT AND FILE MINUTES FOR THE SANTA CRUZ METRO BOARD OF DIRECTORS MEETINGS OF**
  - i. April 25, 2014
  - ii. June 13, 2014
- 7-2. Moved to regular agenda.**
- 7-3. CONSIDERATION OF ISSUING A FORMAL INVITATION FOR BIDS FOR THE PURCHASE AND INSTALLATION OF CARPETING AND RELATED SITE WORK AT PACIFIC STATION**  
Erron Alvey, Purchasing Manager
- 7-4. CONSIDERATION OF REJECTING ALL BIDS RECEIVED FOR THE APPLICATION OF CHIP SEAL ON UNPAVED PARKING LOT AND RELATED SITE WORK**  
Erron Alvey, Purchasing Manager
- 7-5. CONSIDERATION OF APPROVAL OF AUDIT ENGAGEMENT LETTER WITH BROWN ARMSTRONG ACCOUNTANCY CORPORATION FOR FINANCIAL AUDIT AND TAX SERVICES FOR YEAR THE ENDED JUNE 30, 2014**  
Angela Aitken, Finance Manager
- 7-6. CONSIDERATION OF AUTHORIZING THE CEO TO EXECUTE A TWO YEAR LEASE WITH ONE OPTION TO RENEW FOR AN ADDITIONAL TWO YEARS FOR THE PROPERTY LOCATED AT 2880 RESEARCH PARK DRIVE IN SOQUEL**  
Ciro Aguirre, Manager of Operations

Director Leopold requested to move item 7-2 to the regular agenda.

**ACTION: MOTION: BUSTICHI SECOND: GRAVES**

**APPROVED CONSENT AGENDA WITH ITEM 7-2 MOVED TO THE REGULAR AGENDA.**

**MOTION PASSED UNANIMOUSLY WITH DIRECTORS BRYANT, CERVANTEZ, HINKLE, LANE AND MCPHERSON ABSENT.**

**REGULAR AGENDA**

- 7-2. CONSIDERATION OF AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE A CONTRACT AMENDMENT WITH MIKE STANGE FOR INTERIM FLEET MAINTENANCE MANAGEMENT SERVICES IN AN ADDITIONAL AMOUNT NOT TO EXCEED \$75,000**  
Director Leopold expressed his concerns over the length and expense of the contract amendment.

Mr. Clifford spoke in support of the extension of the contract and noted some of the accomplishments Mr. Stange has achieved while on board.

Director Dodge asked if the contract was covered by the money allocated to the management position within the budget. Mr. Clifford replied the budgeted amount does provide a partial off set.

Public comment: none.

**ACTION:            MOTION: BUSTICHI            SECOND: FRIEND**

Director Dodge stated he echoed Director Leopold’s concerns about the generous contract and timeline for the extension if it goes beyond the October 31 deadline.

**APPROVED CONSENT AGENDA WITH ITEM 7-2 MOVED TO THE REGULAR AGENDA.**

**MOTION PASSED UNANIMOUSLY WITH DIRECTORS BRYANT, CERVANTEZ, HINKLE, LANE AND MCPHERSON ABSENT**

- 8.        Moved before consent agenda.**
- 9.        Moved to follow item 6.**
- 10.      ANNOUNCEMENT OF NEXT MEETING: FRIDAY, AUGUST 22, 9:00 AM, SCOTTS VALLEY CITY COUNCIL CHAMBERS, 1 CIVIC CENTER DR, SCOTTS VALLEY**  
Vice- Chair Robinson announced the location and time of the following meeting.
- 11.      ADJOURNMENT**  
Meeting was adjourned at 10:15 a.m.

**Respectfully submitted by:**

The Temporary Administrative Assistant, Eriko K. Dreyer.