

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

BOARD OF DIRECTORS REGULAR MEETING AGENDA
JANUARY 27, 2006 (Fourth Friday of Each Month)
CITY HALL COUNCIL CHAMBERS*
809 CENTER STREET
SANTA CRUZ, CALIFORNIA
9:00 a.m. – Noon

THE BOARD AGENDA PACKET CAN BE FOUND ONLINE AT WWW.SCMTD.COM

NOTE: THE BOARD CHAIR MAY TAKE ITEMS OUT OF ORDER

SECTION I: OPEN SESSION - 9:00 a.m.

1. a. ROLL CALL
- b. CONSIDERATION OF:
 - 1) ~~NOMINATION~~ **ELECTION** OF DIRECTORS TO SERVE AS BOARD OFFICERS,
 - 2) ~~NOMINATIONS~~ **ELECTION** FOR APPOINTMENTS TO THE HIGHWAY 1 CONSTRUCTION AUTHORITY,
 - 3) ~~NOMINATIONS~~ **ELECTION** FOR APPOINTMENTS TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION, AND
 - 4) ~~NOMINATIONS~~ **ELECTION** FOR APPOINTMENTS TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION TRANSPORTATION FUNDING TASK FORCE FOR 2006

Presented by: Les White, General Manager
Staff Report: Attached **(REVISED STAFF REPORT IS INCLUDED IN THE JANUARY 27, 2006 BOARD PACKET)**
2. ORAL AND WRITTEN COMMUNICATION
 - a. Congresswoman Anna Eshoo Re: Resolution
 - b. Amy Weiss, Spanish Interpreter Re: Holiday Card
3. LABOR ORGANIZATION COMMUNICATIONS
4. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

CONSENT AGENDA

- 5-1. APPROVE REGULAR BOARD MEETING MINUTES OF OCTOBER 14 AND 28, 2005 AND SPECIAL MEETING MINUTES OF OCTOBER 11, 19, 26 AND 30, 2005
MINUTES OF OCTOBER 11, 19, 26 AND 30, 2005 ARE INCLUDED IN THE JANUARY 27, 2006 BOARD PACKET AND REGULAR MINUTES OF OCTOBER 14 AND 28, 2005 WILL BE INCLUDED IN FEBRUARY 2006 BOARD PACKET
- 5-2. ACCEPT AND FILE PRELIMINARILY APPROVED CLAIMS FOR THE MONTH OF DECEMBER 2005
Report: Attached
- 5-3. ACCEPT AND FILE DECEMBER 2005 RIDERSHIP REPORT
Report: **PAGE 1 WILL BE DISTRIBUTED AT THE JANUARY 27, 2006 BOARD MEETING**
- 5-4. CONSIDERATION OF TORT CLAIMS: **DENY THE CLAIM OF CURTIS NATHAN, CLAIM #06-0001; DELETED: ACTION TAKEN AT THE JANUARY 13, 2006 BOARD MEETING TO** DENY THE CLAIM OF NANCY ANECITO, CLAIM #05-0026
- 5-5. ACCEPT AND FILE THE METRO ADVISORY COMMITTEE (MAC) AGENDA FOR JANUARY 18, 2006
Agenda/Minutes: Attached
- 5-6. ACCEPT AND FILE THE METRO ACCESSIBLE SERVICES TRANSIT FORUM (MASTF) AGENDA FOR JANUARY 19, 2006
Agenda: Attached
- 5-7. ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR SEPTEMBER 2005
Staff Report: Attached
- 5-8. **MOVED TO REGULAR AGENDA AS ITEM #10**
- 5-9. ACCEPT AND FILE PARACRUZ OPERATIONS STATUS REPORT FOR THE MONTH OF OCTOBER 2005
Staff Report: Attached
- 5-10. ACCEPT AND FILE UNIVERSITY OF CALIFORNIA, SANTA CRUZ SERVICE UPDATE FOR THE MONTH OF NOVEMBER 2005
Staff Report: Attached
- 5-11. ACCEPT AND FILE METROBASE STATUS REPORT
Staff Report: Attached **(ADDITIONAL STAFF REPORT IS INCLUDED IN THE JANUARY 27, 2006 BOARD PACKET)**

- 5-12. ACCEPT AND FILE MINUTES REFLECTING VOTING RESULTS FROM APPOINTEES TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION FOR THE DECEMBER 2005 MEETING
Staff Report: Attached
- 5-13. CONSIDERATION OF FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT AUDITOR FOR YEAR ENDING JUNE 30, 2005
Staff Report: Attached **(ATTACHMENT "B" IS INCLUDED IN THE JANUARY 27, 2006 BOARD PACKET)**
- 5-14. **DELETED: WILL BE INCLUDED IN THE MARCH 2006 BOARD PACKET**
(ACCEPT AND FILE CALL STOP AUDIT REPORT FOR THE PERIOD OF OCTOBER, NOVEMBER AND DECEMBER 2005)
- 5-15. CONSIDERATION OF APPROVAL OF DISTRICT BUYER RECLASSIFICATION TO INCLUDE TITLE CHANGE
Staff Report: **REVISED ATTACHMENT "B" (2nd REVISION) WILL BE DISTRIBUTED AT THE JANUARY 27, 2006 BOARD MEETING**
- 5-16. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO RENEW THE CONTRACT WITH THE LAW OFFICES OF MARIE F. SANG FOR LEGAL SERVICES IN THE AREA OF WORKERS COMPENSATION
Staff Report: Attached
- 5-17. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO RENEW THE CONTRACT WITH EVERGREEN OIL, INC. FOR HAZARDOUS WASTE REMOVAL SERVICES
Staff Report: Attached
- 5-18. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO RENEW THE CONTRACT WITH CRUZ CAR WASH FOR WASHING PARACRUZ VEHICLES
Staff Report: Attached
- 5-19. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO RENEW THE CONTRACT WITH STEVE'S UNION FOR FUELING PARACRUZ VEHICLES
Staff Report: Attached
- 5-20. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO RENEW THE CONTRACT WITH BROWN, ARMSTRONG, PAULDEN, MCCOWN, STARBUCK & KEETER ACCOUNTING CORPORATION FOR FINANCIAL AUDIT AND TAX SERVICES
Staff Report: Attached

- 5-21. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A LEASE ASSIGNMENT TRANSFERRING THE CURRENT RESTAURANT LEASE AT THE WATSONVILLE TRANSIT CENTER TO THE NEW RESTAURANT OWNERS
Staff Report: Attached
- 5-22. **DELETED: ACTION TAKEN AT THE JANUARY 13, 2006 BOARD MEETING**
(CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN INDEMNITY AGREEMENT IN FAVOR OF THE CITY OF SANTA CRUZ REGARDING THE GARBAGE EQUIPMENT METRO RENTS FOR ITS FACILITIES)
- 5-23. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT FOR FEDERAL LEGISLATIVE SERVICES
(Moved to Consent Agenda at the January 13, 2006 Board Meeting. Retained original numbering as Item #7)
- 5-24. **CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A NEW LEASE AGREEMENT WITH WALID AND WINONA SUB LABAN, DBA METROPOLITAN MARKET FOR MARKET SPACE AND RETAIL SPACE**
Staff Report: **IS INCLUDED IN THE JANUARY 27, 2006 BOARD PACKET**

REGULAR AGENDA

6. **DELETED: THIS PRESENTATION TOOK PLACE AT THE JANUARY 13, 2006 BOARD MEETING**
(CONSIDERATION OF PRESENTATION BY URBITRAN ON THE BAY CORRIDOR FEASIBILITY ANALYSIS BUS RAPID TRANSIT PRELIMINARY CONCEPTUAL PLAN)
7. **MOVED TO CONSENT AGENDA AS ITEM #5-23**
8. **DELETED: WILL BE INCLUDED IN THE FEBRUARY 2006 BOARD PACKET**
(CONSIDERATION OF **RESOLUTION** TO REVISE SANTA CRUZ METRO'S BYLAWS AND DIRECTOR'S CODE OF ETHICS TO INCORPORATE MODIFICATIONS REQUIRED BY NEW LEGISLATION (AB1234) WHICH BECAME EFFECTIVE JANUARY 1, 2006, REGARDING DIRECTOR'S COMPENSATION AND ETHICS REQUIREMENTS INCLUDING TRAINING)
9. CONSIDERATION OF SUBMITTING A REQUEST THAT THE CALIFORNIA STATE LEGISLATURE AMEND THE METRO ENABLING STATUTE (SECTION 98000 ET. SEQ. OF THE CALIFORNIA PUBLIC UTILITIES CODE) TO PROVIDE FOR PROCEDURES FOR CITIZEN RECALL OF MEMBERS OF THE BOARD OF DIRECTORS
Presented By: Les White, General Manager
Staff Report: Attached
10. ACCEPT AND FILE HIGHWAY 17 STATUS REPORT FOR SEPTEMBER 2005

(Moved to Regular Agenda at the January 13, 2006 Board Meeting. Retained original numbering as Item #5-8)

11. **CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO ISSUE A SOLE SOURCE CONTRACT WITH GIRO, INC. FOR THE HASTUS UPGRADE**
Presented By: Mark Dorfman, Assistant General Manager
Staff Report: **IS INCLUDED IN THE JANUARY 27, 2006 BOARD PACKET**
12. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

SECTION II: CLOSED SESSION

1. CONFERENCE WITH REAL PROPERTY NEGOTIATOR
(Pursuant to Government Code Section 54956.8)

Property: 1217 River Street, Santa Cruz, California
APN 008-013-07

Negotiating parties: Leslie R. White, General Manager, for SCMTD
Dennis Stewart, Property Owner

Under Negotiation: Price and Terms of Payment

2. CONFERENCE WITH LABOR NEGOTIATOR
(Pursuant to Government Code Section 54957.6)

a. Agency Negotiator: Leslie R. White, General Manager

1. Unrepresented Employees: METRO Managers
(General Manager, Assistant General Manager, MetroBase Project Manager, District Counsel, Finance Manager, Assistant Finance Manager, Human Resources Manager, Human Resources Assistant Manager, IT Manager, Senior Database Administrator, Maintenance Manager, Operations Manager, Base Superintendent, Paratransit Administrator, Paratransit Superintendent)
2. Employee Organization: Service Employees International Union (SEIU), Local 415

SECTION III: RECONVENE TO OPEN SESSION

13. REPORT OF CLOSED SESSION

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NOTICE TO PUBLIC

Members of the public may address the Board of Directors on a topic not on the agenda but within the jurisdiction of the Board of Directors or on the consent agenda by approaching the Board during consideration of Agenda Item #2 "Oral and Written Communications", under Section I. Presentations will be limited in time in accordance with District Resolution 69-2-1.

When addressing the Board, the individual may, but is not required to, provide his/her name and address in an audible tone for the record.

Members of the public may address the Board of Directors on a topic on the agenda by approaching the Board immediately after presentation of the staff report but before the Board of Directors' deliberation on the topic to be addressed. Presentations will be limited in time in accordance with District Resolution 69-2-1.

The Santa Cruz Metropolitan Transit District does not discriminate on the basis of disability. The City Council Chambers is located in an accessible facility. Any person who requires an accommodation or an auxiliary aid or service to participate in the meeting, please contact Cindi Thomas at 831-426-6080 as soon as possible in advance of the Board of Directors meeting. Hearing impaired individuals should call 711 for assistance in contacting METRO regarding special requirements to participate in the Board meeting. A Spanish Language Interpreter will be available during "Oral Communications" and for any other agenda item for which these services are needed. This meeting will be broadcast live by Community Television of Santa Cruz on Channel 26.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006

TO: Board of Directors

FROM: Les White, General Manager

SUBJECT: MATERIAL FOR THE JANUARY 27, 2006 BOARD MEETING AGENDA

REPLACE ITEM #1b

CONSIDERATION OF:

- 1) ~~NOMINATION~~ **ELECTION** OF DIRECTORS TO SERVE AS BOARD OFFICERS,
- 2) ~~NOMINATIONS~~ **ELECTION** FOR APPOINTMENTS TO THE HIGHWAY 1 CONSTRUCTION AUTHORITY,
- 3) ~~NOMINATIONS~~ **ELECTION** FOR APPOINTMENTS TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION, AND
- 4) ~~NOMINATIONS~~ **ELECTION** FOR APPOINTMENTS TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION TRANSPORTATION FUNDING TASK FORCE FOR 2006
(Replace original Staff Report with **REVISED** Staff Report)

SECTION I:

OPEN SESSION:

CONSENT AGENDA:

- INSERT ITEM #5-1** APPROVE REGULAR BOARD MEETING MINUTES OF OCTOBER 14 AND 28, 2005 AND SPECIAL MEETING MINUTES OF OCTOBER 11, 19, 26 AND 30, 2005
(Insert Minutes –the October 14, 2005 and October 28, 2005 Minutes will be included in the February 2006 Board Packet)
- ADD TO ITEM #5-3** ACCEPT AND FILE DECEMBER 2005 RIDERSHIP REPORT
(Page 1 will be distributed at the January 27, 2006 Board Meeting)
- REVISE ITEM #5-4** CONSIDERATION OF TORT CLAIMS: **DENY THE CLAIM OF CURTIS NATHAN, CLAIM #06-0001**; **DELETED: Action taken at the January 13, 2006 Board Meeting to DENY THE CLAIM OF NANCY ANECITO, CLAIM #05-0026**
(Insert New Claim)
- ADD TO ITEM #5-11** ACCEPT AND FILE METROBASE STATUS REPORT
(Insert **ADDITIONAL** Staff Report)
- ADD TO ITEM #5-13** CONSIDERATION OF FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT AUDITOR FOR YEAR ENDING JUNE 30, 2005
(Insert Attachment “B”)

- DELETE ITEM #5-14** ACCEPT AND FILE CALL STOP AUDIT REPORT FOR THE PERIOD OF OCTOBER, NOVEMBER AND DECEMBER 2005
(Deleted: Will be included in the March 2006 Board Packet)
- ADD TO ITEM #5-15** CONSIDERATION OF APPROVAL OF BUYER RECLASSIFICATION TO INCLUDE TITLE CHANGE
(Revised Attachment "B" (2nd Revision) will be distributed at January 27, 2006 Board Meeting)
- DELETE ITEM #5-22** CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN INDEMNITY AGREEMENT IN FAVOR OF THE CITY OF SANTA CRUZ REGARDING THE GARBAGE EQUIPMENT METRO RENTS FOR ITS FACILITIES
(Deleted: Action taken at the January 13, 2006 Board Meeting)
- ADD ITEM #5-24** **CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A NEW LEASE AGREEMENT WITH WALID AND WINONA SUB LABAN DBA METROPOLITAN MARKET FOR MARKET SPACE AND RETAIL SPACE**
(Insert Staff Report)
- REGULAR AGENDA:**
- DELETE ITEM #6** CONSIDERATION OF PRESENTATION BY URBITRAN ON THE BAY CORRIDOR FEASIBILITY ANALYSIS BUS RAPID TRANSIT PRELIMINARY CONCEPTUAL PLAN
(Deleted: Presentation took place at the January 13, 2006 Board Meeting)
- DELETE ITEM #8** CONSIDERATION OF **RESOLUTION** TO REVISE SANTA CRUZ METRO'S BYLAWS AND DIRECTOR'S CODE OF ETHICS TO INCORPORATE MODIFICATIONS REQUIRED BY NEW LEGISLATION (AB1234) WHICH BECAME EFFECTIVE JANUARY 1, 2006, REGARDING DIRECTOR'S COMPENSATION AND ETHICS REQUIREMENTS INCLUDING TRAINING
(Deleted: Will be included in the February 2006 Board Packet)
- ADD ITEM #11** **CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO ISSUE A SOLE SOURCE CONTRACT WITH GIRO FOR HASTUS UPGRADE**
(Insert Staff Report)

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT



DATE: January 27, 2006

TO: Board of Directors

FROM: Leslie R. White, General Manager

SUBJECT: CONSIDERATION OF:

- 1) ELECTION OF DIRECTORS TO SERVE AS BOARD OFFICERS,
- 2) ELECTION OF AN APPOINTEE TO THE HIGHWAY 1 CONSTRUCTION AUTHORITY,
- 3) ELECTION OF REPRESENTATIVES AND ALTERNATES TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION, AND
- 4) APPOINTMENT OF A MEMBER AND ALTERNATE TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION TRANSPORTATION FUNDING TASK FORCE FOR 2006.

I. RECOMMENDED ACTION

That the Board of Directors elect individuals to the positions Board Chair, Vice Chair, Representative to the Highway 1 Construction Authority, Representatives and Alternates for the Santa Cruz County Regional Transportation Commission, and a Member and a Consumer to serve as Representatives for the Santa Cruz County Regional Transportation Commission's Transportation Funding Task Force.

II. SUMMARY OF ISSUES

- Article 6 of the METRO Bylaws provides that the Board of Directors shall annually elect individuals to the positions of Chair and Vice Chair.
- It is necessary for the Board of Directors to elect individuals to represent METRO on the Board of Directors of the Highway 1 Construction Authority (HCA).
- In order to maintain representation on the Santa Cruz County Regional Transportation Commission (SCRTC) it is necessary that the Board of Directors elect individuals to the three positions and three alternate positions that are provided for METRO.
- It is necessary for the Board of Directors to elect a Member and a Consumer to serve as representatives to the SCRTC's Transportation Funding Task Force.
- Elections for the positions referenced in this Staff Report are scheduled to be held at the beginning of the January 27, 2006 Board of Directors meeting.



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III. DISCUSSION

The terms of the officers and appointees of the Board of Directors in the positions of Chair, Vice Chair, HCA appointee, and SCCRTC appointees expire in January 2006. The METRO Bylaws provide that the Board of Directors shall identify nominees to be considered for election to the positions herein referenced.

Staff recommends that the Board of Directors elect members to the positions of Chair, Vice Chair, HCA appointee, and SCCRTC appointees and alternates. Additionally the SCCRTC has requested that the Board of Directors select a Member and a Consumer to serve on the newly established Transportation Funding Task Force. The full membership of the Task Force is attached to this Staff Report. On January 13, 2006 the Board of Directors identified a list of nominees to be considered for the positions identifies in this Staff Report. In accordance with the METRO Bylaws, nominations remain open until the positions are filled through election. The list of nominees identifies on January 13, 2006 is attached to this Staff Report. The election for the referenced positions is scheduled to be held January 27, 2006.

IV. FINANCIAL CONSIDERATIONS

Funding support for the positions identified in this Staff Report is contained in the adopted METRO FY 2005/2006 Operating Budget.

V. ATTACHMENTS

Attachment A: SCCRTC Transportation Task Force Membership List

Attachment B: Board Nominees January 13, 2006



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Background for Establishing a Transportation Funding Program Task Force

- The Santa Cruz County Regional Transportation Commission (RTC) is the designated regional transportation planning agency, responsible for planning efforts to meet the community's mobility needs and making local decisions about funding.
- The 2004 Regional Transportation Plan, developed by the RTC in conjunction with the community, identified the amount of funding which would be needed to maintain the existing network of transportation facilities and services for all modes of transportation in Santa Cruz County, and the amount of funding needed to implement desired transportation improvements for all modes.
- The 2004 Regional Transportation Plan concluded that there are insufficient transportation funds expected from local, state and federal sources to maintain the existing transportation network or to improve the network.
- A countywide half-cent transportation sales tax measure (Measure J) was proposed by the Santa Cruz County Regional Transportation Commission and forwarded to the voters on the November 2004 ballot. This measure contained a mix of transportation improvements including: a new carpool lane on the Highway 1 freeway, bicycle and pedestrian crossings over Highway 1, park and ride lot and other alternative transportation improvements, local street and road repairs and maintenance, partial funding for a bicycle/ pedestrian trail along the coast, additional funding for specialized transportation for seniors and people with disabilities, and partial funding for a train station at the Pajaro/Watsonville Junction on the main AMTRAK line. The ballot measure was defeated when it received only 42% support, far short of the 67% required to pass.
- The RTC has recently established a comprehensive Transportation Funding Task Force as an inclusive process to involve a broad range of stakeholders in the discussion about both transportation priorities in Santa Cruz County as well as the complexities of how to pay for them.
- Transportation Funding Task Force meetings will be open to the public.
- Two rounds of community workshops around the county and internet options are planned to solicit input from the community.

For more information about the Santa Cruz County Regional Transportation Commission, the 2004 Regional Transportation Plan and other transportation projects, please visit www.sccrtc.org.



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 **REVISED**

**MEMBERSHIP OF
TRANSPORTATION FUNDING PROGRAM TASK FORCE**
(Total = 71 plus 10 ex-officio members)

- 4 city council members, 1 from each city, appointed by the city councils
- 1 member of the Board of Supervisors, appointed by the Board
- ⊙- 1 member of the Transit District, appointed by the District Board
- 1 representative appointed by the Highway 1 Construction Authority (HCA)
- 1 member of the RTC
- 2 representatives of large employers, appointed by the Business Council
- 2 representatives of the Committee for Sensible Transportation, appointed by the CST
- 6 representatives of the business community, one each appointed by the following:
Pajaro Valley, Scotts Valley, Greater Santa Cruz, Aptos, Capitola/Soquel chambers
and the San Lorenzo Valley Business Association
- 2 representatives of the bicycle community, one appointed by People Power and one
by the RTC Bicycle Committee
- 2 representatives of the environmental community, appointed by the Sierra Club
- 2 representative of community programs, appointed by the Human Care Alliance, one
from north county and one from south county
- 2 union representatives, appointed by the Central Labor Council
- 1 representative: UTU Bus Driver Union
- ⊙- 1 consumer appointed by the Transit District
- 1 representative of the land use development community, appointed by the RTC
- 1 representative from the Sheriff's Department

1 representative each appointed by the following groups and agencies:

- Action Pajaro Valley
- American Medical Response (AMR) – ambulance company
(replaced with the Santa Cruz Bicycle Industry Coalition)
- Automobile Advocate/Auto Driver-At-Large (Appointed by the RTC)
- Brown Berets
- Cabrillo College, appointed by the Board of Trustees
- Coastal Commission
- Community Traffic Safety Coalition
- Commuter at large (Appointed by the RTC)
- Conference and Visitors Council
- County Emergency Medical Care Commission
- Davenport Resource Service Center
- Ecology Action
- Elderly and Disabled Transportation Advisory Committee
- Farm Bureau

26-10

 **REVISED**

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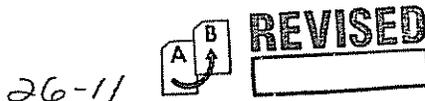


- Latino Business Association
- Latino Lawyers Association
- League of Women Voters
- League of United Latin American Citizens (LULAC)
- Mission Pedestrian
- Native Americans
- Open Space Alliance
- Pajaro Valley Transportation Management Agency
- Pajaro Valley Unified School District
- Pleasure Point Business Association
- Rails to Trails group
- Rio Del Mar Improvement Association
- Salud Para La Gente
- Santa Cruz Bicycle Industry Coalition (replacing Bike to Work)
- Santa Cruz Consolidated Emergency Communications Center
- Santa Cruz County Board of Realtors
- Santa Cruz Transportation Management Association (TMA)
- Santa Cruz Coalition Against Recreation Rail (SCCARED) anti-rail group
- SAFE on 17 Task Force
- School Districts, appointed by the County Office of Education
- Seacliff Improvement Association
- Seniors Anti-Tax group
- Seniors Council
- Surfriders Foundation
- UCSC, appointed by the Chancellor
- Valley Women's Club *
- Wetlands Watch

Ex-Officio members

- California Highway Patrol (CHP) (1)
- Caltrans (1)
- Local Jurisdiction Public Works Staff (5)
- ⊙ - Transit District Staff (1)
- Consolidated Transportation Services Agency Staff (1)
- Local representative of the California State Auto Association (AAA) (1)

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Attachment B

Board Nominees January 13, 2006

Chair

Mike Rotkin

Vice Chair

Marcela Tavantzis

SCCRTC Representatives

Mike Keogh
Pat Spence
Marcela Tavantzis

SCCRTC Alternates (in order)

Dale Skillicorn
Dene Bustichi
Mike Rotkin

HCA Representative

Marcela Tavantzis

HCA Alternate

Mike Keogh

SCCRTC Transportation Funding Task Force Member

Mark Dorfman

SCCRTC Transportation Funding Task Force Consumer

Paul Marcelin-Sampson



1-b.B1



*Congress of the United States
House of Representatives
Washington, D.C. 20515*

*Anna G. Eshoo
Fourteenth District
California*

December 6, 2005

Mr. Michael Keogh, Chair
Santa Cruz Metropolitan Transit District
370 Encinal, Suite 100
Santa Cruz, California 95060

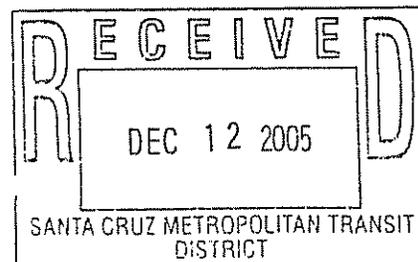
Dear Mr. Keogh,

My thanks to you and all the members of the Board of Directors for honoring my work and that of my staff with the Resolution. It's displayed in my office with pride.

So few take the time to express their gratitude, and I want you to know how much yours means to all of us.

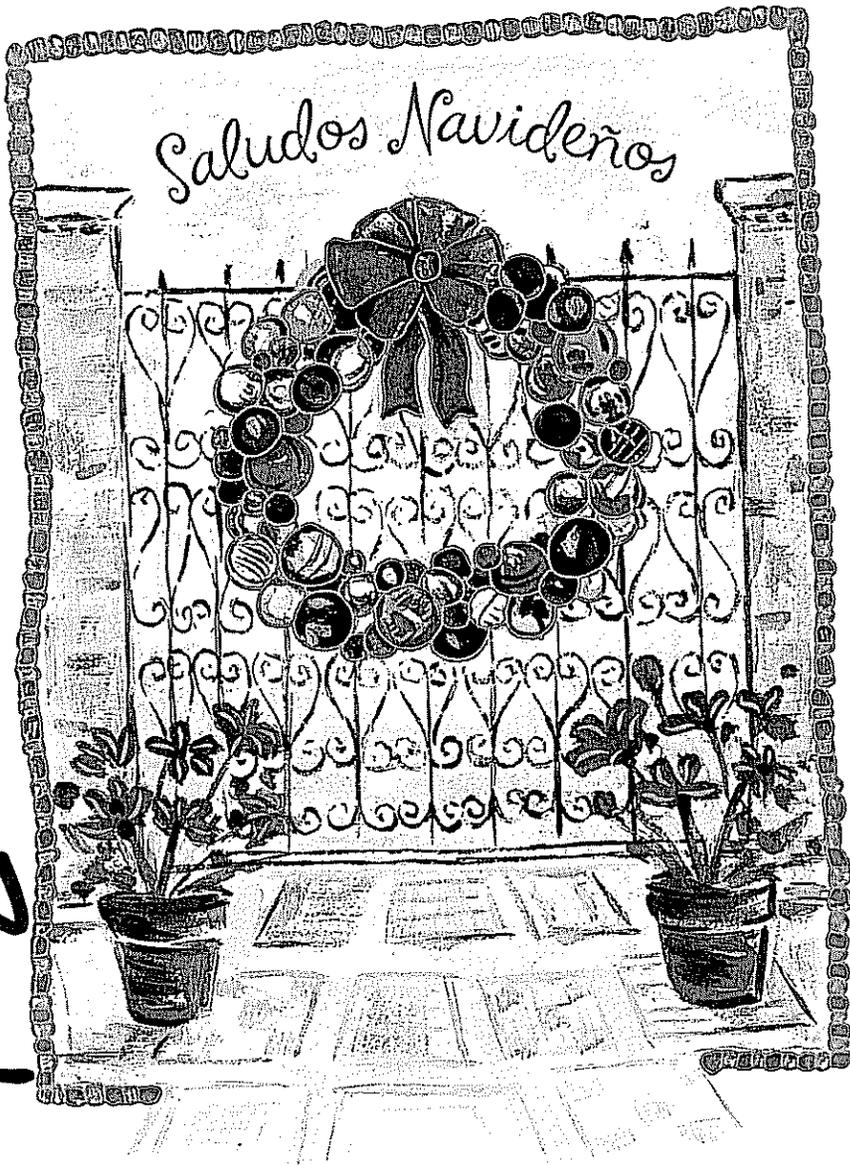
Sincerely,

Anna G. Eshoo
Member of Congress



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Saludos Navideños



2-9-1

To Cindi & METRO Board,



Con cálidos deseos
para una Feliz Navidad,
un hermoso año nuevo,
y alegrías siempre.

Wishing you a happy and
healthy holiday season
and a Happy New year!

Peace,
Amy

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

SPECIAL Open Session Minutes- Board of Directors

October 11, 2005

A SPECIAL Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Tuesday, October 11, 2005 at the Santa Cruz County Government Building, 701 Ocean Street, Room 525, Santa Cruz, CA.

Chair Keogh called the meeting to order at 9:00 a.m.

SECTION 1: OPEN SESSION

1. ROLL CALL:

DIRECTORS PRESENT

Jan Beautz
Dene Bustichi
Stephanie Harlan
Michelle Hinkle
Mike Keogh
Emily Reilly
Mike Rotkin
Dale Skillicorn
Pat Spence
Mark Stone
Marcela Tavantzis

DIRECTORS ABSENT

Ex Officio Wes Scott

STAFF PRESENT

Mark Dorfman, Assistant General Manager
Steve Paulson, Paratransit Administrator
Elisabeth Ross, Finance Manager
Robyn Slater, Human Resources Manager

Judy Souza, Acting Operations Manager
Tom Stickel, Maintenance Manager
Les White, General Manager

EMPLOYEES AND MEMBERS OF THE PUBLIC WHO VOLUNTARILY INDICATED THEY WERE PRESENT

Ellen Aldridge, Avery & Associates
Kate Flanigan, SWCJ at UCSC
Mark Forester, UTU Retiree
Bruce Grobman, UTU
Lisa Johnson, Cabrillo Voice
Paul Johnston, MBCLC
Susan Kipping, Felton Resident

David Lucier, UTU Retiree
Bonnie Morr, UTU
Robert Norse, SCFR Broadcaster
Julian Posadas, SWCJ at UCSC
Lisa Saunders, wife of METRO bus driver
Mark Saunders, UTU

5-1.1

2. **REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION: District Counsel**

Mark Dorfman reported that there would be a discussion with METRO's Labor Negotiator regarding labor negotiations with UTU.

3. **ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION**

David Lucier, UTU Retiree, spoke in favor of General Leave and commented that it was created to solve the District's problem of what to do with drivers who are not needed during summer months and also to create a "reservoir" of experienced drivers.

Bonnie Morr, UTU, reported that UTU has not received a response to its 3-year proposal submitted to METRO approximately 2 weeks ago. Ms. Morr also said UTU will not negotiate in a public arena or through the media and made the following requests of the Board:

1. appoint and give authority to a negotiating team,
2. schedule additional Board meetings in order to approve negotiations developments in a step-by-step process,
3. that substantial progress be made prior to the bus operators returning to work

The bus operators want to come back to work as quickly as possible and know there is an ability to do that as long as both sides can work together through good-faith bargaining.

Director Bustichi asked what UTU kind of progress UTU needs to see to get the bus drivers back to work. Ms. Morr replied that there needs to be substantial, good-faith effort by the District and said UTU will not negotiate in public and invited Board members to attend.

Susan Kipping, a Felton resident, commented that she is disappointed in politicians in general and in the county leaders for allowing the strike to strand people and destroy lives. She feels the current Board is evil, inept, and a failure and should be held criminally responsible for not approving the tentative agreement, and that they should resign or be let go and the new Board should be transit users.

Kate Flanigan, Julian Posadas, and another person, representatives for SWCJ at UCSC, said they were in Mike Rotkin's UC office recently to ask questions and pressure him to do something about the strike and said that on Friday they had a march from the campus to the METRO Center in support the drivers and then marched to the Sentinel to complain about its biased reporting. A prepared letter was read to the Board regarding the effects the strike is having on the community, accusing the Board of negligence and mismanagement for not approving the signed state-mediated agreement reached by its negotiation team, and urging the Board to end the strike.

A Santa Cruz Letter Carrier, also a union worker, spoke in support of the drivers and commented that the Board needs a new negotiating team, expressed her disappointment over the Board rejecting the tentative agreement, said she cannot afford to live here on \$23 per hour, and urged the Board to end the strike today.

5-1.2

Paul Johnston, MBCLC, said he believes that the District wanted a strike so there was no sincere bargaining, which was the Board's first mistake. Mr. Johnston said the Board made a second mistake by not accepting the tentative agreement and said the public has a right to know how the Board voted on it. And the third mistake was prolonging the strike by refusing to bargain with the strikers. Mr. Johnston said it is time for the Board to change its course and undo its mistakes by directing its negotiating team to return to the table and not leave until a settlement is reached.

Robert Norse, SCFR Broadcaster, said the community deserves to know how the Board voted under the Sunshine Act. Mr. Norse spoke about the impact the strike is having on the community and said he will hold a radio show about the strike from 6:00 – 8:00 on Thursday on 101.1 FM and invited the Board, the union and the public to call in or come in during the show.

Lisa Johnson, Cabrillo Voice, asked the Board to confirm if the District is saving money during the strike and asked for the number of Board members who voted yes and the number that voted no on the tentative agreement with UTU.

Bruce Grobman, UTU, read Sections of METRO's Bylaws regarding Emergency meetings, Board conduct and responsibilities and said these paragraphs don't mean anything and are just a bunch of "Blah, blah, blah."

Lisa Saunders, wife of a METRO driver and daughter of a retiree, welcomed Chair Keogh back and said that on Sunday there was a solidarity walk from Watsonville METRO to Santa Cruz METRO and said the Board can break their bank accounts but will never break their spirit.

Mark Forester, UTU retiree, relayed to the Board a personal story about how he had used the Drop-a-Day benefit to get his mother to the Stroke Center, which gave her independence back and she lived for ten more years. Mr. Forester urged the Board to reconsider the benefits they have eliminated.

Mark Saunders, UTU, urged the Board to consider keeping the buses ready to roll during the strike in case of an emergency like an earthquake, because the bus drivers are among the first to respond and they would leave the picket line in a heartbeat if needed.

SECTION II: CLOSED SESSION

Chair Keogh adjourned to SPECIAL Closed Session and reconvened to SPECIAL Open Session afterwards.

SECTION III: RECONVENE TO OPEN SESSION

4. REPORT OF CLOSED SESSION IF ANY

None.

5-1.3

ADJOURN

There being no further business, Chair Keogh adjourned the SPECIAL meeting.

Respectfully submitted,



CINDI THOMAS
Administrative Services Coordinator

DRAFT

5-1.4

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

SPECIAL Open Session Minutes- Board of Directors

October 19, 2005

A SPECIAL Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Wednesday, October 19, 2005 at the Capitola City Council Chambers, 420 Capitola Avenue, Capitola, CA.

Chair Keogh called the meeting to order at 9:00 a.m.

SECTION 1: OPEN SESSION

1. ROLL CALL:

DIRECTORS PRESENT

Jan Beautz
Dene Bustichi
Stephanie Harlan
Michelle Hinkle
Mike Keogh
Emily Reilly
Mike Rotkin
Dale Skillicorn
Pat Spence
Mark Stone
Marcela Tavantzis

DIRECTORS ABSENT

Ex Officio Wes Scott

STAFF PRESENT

Mark Dorfman, Assistant General Manager
Steve Paulson, Paratransit Administrator
Elisabeth Ross, Finance Manager
Robyn Slater, Human Resources Manager

Judy Souza, Acting Operations Manager
Tom Stickel, Maintenance Manager
Les White, General Manager

EMPLOYEES AND MEMBERS OF THE PUBLIC WHO VOLUNTARILY INDICATED THEY WERE PRESENT

Ellen Aldridge, Avery & Associates
Patty Brady
Genevieve Bookwalter, Sentinel
Thomas Hiltner, Public
Gary Klemz, SEIU Field Representative
Courtney Mogg, SEIU

Eduardo Montesino, UTU
Dave Moreau, PSA
Jeff Northon, UTU Retiree
Will Regan, VMU
Michael Steber, UTU

5-1.5

2. REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION: District Counsel

Les White reported that there would be a discussion with METRO's Labor Negotiators regarding labor negotiations with UTU.

Chair Keogh asked how many people wished to address the Board this morning and after 4 people raised their hands, allocated a total of 30 minutes for this item in order to give the Board sufficient time in Closed Session to review the proposals that are currently being negotiated and then provide any necessary direction to METRO's negotiators.

3. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

Eduardo Montesino, UTU, but speaking today as a concerned parent, expressed his frustration and those of other parents over the strike. Mr. Montesino urged the Board to end the strike, have a report after Closed Session, and he told Les White to "get his facts straight" and told Mark Dorfman to "please stop messing up the numbers."

Jeff Northon, UTU Retiree, introduced himself as "The Fixer" and asked for each Board member's resignation by Thursday at noon "because I can." Mr. Northon threatened the Board saying, "If you don't tender all your reservations (sic), I'm going to go after your houses and bank accounts and it's going to be really difficult for you." Chair Keogh asked Mr. Northon to spell his last name, which he did, and said he was a resident of Los Gatos. Mr. Northon said "Your attorney might be able to explain this to you, if she were here, and if you want an explanation on this, I can have three attorneys explain it to you, ok? And that's all I'm going to say today."

Patty Brady said her husband is disabled and that she has 30 years experience of calling, settling and avoiding strikes and she accused the Board of being totally disrespectful to its negotiating team, the community and the drivers. Ms. Brady urged the Board to stop crippling the community by reaching an agreement and ending the strike.

Bonnie Morr, UTU, distributed information to the Board for consideration in Closed Session and read an official statement from UTU, which is attached to the file copy of these minutes. Ms. Morr said the District has now saved over \$500,000 that can be used to settle the strike.

Vice Chair Rotkin asked Staff for a quick, rough accounting of how much money has been saved by the strike and the short and long term impacts of the strike.

Mark Dorfman replied that that approximately \$33,500 in typical weekday expenses including bus operator pay, MediCare, CalPERS retirement, Accruals, fuel, are not being incurred. The District is incurring additional costs including security, custodial at approximately \$3,1000 per weekday because of the strike. The revenue lost each weekday due to the strike is approximately \$26,000 and includes farebox, UC and Cabrillo contracts, Hwy 17 fares, advertising and rent income. The net of these is that the District is saving about \$3,380 per weekday.

5-1.6

Mr. Dorfman then explained that METRO is losing about \$614 for each weekend day of no service and asked the Board to consider the long and short term impact the strike will have on ridership, stating that it is reasonable to expect a 5 – 10% decrease in ridership following a lengthy strike. As an example, METRO would lose \$687,000 if there were a 10% drop in ridership over the next twelve months, or \$343,000 if it were a 5% drop and it is expected to take up to two years to recover from the strike.

Vice Chair Rotkin asked if the drop in ridership would affect the High Intensity Transit Tier formula. Les White replied there is a potential loss of up to \$3.6 million in formula funds over the next four years if there is a change in any of the six performance indicators METRO currently meets.

Bonnie Morr reminded the Board to consider who voted to remove the "no strike agreement" because that is where the responsibility lies for the loss of funding to METRO.

SECTION II: CLOSED SESSION

Chair Keogh adjourned to SPECIAL Closed Session at 9:22 a.m. and reconvened to SPECIAL Open Session at 11:10 a.m.

SECTION III: RECONVENE TO OPEN SESSION

4. REPORT OF CLOSED SESSION IF ANY

None.

ADJOURN

There being no further business, Chair Keogh adjourned the SPECIAL meeting at 11:10 a.m.

Respectfully submitted,



CINDI THOMAS
Administrative Services Coordinator

5-1.7

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

SPECIAL Open Session Minutes- Board of Directors

October 26, 2005

A SPECIAL Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Wednesday, October 26, 2005 at the Santa Cruz City Council Chambers, 809 Center Street, Santa Cruz, CA

Chair Keogh called the meeting to order at 9:01 a.m.

SECTION 1: OPEN SESSION

1. ROLL CALL:

DIRECTORS PRESENT

Jan Beautz (arrived after roll call)
Dene Bustichi
Michelle Hinkle
Mike Keogh
Emily Reilly
Mike Rotkin
Dale Skillicorn
Pat Spence
Mark Stone
Marcela Tavantzis

DIRECTORS ABSENT

Stephanie Harlan
Ex Officio Wes Scott

STAFF PRESENT

Mark Dorfman, Assistant General Manager
Margaret Gallagher, District Counsel
Steve Paulson, Paratransit Administrator

Elisabeth Ross, Finance Manager
Judy Souza, Acting Operations Manager
Les White, General Manager

EMPLOYEES AND MEMBERS OF THE PUBLIC WHO VOLUNTARILY INDICATED THEY WERE PRESENT

Ellen Aldridge, Avery & Associates
Rhonda Carter, UTU
Sandra Cohen, Bus Driver (for another agency)
Andre Harte, UTU
Nora Hochman, former SEIU Representative
Paul Johnston, MBCLC
Susan Kipping, Felton Resident

Gary Klemz, SEIU Field Representative
Sandra Lipperd, UTU
David Lucier, UTU Retiree
Bonnie Morr, UTU
Sheila Payne, NALC
Will Regan, VMU
Dan Stevenson, UTU

5-1.8

2. **REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION: District Counsel**

Margaret Gallagher reported that there would be a conference with METRO's Labor Negotiators regarding labor negotiations with UTU.

3. **ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION**

Chair Keogh stated that the demonstration at Director Bustichi's home last Sunday night harassing his family and children was repugnant, as are those who condone it and invited anyone who feels the need to protest to come to him directly. Chair Keogh also expressed his disappointment that this has resorted to name-calling and referred to letters to be distributed to the Board today by David Lucier.

Director Bustichi read a letter, which is attached to the file copy of these minutes, that he wrote in response to the demonstration by UCSC students and others at his house. The letter stated that the demonstration was an attempt to gain Director Bustichi's respect for the bus drivers; however, the demonstrators' intimidation, vandalism and harassment of his family resulted in the loss of his respect. Director Bustichi also read a letter from a UCSC student, whom he did not name, that no longer supports the bus drivers and found the demonstrators' actions reprehensible and counter-productive.

DIRECTOR BEAUTZ ARRIVED

Chair Keogh opened the public comment period for thirty minutes in order to allow the Board sufficient time for Closed Session.

Paul Johnston, MBCLC, said he is a minion, asked the Board not to lose sight of the fact that the parties will have to work together again after the strike, asked the Board to make the distinction between the demonstrators and the bus drivers, and urged the Board to settle the strike today, realizing that neither side can reach agreement on their own terms.

Bonnie Morr, UTU, said she was sorry Director Bustichi's family was frightened by the demonstration by the UCSC students at his house, but that the bus drivers were not involved with that on any level. Ms. Morr said that UTU is here today with another proposal, and requested that the Board to address comments supposedly made by the Management Negotiating Team regarding the Board never accepting UTU's proposal.

David Lucier, UTU Retiree, distributed and read parts of 2 written communications, which are attached to the file copy of these minutes. Mr. Lucier said the District should stop paying Management salaries with the one half percent transaction tax during the strike, because these funds are to be used for transit service, and said that METRO has bargained in bad faith from the very beginning by having Assistant General Manager, Mark Dorfman, on the District's Negotiating team, whom Mr. Lucier described as "crazy" and "playing games".

Dan Stevenson, UTU, said he was rather riled up and explained that this process is stressful and exhausting for him and that he is concerned that drivers will be resented when the strike is

5-1.9

over. Mr. Stevenson said that Mark Dorfman is a financial expert, not an expert on transit or on meeting the needs of the public or society because he cannot determine the cost of the value of an employee. Mr. Stevenson also asked what choice people had other than to protest in front of Directors' homes, when the Board limits public comments made at its meetings.

Sheila Payne, NALC, said the picketing that she participated in at METRO's Encinal location on Monday morning was not reported in the Sentinel because its reporting is biased and it chose to report on the demonstration at Director Bustichi's house instead. Ms. Payne said she would support demonstrations at every Director's home and asked them to think of how the strike is affecting the public.

Andre Harte, UTU, personally apologized for the demonstration at Director Bustichi's home and said that if the strike goes on much longer, people will start losing their homes. (Bonnie Morr asked Mr. Harte to sit down).

Rhonda Carter, UTU, said she was proud to be a bus operator when she started, but now she is disgusted and will take her pay stub, bills and receipts to the Sentinel to prove that the drivers do not make a lot of money. Ms. Carter said she was sorry that the demonstration made Director Bustichi's children feel bad because she knows what that is like.

Susan Kipping, Felton Resident, said the Board is a disgrace, a failure, and that legal action should be taken against them. Ms. Kipping said there should be demonstrations at each of their homes every day until the strike is over, that ACLU should force the Board to divulge how they vote in Closed Session, that the Board members should be held accountable in a painful way such as jail time, and she urged the Board to end the strike today or leave.

Sandra Lipperd, UTU, member of the UTU Negotiating Team, said the past 7 months have been very distasteful with so much negative publicity and attacks from their employer and the Board. Ms. Lipperd said UTU is more unified, strong and prepared to stay out on strike as long as it takes and she urged the Board to reach an agreement with UTU today.

Nora Hochman, former SEIU Representative, echoed the previous speaker and urged the Board to reach an agreement today to end the strike.

Sandra Cohen, bus driver for another agency, said the effect of the strike on people's lives and the environment is tragic and needs to end now.

Vice Chair Rotkin stated that personal attacks and attacking members of the District bargaining team is wrong and not going to end the strike. The Board has not attacked any member of UTU and respects the drivers in general and their right to select their own bargaining team. The Board supports its own negotiating team, the General Manager, the Assistant General Manager, who has helped successfully negotiate over 5 contracts for the District, and it is ridiculous and unproductive to suggest that this strike is about personalities on either side. Vice Chair Rotkin said that by UTU accepting and applauding comments made on its behalf, such as those made today about holding demonstrations at Board member's homes, without UTU saying that is not their view, the Board has to assume it is. Vice Chair Rotkin reiterated that this contract is not

5-1:10

going to be settled by attacks by either side and added that law protects Closed Session voting regarding labor negotiations, only the final vote approving the contract is made public.

There was a comment from the public asking where the audit was. Director Spence asked about it and Les White responded that the audit for the last fiscal year that ended June 30th is underway and that the previous year's audit has been provided to UTU.

SECTION II: CLOSED SESSION

Chair Keogh adjourned to SPECIAL Closed Session at 9:50 a.m. and reconvened to SPECIAL Open Session at 10:59 a.m.

SECTION III: RECONVENE TO OPEN SESSION

4. REPORT OF CLOSED SESSION IF ANY

Margaret Gallagher reported that the Board took no reportable actions.

ADJOURN

There being no further business, Chair Keogh adjourned the SPECIAL meeting at 11:00 a.m.

Respectfully submitted,



CINDI THOMAS
Administrative Services Coordinator

5-1.11

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

SPECIAL Open Session Minutes- Board of Directors

October 30, 2005

A SPECIAL Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Sunday, October 30, 2005 at the Administrative Offices, 370 Encinal Street, Santa Cruz, CA.

Chair Keogh called the meeting to order at 8:00 p.m.

SECTION 1: OPEN SESSION

1. ROLL CALL:

DIRECTORS PRESENT

Jan Beautz (arrived after roll call)
Dene Bustichi
Stephanie Harlan
Michelle Hinkle
Mike Keogh
Emily Reilly
Mike Rotkin
Dale Skillicorn
Pat Spence
Mark Stone
Marcela Tavantzis

DIRECTORS ABSENT

Ex Officio Wes Scott

STAFF PRESENT

Margaret Gallagher, District Counsel
Steve Paulson, Paratransit Administrator
Elisabeth Ross, Finance Manager

Robyn Slater, Human Resources Manager
Les White, General Manager

EMPLOYEES AND MEMBERS OF THE PUBLIC WHO VOLUNTARILY INDICATED THEY WERE PRESENT

Ellen Aldridge, Avery & Associates
Paul Marcelin-Sampson, MAC, MRU
Bonnie Morr, UTU

2. REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION: District Counsel

Margaret Gallagher reported that there would be a discussion with METRO's Labor Negotiators: Ellen Aldridge, Steve Paulson and Robyn Slater regarding labor negotiations with UTU.

5-1.12

3. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

Bonnie Morr, UTU, requested that the Board make a Report of Closed Session rather than saying "Nothing to Report" so UTU knows how to proceed.

Paul Marcelin-Sampson, Metro Riders Union, commended the Board for holding firm on their position during the negotiations process, pointed out how good UTU's contract is and mentioned a new website he developed called "savemybus.org" which shows the wages and benefits METRO drivers had before the strike.

SECTION II: CLOSED SESSION

Chair Keogh adjourned to SPECIAL Closed Session. and reconvened to SPECIAL Open Session afterwards.

SECTION III: RECONVENE TO OPEN SESSION

4. REPORT OF CLOSED SESSION IF ANY

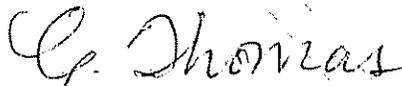
Chair Keogh reported that the Management Team has brought back a Tentative Agreement within the Board's parameters. The Board of Directors is scheduled to meet on Wednesday, November 2, 2005 to approve the Labor Agreement after ratification by the UTU membership.

Chair Keogh said "Congratulations to us all, let's get back to work".

ADJOURN

There being no further business, Chair Keogh adjourned the SPECIAL meeting.

Respectfully submitted,



CINDI THOMAS
Administrative Services Coordinator

5-1.13

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
 CHECK JOURNAL DETAIL BY CHECK NUMBER
 ALL CHECKS FOR COAST COMMERCIAL BANK

DATE: 12/01/05 THRU 12/31/05

CHECK NUMBER	CHECK DATE	CHECK AMOUNT	VENDOR	VENDOR NAME	VENDOR TYPE	TRANS. NUMBER	TRANSACTION DESCRIPTION	TRANSACTION AMOUNT	COMMENT
16453	12/01/05	484.78	001	SBC		6582	NOV REPEATERS/OPS	86.93	
						6583	NOV PHONES/OPS	397.85	
16454	12/01/05	650.00	001016	ALLARD'S SEPTIC SERVICE, INC.		6523	HAZ WASTE DISPOSAL	325.00	
						6524	HAZ WASTE DISPOSAL	325.00	
16455	12/01/05	125.00	001062	ALLTERRA ENVIRONMENTAL INC.		6525	NOV INSPECT/GOLF CLB	125.00	
16456	12/01/05	4,200.06	001063	NEW FLYER INDUSTRIES LIMITED		6526	REV VEH PARTS 144	143.94	
						6527	REV VEH PARTS 2118	2,117.54	
						6584	REV VEH PARTS 1939	1,938.58	
16457	12/01/05	43,750.00	001080	OCTAGON RISK SERVICES, INC.		6585	DEC-FEB WC ADM FEE	43,750.00	
16458	12/01/05	373.14	001296	LEXISNEXIS MATTHEW BENDER		6586	CA EMP LAW REL #32	373.14	
16459	12/01/05	339.36	001315	WASTE MANAGEMENT		6528	NOV KINGS VILLAGE	152.89	
						6529	NOV HERMON/KINGS	44.10	
						6530	NOV RESEARCH PARK	142.37	
16460	12/01/05	117,237.57	001316	DEVCO OIL		6531	10/31-11/14 FUEL/FLT	53,851.60	
						6771	11/15-11/29 FUEL/FLT	63,385.97	
16461	12/01/05	672.00	001346	CITY OF SANTA CRUZ		6587	PARKING DEF FEES	672.00	
16462	12/01/05	861.05	001379	SAFETY-KLEEN SYSTEMS, INC.		6532	HAZ WASTE DISPOSAL	861.05	
16463	12/01/05	338.50	001523	SANTA CRUZ MEDICAL CLINIC	7	6588	FIRST AID EXAM	338.50	
16464	12/01/05	1,201.57	001934	ALDRAN CHEMICAL, INC		6533	CLEANING SUPPLIES/FL	1,201.57	
16465	12/01/05	767.49	002034	CARLON'S FIRE EXTINGUISHER		6534	OUT REPAIR/ EQUIP	767.49	
16466	12/01/05	86.65	002063	COSTCO		6535	PHOTO PROCESS/OPS	49.37	
						6536	PHOTO PROCESS/OPS	14.35	
						6589	PHOTO PROCESS/OPS	9.45	
						6590	PHOTO PROCESS/OPS	13.48	
16467	12/01/05	436.12	002069	A TOOL SHED, INC.		6537	EQUIP RENTAL	142.50	
						6538	EQUIP RENTAL	293.62	
16468	12/01/05	3,028.00	002117	IULIANO, NICK	7	6591	05/06 PROP TAX #1	511.00	
						6592	05/06 PROP TAX #1	2,517.00	
16469	12/01/05	114,297.90	002295	FIRST ALARM		6539	OCT SECURITY	114,297.90	
16470	12/01/05	760.15	002313	HARTSELL & OLIVIERI	7	6593	TRANSCRIPTS/HRD	760.15	
16471	12/01/05	17,220.00	002807	WILLIAM AVERY & ASSOCIATES		6594	OCT 05 PROF SVCS	17,220.00	
16472	12/01/05	333.33	002814	CREATIVE BUS SALES, INC.		6595	REV VEH PARTS	333.33	
16473	12/01/05	118.85	002828	ALLIED ELECTRONICS		6540	PARTS & SUPPLIES	118.85	
16474	12/01/05	83.89	002829	VALLEY POWER SYSTEMS, INC.		6541	CUSTOM PARTS CATALOG	83.89	
16475	12/01/05	2,500.00	002832	WILLIAM J. LYNCH, PH.D		6542	PROF. SERVICES	2,500.00	
16476	12/01/05	898.77	009	PACIFIC GAS & ELECTRIC		6596	10/15-11/14 RESEARCH	22.51	
						6597	10/15-11/14 RESEARCH	805.09	
						6598	10/13-11/10 PAUL SWT	71.17	
16477	12/01/05	409.21	020	ADT SECURITY SERVICES INC.		6543	NOV ALARMS	409.21	
16478	12/01/05	317.45	036	KELLY-MOORE PAINT CO., INC.		6544	REPAIRS/MAINT.SUPP	82.71	
						6545	REPAIRS/MAINT.SUPP	234.74	
16479	12/01/05	91.83	040	LENZ ARTS, INC.		6548	EMP INCENTIVE-FRAMES	91.83	
16480	12/01/05	2,622.36	041	MISSION UNIFORM		6546	OCT UNIF/LAUNDRY/FAC	756.06	
						6547	OCT UNIFORMS & LAUND	1,866.30	
16481	12/01/05	106.00	043	PALACE ART & OFFICE SUPPLY		6549	OFFICE SUPPLIES	33.10	
						6550	OFFICE SUPPLIES	45.96	
						6551	OFFICE SUPPLIES	26.94	
16482	12/01/05	279.94	061A	REGISTER PAJARONIAN		6552	CLASSIFIED AD/ FLEET	279.94	
16483	12/01/05	74.06	074	KENVILLE LOCKSMITHS	7	6553	OCT LOCKS/KEYS	74.06	
16484	12/01/05	118.85	087	RECOGNITION SERVICES		6599	EMP INCENTIVE 104	118.85	

5-2.1

CHECK JOURNAL DETAIL BY CHECK NUMBER
ALL CHECKS FOR COAST COMMERCIAL BANK

DATE: 12/01/05 THRU 12/31/05

CHECK NUMBER	CHECK DATE	CHECK AMOUNT	VENDOR	VENDOR NAME	TRANS. TYPE	TRANS. NUMBER	TRANSACTION DESCRIPTION	TRANSACTION AMOUNT	COMMENT
16485	12/01/05	948.02	104	STATE STEEL COMPANY		6554	REPAIRS & MAINT SUPP	546.66	
						6555	PARTS & SUPPLY/ FLT	401.36	
16486	12/01/05	220.44	117	GILLIG CORPORATION		6556	REV VEH PARTS	220.44	
16487	12/01/05	186.40	122	SCMTD PETTY CASH - OPS		6557	PETTY CASH/OPS	186.40	
16488	12/01/05	360.01	147	ZEE MEDICAL SERVICE CO.		6558	SAFETY SUPPLIES	34.83	
						6559	SAFETY SUPPLIES	325.18	
16489	12/01/05	478.20	167	KEYSTON BROTHERS		6560	OTHER MOBILE SUPP/FL	478.20	
16490	12/01/05	964.55	170	TOWNSEND'S AUTO PARTS		6561	REV VEH PARTS/SUPPLY	964.55	
16491	12/01/05	199.50	186	WILSON, GEORGE H., INC.		6562	REPAIRS & MAINT/SUPP	199.50	
16492	12/01/05	800.70	225	MISSION PRINTERS	7	6600	PRINT BUS PASSES	800.70	
16493	12/01/05	1,756.32	282	GRAINGER		6563	REV VEH PARTS/SUPPLY	1,696.62	
						6564	SAFETY SUPPLIES	59.70	
16494	12/01/05	184.00	367	COMMUNITY TELEVISION OF		6601	10/28/05 MTG COVERAG	184.00	
16495	12/01/05	26.21	372	FEDERAL EXPRESS		6565	NOV MAIL/ ADM	26.21	
16496	12/01/05	389.47	436	WEST PAYMENT CENTER		6602	OCT ACCESS CHGS	389.47	
16497	12/01/05	289.94	448	UNISOURCE		6566	CLEANING SUPPLIES	289.94	
16498	12/01/05	141.00	481	PIED PIPER EXTERMINATORS, INC.		6567	NOV PEST CONTROL	141.00	
16499	12/01/05	1,500.00	490	FAST RESPONSE ON-SITE		6568	PROFESSIONAL/TECH	1,500.00	
16500	12/01/05	288,548.49	502	CA PUBLIC EMPLOYEES'		6603	DEC MEDICAL INS	288,548.49	
16501	12/01/05	1,047.33	504	CUMMINS WEST, INC.		6569	REV VEH PARTS	210.64	
						6570	REV VEH PARTS	836.69	
16502	12/01/05	27.00	510A	HASLER, INC.		6604	12/1-12/31 RENTAL/PT	27.00	
16503	12/01/05	86.73	566	ARROWHEAD MTN SPRING WATER		6571	OCT WATER	86.73	
16504	12/01/05	405.79	582	TOYOTA OF SANTA CRUZ		6605	OUT RPR/OTR VEH	405.79	
16505	12/01/05	845.17	647	GFI GENFARE		6572	REV VEH PARTS	444.69	
						6573	REV VEH PARTS	400.48	
16506	12/01/05	70.00	682	WEISS, AMY L.	7	6574	NOV INTERPRETER	70.00	
16507	12/01/05	200.72	699	SALINAS CASH REGISTER CO INC		6606	TIMECLK RIBBONS/FLT	200.72	
16508	12/01/05	63.19	707	WALTERS MANUFACTURING COMPANY		6575	REPAIRS & MAINT	63.19	
16509	12/01/05	5,791.70	766	KRAFT'S BODY SHOP		6607	RPR-DIST PROP	5,791.70	
16510	12/01/05	300.00	819	MONEY SYSTEMS TECHNOLOGY, INC.		6608	MAINT/COIN SORTER	300.00	
16511	12/01/05	329.00	851	I.M.P.A.C. GOVERNMENT SERVICES		6609	4055019201230622	329.00	
16512	12/01/05	780.00	852	LAW OFFICES OF MARIE F. SANG	7	6576	WORKER COMP CLAIM	345.00	
						6610	WORKER COMP CLAIMS	330.00	
						6611	WORKER COMP CLAIM	105.00	
16513	12/01/05	3,308.45	871	YARDER MANUFACTURING COMPANY		6577	BUS AD FRAMES	3,308.45	
16514	12/01/05	40,857.86	875	PACIFICARE DENTAL		6612	DEC DENTAL	40,857.86	
16515	12/01/05	2,352.00	878	KELLY SERVICES, INC.		6578	TEMP/ADM11/06&11/13	1,392.00	
						6613	TEMP/ADM W/E 10/30	960.00	
16516	12/01/05	5,995.88	904	RNL DESIGN		6580	PROF SVCS THRU 9/30	5,995.88	
16517	12/01/05	4,042.92	909	CLASSIC GRAPHICS		6579	OUT REPAIR REV VEH	4,042.92	
16518	12/01/05	286.40	950	PARADISE LANDSCAPE	7	6581	NOV MAINTENANCE	286.40	
16519	12/01/05	1,000.00	E007	HARRIS, ANDREW		6676	WAIVER PAYMENT	1,000.00	
16520	12/01/05	1,000.00	E011	KELLY, ELOISE		6685	WAIVER PAYMENT	1,000.00	
16521	12/01/05	1,000.00	E015	ANDERSON, WILLIAM		6617	WAIVER PAYMENT	1,000.00	
16522	12/01/05	1,000.00	E022	CUMMINGS, PATRICIA		6647	WAIVER PAYMENT	1,000.00	
16523	12/01/05	1,000.00	E023	CALDERON, FRANCISCO		6633	WAIVER PAYMENT	1,000.00	
16524	12/01/05	1,000.00	E024	HERSEY, LYNN		6679	WAIVER PAYMENT	1,000.00	
16525	12/01/05	1,000.00	E026	HARTE, ANDRE		6677	WAIVER PAYMENT	1,000.00	
16526	12/01/05	1,000.00	E032	ANN, DORICE		6619	WAIVER PAYMENT	1,000.00	

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DATE: 12/01/05 THRU 12/31/05

CHECK NUMBER	CHECK DATE	CHECK AMOUNT	VENDOR	VENDOR NAME	VENDOR TYPE	TRANS. NUMBER	TRANSACTION DESCRIPTION	TRANSACTION AMOUNT	COMMENT
16527	12/01/05	1,000.00	E035	HERRERA, JOSE		6678	WAIVER PAYMENT	1,000.00	
16528	12/01/05	1,000.00	E037	GROSJEAN, DOUG		6674	WAIVER PAYMENT	1,000.00	
16529	12/01/05	1,000.00	E040	CALDERON, SALVADOR		6634	WAIVER PAYMENT	1,000.00	
16530	12/01/05	1,000.00	E041	PRINCE. PETER		6725	WAIVER PAYMENT	1,000.00	
16531	12/01/05	1,000.00	E044	NIED, KIMBERLY		6715	WAIVER PAYMENT	1,000.00	
16532	12/01/05	1,000.00	E045	MONTESINO, EDUARDO		6707	WAIVER PAYMENT	1,000.00	
16533	12/01/05	1,000.00	E048	MARTINEZ, MARK		6698	WAIVER PAYMENT	1,000.00	
16534	12/01/05	1,000.00	E050	CONTRERAS, HARVEY		6642	WAIVER PAYMENT	1,000.00	
16535	12/01/05	1,000.00	E064	OROZCO, RICHARD		6719	WAIVER PAYMENT	1,000.00	
16536	12/01/05	36.00	E067	SWART, RANDY		6755	DMV FEES	36.00	
16537	12/01/05	1,000.00	E069	TAYLOR, JAMES		6737	WAIVER PAYMENT	1,000.00	
16538	12/01/05	1,000.00	E072	VEST, DOUGLAS		6749	WAIVER PAYMENT	1,000.00	
16539	12/01/05	1,000.00	E075	WOODBIDGE, ELIZABETH		6752	WAIVER PAYMENT	1,000.00	
16540	12/01/05	1,000.00	E090	CALLEJAS, LETICIA		6635	WAIVER PAYMENT	1,000.00	
16541	12/01/05	1,000.00	E092	YEO, BILL		6753	WAIVER PAYMENT	1,000.00	
16542	12/01/05	1,000.00	E093	GROBMAN, BRUCE		6673	WAIVER PAYMENT	1,000.00	
16543	12/01/05	1,000.00	E098	OTTO, JOHN		6720	WAIVER PAYMENT	1,000.00	
16544	12/01/05	1,000.00	E100	ANDRADE, OSCAR		6618	WAIVER PAYMENT	1,000.00	
16545	12/01/05	1,000.00	E101	LYNCH, GLENN		6694	WAIVER PAYMENT	1,000.00	
16546	12/01/05	1,000.00	E106	MUNGIOLI, LARRY		6710	WAIVER PAYMENT	1,000.00	
16547	12/01/05	1,000.00	E107	JONES, RUTH		6682	WAIVER PAYMENT	1,000.00	
16548	12/01/05	1,000.00	E110	DEL PO, ROBERT		6650	WAIVER PAYMENT	1,000.00	
16549	12/01/05	1,000.00	E112	ESTRADA, FRANCISCO		6657	WAIVER PAYMENT	1,000.00	
16550	12/01/05	1,000.00	E116	ELLIOTT, EDWARD		6655	WAIVER PAYMENT	1,000.00	
16551	12/01/05	1,000.00	E117	LIPPERD, SANDRA		6691	WAIVER PAYMENT	1,000.00	
16552	12/01/05	1,000.00	E120	RUIZ, SERAFIN		6730	WAIVER PAYMENT	1,000.00	
16553	12/01/05	1,000.00	E121	MEJIA, INDELISA		6701	WAIVER PAYMENT	1,000.00	
16554	12/01/05	1,000.00	E125	DEVIVO, WILLIAM		6653	WAIVER PAYMENT	1,000.00	
16555	12/01/05	1,000.00	E132	STEVENSON, DANIEL		6735	WAIVER PAYMENT	1,000.00	
16556	12/01/05	1,000.00	E135	ARCHIBEQUE, JUANITA		6620	WAIVER PAYMENT	1,000.00	
16557	12/01/05	1,000.00	E136	STEBER, MIKE		6734	WAIVER PAYMENT	1,000.00	
16558	12/01/05	1,000.00	E138	THOMAS, JOHN		6739	WAIVER PAYMENT	1,000.00	
16559	12/01/05	1,000.00	E144	WOOD, JOSEPH		6751	WAIVER PAYMENT	1,000.00	
16560	12/01/05	1,000.00	E151	FLOREZ, JOE		6662	WAIVER PAYMENT	1,000.00	
16561	12/01/05	1,000.00	E157	ABREGO, EULALIO		6615	WAIVER PAYMENT	1,000.00	
16562	12/01/05	1,000.00	E158	BIDDLECOME, EDUARDO		6628	WAIVER PAYMENT	1,000.00	
16563	12/01/05	1,000.00	E160	CUMMINGS, CYNTHIA		6646	WAIVER PAYMENT	1,000.00	
16564	12/01/05	1,000.00	E161	JUAN, DARRYL		6683	WAIVER PAYMENT	1,000.00	
16565	12/01/05	1,000.00	E162	GOUVEIA, ANNA		6671	WAIVER PAYMENT	1,000.00	
16566	12/01/05	1,000.00	E166	CHATMAN, SORETTA		6637	WAIVER PAYMENT	1,000.00	
16567	12/01/05	1,000.00	E170	TAYLOR, THOMAS		6738	WAIVER PAYMENT	1,000.00	
16568	12/01/05	1,000.00	E171	HARRELL, LAURA		6675	WAIVER PAYMENT	1,000.00	
16569	12/01/05	1,000.00	E180	FELDER, GEORGE		6659	WAIVER PAYMENT	1,000.00	
16570	12/01/05	1,000.00	E188	NIETO, MANUEL		6716	WAIVER PAYMENT	1,000.00	
16571	12/01/05	1,000.00	E189	NANEZ, JOSE		6713	WAIVER PAYMENT	1,000.00	
16572	12/01/05	1,000.00	E191	KALE, RICKEY		6684	WAIVER PAYMENT	1,000.00	
16573	12/01/05	1,000.00	E193	LIMAS, GILBERTO		6690	WAIVER PAYMENT	1,000.00	
16574	12/01/05	1,000.00	E196	BLAIR, GARY		6629	WAIVER PAYMENT	1,000.00	
16575	12/01/05	1,000.00	E197	TICHENOR, KENNETH		6740	WAIVER PAYMENT	1,000.00	
16576	12/01/05	1,000.00	E199	LEVESQUE, ARMAND		6688	WAIVER PAYMENT	1,000.00	

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16577	12/01/05	1,000.00	E200	MATTOS, RAYMOND		6699	WAIVER PAYMENT	1,000.00	
16578	12/01/05	1,000.00	E201	BRUDDEN, RICHARD		6726	WAIVER PAYMENT	1,000.00	
16579	12/01/05	1,000.00	E202	BARRAGAN, ALBERTO		6625	WAIVER PAYMENT	1,000.00	
16580	12/01/05	1,000.00	E204	BALDWIN, DENNIS		6623	WAIVER PAYMENT	1,000.00	
16581	12/01/05	1,000.00	E205	CILIBERTO, ANTHONY		6639	WAIVER PAYMENT	1,000.00	
16582	12/01/05	1,000.00	E206	NABOR, GLENN		6712	WAIVER PAYMENT	1,000.00	
16583	12/01/05	1,000.00	E207	GOSE, JOHN		6670	WAIVER PAYMENT	1,000.00	
16584	12/01/05	1,000.00	E214	ATWELL, DONALD		6622	WAIVER PAYMENT	1,000.00	
16585	12/01/05	1,000.00	E215	URIZARRI, MIGUEL		6745	WAIVER PAYMENT	1,000.00	
16586	12/01/05	1,000.00	E219	BOOTON, MICHAEL		6630	WAIVER PAYMENT	1,000.00	
16587	12/01/05	1,000.00	E223	SANCHEZ, ASCENCION		6731	WAIVER PAYMENT	1,000.00	
16588	12/01/05	1,000.00	E230	ZENKER, JEFFREY		6754	WAIVER PAYMENT	1,000.00	
16589	12/01/05	1,000.00	E231	STRICKLAND, JAMES		6736	WAIVER PAYMENT	1,000.00	
16590	12/01/05	1,000.00	E241	TOVAR, DOMINGO		6742	WAIVER PAYMENT	1,000.00	
16591	12/01/05	1,000.00	E248	SEDA, DELVIS		6733	WAIVER PAYMENT	1,000.00	
16592	12/01/05	1,000.00	E250	COWELL, RICHARD		6645	WAIVER PAYMENT	1,000.00	
16593	12/01/05	1,000.00	E251	BARTHOLOMEW, JON		6626	WAIVER PAYMENT	1,000.00	
16594	12/01/05	1,000.00	E252	MCHALE, BRIAN		6700	WAIVER PAYMENT	1,000.00	
16595	12/01/05	1,000.00	E253	ARELLANO, MARIO		6621	WAIVER PAYMENT	1,000.00	
16596	12/01/05	1,000.00	E257	COTRONEO, MICHAEL		6644	WAIVER PAYMENT	1,000.00	
16597	12/01/05	1,000.00	E258	O'HAGIN, JUSTINA		6717	WAIVER PAYMENT	1,000.00	
16598	12/01/05	1,000.00	E259	PEREZ, ANTONIO		6721	WAIVER PAYMENT	1,000.00	
16599	12/01/05	1,000.00	E260	CARTER, RHONDA		6636	WAIVER PAYMENT	1,000.00	
16600	12/01/05	1,000.00	E272	GARCIA-SUMANO, ELEUTERIO		6667	WAIVER PAYMENT	1,000.00	
16601	12/01/05	1,000.00	E274	VALDEZ, ANGEL		6746	WAIVER PAYMENT	1,000.00	
16602	12/01/05	1,000.00	E287	CORTES, GUSTAVO		6643	WAIVER PAYMENT	1,000.00	
16603	12/01/05	1,000.00	E289	LORENZANO, JAMES		6693	WAIVER PAYMENT	1,000.00	
16604	12/01/05	1,000.00	E291	FARRIS, BONNIE		6658	WAIVER PAYMENT	1,000.00	
16605	12/01/05	1,000.00	E293	GARCIA, DANIEL		6666	WAIVER PAYMENT	1,000.00	
16606	12/01/05	1,000.00	E298	MITCHELL, TODD		6706	WAIVER PAYMENT	1,000.00	
16607	12/01/05	1,000.00	E306	BOWERS, CAROLYN		6631	WAIVER PAYMENT	1,000.00	
16608	12/01/05	1,000.00	E309	LEGARD, GEOFFREY		6687	WAIVER PAYMENT	1,000.00	
16609	12/01/05	1,000.00	E310	BAN, MARK S.		6624	WAIVER PAYMENT	1,000.00	
16610	12/01/05	1,000.00	E317	BRYANT, KATHLEEN		6632	WAIVER PAYMENT	1,000.00	
16611	12/01/05	1,000.00	E326	CONKLIN, CAROLYN		6641	WAIVER PAYMENT	1,000.00	
16612	12/01/05	1,000.00	E328	WHITNEY, LUCERE		6750	WAIVER PAYMENT	1,000.00	
16613	12/01/05	1,000.00	E338	READ, TIMON		6729	WAIVER PAYMENT	1,000.00	
16614	12/01/05	1,000.00	E345	JACINTO, FRANK		6681	WAIVER PAYMENT	1,000.00	
16615	12/01/05	1,000.00	E358	FUENTES, JOHN		6663	WAIVER PAYMENT	1,000.00	
16616	12/01/05	1,000.00	E368	MORR, BONNIE		6709	WAIVER PAYMENT	1,000.00	
16617	12/01/05	1,000.00	E375	GABRIELE, CATHLEEN		6664	WAIVER PAYMENT	1,000.00	
16618	12/01/05	1,000.00	E376	MALPHRUS, BRENDA		6696	WAIVER PAYMENT	1,000.00	
16619	12/01/05	1,000.00	E377	CUMMINS, MAJOR BUDDY		6648	WAIVER PAYMENT	1,000.00	
16620	12/01/05	1,000.00	E378	GRANADOS-BOYCE, MARIA		6672	WAIVER PAYMENT	1,000.00	
16621	12/01/05	1,000.00	E379	ABACHERLI, ARLETTE		6614	WAIVER PAYMENT	1,000.00	
16622	12/01/05	1,000.00	E380	DEMPSEY, FREDERICK		6651	WAIVER PAYMENT	1,000.00	
16623	12/01/05	1,000.00	E382	TOLINE, SHARON		6741	WAIVER PAYMENT	1,000.00	
16624	12/01/05	1,000.00	E383	VALENZUELA, DONNA		6747	WAIVER PAYMENT	1,000.00	
16625	12/01/05	1,000.00	E384	VERCAUTEREN, LISA		6748	WAIVER PAYMENT	1,000.00	
16626	12/01/05	1,000.00	E385	GLENN, ISSAC		6669	WAIVER PAYMENT	1,000.00	

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16627	12/01/05	1,000.00	E394	MILBURN, PETER		6703	WAIVER PAYMENT	1,000.00	
16628	12/01/05	1,000.00	E403	HILL, ANDREW		6680	WAIVER PAYMENT	1,000.00	
16629	12/01/05	1,000.00	E410	LONA, SERGIO GONZALEZ		6692	WAIVER PAYMENT	1,000.00	
16630	12/01/05	1,000.00	E414	DAVIDSON, STEVEN		6649	WAIVER PAYMENT	1,000.00	
16631	12/01/05	1,000.00	E420	DERWING, CAROLYN		6652	WAIVER PAYMENT	1,000.00	
16632	12/01/05	139.48	E421	DOLLENTE, RICHARD		6756	SEPT MED PREMIUM	139.48	
16633	12/01/05	1,000.00	E422	FLORES, JUAN		6661	WAIVER PAYMENT	1,000.00	
16634	12/01/05	1,000.00	E423	MILLER, MICHAEL		6705	WAIVER PAYMENT	1,000.00	
16635	12/01/05	1,000.00	E424	POLANCO, JOSE		6724	WAIVER PAYMENT	1,000.00	
16636	12/01/05	1,000.00	E462	ESPINOZA, MARIO		6656	WAIVER PAYMENT	1,000.00	
16637	12/01/05	1,000.00	E463	RAMOS, ROSALIO		6728	WAIVER PAYMENT	1,000.00	
16638	12/01/05	1,000.00	E464	TOVAR, SERENA		6743	WAIVER PAYMENT	1,000.00	
16639	12/01/05	1,000.00	E465	MILLER, MARY		6704	WAIVER PAYMENT	1,000.00	
16640	12/01/05	1,000.00	E473	FITZPATRICK, MICHELLE		6660	WAIVER PAYMENT	1,000.00	
16641	12/01/05	1,000.00	E475	MAHAN, DAVID		6695	WAIVER PAYMENT	1,000.00	
16642	12/01/05	1,000.00	E478	ALLEN, ROBERT		6616	WAIVER PAYMENT	1,000.00	
16643	12/01/05	1,000.00	E479	LEWIS, PETER		6689	WAIVER PAYMENT	1,000.00	
16644	12/01/05	1,000.00	E480	PHILLIPS, THOMAS		6722	WAIVER PAYMENT	1,000.00	
16645	12/01/05	1,000.00	E484	RAMIREZ, MANUEL		6727	WAIVER PAYMENT	1,000.00	
16646	12/01/05	1,000.00	E486	BECK, LESLIE		6627	WAIVER PAYMENT	1,000.00	
16647	12/01/05	1,000.00	E488	PHILLIPS, TYRONE		6723	WAIVER PAYMENT	1,000.00	
16648	12/01/05	1,000.00	E490	MOORE, CAROL		6708	WAIVER PAYMENT	1,000.00	
16649	12/01/05	1,000.00	E493	EDWARDS, BEVERLY		6654	WAIVER PAYMENT	1,000.00	
16650	12/01/05	1,000.00	E505	NAUKKARINEN, JUKKA		6714	WAIVER PAYMENT	1,000.00	
16651	12/01/05	1,000.00	E508	GILBERT, MARTIN		6668	WAIVER PAYMENT	1,000.00	
16652	12/01/05	1,000.00	E509	OLANDER, MARTIN		6718	WAIVER PAYMENT	1,000.00	
16653	12/01/05	1,000.00	E510	MENDOZA, URIEL		6702	WAIVER PAYMENT	1,000.00	
16654	12/01/05	1,000.00	E511	CHAVARRIA, JOHNNY		6638	WAIVER PAYMENT	1,000.00	
16655	12/01/05	1,000.00	E514	SAUNDERS, MARK		6732	WAIVER PAYMENT	1,000.00	
16656	12/01/05	1,000.00	E515	GARBEZ, MANNY		6665	WAIVER PAYMENT	1,000.00	
16657	12/01/05	1,000.00	E516	KROVETZ, MARC		6686	WAIVER PAYMENT	1,000.00	
16658	12/01/05	1,000.00	E517	CLAYTON, MICHAEL		6640	WAIVER PAYMENT	1,000.00	
16659	12/01/05	1,000.00	E518	MARCUS, STEVEN		6697	WAIVER PAYMENT	1,000.00	
16660	12/01/05	1,000.00	E520	MUNIZ, ARTHUR		6711	WAIVER PAYMENT	1,000.00	
16661	12/01/05	865.89	R227	SALAS, JUAN A., JR.		6757	SETTLEMENT CLAIM	865.89	
16662	12/01/05	39.00	T104	MITCHELL, MARVIN WILLIAM		6758	SEPT HI 17 PASS	39.00	
16663	12/01/05	90.00	T105	PENKINA, KATERINA		6759	OCT HI 17 PASS	90.00	
16664	12/01/05	39.00	T106	BRANSON, ELIZABETH		6760	SEPT HI 17 PASS	39.00	
16665	12/01/05	31.00	T107	SCHMITZ, LINDSAY		6761	SEPT HI 17 PASS	31.00	
16666	12/01/05	39.00	T108	WELLS, JEFF		6762	SEPT HI 17 PASS	39.00	
16667	12/01/05	39.00	T109	LITTLE-KINGPIERCE, FRANKLIN		6763	SEPT HI 17 PASS	39.00	
16668	12/01/05	90.00	T110	WANG, SU-HUA		6764	OCT HI 17 PASS	90.00	
16669	12/01/05	25.00	T111	MEDINA, JUAN		6765	OCT S&D PASS	25.00	
16670	12/01/05	90.00	T112	LYON, ED		6766	OCT HI 17 PASS	90.00	
16671	12/01/05	50.00	T113	SCHMIDT, ISABEL		6767	OCT MONTHLY PASS	50.00	
16672	12/01/05	31.00	T114	MITCHLER, BRIAN		6768	SEPT HI 17 PASS	31.00	
16673	12/01/05	39.00	T115	LEONG, HARRIET		6769	SEPT HI 17 PASS	39.00	
16674	12/01/05	147.00	T116	BOGARD, CINDY		6770	PREPD PT COUPONS	147.00	
16675M12/02/05		100.00	B016	SKILLICORN, DALE	7	6966	NOV BOARD MTG	100.00	MANUAL
				NOV BOARD MTG					

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16676M	12/07/05	1,228.00	002287	CALIFORNIA SERVICE EMPLOYEES DEC MEDICAL		6967	DEC MEDICAL	1,228.00	MANUAL
16678	12/16/05	1,820.00	001035	HARRIS & ASSOCIATES		6840	MB OCT 05 PROF SVCS	1,820.00	
16679	12/16/05	3,767.73	001036	STANDARD INSURANCE COMPANY		6841	DEC LIFE/AD&D INS	3,767.73	
16680	12/16/05	11,539.44	001043	VISION SERVICE PLAN		6842	DEC VISION INS	11,539.44	
16681	12/16/05	189.00	001058	SPEEDOMETER SERVICE COMPANY		6843	REV VEH PARTS	189.00	
16682	12/16/05	1,704.10	001063	NEW FLYER INDUSTRIES LIMITED		6844	REV VEH PARTS 477	476.75	
						6845	REV VEH PARTS 1028	1,227.35	
16683	12/16/05	11,098.44	001075	SOQUEL III ASSOCIATES	7	9000466	RESEARCH PARK RENT	11,098.44	
16684	12/16/05	7,590.00	001076	BROUGHTON LAND, LLC		9000467	110 VERNON ST RENT	7,590.00	
16685	12/16/05	539.00	001093	KROLL LABORATORY SPECIALISTS		6846	SEPT DRUG TESTING	539.00	
16686	12/16/05	1,407.05	001119	MACRICH PARTNERSHIP LP	7	9000468	CAPITOLA MALL RENT	1,407.05	
16687	12/16/05	996.72	001263	ABBOTT STREET RADIATOR, INC.		6774	OUT REPAIR/REV VEH	996.72	
16688	12/16/05	51,265.71	001316	DEVCO OIL		6847	11/30-12/12 FUEL/FLT	51,265.71	
16689	12/16/05	824.69	001379	SAFETY-KLEEN SYSTEMS, INC.		6772	HAZ WASTE DISPOSAL	824.69	
16690	12/16/05	298.69	001454	MONTEREY BAY OFFICE PRODUCTS		6848	9/15-12/14 COPIER/AD	298.69	
16691	12/16/05	81.25	001492	EVERGREEN OIL INC.		6773	HAZ WASTE DISPOSAL	81.25	
16692	12/16/05	9,578.51	001648	STEVE'S UNION SERVICE		6775	NOV REVENUE FUEL/PT	9,578.51	
16693	12/16/05	603.40	001800	THERMO KING OF SALINAS, INC		6849	REV VEH/OUT RPR/FLT	603.40	
16694	12/16/05	93.75	001856	BAY COMMUNICATIONS	7	6776	OUT REPAIR PHONES	93.75	
16695	12/16/05	465.00	001930	STATE BAR OF CALIFORNIA		6850	2006 MEMBERSHIP	465.00	
16696	12/16/05	85.00	001945	SANTA CRUZ COUNTY BAR ASSN		6851	2006 MEMBER DUES	85.00	
16697	12/16/05	3,478.89	001A	SBC/MCI		6777	NOV PHONES/PT	256.52	
						6778	NOV PHONES/PT	501.53	
						6779	NOV PHONES/PT	16.96	
						6780	NOV PHONES	1,643.81	
						6852	NOV PHONES/IT	611.41	
						6853	NOV PHONES/IT	178.00	
						6854	NOV PHONES/IT	92.66	
						6855	NOV PHONES/IT	178.00	
16698	12/16/05	36.87	002063	COSTCO		6856	PHOTO PROCESS/OPS	10.14	
						6857	LOCAL MEETING EXP	16.23	
						6858	PHOTO PROCESS/OPS	10.50	
16699	12/16/05	25,899.59	002116	HINSHAW, EDWARD & BARBARA	7	9000469	370 ENCINAL RENT	25,899.59	
16700	12/16/05	13,888.00	002117	IULIANO, NICK	7	9000470	111 DUBOIS RENT	10,888.00	
						9000471	115 DUBOIS RENT	3,000.00	
16701	12/16/05	208.42	002189	BUS & EQUIPMENT		6781	REV VEH PARTS/PT	208.42	
16702	12/16/05	2,000.00	002267	SHAW & YODER, INC.		6859	OCT LEGISLATIVE SVC	2,000.00	
16703	12/16/05	27,511.85	002295	FIRST ALARM		6860	NOV SECURITY/STRIKE	27,511.85	
16704	12/16/05	7,500.00	002346	CHANEY, CAROLYN & ASSOC., INC.		6861	NOV/DEC LEG SVCS	7,500.00	
16705	12/16/05	2,341.78	002504	TIFCO INDUSTRIES		6862	PARTS & SUPPLIES/FLT	2,341.78	
16706	12/16/05	47,105.34	002569	COMERICA BANK		6863	WORK COMP FUND	47,105.34	
16707	12/16/05	43.85	002609	CLEANSOURCE		6782	CLEANING SUPPLY	43.85	
16708	12/16/05	240.00	002675	THOMSON-WEST BARCLAYS		6864	MOTOR VEHICLE US	240.00	
16709	12/16/05	971.00	002721	NEXTEL COMMUNICATIONS		6783	11/4-12/03 PHONES/PT	971.00	
16710	12/16/05	2,324.81	002805	TELEPATH CORPORATION		6784	NOV MAINT/REPAIRS	2,324.81	
16711	12/16/05	1,178.75	002807	WILLIAM AVERY & ASSOCIATES		6865	NOV 05 PROF SVCS	1,178.75	
16712	12/16/05	966.24	002810	FENCE 4 RENT	7	6866	TEMP FENCE/MB RVR	503.25	
						6867	TEMP FENCE/MB GOLF	462.99	
16713	12/16/05	3,492.11	002817	WATSONVILLE BLUEPRINT		6868	MB PLANS/ADM	3,492.11	

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CHECK NUMBER	CHECK DATE	CHECK AMOUNT	VENDOR	VENDOR NAME	TRANS. TYPE	TRANS. NUMBER	TRANSACTION DESCRIPTION	TRANSACTION AMOUNT	COMMENT
16714	12/16/05	1,730.50	002823	PAT PIRAS CONSULTING		6869	PROF SVCS THRU 11/30	1,730.50	
16715	12/16/05	2,191.50	002829	VALLEY POWER SYSTEMS, INC.		6870	REV VEH PARTS	1,201.50	
						6871	TOWING # 2231	990.00	
16716	12/16/05	44.86	004	NORTH BAY FORD LINC-MERCURY		6785	REV VEH PARTS/PT	22.43	
						6786	REV VEH PARTS/PT	22.43	
16717	12/16/05	175.90	007	UNITED PARCEL SERVICE		6872	NOV/DEC FREIGHT	175.90	
16718	12/16/05	25,915.06	009	PACIFIC GAS & ELECTRIC		6873	10/30-12/1 370 ENC V	3,324.29	
						6874	10/30-12/1 DU/GO/CNG	6,267.12	
						6875	10/26-11/23 SAKATA	10.29	
						6876	10/26-11/23 SAKATA	7.84	
						6877	10/29-12/1 1200 RVR	1,654.32	
						6878	10/31-11/30 CNG/G RV	14,651.20	
16719	12/16/05	200.00	014	CABRILLO COLLEGE		6879	FINGERPRINTING	200.00	
16720	12/16/05	2,475.10	018	SALINAS VALLEY FORD SALES		6787	REV VEH PARTS	1,575.51	
						6788	REV VEH PARTS	899.59	
16721	12/16/05	3,318.56	041	MISSION UNIFORM		6789	NOV UNIF/LAUNDRY FLT	2,684.92	
						6790	NOV UNIF/LAUNDRY-FAC	73.28	
						6791	NOV UNIF/LAUNDRY-FAC	480.26	
						6792	NOV UNIF/LAUNDRY-PT	80.10	
16722	12/16/05	191.56	042	ORCHARD SUPPLY HARDWARE		6793	REPAIRS/MAINTENANCE	191.56	
16723	12/16/05	1,777.83	043	PALACE ART & OFFICE SUPPLY		6794	OFFICE SUPPLIES	23.75	
						6795	OFFICE SUPPLIES	900.64	
						6796	OFFICE SUPPLIES	29.35	
						6797	OFFICE SUPPLIES	115.04	
						6880	OFFICE SUPPLIES	709.05	
16724	12/16/05	3,312.45	059	BATTERIES USA, INC.		6881	REV VEH PARTS	3,312.45	
16725	12/16/05	109.32	061A	REGISTER PAJARONIAN		6882	CLASSIFIED AD/FLEET	109.32	
16726	12/16/05	156.42	075	COAST PAPER & SUPPLY INC.		6798	CLEANING SUPPLY	156.42	
16727	12/16/05	6,628.49	079	SANTA CRUZ MUNICIPAL UTILITIES		6883	10/26-11/28 GOLF CLU	756.73	
						6884	10/26-11/28 370 ENC	72.78	
						6885	10/26-11/28 111 DUB	616.34	
						6886	10/26-11/28 370 ENC	779.31	
						6887	10/26-11/28 1200 RVR	1,868.73	
						6888	10/28-11/30 PACIFIC	2,055.89	
						6889	10/28-11/30 PACIFIC	108.35	
						6964	10/7-12/9 RESEARCH	358.16	
						6965	NOV LANDFILL	12.20	
16728	12/16/05	13,923.49	085	DIXON & SON TIRE, INC.		6799	OUT RPR REV VEH/PT	60.00	
						6890	NOV TIRE/TUBE FLT	13,504.23	
						6891	OUT RPR TIRE/FLT	359.26	
16729	12/16/05	680.47	107	SAN LORENZO LUMBER		6800	REPAIRS/MAINTENANCE	666.41	
						6892	PARTS & SUPPLY FLT	14.06	
16730	12/16/05	2,519.58	110	JESSICA GROCERY STORE, INC.		9000472	CUSTODIAL SERVICES	2,519.58	
16731	12/16/05	134.89	123	BAY PHOTO LAB		6801	PHOTO PROCESS/PT	134.89	
16732	12/16/05	1,798.81	130	CITY OF WATSONVILLE UTILITIES		6893	11/1-12/1 SAKATA	13.73	
						6894	11/1-12/1 SAKATA	75.12	
						6895	11/1-12/1 RODRIGUEZ	9.70	
						6896	9/6-11/2 RODRIGUEZ	34.92	
						6897	9/6-11/2 RODRIGUEZ	61.58	
						6898	CONTAINER RODRIGUEZ	1,316.12	

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16733	12/16/05	2,177.96	135	SANTA CRUZ AUTO PARTS, INC.		6899	9/6-11/2 RODRIGUEZ	287.64	
						6802	REV VEH PARTS/SUPPLY	530.76	
						6900	REV VEH/SUP/TLS	1,647.20	
16734	12/16/05	2,010.72	148	ZEP MANUFACTURING COMPANY		6803	CLEANING SUPPLY FLT	578.34	
						6901	CLEANING SUPPLY FLT	1,432.38	
16735	12/16/05	2,440.59	161	OCEAN CHEVROLET		6804	REV VEH PARTS/PT	2,434.18	
						6805	REV VEH PARTS/ FLT	6.41	
						6806	PRINTING/PT	1,058.68	
16736	12/16/05	1,058.68	163	COMMUNITY PRINTERS, INC.		6902	PARTS & SUPPLIES/FLT	860.10	
16737	12/16/05	860.10	166	HOSE SHOP, THE		6903	REV VEH PARTS/SUPPLY	380.97	
16738	12/16/05	380.97	170	TOWNSEND'S AUTO PARTS		6904	MNT AGREMNT 10/05-06	879.24	
16739	12/16/05	879.24	215	IKON OFFICE SOLUTIONS		6905	REV VEH PARTS 697	697.40	
16740	12/16/05	697.40	221	VEHICLE MAINTENANCE PROGRAM		6807	OUT RPR/BLDGS & GRND	859.53	
16741	12/16/05	859.53	260	SANTA CRUZ GLASS CO., INC.		6906	DEC DRUG TESTING	60.00	
16742	12/16/05	60.00	271	CARLSON, BRENT D., M.D., INC.	7	6808	SMALL TOOLS	107.76	
16743	12/16/05	2,290.87	282	GRAINGER		6809	REV VEH PART/BATTERY	12.48	
						6907	SAFETY SUPPLIES	1,486.06	
						6908	CLEANING SUPPLIES	684.57	
16744	12/16/05	360.00	291	STANLEY ACCESS TECHNOLOGIES		6811	DOOR SVC	360.00	
16745	12/16/05	1,425.91	294	ANDY'S AUTO SUPPLY		6810	REV VEH PRTS/SMTTOOLS	506.56	
						6909	REV VEH/SUPPLIES	919.35	
16746	12/16/05	163.60	434	VERIZON WIRELESS-PAGERS		6812	DEC PAGERS/FAC	131.80	
						6910	DEC PAGERS/FLEET	31.80	
16747	12/16/05	54.46	434B	VERIZON CALIFORNIA		6911	MT. BIEWLASKI	54.46	
16748	12/16/05	448.29	448	UNISOURCE		6813	OFFICE SUPPLIES	131.85	
						6912	COPY PAPER/ADM	316.44	
16749	12/16/05	750.00	475	TRAPEZE SOFTWARE GROUP, INC.		6913	FLTMATE JAN-MAR 06	750.00	
16750	12/16/05	745.00	478	BEE CLENE	0	6814	CARPET/ENCINAL	745.00	
16751	12/16/05	3,540.64	480	DIESEL MARINE ELECTRIC, INC.		6815	REV VEH PARTS	1,531.74	
						6816	REV VEH PARTS	2,008.90	
16752	12/16/05	180.00	481	PIED PIPER EXTERMINATORS, INC.		6817	DEC PEST CONTROL	180.00	
16753	12/16/05	49.80	486	BRENTON SAFETY, INC.		6818	SAFETY SUPPLIES/FLT	49.80	
16754	12/16/05	708.34	504	CUMMINS WEST, INC.		6819	REV VEH PARTS	223.66	
						6915	REV VEH PARTS	484.68	
16755	12/16/05	1,010.29	510	ASCOM HASLER LEASING		6914	B/O MAIL MACHINE	1,010.29	
16756	12/16/05	519.81	511	LUMINATOR		6820	REV VEH PARTS 94	94.36	
						6821	REV VEH PARTS 425	425.45	
16757	12/16/05	4,338.27	664	BAY COUNTIES PITCOCK PETROLEUM		6916	ENGINE OIL/DUBOIS	4,338.27	
16758	12/16/05	74.39	667	CITY OF SCOTTS VALLEY		6917	9/15-11/15 KINGS VLG	74.39	
16759	12/16/05	63.19	707	WALTERS MANUFACTURING COMPANY		6822	REPAIRS & MAINT SUPP	63.19	
16760	12/16/05	1,072.00	733	CLAREMONT BEHAVIORAL SERVICES		6918	DEC EAP PREMIUM	1,072.00	
16761	12/16/05	204.86	739	CENTURY CHEVROLET		6823	OUT REP REV VEH/PT	204.86	
16762	12/16/05	2,000.00	804	ORTHOPAEDIC HOSPITAL	7	6824	OCT PROF/TECH SVCS	2,000.00	
16763	12/16/05	49.63	848	SANTA CRUZ ELECTRONICS, INC.		6919	COMPUTER SUPPLIES/IT	49.63	
16764	12/16/05	5,820.06	851	I.M.P.A.C. GOVERNMENT SERVICES		6920	4055019201230622	5,820.06	
16765	12/16/05	390.00	852	LAW OFFICES OF MARIE F. SANG	7	6921	WORKER COMP CLAIM	390.00	
16766	12/16/05	1,536.00	878	KELLY SERVICES, INC.		6922	TEMP/ADM W/E 11/20	960.00	
						6923	TEMP/ADM W/E 11/27	576.00	
16767	12/16/05	86,159.35	904	RNL DESIGN		6924	PROF SVCS THRU 8/31	26,715.69	
						6925	REIMBRS EXP TO 10/31	293.66	

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						6926	PROF SVCS THRU 10/31	59,150.00	
16768	12/16/05	1,380.46	909	CLASSIC GRAPHICS		6928	OUT RPR REV VEH	1,380.46	
16769	12/16/05	203.00	915	WORKIN.COM, INC.		6929	11/21-12/20 JOB POST	203.00	
16770	12/16/05	630.00	916	DOCTORS ON DUTY		6930	SEP-NOV DRUG TESTING	630.00	
16771	12/16/05	14,950.64	941	ASSURANT EMPLOYEE BENEFITS		6931	DEC LTD INSURANCE	14,950.64	
16772	12/16/05	4,981.00	949A	NATIONAL FLOOD SERVICES		6932	FLOOD INS 1/06-1/07	4,981.00	
16773	12/16/05	1,400.00	993	WORK PERFORMANCE CENTER		6825	EMPLOYMENT PHYSICALS	1,400.00	
16774	12/16/05	100.00	B003	BEAUTZ, JAN	7	6830	NOV BOARD MTG	100.00	
16775	12/16/05	50.00	B006	HINKLE, MICHELLE	7	6832	NOV BOARD MTG	50.00	
16776	12/16/05	50.00	B007	KEOGH, MICHAEL	7	6833	NOV BOARD MTG	50.00	
16777	12/16/05	100.00	B011	REILLY, EMILY	7	6835	NOV BOARD MTG	100.00	
16778	12/16/05	100.00	B012	SPENCE, PAT	7	6837	NOV BOARD MTG	100.00	
16779	12/16/05	100.00	B014	CITY OF WATSONVILLE		6839	NOV BOARD MTG	100.00	
16780	12/16/05	100.00	B015	ROTKIN, MIKE	7	6836	NOV BOARD MTG	100.00	
16781	12/16/05	100.00	B017	STONE, MARK	7	6838	NOV BOARD MTG	100.00	
16782	12/16/05	100.00	B018	BUSTICHI, DENE	7	6831	NOV BOARD MTG	100.00	
16783	12/16/05	50.00	B019	HARLAN, STEPHANIE	7	6834	NOV BOARD MTG	50.00	
16784	12/16/05	10.00	E109	MEYER, DIANE		6933	DMV/VTT FEES	10.00	
16785	12/16/05	357.23	E276	BAIOCCHI, JIM		6826	ROSA PARKS BANNERS	357.23	
16786	12/16/05	79.82	E322	HICKEY, MARK		6827	FIRST AID/CPR BOOKS	79.82	
16787	12/16/05	66.00	E361	ZARAGOZA, ISRAEL		6828	DMV PHYSICAL	66.00	
16788	12/16/05	65.00	E388	AXTON, RHIANNON		6934	DMV/VTT FEES	65.00	
16789	12/16/05	35.00	E400	TORRES, MARIO		6935	DMV/VTT FEES	35.00	
16790	12/16/05	65.00	E417	MENDOZA, FELIPE		6936	DMV/VTT FEES	65.00	
16791	12/16/05	65.00	E425	REBIDEAUX, MARK		6937	DMV/VTT FEES	65.00	
16792	12/16/05	65.00	E426	RENTERIA, JAIME		6938	DMV/VTT FEES	65.00	
16793	12/16/05	75.00	E427	SPARKMAN, JOSHUA		6939	DMV/VTT FEES	65.00	
						6940	DMV/VTT FEES	10.00	
16794	12/16/05	10.00	E428	MCDONALD, KEVIN		6941	DMV/VTT FEES	10.00	
16795	12/16/05	10.00	E429	MCINTYRE, WILLIAM		6942	DMV/VTT FEES	10.00	
16796	12/16/05	10.00	E431	REED, JERRY		6943	DMV/VTT FEES	10.00	
16797	12/16/05	10.00	E432	VALDEZ, RUBEN		6944	DMV/VTT FEES	10.00	
16798	12/16/05	45.00	E464	TOVAR, SERENA		6829	DMV/VIT FEES	45.00	
16799	12/16/05	30.33	E495	WHITE, LES		6945	LOCAL MTG EXP	30.33	
16800	12/16/05	66.00	E505	NAUKKARINEN, JUKKA		6946	DMV MED EXAM	66.00	
16801	12/16/05	229.97	M003	WYANT, JUDI		9000473	RETIREE STIPEND	229.97	
16802	12/16/05	254.52	M005	ROSS, EMERY		9000474	RETIREE STIPEND	254.52	
16803	12/16/05	459.94	M006	VAN DER ZANDE, ED		9000475	RETIREE STIPEND	459.94	
16804	12/16/05	750.34	M007	BLAIR-ALWARD, GREGORY		9000476	RETIREE STIPEND	750.34	
16805	12/16/05	820.25	M009	FREEMAN, MARY		9000477	RETIREE STIPEND	820.25	
16806	12/16/05	364.49	M010	SHORT, SLOAN		9000478	RETIREE STIPEND	364.49	
16807	12/16/05	184.57	M016	HICKLIN, DONALD KENT		9000479	RETIREE STIPEND	184.57	
16808	12/16/05	179.92	M022	CAPELLA, KATHLEEN		9000480	RETIREE STIPEND	179.92	
16809	12/16/05	179.92	M024	DOBBS, GLENN		9000481	RETIREE STIPEND	179.92	
16810	12/16/05	75.17	M056	CRUISE, RICHARD		9000482	RETIREE STIPEND	75.17	
16811	12/16/05	19.93	M057	PARHAM, WALLACE		9000483	RETIREE STIPEND	19.93	
16812	12/16/05	19.93	M058	POTEETE, BEVERLY		9000484	RETIREE STIPEND	19.93	
16813	12/16/05	27.00	T117	PRETO, PAUL		6947	NOV HI 17 PASS	27.00	
16814	12/16/05	72.00	T118	WEHNER, AMY MARY		6948	SEP/OCT MNLY PASS	72.00	
16815	12/16/05	39.00	T119	CHOICES FOR CHILDREN/CDI		6949	SEPT HI 17 PASS	39.00	

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16816	12/16/05	31.00	T120	ESTES, CHRIS		6950	SEPT HI 17 PASS	31.00	
16817	12/16/05	90.00	T121	LIBBEY, STEVE		6951	OCT HI 17 PASS	90.00	
16818	12/16/05	90.00	T122	WILCOX, JAMES		6952	OCT HI 17 PASS	90.00	
16819	12/16/05	39.00	T123	WILT, AMBROSIA		6953	SEPT HI 17 PASS	39.00	
16820	12/16/05	90.00	T124	BISWAS, MAINAK		6954	OCT HI 17 PASS	90.00	
16821	12/16/05	39.00	T125	ROMERO, AMPARO		6955	SEPT HI 17 PASS	39.00	
16822	12/16/05	90.00	T126	MOYERS, CRAIG		6956	DEC HI 17 PASS	90.00	
16823	12/16/05	39.00	T127	SLICK, ROBERT		6957	SEPT HI 17 PASS	39.00	
16824	12/16/05	39.00	T128	TUGIT, BOYD		6958	SEPT HI 17 PASS	39.00	
16825	12/16/05	39.00	T130	GRIFFITH, JULIE		6959	SEPT HI 17 PASS	39.00	
16826	12/16/05	27.00	T131	LIU, B.		6960	NOV HI 17 PASS	27.00	
16827	12/16/05	90.00	T132	BOOTHBY, JOHN		6961	OCT HI 17 PASS	90.00	
16828	12/16/05	35.00	T133	JOHANSSON, MIRANDA		6962	OCT YOUTH PASS	35.00	
16829	12/16/05	27.00	T134	HOYE, JANICE		6963	NOV HI 17 PASS	27.00	
TOTAL		1,287,386.79		COAST COMMERCIAL BANK			TOTAL CHECKS	376	1,287,386.79

S-2.10

**Page 1 of the December Ridership
Report will be distributed at the
January 27, 2006 Board Meeting.**

BUS OPERATOR LIFT TEST *PULL-OUT*

VEHICLE CATEGORY	TOTAL BUSES	AVG # DEAD IN GARAGE	AVG # AVAIL. FOR SERVICE	AVG # IN SERVICE	AVG # SPARE BUSES	AVG # LIFTS OPERATING	% LIFTS WORKING ON PULL-OUT BUSES
FLYER/HIGHWAY 17 - 40'	7	0	7	1	6	1	100%
FLYER/LOW FLOOR - 40'	12	3	9	8	1	8	100%
FLYER/LOW FLOOR - 35'	18	1	17	13	4	13	100%
FLYER/HIGH FLOOR - 35'	15	1	14	5	9	5	100%
GILLIG/SAM TRANS - 40'	10	1	9	6	3	6	100%
DIESEL CONVERSION - 35'	15	4	11	10	1	10	100%
DIESEL CONVERSION - 40'	14	4	10	8	2	8	100%
ORION/HIGHWAY 17 - 40'	11	2	9	7	2	7	100%
GOSHEN	3	0	3	1	2	1	100%
TROLLEY	1	0	1	0	1	0	100%
CNG NEW FLYER - 40'	8	1	7	5	2	5	100%

5-3.2

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

PASSENGER LIFT PROBLEMS

MONTH OF DECEMBER 2005

BUS #	DATE	DAY	REASON
2204GO	28-Dec	Wednesday	Kneel beeper not working
2227CN	21-Dec	Wednesday	Kneel comes up to far or not enough, have to recycle
2229CN	16-Dec	Friday	Lift would not deploy
2235CN	1-Dec	Thursday	Dash fans do not work. W/C lift and kneel do not beep beep
2235CN	18-Dec	Sunday	Kneel beep does not sound up or down
2405GO	21-Dec	Wednesday	Does not work
8085F	13-Dec	Tuesday	No power to lift
9811LF	23-Dec	Friday	Lift only deploys manually
9816LF	2-Dec	Friday	Kneel does not beep beep
9818LF	27-Dec	Tuesday	Beeper not working. Intermittently works
9836G	7-Dec	Wednesday	Lift won't stow all the way

F New Flyer
 G Gillig
 C Champion
 LF Low Floor Flyer
 GM GMC
 CG CNG
 CN SR855 & SR854
 OR Orion/Hwy 17

5-3.3

Dropped Service for FY 2006

Month	FY 2006		FY 2005	
	Dropped Hours	Dropped Miles	Dropped Hours	Dropped Miles
July	0	0	1.35	42.89
August	213.92	3,575.86	0.00	0.00
September	140.97	2,336.50	0.76	18.87
October	STRIKE	STRIKE	0.00	0.00
November	113.77	1,780.56	0.00	0.00
December	95.61	1,659.66	0.00	0.00
January			6.07	127.13
February			23.31	276.75
March			8.66	99.08
April			37.96	641.12
May			1.50	37.03
June			4.15	69.30
TOTAL	564.27	9,352.58	83.76	1,312.17

5-3.4

GOVERNMENT TORT CLAIM

RECOMMENDED ACTION

TO: Board of Directors

FROM: District Counsel

RE: Claim of: Curtis, Nathan
Date of Incident: 07/12/05

Received: 01/09/06 Claim #: 06-0001
Occurrence Report No.: SC 07-05-05 (c)

In regard to the above-referenced Claim, this is to recommend that the Board of Directors take the following action:

- 1. Reject the claim entirely.
- 2. Deny the application to file a late claim.
- 3. Grant the application to file a late claim.
- 4. Reject the claim as untimely filed.
- 5. Reject the claim as insufficient.
- 6. Allow the claim in full.
- 7. Allow the claim in part, in the amount of \$_____ and reject the balance.

By Margaret Gallagher
Margaret Gallagher
DISTRICT COUNSEL

Date: 1-09-05

I, Cindi Thomas, do hereby attest that the above Claim was duly presented to and the recommendations were approved by the Santa Cruz Metropolitan Transit District's Board of Directors at the meeting of January 27, 2006.

By _____
Cindi Thomas
RECORDING SECRETARY

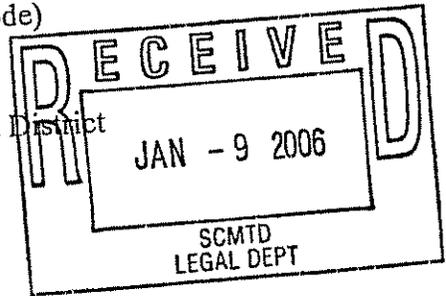
Date: _____

MG/lg
Attachment(s)

5-4.4

CLAIM AGAINST THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
(Pursuant to Section 910 et Seq., Government Code)

Claim # 06-0001



TO: BOARD OF DIRECTORS, Santa Cruz Metropolitan Transit District

ATTN: Secretary to the Board of Directors
370 Encinal Street, Suite 100
Santa Cruz, CA 95060

1. Claimant's Name: NATHAN M. CURTIS
Claimant's Address/Post Office Box: 215 FERN ST SANTA CRUZ CA 95060

2. Claimant's Phone Number: 831. 419. 8232
Address to which notices are to be sent: 215 FERN ST SANTA CRUZ CA 95060

3. Occurrence: REAR END COLLISION - HIT BY CITY METRO BUS
SANTA CRUZ POLICE TRAFFIC COLLISION REPORT # 055-07446
Date: 7-12-05 Time: 21:51 Place: CATHCART + FRONT ST
Circumstances of occurrence or transaction giving rise to claim: While stopped
at TRAFFIC SIGNAL ON CATHCART THE VEHICLE I WAS IN WAS HIT BY
A CITY METRO BUS FROM THE REAR, I WAS IN PASSENGER SEAT.
I SUSTAINED SOME BACK NECK AND SHOULDER INJURY AND RECEIVED
MEDICAL CARE.

4. General description of indebtedness, obligation, injury, damage, or loss incurred so far as is known: MEDICAL BILLS, LOSS OF TIME, PAIN SUFFERING

5. Name or names of public employees or employees causing injury, damage, or loss, if known: LUISRE WHITNEY - METRO BUS DRIVER

6. Amount claimed now \$ see attached
Estimated amount of future loss, if known \$ see attached
TOTAL \$ see attached

7. Basis of above computations: Medical bills - loss of time - Pain + Suffering
This claim will be a limited civil case

[Signature]
CLAIMANT'S SIGNATURE (or Company Representative or Parent of Minor Claimant)

7-30-05
DATE

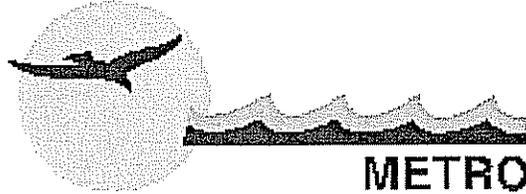
Note: Claim must be presented to the Secretary to the Board of Directors, Santa Cruz Metropolitan Transit District

5-4.5

LIST OF EXPENSES DUE TO ACCIDENT

1. Medical Bills	\$1,650.00
2. Time Lost	\$308.00
3. Future Medical Bills	\$2,500.00
4. Pain and Suffering	<u>\$7,500.00</u>
TOTAL	\$11,958.00

5-4.6



Agenda

Metro Advisory Committee

6:00 pm
January 18, 2006
920 Pacific Avenue
Santa Cruz, California

- I. Roll Call
- II. Agenda Additions/Deletions
- III. Oral/Written Communication
- IV. Consideration of Minutes of November 16, 2005 MAC Meeting (No Meeting in December – Lack of Quorum)
- V. Receive Information Relative to Bus Operator Training
- VI. Election of Officers
- VII. Discussion of Possible Grants for Holiday Service
- VIII. Discussion of Paratransit Coordination Task Force Recommendations
- IX. Discussion of ADA/504 Review
- X. Review of MAC Bylaws
- XI. Consideration of 2006 MAC Meeting Schedule
- XII. Communications to METRO General Manager
- XIII. Communications to METRO Board of Directors
- XIV. Items for Next Meeting Agenda
- XV. Adjournment

Next Meeting: Wednesday February 15, 2005 @ 6:00 pm
Santa Cruz Metro Conference Room

5-5.1

Untitled

METRO ACCESSIBLE SERVICES TRANSIT FORUM (MASTF)

S.C Metropolitan Transit Station (2nd floor)
THURSDAY, JANUARY 19th, 2006 2-4pm

Camille Pierce, Chair/Sharon Barbour, Vice-Chair

MASTF is an independent, community volunteer organization. It reports to and advises Metro management and their staff. All interested community individuals are welcome to attend MASTF and participate in MASTF discussions.

MASTF AGENDA

- I. Call to Order and participant introductions
Camille Pierce
- II. Corrections/Additions to the December 15th MASTF mtg.
- III. Discuss/Approve recent MASTF meeting(s)
Sharon Barbour
- IV. Corrections to the December 15, 2005 MASTF meeting
- V. Oral Communication/Correspondence
NOTE: MASTF members won't take immediate action on MASTF items not on the current MASTF agenda. But will add the discussion item on the next month's agenda.
- VI. MASTF Committee Reports/Comments/Suggestions
Reports from immediate past MASTF Chair, Sharon Barbour.
SCMTD Managers Union Representative, U.T.U/S.E.I.U;
Commission on Disabilities; Elderly and Disabled
Transportation Advisory Committee(E&DTAC); SCMTD Board
Meeting Report
- VII. NEW Business:
Review MASTF Goals for 2006
February '06 MASTF Agenda additions
- VIII. Adjournment

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006
TO: Board of Directors
FROM: Elisabeth Ross, Finance Manager
SUBJECT: MONTHLY BUDGET STATUS REPORT FOR SEPTEMBER 2005

I. RECOMMENDED ACTION

None.

II. SUMMARY OF ISSUES

- Operating revenue for the year to date totals \$9,380,510 or \$174,458 under the amount of revenue expected to be received during the first three months of the fiscal year.
- Total operating expenses for the year to date in the amount of \$7,590,221 are at 22.3% of the budget.
- A total of \$132,551 has been expended through September 30th for the FY 05-06 Capital Improvement Program.

III. DISCUSSION

An analysis of the District's budget status is prepared monthly in order to apprise the Board of Directors of the District's actual revenues and expenses in relation to the adopted operating and capital budgets for the fiscal year. The attached monthly revenue and expense report represents the status of the District's FY 05-06 budget as of September 30, 2005. The fiscal year is 25.0% elapsed.

A. Operating Revenues

Revenues are \$174,458 under the amount to be received for the period. Variances are explained in the notes following the report.

B. Operating Expenses

Operating expenses for the year to date total \$7,590,221 or 22.3% of the budget, with 25.0% of the year elapsed. Variances are explained in the notes following the report.

C. Capital Improvement Program

For the year to date, a total of \$132,551 has been expended on the Capital Improvement Program. Of this, \$49,897 has been spent on MetroBase.

5-7.1

IV. FINANCIAL CONSIDERATIONS

The strike called by United Transportation Union, Local 23, began on September 27, 2005, resulting in the immediate cessation of all fixed-route bus service. (ParaCruz service continued to operate.) The strike impacted revenues and expenses for the last four calendar days that the period of this report covers.

V. ATTACHMENTS

Attachment A: Revenue and Expense Report for September 2005.

5-7.2

MONTHLY REVENUE AND EXPENSE REPORT
 OPERATING REVENUE - SEPTEMBER 2005

Attachment **A**

Operating Revenue	FY 05-06 Budgeted for Month	FY 05-06 Actual for Month	FY 05-06 Budgeted YTD	FY 04-05 Actual YTD	FY 05-06 Actual YTD	YTD Variance from Budgeted	
Passenger Fares	\$ 305,965	\$ 255,775	\$ 929,582	\$ 911,345	\$ 860,657	\$ (68,925)	
Paratransit Fares	\$ 28,314	\$ 16,684	\$ 78,775	\$ 41,957	\$ 52,240	\$ (26,535)	
Special Transit Fares	\$ 176,290	\$ 135,015	\$ 285,994	\$ 306,994	\$ 248,492	\$ (37,502)	
Highway 17 Revenue	\$ 90,323	\$ 83,932	\$ 259,584	\$ 259,583	\$ 261,465	\$ 1,881	
<i>Subtotal Passenger Rev</i>	\$ 600,892	\$ 491,406	\$ 1,553,935	\$ 1,519,879	\$ 1,422,854	\$ (131,081)	See Note 1
Advertising Income	\$ 4,167	\$ 7,825	\$ 12,500	\$ 14,240	\$ 17,285	\$ 4,785	See Note 2
Commissions	\$ 500	\$ 461	\$ 1,500	\$ 2,105	\$ 1,531	\$ 31	
Rent Income	\$ 13,405	\$ 11,586	\$ 38,692	\$ 72,626	\$ 40,648	\$ 1,956	See Note 3
Interest - General Fund	\$ 32,877	\$ 120,235	\$ 103,322	\$ 82,818	\$ 240,374	\$ 137,052	See Note 4
Non-Transportation Rev	\$ 375	\$ 608	\$ 1,125	\$ 897	\$ 1,339	\$ 214	
Sales Tax Income	\$ 1,494,026	\$ 1,306,840	\$ 4,107,826	\$ 4,029,070	\$ 3,920,640	\$ (187,186)	See Note 5
TDA Funds	\$ 1,419,422	\$ 1,419,422	\$ 1,419,422	\$ 1,438,313	\$ 1,419,422	\$ -	
FTA Op Asst - Sec 5307	\$ 2,250,942	\$ 2,250,942	\$ 2,250,942	\$ 2,950,231	\$ 2,250,942	\$ -	
FTA Op Asst - Sec 5311	\$ 65,704	\$ 65,475	\$ 65,704	\$ 92,928	\$ 65,475	\$ (229)	
FTA Op Asst Advance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
FY 03-04 Carryover	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Transfer from Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Transfer from Insurance Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Transfer - Proj Mgr	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Operating Revenue	\$ 5,882,309	\$ 5,674,800	\$ 9,554,968	\$ 10,203,107	\$ 9,380,510	\$ (174,458)	

5-7.91

**MONTHLY REVENUE AND EXPENSE REPORT
OPERATING EXPENSE SUMMARY - SEPTEMBER 2005**

	FY 05-06 Final Budget	FY 05-06 Revised Budget	FY 04-05 Expended YTD	FY 05-06 Expended YTD	Percent Expended of Budget	
PERSONNEL ACCOUNTS						
Administration	\$ 913,581	\$ 888,581	\$ 273,367	\$ 202,967	22.8%	
Finance	\$ 616,075	\$ 604,075	\$ 133,859	\$ 124,056	20.5%	
Customer Service	\$ 469,041	\$ 469,041	\$ 115,085	\$ 96,944	20.7%	
Human Resources	\$ 403,818	\$ 403,818	\$ 49,472	\$ 82,949	20.5%	
Information Technology	\$ 438,387	\$ 438,387	\$ 104,412	\$ 106,992	24.4%	
District Counsel	\$ 396,870	\$ 390,194	\$ 89,126	\$ 94,505	24.2%	
Facilities Maintenance	\$ 958,977	\$ 958,977	\$ 254,954	\$ 230,415	24.0%	
Paratransit Program	\$ 2,710,777	\$ 2,710,777	\$ 79,829	\$ 701,026	25.9%	See Note 6
Operations	\$ 1,905,376	\$ 1,905,376	\$ 499,560	\$ 399,216	21.0%	
Bus Operators	\$ 12,759,002	\$ 12,759,002	\$ 3,125,691	\$ 2,850,584	22.3%	
Fleet Maintenance	\$ 4,073,806	\$ 4,073,806	\$ 897,709	\$ 892,429	21.9%	
Retired Employees/COBRA	\$ 1,155,813	\$ 1,155,813	\$ 260,028	\$ 325,772	28.2%	See Note 7
Total Personnel	\$ 26,801,523	\$ 26,757,847	\$ 5,883,091	\$ 6,107,854	22.8%	
NON-PERSONNEL ACCOUNTS						
Administration	\$ 655,301	\$ 680,301	\$ 140,393	\$ 191,764	28.2%	See Note 8
Finance	\$ 813,517	\$ 825,517	\$ 233,422	\$ 209,830	25.4%	
Customer Service	\$ 96,006	\$ 96,006	\$ 45,176	\$ 17,834	18.6%	
Human Resources	\$ 45,706	\$ 45,706	\$ 9,844	\$ 3,087	6.8%	
Information Technology	\$ 133,035	\$ 133,035	\$ 15,930	\$ 53,563	40.3%	See Note 9
District Counsel	\$ 11,463	\$ 18,139	\$ 10,442	\$ 13,999	77.2%	See Note 10
Risk Management	\$ 259,015	\$ 259,015	\$ 18,906	\$ 5,037	1.9%	
Facilities Maintenance	\$ 444,250	\$ 444,250	\$ 69,684	\$ 66,537	15.0%	
Paratransit Program	\$ 867,761	\$ 867,761	\$ 435,195	\$ 130,672	15.1%	
Operations	\$ 617,418	\$ 617,418	\$ 98,153	\$ 97,074	15.7%	
Bus Operators	\$ 7,120	\$ 7,120	\$ 67	\$ -	0.0%	
Fleet Maintenance	\$ 3,330,435	\$ 3,330,435	\$ 694,370	\$ 692,970	20.8%	
Op Prog/SCCIC	\$ 450	\$ 450	\$ 20	\$ -	0.0%	
Prepaid Expense	\$ -	\$ -	\$ -	\$ -	0.0%	
Total Non-Personnel	\$ 7,281,477	\$ 7,325,153	\$ 1,771,602	\$ 1,482,367	20.2%	
Total Operating Expense	\$ 34,083,000	\$ 34,083,000	\$ 7,654,693	\$ 7,590,221	22.3%	
YTD Operating Revenue Over YTD Expense				\$ 1,790,289		

**CONSOLIDATED OPERATING EXPENSE
SEPTEMBER 2005**

	FY 05-06 Final Budget	FY 05-06 Revised Budget	FY 04-05 Expended YTD	FY 05-06 Expended YTD	% Exp YTD of Budget	
LABOR						
Operators Wages	\$ 7,897,147	\$ 7,897,147	\$ 1,551,605	\$ 1,606,450	20.3%	
Operators Overtime	\$ 1,154,109	\$ 1,154,109	\$ 201,273	\$ 270,878	23.5%	
Other Salaries & Wages	\$ 6,223,417	\$ 6,179,741	\$ 1,422,816	\$ 1,240,475	20.1%	
Other Overtime	\$ 166,200	\$ 166,200	\$ 33,004	\$ 30,828	18.5%	
	\$ 15,440,873	\$ 15,397,197	\$ 3,208,699	\$ 3,148,631	20.4%	
FRINGE BENEFITS						
Medicare/Soc Sec	\$ 226,164	\$ 226,164	\$ 36,339	\$ 39,480	17.5%	
PERS Retirement	\$ 1,728,898	\$ 1,728,898	\$ 349,550	\$ 473,066	27.4%	See Note 11
Medical Insurance	\$ 3,724,628	\$ 3,674,628	\$ 936,434	\$ 1,126,584	30.7%	See Note 12
Dental Plan	\$ 534,944	\$ 534,944	\$ 141,144	\$ 119,722	22.4%	
Vision Insurance	\$ 144,360	\$ 144,360	\$ 30,609	\$ 33,012	22.9%	
Life Insurance	\$ 48,768	\$ 48,768	\$ 8,962	\$ 10,411	21.3%	
State Disability Ins	\$ 333,050	\$ 333,050	\$ 45,956	\$ 41,845	12.6%	
Long Term Disability Ins	\$ 191,434	\$ 191,434	\$ 73,901	\$ 44,716	23.4%	
Unemployment Insurance	\$ 85,251	\$ 85,251	\$ 920	\$ 418	0.5%	
Workers Comp	\$ 1,396,680	\$ 1,396,680	\$ 321,181	\$ 289,252	20.7%	
Absence w/ Pay	\$ 2,908,020	\$ 2,908,020	\$ 722,385	\$ 765,512	26.3%	See Note 13
Other Fringe Benefits	\$ 38,454	\$ 88,454	\$ 7,011	\$ 15,205	17.2%	
	\$ 11,360,650	\$ 11,360,650	\$ 2,674,392	\$ 2,959,223	26.0%	
SERVICES						
Acctng/Admin/Bank Fees	\$ 315,959	\$ 315,959	\$ 89,803	\$ 74,224	23.5%	
Prof/Legis/Legal Services	\$ 467,919	\$ 467,804	\$ 57,066	\$ 89,701	19.2%	
Temporary Help	\$ -	\$ 43,676	\$ 721	\$ 32,452	74.3%	See Note 14
Custodial Services	\$ 107,800	\$ 107,800	\$ 18,004	\$ 13,362	12.4%	
Uniforms & Laundry	\$ 57,223	\$ 57,223	\$ 7,773	\$ 6,271	11.0%	
Security Services	\$ 424,699	\$ 424,699	\$ 54,380	\$ 57,815	13.6%	
Outside Repair - Bldgs/Eqmt	\$ 211,578	\$ 211,693	\$ 25,851	\$ 38,083	18.0%	
Outside Repair - Vehicles	\$ 347,800	\$ 347,800	\$ 71,651	\$ 25,387	7.3%	
Waste Disp/Ads/Other	\$ 75,019	\$ 75,019	\$ 36,295	\$ 9,870	13.2%	
	\$ 2,007,997	\$ 2,051,673	\$ 361,543	\$ 347,165	16.9%	
CONTRACT TRANSPORTATION						
Contract Transportation	\$ -	\$ -	\$ -	\$ -	0.0%	
Paratransit Service	\$ 309,600	\$ 309,600	\$ 390,286	\$ 21,871	7.1%	
	\$ 309,600	\$ 309,600	\$ 390,286	\$ 21,871	7.1%	
MOBILE MATERIALS						
Fuels & Lubricants	\$ 2,094,447	\$ 2,094,447	\$ 371,710	\$ 469,659	22.4%	
Tires & Tubes	\$ 178,560	\$ 178,560	\$ 47,867	\$ 43,760	24.5%	
Other Mobile Supplies	\$ 7,740	\$ 7,740	\$ 2,616	\$ 5,156	66.6%	See Note 15
Revenue Vehicle Parts	\$ 407,510	\$ 407,510	\$ 102,269	\$ 96,382	23.7%	
	\$ 2,688,257	\$ 2,688,257	\$ 524,461	\$ 614,957	22.9%	

**CONSOLIDATED OPERATING EXPENSE
SEPTEMBER 2005**

	FY 05-06 Final Budget	FY 05-06 Revised Budget	FY 04-05 Expended YTD	FY 05-06 Expended YTD	% Exp YTD of Budget	
OTHER MATERIALS						
Postage & Mailing/Freight	\$ 24,358	\$ 23,758	\$ 5,512	\$ 5,694	24.0%	
Printing	\$ 65,088	\$ 65,088	\$ 29,755	\$ 15,406	23.7%	
Office/Computer Supplies	\$ 70,948	\$ 70,948	\$ 22,783	\$ 24,979	35.2%	See Note 16
Safety Supplies	\$ 21,875	\$ 21,875	\$ 1,384	\$ 1,520	6.9%	
Cleaning Supplies	\$ 58,730	\$ 58,730	\$ 5,134	\$ 10,454	17.8%	
Repair/Maint Supplies	\$ 55,000	\$ 55,000	\$ 11,691	\$ 5,536	10.1%	
Parts, Non-Inventory	\$ 40,500	\$ 40,500	\$ 7,066	\$ 4,585	11.3%	
Tools/Tool Allowance	\$ 10,600	\$ 10,600	\$ 1,612	\$ 1,256	11.8%	
Promo/Photo Supplies	\$ 13,041	\$ 13,041	\$ 2,267	\$ 2,108	16.2%	
	\$ 360,140	\$ 359,540	\$ 87,205	\$ 71,538	19.9%	
UTILITIES	\$ 340,882	\$ 340,882	\$ 60,450	\$ 69,127	20.3%	
CASUALTY & LIABILITY						
Insurance - Prop/PL & PD	\$ 491,100	\$ 491,100	\$ 142,564	\$ 124,768	25.4%	
Settlement Costs	\$ 150,000	\$ 150,000	\$ 16,006	\$ 72	0.0%	
Repairs to Prop	\$ -	\$ -	\$ (8,486)	\$ (13,166)	0.0%	See Note 17
	\$ 641,100	\$ 641,100	\$ 150,084	\$ 111,674	17.4%	
TAXES	\$ 47,743	\$ 47,743	\$ 5,318	\$ 6,730	14.1%	
MISC EXPENSES						
Dues & Subscriptions	\$ 54,159	\$ 54,159	\$ 10,387	\$ 39,544	73.0%	See Note 18
Advertising - Revenue Prod.	\$ 15,000	\$ 15,000	\$ 9,891	\$ 1,262	8.4%	
Employee Incentive Program	\$ 7,547	\$ 7,547	\$ 1,153	\$ 437	5.8%	
Training	\$ 8,800	\$ 8,800	\$ -	\$ 1,768	20.1%	
Travel	\$ 21,870	\$ 21,870	\$ 576	\$ 2,077	9.5%	
Other Misc Expenses	\$ 20,328	\$ 20,328	\$ 3,725	\$ 2,658	13.1%	
	\$ 127,704	\$ 127,704	\$ 25,733	\$ 47,746	37.4%	
OTHER EXPENSES						
Leases & Rentals	\$ 758,054	\$ 758,654	\$ 166,523	\$ 191,559	25.2%	
	\$ 758,054	\$ 758,654	\$ 166,523	\$ 191,559	25.2%	
Total Operating Expense	\$ 34,083,000	\$ 34,083,000	\$ 7,654,693	\$ 7,590,221	22.3%	

5-7.a4

**MONTHLY REVENUE AND EXPENSE REPORT
FY 05-06 CAPITAL IMPROVEMENT PROGRAM**

CAPITAL PROJECTS	Final Program Budget	Expended in September	YTD Expended
Grant Funded Projects			
MetroBase	\$ 29,622,709	\$ 2,060	\$ 49,897
Revenue Vehicle Replacement	\$ 920,000		
Short Range Transit Plan	\$ 100,000		
	\$ 30,642,709		
District Funded Projects			
Bus Stop Imprvmts/Bus Shelter Projects	\$ 10,000		
Revenue Vehicle Replacement	\$ 90,000		\$ 10,593
IT Projects	\$ 30,200		\$ 9,430
Facilities Repairs & Improvements	\$ 29,500	\$ 25	\$ 25
Non-Revenue Vehicle Replacement	\$ 229,000		\$ 55,831
Office Equipment	\$ 22,100		\$ 6,775
PM Filters for Fleet (4)	\$ 33,320		
Mt. Biewlaski Repeater	\$ 15,000		
Transfer to Operating Budget	\$ 335,000		
	\$ 794,120		
TOTAL CAPITAL PROJECTS	\$ 31,436,829	\$ 2,085	\$ 132,551
CAPITAL FUNDING SOURCES			
	Budget	Received in September	YTD Received
Federal Capital Grants	\$ 9,230,246	\$ -	\$ -
State/Local Capital Grants	\$ 7,500,000	\$ -	\$ -
STA Funding	\$ 1,101,716	\$ -	\$ -
Transfer from Operating Budget	\$ -	\$ -	\$ -
Bus Stop Improvement Reserves	\$ 10,000	\$ -	\$ -
District Reserves	\$ 13,594,867	\$ 2,085	\$ 132,551
TOTAL CAPITAL FUNDING	\$ 31,436,829	\$ 2,085	\$ 132,551

5-7.95

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
NOTES TO REVENUE AND EXPENSE REPORT**

1. Passenger fares (farebox and pass sales) are \$68,925 or 7% under the final budget amount for the year to date. Paratransit fares are \$26,535 or 34% under the budgeted amount. Special transit fares (contracts) are \$37,502 or 13% under the budgeted amount. Highway 17 Express revenue is \$1,881 or 0.7% over the year to date budgeted amount. Together, all four passenger revenue accounts are under the budgeted amount for the first three months of the fiscal year by a net \$131,081 or 8.4%.
2. Advertising income is \$4,785 over the budgeted amount for the year to date based on current advertising levels on the exterior of District buses. A formal program to sell ads has not yet been implemented.
3. Rent income is \$1,956 over budget for the year to date due to receipt of the final payment by Storti's Pizzeria.
4. Interest income is \$137,052 over budget for the year to date due to higher interest rates than projected in the County investment pool and a one-time interest credit by the County for FY 04-05 in the amount of \$56,564. The average interest rate for the year-to-date is 3.47% while the budget projected 2.0%.
5. Sales tax income is \$187,186 below budget for the first three months of the fiscal year. The budget projected a 3% increase over last year while the tax receipts for the period (covering April – June sales) were down 0.7%.
6. Paratransit personnel expense is at 25.9% of the budget due to workers' comp expenses.
7. Retired employee expense is at 28.2% of the budget because payment of October medical premiums was included in the September report.
8. Administration non-personnel expense is at 28.2% of the budget due to the annual payment of APTA dues.
9. Information Technology non-personnel expense is at 40.3% of the budget due to the annual payment of maintenance agreements for the computer system and required programming changes for the Bus Operator bid module.
10. District Counsel non-personnel expense is at 77.2% of the budget due to payment for temp help services and legal services in the approximate amount of \$9,000. A budget transfer has been processed and no further expenses are expected in these accounts.
11. Retirement expense is at 27.4% of the budget because part of the employee share of the expense will be credited to the District on a quarterly basis.
12. Medical insurance expense is at 30.7% of the budget because payment of October medical premiums was included in the September report.

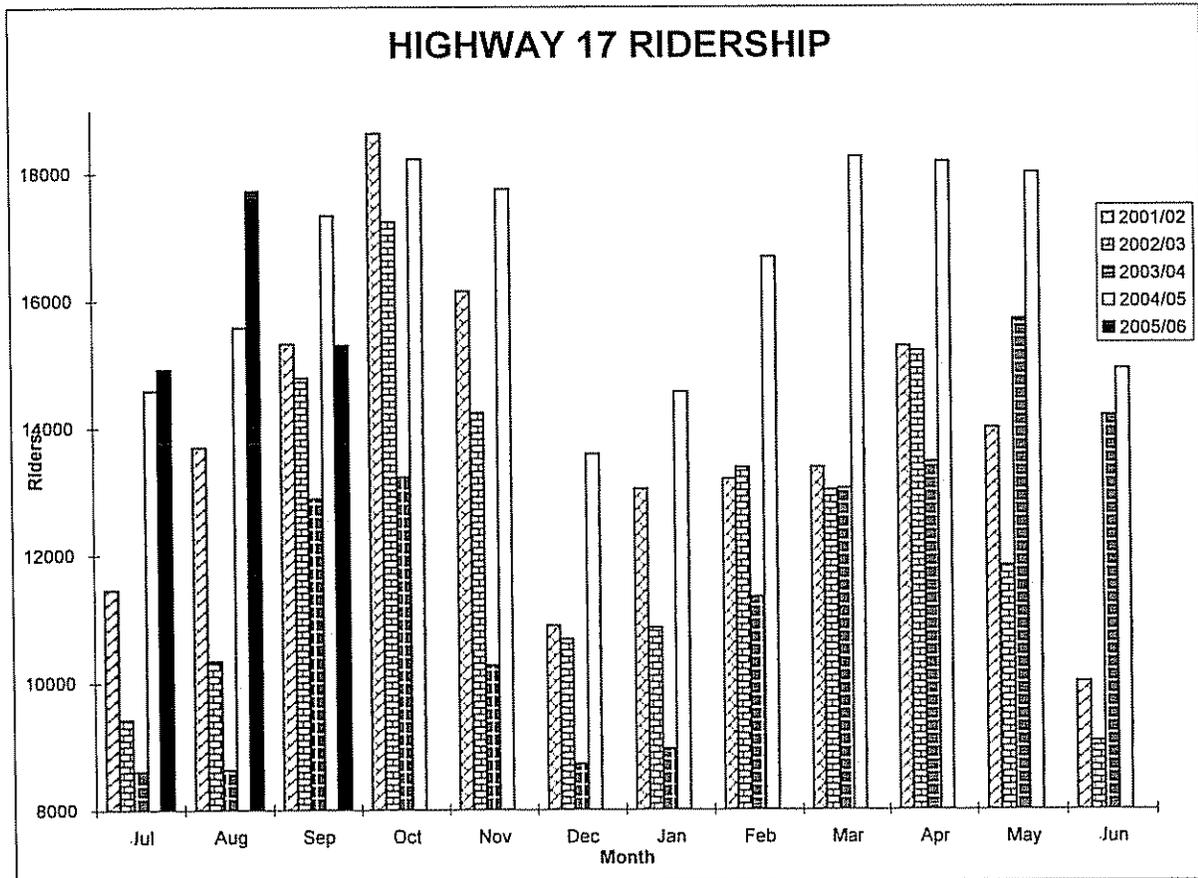
5-7.26

13. Absence with pay is at 26.3% of the budget since more vacation time is taken in the summer months and for the last four days of the reporting period, most SEIU-represented employees were on paid absence. Total payroll is within budget.
14. Temp help expense is at 74.3% of the budget since funds are transferred to this account as needed by departments using temp help during position vacancies. Temp help is only funded through budget transfers from the salary account.
15. Other mobile supplies are at 66.6% of the budget because upholstery supplies are purchased as needed.
16. Office/computer supplies are at 35.2% of the budget due to volume purchase of IT supplies.
17. Repairs to property is a casualty and liability account to which repairs to District vehicles and property are charged when another party is liable for the damage. All collections made from other parties for property repair are applied to this account to offset the District's repair costs.
18. Dues and subscriptions are at 73.0% of the budget due to annual payment of APTA dues.

5-7.47

HIGHWAY 17 - SEPTEMBER 2005

	August			YTD		
	This Year	Last Year	%	This Year	Last Year	%
FINANCIAL						
Cost	\$ 97,860	\$ 112,959	(13.4%)	\$ 333,604	\$ 345,067	(3.3%)
Farebox	\$ 56,498	\$ 54,916	2.9%	\$ 158,711	\$ 144,816	9.6%
Operating Deficit	\$ 28,227	\$ 44,730	(36.9%)	\$ 147,614	\$ 168,972	(12.6%)
Santa Clara Subsidy	\$ 14,114	\$ 22,365	(36.9%)	\$ 73,807	\$ 84,486	(12.6%)
METRO Subsidy	\$ 14,114	\$ 22,365	(36.9%)	\$ 73,807	\$ 84,486	(12.6%)
San Jose State Subsidy	\$ 2,138	\$ 2,214	(3.4%)	\$ 2,854	\$ 3,281	(13.0%)
AMTRAK Subsidy	\$ 10,996	\$ 11,099	(0.9%)	\$ 24,425	\$ 27,998	(12.8%)
STATISTICS						
Passengers	15,306	17,343	(11.7%)	47,960	47,510	0.9%
Revenue Miles	33,957	40,666	(16.5%)	117,571	124,280	(5.4%)
Revenue Hours	1,274	1,525	(16.5%)	4,409	4,660	(5.4%)
Passengers/Day	589	578	1.8%	545	516	5.5%
Passengers/Weekday	779	738	5.6%	682	643	6.0%
Passengers/Weekend	229	206	11.3%	252	227	11.2%
PRODUCTIVITY						
Cost/Passenger	\$ 6.39	\$ 6.51	(1.8%)	\$ 6.96	\$ 7.26	(4.2%)
Revenue/Passenger	\$ 3.69	\$ 3.17	16.6%	\$ 3.31	\$ 3.05	8.6%
Subsidy/Passenger	\$ 1.98	\$ 2.71	(26.7%)	\$ 3.14	\$ 3.63	(13.5%)
Passengers/Mile	0.45	0.43	5.7%	0.41	0.38	6.7%
Passengers/Hour	12.02	11.37	5.7%	10.88	10.19	6.7%
Recovery Ratio	57.7%	48.6%	18.8%	47.6%	42.0%	13.4%



5-8.1

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006
TO: Board of Directors
FROM: Steve Paulson, Paratransit Administrator
SUBJECT: METRO PARACRUZ OPERATIONS STATUS REPORT

I. RECOMMENDED ACTION

This report is for information only- no action requested

II. SUMMARY OF ISSUES

- METRO ParaCruz is the federally mandated ADA complementary paratransit program of the Transit District, providing shared ride, door-to-door demand-response transportation to customers certified as having disabilities that prevent them from independently using the fixed route bus.
- METRO assumed direct operation of paratransit services November 1, 2004.
- Operating Statistics reported are for the month of October 2005. These statistics reflect the impact of the fixed route Operator's strike on ParaCruz ride demand.
- New regulations regarding lunch and rest breaks went into effect August 1, 2005.
- Customer feedback information is for the month of October 2005.
- Staff received a request from a member of the public to include eligibility determination statistics, as they had been during the initial recertification process. Breakdown chart attached.

III. DISCUSSION

METRO ParaCruz is the federally mandated ADA complementary paratransit program of the Transit District, providing shared ride, door-to-door demand-response transportation to customers certified as having disabilities that prevent them from independently using the fixed route bus.

METRO began direct operation of ADA paratransit service (METRO ParaCruz) beginning November 1, 2004. This service had been delivered under contract since 1992.

New regulations requiring meal periods became effective August 1, 2005. This presented new scheduling challenges resulting in decreased driver productivity and increased use of supplemental service providers.

5-9.1

During the month of October, nine (9) service complaints and three (3) compliments were received regarding service issues. Two (2) of the complaints were found to be "not valid" when investigated. All of the valid complaints were related to late trips.

Operating Statistics for October 2005

	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	July 05	Aug 05	Sept 05	Oct 05
Scheduled	7782	7154	8989	8628	9078	8186	7570	7935	8413	9526
Performed	6822	6804	7898	7405	7824	7181	6513	6799	7220	8384
Total miles	56,825	56,556	62,911	59,182	59,671	54,788	50,755	56,599	55,890	64,163
Av trip miles	6.54	6.20	6.09	6.12	5.80	5.77	5.86	6.03	5.69	5.75
Within ready window	89.65%	89.67%	90.64%	89.49%	92.05%	92.11%	91.97%	91.99%	90.93%	87.88%
Excessively late/missed trips	20	17	24	18	15	21	9	12	23	33
Monthly call volume	6606	6688	7361	6429	6778	6535	6163	6719	6465	7481
Call average seconds to answer	23	52	33	24	25	24	36	29	29	30
Hold times less than 2 minutes	95%	87%	93%	94%	94%	94%	88%	90%	90%	90%
Distinct riders	842	845	884	835	880	872	795	806	842	878
Most frequent rider	48rides	50 rides	48 rides	58 rides	65 rides	65 rides	52 rides	49 rides	57 rides	53 rides
Shared rides	51.1%	52.1%	61.6%	59.4%	63.9%	60.0%	58.5%	58.9%	63.6%	66.3%
Passengers per rev hour	1.57	1.64	1.72	1.72	1.78	1.68	1.68	1.38	1.58	1.64
Rides by supplemental providers	15%	5.7%	5.4%	7.6%	5.5%	3.98%	5.47%	7.94%	8.23%	13.10%
SCT cost per ride	\$21.83	\$24.34	\$24.35	\$23.25	\$20.14	\$21.51	\$22.23	\$22.79	\$22.95	\$25.17
ParaCruz driver cost per ride	\$21.81 (est)	\$22.52 (est)	\$19.21 (est)	\$19.82 (est)	\$20.88 (est)	\$21.22 (est)	\$23.58 (est)	\$24.87 (est)	\$23.31 (est)	\$25.26 (est)

5-9.2

Rides < 10 miles	81.03%	80.41 %	80.35%	80.44%	80.61%	80.83%	81.29%	82.85%	79.87%	78.01%
Rides > 10	18.97%	19.59 %	19.65%	19.56%	19.39%	19.17%	18.71%	17.15%	20.14%	21.99%

IV. FINANCIAL CONSIDERATIONS

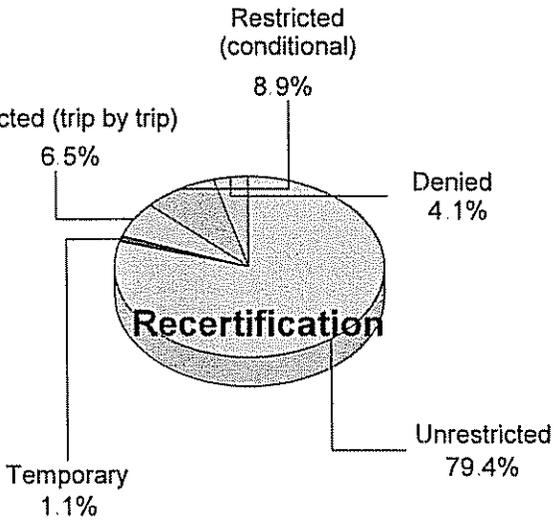
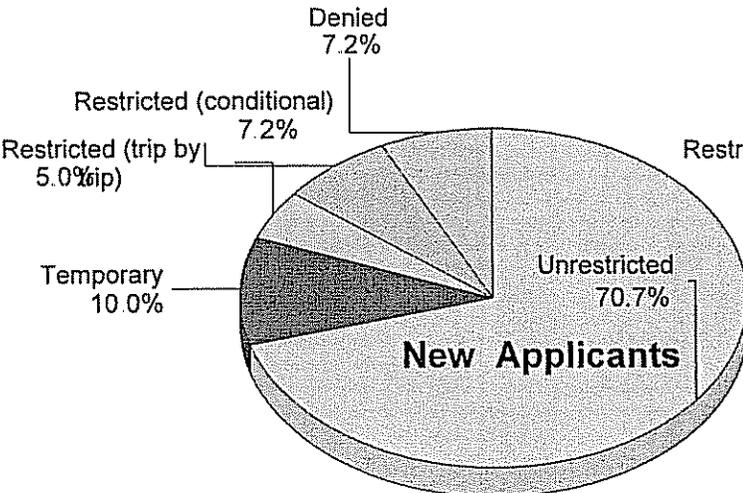
NONE

V. ATTACHMENTS

Attachment A: Cumulative Eligibility Breakdown

5-9.3

**METRO ParaCruz Eligibility Determinations -
Aug 1 02 through Dec 31 05**



New Applicants

Unrestricted	1809
Temporary	256
Restricted (trip by trip)	127
Restricted (conditional)	183
Denied	184
Group Total:	2559

Recertification

Unrestricted	1081
Temporary	15
Restricted (trip by trip)	89
Restricted (conditional)	121
Denied	56
Group Total:	1362

Grand Total: 3921

5-9.a1

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006

TO: Board of Directors

FROM: Mark J. Dorfman, Assistant General Manager

SUBJECT: UNIVERSITY OF CALIFORNIA – SANTA CRUZ SERVICE UPDATE

I. RECOMMENDED ACTION

This report is for information purposes only. No action is required

II. SUMMARY OF ISSUES

- Student trips for November 2005 decreased by (31.6%) versus November 2004.
- Faculty / staff trips for November 2005 decreased by (39.4%) versus November 2004.
- Revenue received from UCSC for November 2005 was \$143,971 versus \$200,014 for November 2004, a decrease of (28.0%).

November	Total Student Ridership	Total Faculty/Staff Ridership	Average Ridership <i>Per School Term Day</i> - Student	Average Ridership <i>Per Weekday</i> - Faculty / Staff
2005	142,454	10,219	7,339.1	525.6
2004	208,138	16,850	9,473.6	788.7
Monthly Increase-(Decrease)	(31.6%)	(39.4%)	(22.5%)	(33.4%)

UTU was on strike two days in November (11/1-11/2).

III. DISCUSSION

UCSC ended Spring instruction on June 9, 2005. Fall instruction began on September 22, 2005. UTU was on strike from September 27 through November 2. A summary of the results for November 2005 is:

- Student billable trips for November 2005 were 142,454 vs. 208,138 for November 2004, a decrease of (31.6%).
- Average student billable trips *per school-term day* for November 2005 were 7,339.1 vs. 9,473.6 for November 2004, a decrease of (22.5%).
- Faculty / Staff billable trips for November 2005 were 10,219 vs. 16,850 for November 2004, a decrease of (39.4%).

5-10.1

- Average Faculty / Staff billable trips *per weekday* for November 2005 were 525.6 vs. 788.7 for November 2004, a decrease of (33.4%).

IV. FINANCIAL CONSIDERATIONS

NONE

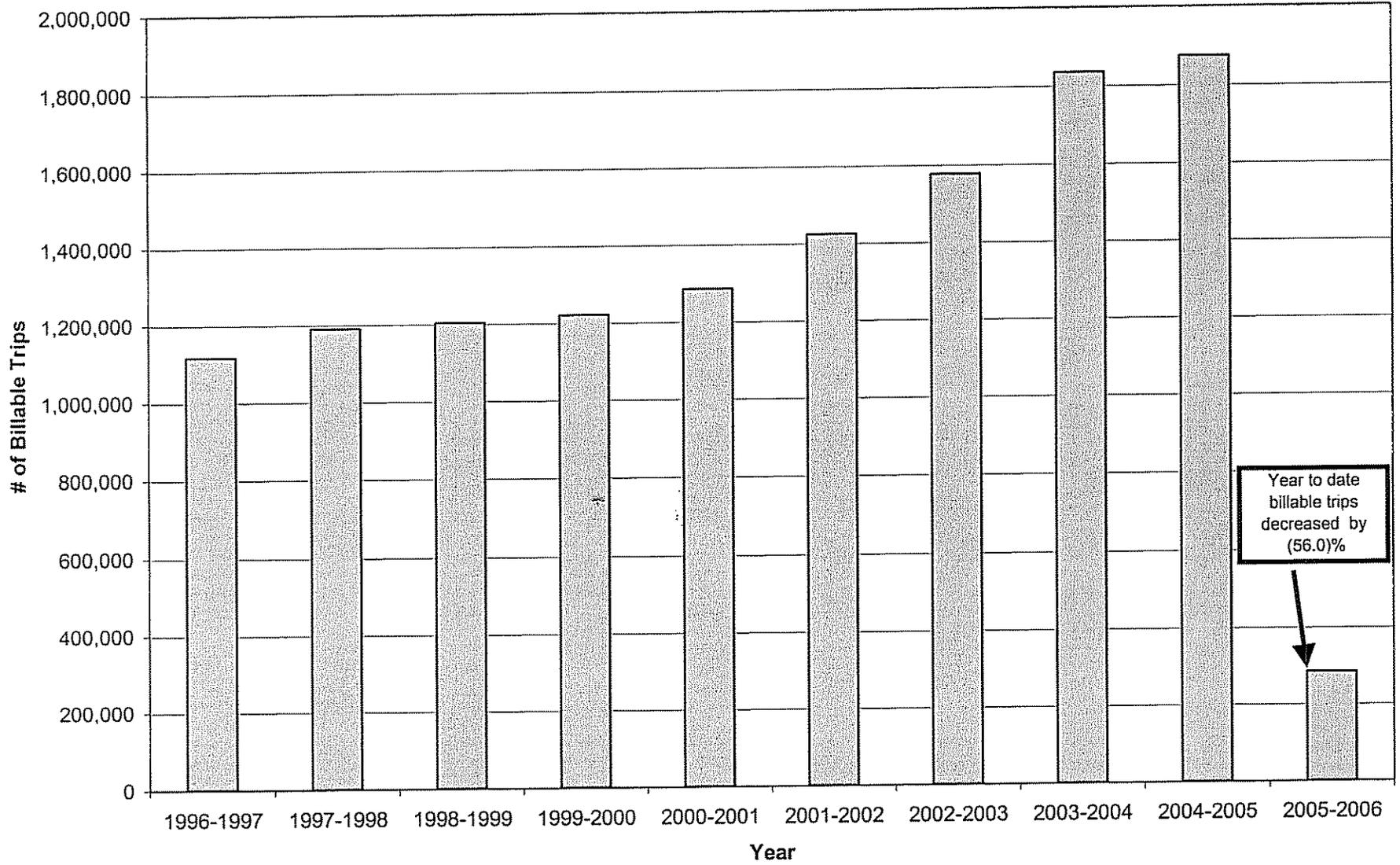
V. ATTACHMENTS

Attachment A: UC Student Billable Trips

Attachment B: UCSC Faculty / Staff Billable Trips

5-10.2

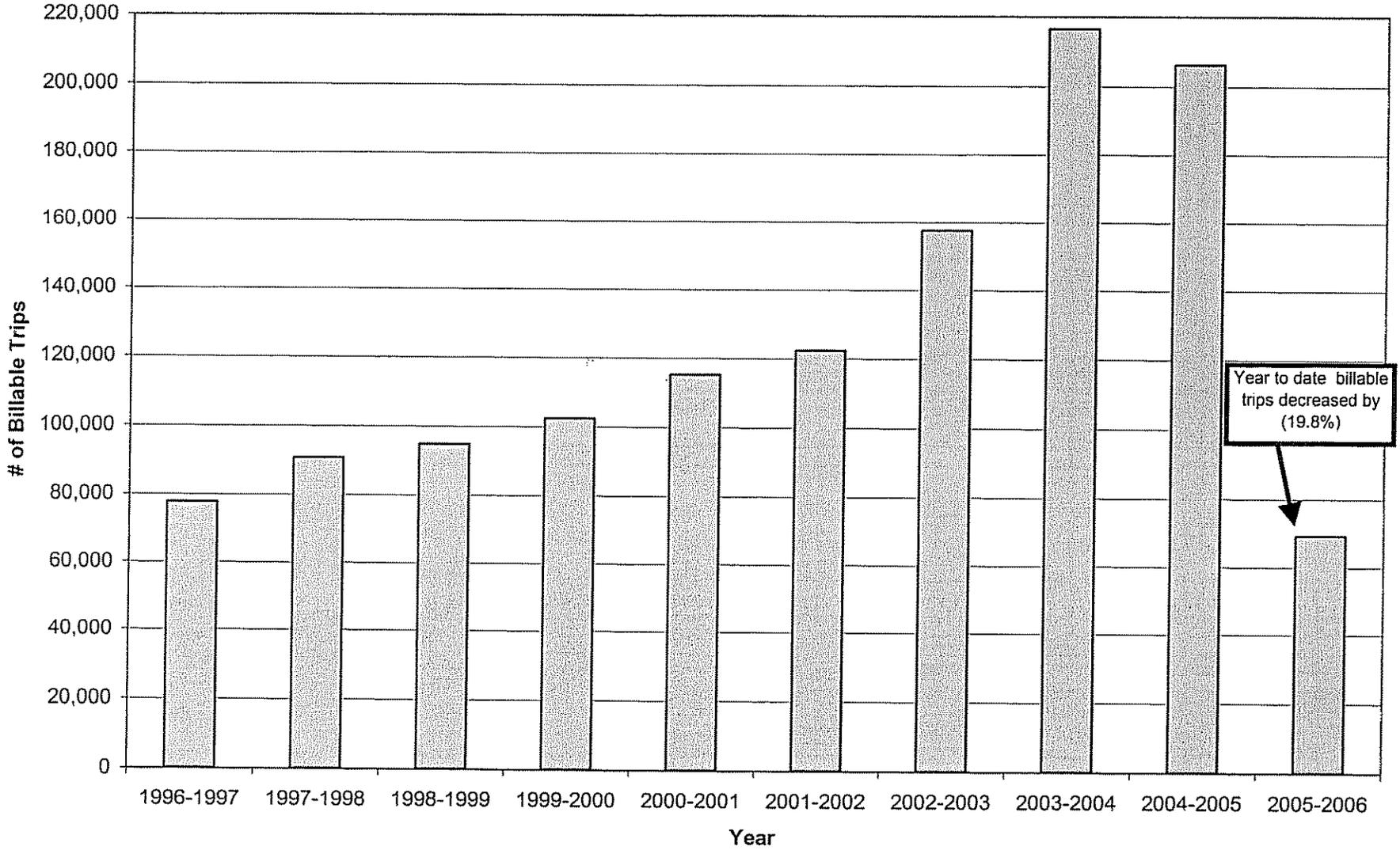
UCSC Student Billable Trips



S-10.a1

Attachment A

UCSC Faculty / Staff Billable Trips



S-10.61

Attachment B

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006
TO: Board of Directors
FROM: Frank L. Cheng, Project Manager
SUBJECT: STATUS OF THE METROBASE PROJECT

I. RECOMMENDED ACTION

That the Board of Directors accept and file the MetroBase Status Report.

II. SUMMARY OF ISSUES

- Notice to Proceed on the Service & Fueling Building issued effective January 9, 2006 with a completion date of January 9, 2007.
- On January 4, 2006, Pre-Construction meeting held with all parties involved attended.
- On December 16, 2005, the Board of Directors awarded a contract with Arntz Builders, Inc. for the Service & Fueling Building Component of the MetroBase Project.
- On November 18, 2005, METRO issued an Invitation For Bids, IFB 05-12, for the Service & Fueling Building Component of the MetroBase Project. The Pre-Bid Conference occurred on November 29, 2005 and sealed bids due December 13, 2005 at 2 p.m. The Final addendum for IFB will be available December 7, 2005.
- On October 14, 2005, the Board of Director received new options in regards to services, bid process, and timeline for the MetroBase Project.
- On September 26, 2005, METRO rejected the bid from Hensel Phelps.
- On August 25, 2005, METRO received one bid for \$38,400,000 from Hensel Phelps Construction. Budget for construction is \$31,000,000.
- Last Addendum for IFB sent out August 18, 2005.
- Issuance of Invitation For Bids 04-19 were sent on June 1, 2005. IFB available to bidders on June 15, 2005 with a Pre-Bid Conference on June 29, 2005 and sealed bids due August 25, 2005 at 2 p.m.
- On June 29, 2005, representatives of eight general contractors and various subcontractors attended the Pre-Bid Conference.
- Real estate acquisition phase complete.
- Fleet maintenance Storage at 115 Dubois Street for bus parking complete.

5-11.1

- AB390 Reimbursement approved by California Transportation Commission on July 14, 2005.
- Federal Reauthorization Bill approved on July 29, 2005.

III. DISCUSSION

On November 18, 2005, METRO issued an Invitation For Bids, IFB 05-12, for the Service & Fueling Building Component of the MetroBase Project. The Pre-Bid Conference occurred on November 29, 2005 and sealed bids are due December 13, 2005 at 2 p.m. The Final addendum for IFB 05-12 will be available December 7, 2005.

On December 16, 2005, METRO presented the bids to the Board of Directors. The Board of Directors approved the lowest bid \$7,979,000 from Arntz Builders, Inc. Starting on January 4, 2006, the Service & Fueling Component of the MetroBase Project commence with a Pre-Construction Meeting where all the parties involved in the project attended. Personnel from METRO, RNL, Harris&Associates, Arntz Builders, and all sub-contractors contributed in the discussion of the project. Notice To Proceed issued effective January 9, 2005 with a completion date of January 9, 2007.

The completed components of the project for the review period are as follows:

A. Right Of Way (ROW)

- 1122 River Street Site turn over to Arntz Builders, Inc.
- Ground-Breaking Ceremony was held on January 14, 2005.
- Land acquisition for 1122 River Street & 120 Golf Club Drive complete.
- METRO signed 110 Vernon Street lease for the location of Fleet Maintenance Administration and Construction Management Personnel, and have relocated there.
- Board of Directors approved lease of property at 115 Dubois Street for bus parking and storage during construction on January 21, 2005. The lease has been signed with Iuliano 1977 Trust. The site work construction of bus parking improvements complete. Site is fully operational.

B. Finance

- 25 Sakata Lane, Watsonville property is currently under bid negotiations.
- The Board of Directors approved a Request For Proposals (RFP) for Broker Service. RFP due date is September 9, 2005. One proposal was received from Hirsch and Associates.
- The proposal by Hirsch and Associates was reviewed and determined to be a fair proposal. Hirsch and Associates was selected to market the property to its greatest ability.
- FTA approved concurrence letter with appraisal for Watsonville property.

5-11.2

- AB3090 approved by CTC on July 14, 2005 Meeting.
- Federal Reauthorization Bill (TEA-21) approved July 29, 2005.

C. Architectural & Engineering (A&E)

- Pre-Construction Meeting occurred on January 4, 2006.
- Final addendum for MetroBase IFB 05-12 released December 7, 2005.
- Issuance of Invitation For Bids 05-12 released November 18, 2005.
- RNL prepared IFB 05-12 Service & Fueling Building for the MetroBase Project.
- Final addendum for MetroBase IFB 04-19 released August 18, 2005.
- Issuance of Invitation For Bids 04-19 released June 1, 2005.
- Issuance of IFB 04-19 and expression on intent to use sales tax backed debt presented to the Board of Directors on May 27, 2005.
- RNL Design presented to the Board of Directors options for bidding strategies in regards to cost, schedule, and benefits. Board of Directors approved one project bid option on February 25, 2005.

D. Construction Management (CM)

- Harri&Associates staff will be moving into 110 Vernon St, Suite B, Santa Cruz, CA for closer inspection of the construction.
- CM reviewed, and recommended modifications to IFB 05-12.
- Meetings were scheduled for reviewing new options for the MetroBase Project.
- MetroBase Site Plan Check reviews completed by LP2A, City Of Santa Cruz Public Works, and Harris & Associates.

E. Construction Schedule

- Notice to Proceed issue effective January 9, 2006 with 365 calendar day construction period.
- Pre-Construction Meeting occurred on January 4, 2006.
- On December 16, 2005, the Board of Directors approved bid from Arntz Builders for \$7,979,000.
- Two bids were received for IFB 05-12 with the lowest bid at \$7,979,000 from Arntz Builders, Inc.
- Bid deadline for IFB 05-12 is December 13, 2005. Staff will bring the Board of Directors the results from the bid opening for IFB 05-12.
- On September 26, 2005, METRO rejected the bid from Hensel Phelps.
- In August 25, 2005, SCMTD received one bid from Hensel Phelps Construction at \$38,400,000. Construction budget is \$31,000,000.
- IFB 04-19 due date was extended to August 25, 2005 2:00pm PST.
- Approved and executed L/CNG Fueling Station long lead item LNG tank on September 10th, 2004. LNG tank was delivered in May 2005.

5-11.3

- Approved and executed L/CNG Fueling Station long lead item CNG Vessels on September 24th, 2004. CNG Vessels was delivered on March 2005.
- Nica DMT, demolition contractor, completed demolition on 1122 River Street and 120 Golf Club Drive on April 29, 2005.

IV. FINANCIAL CONSIDERATIONS

Funds for the construction of the Service & Fueling Building Component of the MetroBase Project are available within the funds the METRO has secured for the Project.

V. ATTACHMENTS

NONE

5-11.4

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006
TO: Board of Directors
FROM: Frank L. Cheng, Project Manager
SUBJECT: **CONSIDERATION OF THE PROJECTED TIMING AND DURATION OF THE PILE DRIVING COMPONENT OF THE METROBASE PROJECT SERVICE & FUELING BUILDING**

I. RECOMMENDED ACTION

That the Board of Directors accept and file the information regarding the pile driving component of the MetroBase Project.

II. SUMMARY OF ISSUES

- Notice to Proceed on the Service & Fueling Building issued effective January 9, 2006 with a completion date of January 9, 2007.
- Concrete Piles will be driven into the site to stabilize the ground for the construction of the Service & Fueling Building.
- Piles will be driven in two stages; the test piles and the remainder of the necessary piles.

III. DISCUSSION

On November 18, 2005, METRO issued an Invitation For Bids, IFB 05-12, for the Service & Fueling Building Component of the MetroBase Project. On December 16, 2005, the Board of Directors approved the award to Arntz Builders, Inc with a Notice To Proceed effective January 9, 2006.

Plans for work on site have commenced and schedules being prepared. One topic of concern is the Concrete Driven Piles. A proposed estimated time has been submitted. These piles will be driven in two phases. First phase will begin approximately February 20, 2006 for a period of seven (7) to fifteen (15) days. During this time, fifteen (15) test piles will be driven to determine the adequacy of the design specifications. Second phase will begin the week of March 20, 2005 for a period of four (4) to six (6) weeks. One hundred fifteen (115) piles will be driven during the second phase.

The work on the piles will be done during work hours of Monday through Friday from 7:00 am PST and 5:00 pm PST.

5-11.5

IV. FINANCIAL CONSIDERATIONS

NONE

V. ATTACHMENTS

NONE

5-11.6

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006
TO: Board of Directors
FROM: Mark J. Dorfman, Assistant General Manager
SUBJECT: ACCEPT AND FILE VOTING RESULTS FROM APPOINTEES TO THE
SANTA CRUZ COUNTY REGIONAL TRANSPORTATION
COMMISSION FOR PREVIOUS MEETINGS

I. RECOMMENDED ACTION

That the Board of Directors accept and file the voting results from appointees to the Santa Cruz County Regional Transportation Commission.

II. SUMMARY OF ISSUES

- Per the action taken by the Board of Directors, staff is providing the minutes from the most recent meetings of the Santa Cruz County Regional Transportation Commission.
- Each month staff will provide the minutes from the previous month's SCCRTC meetings.

III. DISCUSSION

At the January Board of Directors Meeting of the Santa Cruz Metropolitan Transit District, the Board requested that staff include in the Board Packet information relating to the voting results from the appointees to the Santa Cruz County Regional Transportation Commission. Staff is enclosing the minutes from these meetings as a mechanism of complying with this request.

IV. FINANCIAL CONSIDERATIONS

There is no cost impact from this action.

V. ATTACHMENTS

Attachment A: Minutes of the December 1, 2005 Regular SCCRTC Meeting

5-12.1

3. Additions or Deletions to Consent and Regular Agendas

Acting Executive Director Pat Dellin noted the add-on pages for Items 7 and 26.

CONSENT AGENDA (Beautz/Reilly)

4. Approved Minutes of the November 3, 2005 Regular SCCRTC Meeting
5. Approved Minutes of the November 17, 2005 Regular Transportation Policy Workshop Meeting
6. Approved Minutes of the November 17, 2005 Special SCCRTC Meeting on the Highway 1 Soquel to Morrissey Auxiliary Lanes Project

POLICY

No consent items

PROJECTS and PLANNING

7. Accepted Status Report on Santa Cruz Branch Rail Line Acquisition - Coastal Conservancy Reimbursable Grant

COMMISSION BUDGET AND EXPENDITURES

No consent items

ADMINISTRATION

8. Approved Resolution of Appreciation for Diane Eidam, California Transportation Commission (CTC) Executive Director (Resolution 11-06)

COMMITTEE MINUTES

9. Accepted Draft Minutes of the November 2, 2005 Budget and Administration/Personnel Committee Meeting
10. Accepted Draft Minutes of the November 10, 2005 Budget and Administration/Personnel Committee Meeting
11. Accepted Draft Minutes of the November 17, 2005 Interagency Technical Advisory Committee Meeting

5-12.a2

INFORMATION/OTHER

12. Accepted Monthly Meeting Schedule
13. Accepted SCCRTC Staff Comment Letters on Draft Environmental Documents and Plans Prepared by Other Agencies - No letters
14. Accepted Correspondence Log
15. Accepted Letters from SCCRTC Committees and Staff to Other Agencies
 - a. Letter from the Bicycle Committee to the Coastal Conservancy Regarding SCCRTC's Reimbursable Grant Request
16. Accepted Miscellaneous Written Comments from the Public on SCCRTC Projects and Transportation Issues
17. Accepted Handouts from Staff and Commissioners at Previous Regional Transportation Commission Meetings
18. Accepted Information Items
 - a. Thank You Letter from the Metropolitan Transportation Commission for Participation in the Regional Rail Planning Charette Session.

SERVING AS THE SERVICE AUTHORITY FOR FREEWAY EMERGENCIES (SAFE)

No consent items

REGULAR AGENDA

19. Commissioner Reports - None
20. Director's Report - None
21. Election of 2006 SCCRTC Chair and Vice-Chair

Commissioner Beautz announced that the Nominating Committee had nominated Commissioner Pirie to serve a second term as Chair and Commissioner Campos to serve as Vice-Chair.

Commissioner Beautz moved that the recommendation of the Nominating Committee be approved. Commissioner Norton seconded and the motion passed unanimously.

5-12.23

22. Caltrans Report

Gregg Albright, Caltrans District 5, reported that the Highway 1/17 Merge Lanes Project went out to bid as scheduled. He said that there is a core issue in that the project affects vegetation and involves removing trees. He said the tree removal impacts the nesting habit of migratory birds and that removal of trees during the nesting period is prohibited by the Department of Fish and Game.

Mr. Albright said that typically the construction company that is awarded the construction contract takes the trees down, but that the selection of the construction company will not be made in time to remove the trees before the nesting begins. He said that there are two options for Caltrans to consider: (1) to hire a separate contractor to remove the trees immediately or (2) to not remove the trees until after the nesting season is over. The second choice would lengthen the project to four years.

Mr. Albright added that there are risks for either choice and that there would be a Project Development Team meeting on December 6th to weigh the risk factors and develop a course of action.

Commissioner Wormhoudt suggested discussing the issue under Item 25.

Commissioner Beautz asked what could be done about Adopt-a-Highway volunteers that did not keep their sections of the highway clean. Mr. Albright said that Caltrans would like to know if there is a pattern of neglect in a certain section and that they will reevaluate whether to continue to allow the section in question to be maintained by the same business or agency.

23. SCCRTC Executive Director Recruitment Update

Acting Executive Director Pat Dellin said CPS Executive Recruiters has placed ads and received some resumes. She added that they will be printing a brochure and that the final filing date is January 6, 2006. She said that the recruitment is proceeding on schedule.

5-12.a4

24. Article 8 Transportation Development Act (TDA) Claim from the City of Santa Cruz for Bicycle Projects

Acting Executive Director Pat Dellin described the two bicycle improvement projects included in the Transportation Development Act claim: Bikeway Striping and Minor Improvements (\$18,000) and Shared Roadway Markings or "Sharrows" (\$30,000). The Sharrows Project will provide for stenciling City of Santa Cruz streets with newly approved markings to indicate that the travel lane is to be shared with bicyclists. Ms. Dellin said the projects are consistent with the 2005 Regional Transportation Plan.

Commissioner Wormhoudt moved and Commissioner Reilly seconded to approve the staff recommendations that the Regional Transportation Commission approve a resolution approving the City of Santa Cruz's FY 2005/2006 Transportation Development Act (TDA) Article 8 claim totaling \$48,000 for Bikeway Striping and Shared Roadway Markings.

A roll call vote of Commissioners Beautz, Gonzalez, Johnson, Norton, Reilly, Rivas, Stone, Winn and Wormhoudt passed the motion (Resolution 12-06) unanimously.

25. Update on Highway 1 Projects

Acting Executive Director Pat Dellin gave the staff report which included updates on the Highway 1/17 Merge Lanes Project, the Highway 1 Widening/HOV Lane Project and the Highway 1 Soquel Avenue to Morrissey Boulevard Auxiliary Lanes Project.

Commissioners continued the discussion of tree removal for the Highway 1/17 Merge Lanes Project that was introduced in the Caltrans Report, Item 22.

At issue is the question whether a separate contractor should be hired to remove the trees by the end of February so that migrating birds would not be able to nest in those particular trees and construction may begin as scheduled, or to push the project back another year and have the main contractor remove the trees after the nesting period has ended in September. Because the contract for the project has just recently gone out to bid, the main contractor will not be selected in time to remove the trees before the nesting season.

5-12.25

If the trees are not removed immediately, the bid put out by Caltrans for the Merge Lanes Project would probably need to be repackaged due to increases in construction materials and fuel costs. Caltrans will have to weigh the cost of hiring a separate contractor against the risk of waiting and incurring increased project costs.

Commissioner Wormhoudt said she understood not wanting to risk repackaging bids and incurring increased costs, but noted that impacts to the community need to be considered. She asked if the Santa Cruz City Council was consulted.

Gregg Albright, Caltrans District 5, said this issue just came up and that an immediate Project Development Team (PDT) meeting would be held on December 6th.

It was noted that the public information program needed to coincide with the start of the project and would have to be fast-tracked, while at the same time, providing extra effort to educate the public about why the trees had to be removed in advance of other aspects of the construction.

Commissioner Beautz suggested waiting until January when the construction bids had come in before deciding if a separate contract was needed. Mr. Albright agreed that the Commission could direct the PDT to take that course.

Commissioner Norton asked about soundwalls and Mr. Albright said that the intent is to install them as early as possible.

In response to a question from Commissioner Tavantzis, Mr. Albright said that the charges for clearing and grubbing would be removed, without penalty, from the bid to the original contractor if the Commission chose to hire a separate contractor for immediate tree removal.

Commissioners continued to discuss the bidding process for a separate contract, the impacts of the tree removal and potential public reaction to a three-year versus four-year project.

Dave Eselius said there should be no surprise that trees have to come down since the project has been planned for a long time. He said the issue is the same environmental politics that has delayed Highway 1 construction. Mr. Eselius also asked for clarification as to why there was a

5-12.46

delay in ascertaining historical and archeological impacts for the Highway 1 Widening/HOV Lane Project. Acting Executive Director Pat Dellin said that until the preferred alternative is chosen for the project, digging will be delayed so that resources are not disturbed unnecessarily.

Commissioner Wormhoudt moved to approve the staff recommendations to:

1. Receive this status report on activities related to the Highway 1 Projects;
2. Consider providing input to Caltrans on its decision regarding the timing of tree removal as an initial step in construction of the Highway 1/17 Merge Lanes project;
3. Approve a resolution authorizing expenditures of up to \$5,000 in budgeted funds to print and distribute a newsletter for the Highway 1 HOV Lane Widening Project;
4. Include funding for the Highway 1 Soquel to Morrissey Auxiliary Lanes project in the draft *2006 Regional Transportation Improvement Program (RTIP)*,

with the additional direction that the Highway 1/17 Project Development Team be informed of the Commission's concern about removing these trees before Caltrans knows that it has qualifying bids on this project and to ask Mr. Albright to return to the Commission with a status report on the bids at the earliest possible time.

Commissioner Beautz seconded and the motion passed unanimously (Resolution 13-06).

26. Recommendations for the Draft *2006 Regional Transportation Improvement Program (RTIP)*

Acting Executive Director Pat Dellin said that at the September Regional Transportation Commission meeting the Commission approved to program 80% of the State Transportation Improvement Program (STIP) and Transportation Enhancement funds to regionally significant projects and the remaining 20% to projects selected by local jurisdictions. She said that today the Commission was being presented with a preliminary list of projects.

Ms. Dellin noted that the \$20 million in new STIP funding targeted for Santa Cruz County over the next five years may never materialize unless the Legislature and Governor make changes to guarantee state transportation revenues over the long term.

5-12.a7

Ms. Dellin reviewed the lists of projects and noted that the Elderly and Disabled Transportation Advisory Committee (E & D TAC) will meet in December and give input. She added that a public hearing was suggested for January.

After discussion Commissioner Beautz moved and Commissioner Wormhoudt seconded to:

1. Review Interagency Technical Advisory Committee (ITAC) and staff recommendations for programming \$20 million in projected new State Transportation Improvement Program (STIP) funds in the draft *2006 Regional Transportation Improvement Program (RTIP)*;
2. Review the preliminary list of local jurisdiction projects;
3. Consider the Bicycle Committee's general recommendation that more of the new funds be programmed to projects that serve alternative modes of transportation, rather than highway projects;
4. Direct staff to return to the January meeting with more specific recommendations from the Bicycle Committee, as well as recommendations from the Elderly and Disabled Transportation Advisory Committee;
5. Notify staff if there are different projects the RTC would like to consider for programming in the 2006 RTIP, so that they can be properly noticed to the public; and
6. Schedule a public hearing for January 5, 2006 to receive public input on programming the \$20 million in new STIP funds, to review and approve changes to existing projects as identified by ITAC members, and to adopt the final *2006 Regional Transportation Improvement Program (RTIP)*.

Commissioners continued to discuss the proposed projects and Director Dellin said that unless the Commission wanted to make changes today, the proposed projects would be presented to the public in January for comment.

Commission Alternate Winn, referring to the Transit Trip Planner item, asked if it would be possible to combine the new web and phone project with real time web cameras on Highway One. Ms. Dellin said that there are cameras on Highway 1/17 and there are plans to increase monitoring.

Commissioner Tavantzis asked for a report on the Commute Solutions program, saying that it did not seem to be effective in helping riders stranded during the bus strike.

5-12. a 8

Director Dellin said that while Commute Solutions did experience a big spike in calls during the strike, the program is not meant to be a temporary ride matching service, but rather a program for regular rides, requiring a commitment from rides and drivers to preserve continuity. She said that most of the callers did not have cars, making it difficult to form new groups without an adequate number of cars. She added that staff advised employers during the bus strike to put carpools together for their employees and this had been successful at several work and school sites.

Ms. Tavantzis said she knows about people who commute regularly between Watsonville from Scotts Valley and are not getting ride matches. Director Dellin said she will investigate the matter further.

Commissioner Spence encouraged expanding the 511 program into Santa Cruz County and asked if the SCCRTC website could interface with the 511 website so that people could pre-plan trips.

Senior Planner Rachel Moriconi responded that the SCMTD Board is the lead agency on this integration, adding that the Commission can add conditions to projects it funds.

Commissioner Beautz suggested that the public hearing be held in the evening, and amended her motion accordingly. Commissioner Wormhoudt, as second, agreed to the amendment.

Dave Eselius said he thinks the Commission has allocated too much money for bikes and buses. He added that the RTC's projects should be identified according to priority so that they coincide with the California Transportation Commission's priority list. Mr. Eselius added that the City of Santa Cruz is the lead agency for the Highway 1/9 Intersection Project but that the City does not have the money needed to implement the project. In addition, Mr. Eselius said there was not enough emphasis on safety issues, specifically citing the need for more lights on Mission Street between Bay Avenue and Fair Street.

The motion passed unanimously.

5-12.29

27. 10:30 a.m. - Update on State Legislative Actions - Oral Report by State Assemblymember John Laird

State Assemblymember John Laird reported on recent state legislative activities, saying that everything is driven by the state budget. He said that the original budget did not fund Proposition 42, included cuts to seniors programs and to funding for education, and increased borrowing. Pressure from the Legislature resulted in a reevaluation of budget priorities, including the funding for Proposition 42 gas tax monies for this fiscal year. He added that analysts project that revenues will be \$3 billion above this year's revenues and that there should be a similar increase in the following year, leading to a hope that a balanced budget could be achieved next year.

Assemblymember Laird said that future budget challenges will be funding Proposition 98 and health care for all children in California.

Mr. Laird discussed bills he has introduced regarding the levee system in California, saying he has been working on this problem for quite some time, but that it is only gaining traction in the wake of the devastation caused by hurricane Katrina.

He also reported that Senator Pro-Tem Perata intends to introduce an infrastructure bond which would provide dedicated funds to repair the state's infrastructure, adding that the bond would take into account the demographic changes taking place in California.

He closed by saying he was glad that the Commission has not pitted projects against each other and that he supports the efforts of the Regional Transportation Commission to get Coastal Conservancy funding for the rail line acquisition.

Commissioner Beautz asked about closing the loophole in Proposition 42 to ensure that funds from the gas tax are actually used for transportation purposes. Assemblymember Laird said that since Proposition 76 is off the table, the Legislature is working to find a way to guarantee funding for Proposition 42, adding that there is a transportation component to the infrastructure bond.

In response to a question from Commissioner Rivas, Assemblymember Laird clarified some of the demographic

S-12.a10

changes facing California's transportation future. He cited an aging population that could cause changes in transportation priorities and trends in education that go back and forth, affecting transportation needs. Mr. Laird added that he thinks there is a shift in public opinion and that people are realizing that investment in infrastructure is an investment in California's economic vitality.

CLOSED SESSION - Removed from Agenda

28. Conference with Real Property Negotiator for Acquisition of the Santa Cruz Branch Rail Line Property: Santa Cruz Branch Rail Line from Watsonville Junction to Davenport

Agency Negotiator: Kirk Trost, Miller, Owen & Trost

Negotiation Parties: SCCRTC, Union Pacific

Under Negotiation: Price and Terms

OPEN SESSION

29. Next Meetings/Adjournment

The meeting adjourned at 11:07 a.m.

The Transportation Policy Workshop scheduled for Thursday, December 15, 2005 at 9:00 a.m. at the SCCRTC Offices was cancelled subsequent to this meeting.

The next regular SCCRTC meeting is scheduled for Thursday, January 5, 2006 at 9:00 a.m. at the Board of Supervisors Chambers, 701 Ocean Street, 5th Floor, Santa Cruz, CA 95060.

A Public Hearing regarding adoption of the final 2006 *Regional Transportation Improvement Program* is scheduled for Thursday, January 5, 2005 at 7:00 p.m. at the Board of Supervisors Chambers, 701 Ocean Street, 5th Floor, Santa Cruz, CA 95060.

Respectfully submitted,

Gini Pineda, Staff

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ATTENDEES

Chris Schneiter	City of Santa Cruz
Bob Yount	E & D TAC / MAC
Davis Eselius	
John Presleigh	County of Santa Cruz
Genevieve Bookwalter	<i>Sentinel</i>
Don Hill	County of Santa Cruz
Les White	SCMTD
Todd Muck	AMBAG
Donna Ziel	Alternate for Mark Stone
Sandra Coley	Pajaro Valley TMA
Ken Kannegaard	Cemex
Bob Scott	SCCRTC Technical Advisor

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006
TO: Board of Directors
FROM: Elisabeth Ross, Finance Manager
SUBJECT: ACCEPTANCE OF FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT AUDITOR FOR YEAR ENDING JUNE 30, 2005

I. RECOMMENDED ACTION

Staff recommends that the Board of Directors formally accept the audited financial statements and reports prepared by the firm of Brown Armstrong, Certified Public Accountants, for the year ending June 30, 2005.

II. SUMMARY OF ISSUES

- The financial statements and report of the independent certified public accountants (Attachment A) present the District's financial position at June 30, 2005, with a comparison to the position at June 30, 2004. The auditors have found that the District's financial statements present fairly the financial position of the District.
- The auditors found the District to be in compliance with the financial reporting requirements for grants and other financial assistance.
- In the schedule of findings and questioned costs, the auditors had no new findings.
- Note 5 in the financial statements shows the District's total available net assets and the amounts designated for various funds.
- Six recommendations are identified in Attachment C which are intended to improve the District's internal control structure.

III. DISCUSSION

The firm of Brown Armstrong has provided an "unqualified" opinion on the District's financial statements based on its audit (page 1 of the document in Attachment A). This type of opinion is the highest level of opinion, and indicates that the financial statements are consistent with generally accepted accounting principles for governments in all material respects.

While the financial statements describe the District's financial position in detail, the section called "Management Discussion and Analysis" (pages 3-6) presents highlights of the financial statements and is prepared by District management.

5-13.1

The District's total net assets are \$47,807,431 at June 30, 2005 (page 8), up \$1,261,781 from the prior year. The statements of revenues and expenses (page 9) indicate a net loss in the amount of \$2,914,777 for the year ending June 30, 2005. Operating revenue (fares), Federal operating assistance, sales tax revenue and interest income all increased from the prior year.

The statements of operating expenses (page 25) indicate that the District's total operating expenses increased by \$811,132 or 2.4% from the prior year. The largest changes in operating expense are a \$368,034 increase in pension plan expense (36%), a \$413,119 increase in fuels and lubricants (32%), a \$402,726 decrease in workers compensation expense (-18%), and a \$640,693 increase in vision, medical and dental plans (20%). In addition, largely as a result of bringing the ParaCruz program in-house, Operator wages increased by \$834,742 (14%) and purchased transportation services decreased by \$1,417,066 (59%).

The balance sheets (pages 7-8) provide an overall summary of the District's position. To determine the amount of available net assets for cash flow and funding capital projects for the next five years, staff has worked with the auditors to develop the schedule in Note 5 (Page 19). At June 30, 2005, this schedule shows total available net assets of \$18,096,547, comprised of a cash flow reserve of \$2,600,000, a workers compensation reserve of \$1,641,128, an insurance reserve of \$804,008, an alternative fuel conversion fund of \$462,000, a bus stop improvement reserve of \$400,000, \$1,296,236 planned carryover for the FY 05-06 operating budget, and \$16,331,011 for the District's share of approved capital projects. This leaves a deficit balance of \$5,437,836 in available net assets which means the five year capital improvement program is not fully funded.

In the schedule of findings and questioned costs (pages 33-34), the auditors had no new findings.

Attachment B is a standard letter that the auditors are required to prepare addressing certain topics. The letter defines their responsibilities, significant accounting policies, and significant audit adjustments.

Attachment C is a letter from Brown Armstrong, containing six agreed-upon findings to improve the internal control structure. Each recommendation is followed by management's response. Also shown is the status of the six findings from the prior year.

I would like to recognize Marilyn Fenn, Assistant Finance Manager, for her outstanding work on this year's audit.

IV. FINANCIAL CONSIDERATIONS

There is no fiscal impact from the Board's acceptance of the financial statements and audit reports. However, in order to continue to receive Transportation Development Act (TDA)

payments from the Santa Cruz County Regional Transportation Commission, the final audit must be submitted to the Commission.

V. ATTACHMENTS

- Attachment A:** Financial Statements and Reports of Independent Certified Public Accountants for the years ending June 30, 2005 and 2004
- Attachment B:** Letter from Brown Armstrong (**will be included in the January 27, 2006 Board Packet**)
- Attachment C:** Agreed Upon Conditions Designed to Increase Efficiency, Internal Controls and/or Financial Reporting

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2005 AND 2004

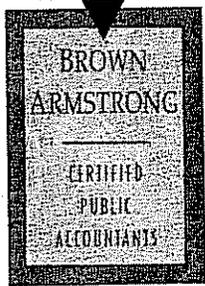
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SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
JUNE 30, 2005 AND 2004

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5-13.02



**BROWN ARMSTRONG PAULDEN
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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors
Santa Cruz Metropolitan Transit District
Santa Cruz, California

We have audited the accompanying basic financial statements of the Santa Cruz Metropolitan Transit District (the District), as of June 30, 2005 and 2004, as listed in the table of contents. These basic financial statements are the responsibility of the Santa Cruz Metropolitan Transit District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Santa Cruz Metropolitan Transit District, as of June 30, 2005 and 2004, and the results of its operations and the cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, in 2005 the County adopted the provisions of GASB Statement No. 40, Deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2005 on our consideration of the Santa Cruz Metropolitan Transit District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

5-13.23

The Management's Discussion and Analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Santa Cruz Metropolitan Transit District, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the financial statements. The accompanying statements of operating expenses by function are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK & KEETER
ACCOUNTANCY CORPORATION



Bakersfield, California
August 18, 2005

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2005 AND 2004**

Introduction

This report provides a narrative and analytical overview of the financial activities of the Santa Cruz Metropolitan Transit District (the District) with selected comparative information for the years ended June 30, 2005 and 2004. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The District is an independent agency formed in 1969 by the legislature of the State of California for the purpose of providing transit service to the general public in Santa Cruz County. The District is governed by a Board of Directors composed of eleven members, and one ex-officio member as described in Note 1.A.

The Financial Statements

The District's basic financial statements are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. The District reports its financial results using one enterprise fund under the accrual method of accounting which records revenue when earned and expenses when incurred.

The Statements of Net Assets present information on the District's assets and liabilities, with the difference between the two reported as net assets.

The Statements of Revenue, Expenses and Changes in Fund Net Assets report the *operating* revenues and expenses, *non-operating* revenues and expenses and *capital grant* revenues. *Capital grant* expenses are listed in the Schedule of Expenditures of Federal Awards and are included in the current year increase in fixed assets.

The Statements of Cash Flows report the sources and uses of cash for the fiscal years resulting from *operating* activities, *non-capital* financing activities (operating grants and sales tax revenue), *capital* financing activities (acquisitions and disposal) and *financing* activities (non-transportation revenues). The net result of these activities, added to the cash balances at the beginning of the year reconciles to the cash balances (current plus restricted) at the end of the current fiscal year on the Statement of Net Assets.

The Statements of Operating Expenses, located in the Supplementary Information section of the financial statements, reports expenditures in greater detail.

Financial Highlights

The District continues to face financial challenges due to depressed sales tax-based revenue and rising costs. Additional budget cuts were implemented during the year that resulted in net savings for the District. In addition, the State Transit Assistance (STA) grant for capital acquisitions was retained for future construction costs. Planning and design work for fueling, operations and fleet maintenance facilities progressed on schedule with 80% of those costs reimbursed by the Federal Transit Administration (FTA).

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2005 AND 2004**

Condensed Statement of Net Assets:

	2005	2004	Increase/(Decrease)	
			Amount	%
Total Assets	\$ 68,424,328	\$ 65,497,349	\$ 2,926,979	4%
Total Liabilities	\$ 20,616,897	\$ 18,951,699	\$ 1,665,198	9%
Total Net Assets	\$ 47,807,431	\$ 46,545,650	\$ 1,261,781	3%

Total Assets increased primarily due to additions to fixed assets and restricted capital funds. Total Liabilities increased from employee payroll, benefits and workers' compensation costs and the addition to restricted capital funds.

An increase or decrease in net assets is an indicator of the financial health of the District's. For the fiscal years ended June 30, 2005 and 2004 the District's net assets increased by \$1,261,781 and \$1,915,027 due to federal, state and local capital contribution for capital acquisitions.

Condensed Statement of Revenues, Expenses and Change in Fund Net Assets:

	2005	2004	Increase/(Decrease)	
			Amount	%
Operating Revenues	\$ 7,120,869	\$ 6,986,917	\$ 133,952	2%
Operating Expenses	(34,994,171)	(34,183,039)	(811,132)	2%
Operating Loss	(27,873,302)	(27,196,122)	(677,180)	2%
Nonoperating Revenues	24,958,525	23,788,940	1,169,585	5%
Capital Contributions	4,176,558	5,322,209	(1,145,651)	-22%
Increase (Decrease) in Net Assets	\$ 1,261,781	\$ 1,915,027	\$ (653,246)	-34%

Operating revenue increased primarily due to higher sales tax revenue. Non-operating revenues increased 5% due to higher interest income resulting from more favorable interest rates.

Operating expenses rose only 2% for the year (3%, excluding depreciation). Healthcare costs and fuel continue to be a significant cause of a higher cost of operating, however those increases were offset by decreases in most other expense categories.

Capital contributions are capital grant funds received for purchases of revenue vehicles and facilities improvement. Capital acquisitions were significantly reduced from the prior year because no buses were purchased during the year.

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2005 AND 2004**

Supplemental Revenue, Expense and Performance Report:

	2005	2004	% Change
Revenues			
Passenger Fares	\$ 7,120,869	\$ 6,986,917	1.9%
Sales Tax	15,848,098	15,135,227	4.7%
State Operating Assistance	-	27,820	-100.0%
Non-Operating Revenues	709,709	570,559	24.4%
TDA ⁽¹⁾	5,413,251	5,337,724	1.4%
Federal Operating Assistance ⁽²⁾	3,203,659	2,910,159	10.1%
Total Operating Revenue	\$ 32,295,586	\$ 30,968,406	4.3%
Expenses			
Route Operation	\$ 19,035,254	\$ 18,316,980	3.9%
Vehicle Maintenance	4,684,140	4,811,537	-2.6%
Facilities Maintenance	1,325,515	1,394,780	-5.0%
General Administration	5,975,454	5,617,535	6.4%
Total Operating Expense (excluding depreciation)	\$ 31,020,363	\$ 30,140,832	2.9%
Performance Indicators			
Total Passengers	5,596,884	5,823,607	-3.9%
Revenue Hours	215,903	233,495	-7.5%
Revenue Miles	3,280,543	3,403,012	-3.6%
Farebox Recovery Ratio ⁽³⁾	23.0%	23.2%	-1.0%
Cost/Passenger	\$ 5.54	\$ 5.18	7.1%
Cost/Hour	\$ 143.68	\$ 129.09	11.3%
Cost/Mile	\$ 9.46	\$ 8.86	6.8%
Full Time Equivalent Employees	305	291	4.8%
Active Fleet - Fixed Route	111	114	-2.6%
Active Fleet - Paratransit	32		

⁽¹⁾ TDA funding constitutes a significant percentage of the District's operating revenues. The funding the District receives fluctuates annually based on retail sales in the County and by the amount retained by the SCCRTC for other county-wide projects and overhead.

⁽²⁾ Federal operating assistance increased due to utilizing all of the FTA 5307 allocation for operating assistance.

⁽³⁾ Farebox Recovery Ratio is a standard transit performance indicator that is calculated by dividing passenger fares by operating expenses.

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2005 AND 2004**

Condensed Statement of Cash Flows:

	<u>2005</u>	<u>2004</u>	<u>Change</u>
Net Cash (Used) in Operating Activities	\$(23,477,969)	\$(22,420,609)	\$ (1,057,360)
Net Cash Provided by Non-Capital Financing Activities	24,319,820	23,440,477	879,343
Net Cash (Used) in Capital and Related Financing Activities	(592,234)	300,130	(892,364)
Net Cash Provided by Non-Transportation Activities	<u>631,517</u>	<u>428,070</u>	<u>203,447</u>
Net Increase (Decrease) in Cash and Cash Equivalents	881,134	1,748,068	(866,934)
Cash and Cash Equivalents, Beginning of Year	<u>28,640,632</u>	<u>26,892,564</u>	<u>1,748,068</u>
Cash and Cash Equivalents, End of Year	<u>\$ 29,521,766</u>	<u>\$ 28,640,632</u>	<u>\$ 881,134</u>

Cash and cash equivalents held by the District increased by \$881,134 during the year. Strategies implemented to achieve this result included increasing fares revenue and reducing operating costs.

Contacting the District's Financial Management

The District's financial report is designed to provide the District's Board of Directors, management, and public with an overview of the District's finances. For additional information about this report, please contact Elisabeth Ross, Finance Manager, at 370 Encinal Street, Suite 100, Santa Cruz, CA 95060.

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
STATEMENTS OF NET ASSETS
JUNE 30, 2005 AND 2004**

	2005	2004
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 19,689,759	\$ 19,910,032
Sales Tax and Other Receivables	3,996,933	3,583,586
Inventory	903,863	824,256
Prepays	155,792	171,470
	<u>24,746,347</u>	<u>24,489,344</u>
Total Current Assets		
RESTRICTED ASSETS		
Cash and Cash Equivalents	9,832,007	8,730,600
	<u>9,832,007</u>	<u>8,730,600</u>
PROPERTY AND EQUIPMENT		
Building and Improvements	10,452,483	10,414,360
Transportation Vehicles	34,555,916	36,299,525
Operations Equipment	2,686,565	2,942,838
Other Equipment	1,285,123	1,279,607
Other Vehicles	829,537	855,238
Office Equipment	1,152,497	1,093,534
	<u>50,962,121</u>	<u>52,885,102</u>
Less Accumulated Depreciation	(26,845,932)	(25,335,025)
	<u>24,116,189</u>	<u>27,550,077</u>
Construction in Progress	2,753,362	963,826
Land	6,976,423	3,763,502
	<u>9,729,785</u>	<u>4,727,328</u>
Total Property and Equipment	<u>33,845,974</u>	<u>32,277,405</u>
TOTAL ASSETS	<u>\$ 68,424,328</u>	<u>\$ 65,497,349</u>

The accompanying notes are an integral part of these financial statements.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
STATEMENTS OF NET ASSETS (Continued)
JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 643,186	\$ 916,864
Accrued Payroll and Employee Benefits	2,994,662	2,990,913
Workers' Compensation Liabilities	1,228,191	1,412,964
Other Accrued Liabilities	465,252	473,218
Security Deposit	17,684	17,364
Deferred Revenue	241,170	-
Total Current Liabilities	5,590,145	5,811,323
LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Deferred Revenue - Settlement Agreement	6,998,304	6,846,372
Deferred Revenue - STA Grant	2,833,703	1,884,228
LONG-TERM LIABILITIES		
Workers' Compensation Liabilities	5,194,745	4,409,776
Total Liabilities	20,616,897	18,951,699
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	33,845,974	32,277,405
Unrestricted Net Assets	13,961,457	14,268,245
Total Net Assets	47,807,431	46,545,650
TOTAL LIABILITIES AND NET ASSETS	\$ 68,424,328	\$ 65,497,349

The accompanying notes are an integral part of these financial statements.

5-13.210

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004**

	2005	2004
OPERATING REVENUES		
Passenger Fare	\$ 4,465,736	\$ 4,477,117
Special Transit Fare	2,655,133	2,509,800
Total Operating Revenues	7,120,869	6,986,917
OPERATING EXPENSES		
Wages, Salaries and Employee Benefits	23,853,713	22,396,961
Purchased Transportation Services	977,899	2,394,965
Material and Supplies	2,696,571	2,247,959
Other Expenses	3,492,180	3,100,947
Depreciation	3,973,808	4,042,207
Total Operating Expenses	34,994,171	34,183,039
Net Operating Loss	(27,873,302)	(27,196,122)
NON-OPERATING REVENUES (EXPENSES)		
Sales and Use Tax	15,848,098	15,135,227
Transportation Development Act Assistance	5,413,251	5,337,724
Section 9/5307 Operating Assistance	3,110,731	2,804,435
Section 18/5307 Operating Assistance	92,928	65,704
Other Federal Assistance	-	40,020
Other State Assistance	-	27,820
Interest Income	472,279	274,065
Rental Income	159,238	154,005
Other Revenue	78,192	142,489
Loss on Sale and Disposal of Property, Equipment, and Inventory	(216,192)	(192,549)
Total Non-Operating Revenues	24,958,525	23,788,940
Net Loss Before Capital Contributions	(2,914,777)	(3,407,182)
CAPITAL CONTRIBUTIONS		
Grants Restricted for Capital Expenditures	4,176,558	5,322,209
NET ASSETS		
Increase in Net Assets	1,261,781	1,915,027
Total Net Assets, Beginning of Year	46,545,650	44,630,623
Total Net Assets, End of Year	\$ 47,807,431	\$ 46,545,650

The accompanying notes are an integral part of these financial statements.

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**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts From Customers	\$ 7,059,543	\$ 6,938,675
Payments to Employees	(23,249,767)	(21,742,322)
Payments to Suppliers	<u>(7,287,745)</u>	<u>(7,616,962)</u>
Net Cash Used in Operating Activities	<u>(23,477,969)</u>	<u>(22,420,609)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Grants Received, Including Sales and Use Tax	24,457,042	23,494,390
Other Nonoperating	<u>(137,222)</u>	<u>(53,913)</u>
Net Cash Provided by Noncapital Financing Activities	<u>24,319,820</u>	<u>23,440,477</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds From Sale of Property and Equipment	74,463	24,261
Capital Grants Received	5,166,335	5,890,039
Capital Expenditures	<u>(5,833,032)</u>	<u>(5,614,170)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(592,234)</u>	<u>300,130</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment and Rental Income Received	<u>631,517</u>	<u>428,070</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	881,134	1,748,068
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>28,640,632</u>	<u>26,892,564</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 29,521,766</u></u>	<u><u>\$ 28,640,632</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Loss	\$(27,873,302)	\$(27,196,122)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities:		
(Gain) Loss on Sale / Disposal of Fixed Assets and Inventory	216,192	192,549
Depreciation	3,973,808	4,042,207
Changes in Assets and Liabilities:		
(Increase) in Receivables	(61,326)	(48,242)
(Increase) in Inventory	(79,607)	(10,211)
(Increase) Decrease in Prepaid Expenses	15,678	(94,421)
Increase (Decrease) in Accounts Payable	(273,678)	37,342
Increase in Other Liabilities	<u>604,266</u>	<u>656,289</u>
Net Cash Used in Operating Activities	<u><u>\$(23,477,969)</u></u>	<u><u>\$(22,420,609)</u></u>

The accompanying notes are an integral part of these financial statements.

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**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004**

NOTE 1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Santa Cruz Metropolitan Transit District (the District) was formed February 9, 1969, following a favorable election in conformity with Section 9800 *et. seq.* of the Public Utilities Code. The transit system serves the general public in the cities of Santa Cruz, Watsonville, Scotts Valley, Capitola and the unincorporated areas of Santa Cruz County. The District is governed by a Board of eleven directors, and one Ex-Officio director representing the University of California, Santa Cruz. At June 30, 2005, the directors were as follows:

Chairperson:	Mike Keogh		
Vice Chair:	Mike Rotkin		
Members:	Dale Skillicorn	Michelle Hinkle	Mark Stone
	Jan Beautz	Emily Reilly	Pat Spence
	Dene Bustichi	Dennis Norton	Marcela Tavantzis
Ex-Officio:	Wes Scott		

The District also serves the Highway 17 corridor into Santa Clara County to provide commuter express service through a joint powers agreement with the Santa Clara County Transit District (known as Valley Transportation Authority (VTA)). Amtrak Thruway bus service is also provided by the District on the same corridor through a memorandum of understanding with the California Department of Transportation, the Capitol Corridor Joint Powers Authority and VTA.

B. Reporting Entity

The District and the Santa Cruz Civic Improvement Corporation (the Corporation) have a financial and operational relationship, which meets the reporting entity definition criteria of GASB Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, for inclusion of the Corporation as a component unit of the District. Accordingly, the financial activities of the Corporation have been included in the financial statements of the District. For the years ending June 30, 2005 and 2004, this activity was minimal.

Scope of Public Service:

The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State in July 1986. The Corporation was formed for the sole purpose of providing financial assistance to the District for the construction and acquisition of major capital facilities.

The following are those aspects of the relationship between the District and the Corporation, which satisfy GASB Statement No. 14/39 criteria.

Accountability:

1. The Corporation's Board of Directors was appointed by the District's Board of Directors.

NOTE 1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Reporting Entity (Continued)

2. The District is able to impose its will upon the Corporation, based on the following:
 - All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the District.
 - The District exercises significant influence over operations of the Corporation as it is anticipated that the District will be the sole lessee of all facilities owned by the Corporation. Likewise, it is anticipated that the District's lease payments will be the sole revenue source of the Corporation.
3. The Corporation provides specific financial benefits or imposes specific financial burdens on the District based upon the following:
 - The District has assumed a "moral obligation", and potentially a legal obligation, for any debt incurred by the Corporation.

C. Basis of Accounting and Presentation

The District is accounted for as a Business Type Activity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion & Analysis – for State and Local Governments* and its financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

The District adopted GASB Statement No. 34 as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, as of and for the year ended June 30, 2003, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into three net asset categories; namely, those invested in capital assets, net of related debt, restricted net assets and unrestricted net assets.

Contributed Capital/Reserved Retained Earnings:

The District receives grants from the Federal Transit Administration (FTA) and other agencies of the U.S. Department of Transportation, state, and local transportation funds for the acquisition of transit-related equipment and improvements. Prior to July 1, 2001, capital grants were recognized as donated capital to the extent that project costs under the grant have been incurred. Capital grant funds earned, less amortization equal to accumulated depreciation of the related assets, were included in contributed capital. As required by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the District changed its method of accounting for capital grants from capital contributions to reserved nonoperating revenues. In accordance with GASB No. 33, capital grants are required to be included in the determination of net income resulting in an increase in net revenue of \$4,176,558 and \$5,322,209 for the fiscal years 2005 and 2004, respectively.

Under GASB Statement No. 34, contributed capital and reserved retained earnings are presented in the net asset section as invested in capital assets, net of related debt.

Retained Earnings:

Retained earnings which represented the residual value of operations and capital assets constructed with funds other than grants, were restated to reclassify the capital assets to invested in capital assets, net of related debt and the remaining assets resulting from operations as either restricted or unrestricted net assets.

5-13.214

NOTE 1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting and Presentation (Continued)

Proprietary Accounting and Financial Reporting:

As required under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the District will continue to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has elected under GASB Statement No. 20 to not apply all FASB Statements and Interpretations issued after November 30, 1989, due to the governmental nature of the District's operations.

Net Assets:

Net assets represent the residual interest in the District's assets after liabilities are deducted. In accordance with GASB Statement No. 34, the Fund Equity section on the Statement of Net Assets was combined to report total net assets and present it in three broad components: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets invested in capital assets, net of related debt include capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Net assets are restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net assets are unrestricted.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Cash Equivalents

The District considers all highly liquid investments with a maturity date within three months of the date acquired to be cash equivalents. The District deposits funds into an external investment pool maintained by the County of Santa Cruz. These deposits are considered cash equivalents. The County of Santa Cruz Pooled Investment Fund is authorized to invest in obligations of the U.S. Treasury agencies and instrumentalities, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements, and the State Treasurer's investment pool. Cash and cash equivalents are stated at fair value. For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) to be cash equivalents.

E. Inventory

Inventory is carried at cost using the first-in/first-out (FIFO) method. Inventory held by the District consists of spare bus parts that are consumed by the District and are not for resale purposes.

F. Restricted Assets

Certain assets are classified as restricted assets on the Statement of Net Assets because their use is subject to externally imposed stipulations, either by laws or regulations.

NOTE 1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Restricted Assets (Continued)

The cash resulting from a settlement agreement as described in Note 9, represents proceeds restricted by the Federal Transit Administration. The State Transit Assistance grant is restricted for capital expenditures. Restricted assets at June 30, are as follows:

	<u>2005</u>	<u>2004</u>
Cash and Cash Equivalents		
Federal Transit Administration Grant	\$ 6,998,304	\$ 6,846,372
State Transit Assistance Grant	<u>2,833,703</u>	<u>1,884,228</u>
Total Restricted Assets	<u>\$ 9,832,007</u>	<u>\$ 8,730,600</u>

G. Property and Equipment

Property and equipment are recorded at cost. Depreciation for all such assets is computed on a straight-line basis. Estimated useful lives of assets are as follows:

Buildings and structures	20-30 years
Revenue vehicles	12 years
Other vehicles and equipment	3-10 years

Depreciation expense on assets acquired with capital grant funds are transferred to net assets - invested in capital assets, net of related debt after being charged to operations.

Major improvements and betterments to existing facilities and equipment are capitalized. Costs for maintenance and repairs which do not extend the useful life of the applicable assets are charged to expense as incurred. Upon disposition, costs and accumulated depreciation are removed from the accounts and resulting gains or losses are included in operations.

The District completed and capitalized the Scotts Valley Transit Center in fiscal 1999. The cost of this facility totaled \$4,063,634, which was funded by federal, state and local funds. The Scotts Valley Redevelopment Agency (the Agency), a political subdivision of the state of California, was one of the District's funding sources for this project and has retained an interest in the property. The title to the property is retained by both the District and the Agency as tenants in common with each party holding an individual interest in proportion to each party's financial participation in the project. The Agency's portion of the property is 13.87%. The Agency's portion is not recorded in the District's financial statements.

H. Sales and Use Tax

The District receives a .5% sales and use tax levied on all taxable sales in Santa Cruz County, which is collected and administered by the California State Board of Equalization. Additionally, the District is allocated, through the Santa Cruz County Regional Transportation Commission, a portion of the .25% sales and use tax levied by the Transportation Development Act.

I. Operating Assistance Grants

Operating assistance grants are recognized as revenue in the grant period earned.

NOTE 1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Self-Insurance

The District is self-insured for the first \$250,000 of general and vehicular liability. For settlements in excess of \$250,000, the District has total coverage up to \$20,000,000 per occurrence. Additionally, the District is self insured up to \$350,000 for workers' compensation claims. The District has recorded a liability for estimated claims to be paid including incurred but not reported claims.

K. Employee Benefits

Vacation and medical leave benefits are accrued when earned and reduced when used. Any paid medical leave accrued beyond 96 hours may, at the employee's option be converted to annual leave and credited to the employee's annual leave schedule or paid in cash, depending on the bargaining unit, at 100% of the earned rate. Employees are paid accrued and unused annual leave at the time of separation from District service.

L. Payroll

The District contracts with the Santa Cruz County Auditor-Controller to provide payroll processing services.

M. Pension Costs

Pension costs are expensed as incurred. These costs equal the actuarially determined annual contribution amount.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Implementation of New Accounting Pronouncements

During the fiscal year ended June 30, 2005, the District adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, which amends existing accounting guidance under GASB No. 3, *Deposits with Financial Institutions, Investments (including repurchase agreements), and Reverse Repurchase Agreements*. GASB Statement No. 40 enhances the deposit and investment risk disclosures by updating the custodial credit risk disclosure requirements of GASB No. 3 and addressing other common risks, including concentrations of credit risk, interest rate risk, and foreign currency risk. Note 2 shows the disclosures as required by GASB Statement No. 40.

NOTE 2 – CASH AND INVESTMENTS

Cash and cash equivalents consists of the following at June 30, 2005 and 2004:

	2005	2004
Cash on Hand	\$ 47,558	\$ 37,765
Demand Deposits	373,950	675,249
Deposits in Santa Cruz County Pooled Investment Fund	29,100,258	27,927,618
	<u>\$ 29,521,766</u>	<u>\$ 28,640,632</u>

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NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash on Hand and Cash in Banks

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the **investment types** that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address **interest rate risk**, **credit risk**, and **concentration of credit risk**.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	None	None
Medium-Term Notes	5 years	None	None
Mutual Funds	N/A	None	None
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	5 years	None	None
County Pooled Investment Funds	N/A	100%	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
County Investment Pool	<u>\$ 29,100,258</u>	<u>\$ 29,100,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The District's investments were not considered to be highly sensitive to interest rate fluctuations as of June 30, 2005 or 2004.

5-13.218

NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash on Hand and Cash in Banks (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, and the actual rating as of year end for each investment type. The column marked "exempt from disclosure" identifies those investment types for which GASB No. 40 does not require disclosure as to credit risk:

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End		
				AAA	Aa	Not Rated
County Investment Pool	\$29,100,258	N/A	\$ -	\$ -	\$ -	\$29,100,258

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District did not have any investments in any one issuer (other than external investment pools) that represent 5% or more of total District's investments at June 30, 2005 or 2004.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Investment in County Investment Pool

The District is a voluntary participant in the Santa Cruz County Investment Fund. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County for the entire County portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County, which are recorded on an amortized cost basis.

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NOTE 3 -- RECEIVABLES

Receivables at June 30, are as follows:

	<u>2005</u>	<u>2004</u>
Federal Grants	\$ 454,387	\$ 302,260
State Grants	406,025	205,353
Local Grants	-	27,449
Sales Tax Revenue	2,613,200	2,451,500
Other	523,321	597,024
	<u>\$ 3,996,933</u>	<u>\$ 3,583,586</u>

NOTE 4 -- CHANGES IN CAPITAL ASSETS

Facilities, property and equipment at June 30, are summarized as follows:

June 30, 2005

	<u>Balance July 1, 2004</u>	<u>Additions and Transfers</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2005</u>
Non Depreciated Assets				
Land	\$ 3,763,502	\$ 3,212,921	\$ -	\$ 6,976,423
Construction-in-Progress	963,826	1,842,766	(53,230)	2,753,362
Total Non Depreciated Assets	4,727,328	5,055,687	(53,230)	9,729,785
Depreciated Assets				
Building and Improvements	10,414,360	60,109	(21,986)	10,452,483
Revenue Vehicles	36,299,525	481,951	(2,225,560)	34,555,916
Operations Equipment	2,942,838	15,648	(271,921)	2,686,565
Other Equipment	1,279,607	5,516	-	1,285,123
Other Vehicles	855,238	70,898	(96,599)	829,537
Office Equipment	1,093,534	184,049	(125,086)	1,152,497
Total Depreciated Assets	52,885,102	818,171	(2,741,152)	50,962,121
Less Accumulated Depreciation	(25,335,025)	(3,973,808)	2,462,901	(26,845,932)
Depreciated Assets Net of Accumulated	27,550,077	(3,155,637)	(278,251)	24,116,189
Total	\$32,277,405	\$ 1,900,050	\$ (331,481)	\$ 33,845,974

Depreciation expense at June 30, 2005 was \$3,973,808.

5-13.20

NOTE 4 – CHANGES IN CAPITAL ASSETS (Continued)

June 30, 2004

	Balance July 1, 2003	Additions and Transfers	Retirements and Transfers	Balance June 30, 2004
Non Depreciated Assets				
Land	\$ 3,763,502	\$ -	\$ -	\$ 3,763,502
Construction-in-Progress	83,883	963,825	(83,882)	963,826
Total Non Depreciated Assets	3,847,385	963,825	(83,882)	4,727,328
Depreciated Assets				
Building and Improvements	10,419,320	-	(4,960)	10,414,360
Revenue Vehicles	32,275,993	4,526,521	(502,989)	36,299,525
Operations Equipment	2,685,368	306,247	(48,777)	2,942,838
Other Equipment	1,279,607	-	-	1,279,607
Other Vehicles	892,920	15,035	(52,717)	855,238
Office Equipment	1,294,699	104,429	(305,594)	1,093,534
Total Depreciated Assets	48,847,907	4,952,232	(915,037)	52,885,102
Less Accumulated Depreciation	(21,773,040)	(4,042,207)	480,222	(25,335,025)
Depreciated Assets Net of Accumulated	27,074,867	910,025	(434,815)	27,550,077
Total	\$30,922,252	\$ 1,873,850	\$ (518,697)	\$ 32,277,405

Depreciation expense at June 30, 2004 was \$4,042,207.

NOTE 5 – AVAILABLE NET ASSETS

An analysis of the District's available (undesignated) net assets at June 30, follows:

	2005	2004
Current Assets	\$ 24,746,347	\$ 24,489,344
Current Liabilities	(5,590,145)	(5,811,323)
Working Capital	19,156,202	18,678,021
Less:		
Inventory	(903,863)	(824,256)
Prepaid Expenses	(155,792)	(171,470)
Total Available Net Assets	18,096,547	17,682,295
Net Assets Designated for the Following:		
Cash Flow	(2,600,000)	(2,600,000)
Workers' Compensation Reserve	(1,641,128)	(1,320,000)
Insurance Reserve	(804,008)	(770,000)
Alternative Fuel Conversion Fund	(462,000)	(462,000)
Bus Stop Improvements Reserve	(400,000)	(400,000)
Carryover for fiscal year 2005-2006 Operating Budget	(1,296,236)	-
Net Assets Required to Fund Transportation Improvement Programs for the Fiscal Years 2005-2009	(16,331,011)	(17,266,476)
Available Undesignated Net Assets (Deficits)	\$ (5,437,836)	\$ (5,136,181)

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NOTE 6 – CAPITAL GRANTS

The District receives grants from the Federal Transit Administration (FTA), which provides financing for the acquisition of rolling stock and construction of facilities. The District also receives grants under the State Transportation Development Act and State Toll Bridge revenue programs primarily for the acquisition of rolling stock and support equipment, and purchase of furniture and fixtures.

A summary of federal, state and local grant activity for the years ended June 30, are as follows:

	<u>2005</u>	<u>2004</u>
Federal Grants	\$ 4,143,678	\$ 1,376,779
State Grants	32,880	3,925,658
Local Grants	-	19,772
Total Capital Assistance	<u>\$ 4,176,558</u>	<u>\$ 5,322,209</u>

NOTE 7 – COMMITMENTS

The District leases a number of its facilities under operating leases extending through 2010. For the years ended June 30, 2005 and 2004, rental expense relating to the leases was \$702,530 and \$569,436, respectively. The District also leases to others retail space in their transit facilities under noncancelable agreements. Minimum lease payments and receipts for existing operating leases are as follows:

<u>Year Ending June 30</u>	<u>Lease Commitments</u>	<u>Rental Income</u>	<u>Net</u>
2006	\$ 590,227	\$ 52,584	\$ 537,643
2007	447,458	23,858	423,600
2008	464,976	24,335	440,641
2009	321,851	6,189	315,662
Thereafter	201,796	-	201,796
	<u>\$ 2,026,308</u>	<u>\$ 106,966</u>	<u>\$ 1,919,342</u>

NOTE 8 – JOINT VENTURES (Joint Powers Authority)

The District participates in a joint powers authority (JPA), the California Transit Insurance Pool (CalTIP). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

CalTIP arranges for and provides property and liability insurance for its 25 members. CalTIP is governed by a board that controls the operations of CalTIP, including selection of management and approval of operating budgets, independent of any influence by the member districts. Each member district pays a premium commensurate with the level of coverage requested and shares in surpluses and deficits proportionate to their participation in CalTIP.

5-13.22

NOTE 8 – JOINT VENTURES (Joint Powers Authority) (Continued)

Condensed audited financial information of CalTIP for the years ended April 30, (most recent information available) is as follows:

	<u>2004</u>	<u>2003</u>
Total Assets	\$ 11,796,205	\$ 10,703,599
Total Liabilities	<u>9,620,106</u>	<u>9,531,874</u>
Fund Balance	<u>\$ 2,176,099</u>	<u>\$ 1,171,725</u>
Total Revenues	\$ 8,329,709	\$ 4,401,469
Total Expenditures	<u>7,325,335</u>	<u>6,512,626</u>
Net Increase (Decrease) in Fund Balance	<u>\$ 1,004,374</u>	<u>\$ (2,111,157)</u>

The District's share of year-end assets, liabilities, or fund balance has not been calculated by CalTIP.

NOTE 9 – WATSONVILLE FLEET MAINTENANCE FACILITY

The District's fleet maintenance facility in Watsonville was damaged in the Loma Prieta earthquake (the earthquake) in October 1989. An engineering study concluded that the demolition of the existing facility and construction of a new facility was the most practical course of action. Therefore, the net book value of the facility was written off the books in a prior year.

In addition, due to design and construction deficiencies by the design and building contractors involved in the original project, the District initiated litigation against the contractors and came to a settlement agreement with said contractors on May 30, 1995. In accordance with this agreement, the contractors remitted \$4,776,858 (including \$171,538 in costs) to the District during fiscal year 1996, representing damages less attorney fees. The use of these proceeds, and the interest earned thereon, is restricted by FTA Section 3/5309. Accordingly, the net restricted amount of \$6,998,304 and \$6,846,372 is reflected on the statements of net assets as deferred revenue at June 30, 2005 and 2004, respectively.

During the year, the District purchased property adjacent to the existing minor maintenance facility on Golf Club Drive. The design phase for a new maintenance facility is complete. The District may begin construction before the end of 2005.

Also during the year, the District purchased property adjacent to the bus operations facility on River Street. The design phase for a service facility (bus fueling, washing and revenue collection) is complete. The District may begin construction before the end of 2005.

NOTE 10 – CONTINGENCIES

The District has received state and federal funds for specific purposes that are subject to review and audit by grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, the District believes that any required reimbursement will not be material.

Additionally, the District is party to various claims and litigation in the normal course of business. In the opinion of management and in-house counsel, any ultimate losses have been adequately provided for in the financial statements.

NOTE 11 – DEFINED BENEFIT PENSION PLAN

Plan Description

The District's defined benefit pension plan, the Miscellaneous Plan for Santa Cruz Metropolitan Transit District (the Plan), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers with the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board action. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

There are 306 active plan members in the Fund as of June 30, 2005, which are required to contribute a percent of their annual covered salary. In lieu of salary increases and for employees who agreed to salary reductions in certain prior years, the District agreed to pay a portion of the employee contribution, based on negotiated formulas. The District is also required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year ended June 30, 2005 was 7.883%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For fiscal year ended June 30, 2005, the District's annual pension cost of \$1,392,098 was equal to the District's required and actual contributions. This includes the District's contribution to the employee contribution requirement. The required contribution for fiscal year ended June 30, 2005 was determined as part of the June 30, 2002 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administration expenses); (b) projected salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members, and (c) 3.75% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.5%. The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three year period. The Plan's excess assets are being amortized as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information for the Fund

Three-year trend information, with respect to the District's participation in CalPERS is as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2003	\$ 845,923	100%	\$ -
6/30/2004	\$ 1,024,064	100%	\$ -
6/30/2005	\$ 1,392,098	100%	\$ -

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NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

Required Supplementary Information

Supplementary information is intended to show the progress made towards funding benefit obligations. Required three year supplemental information, available to date, for the District is as follows:

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/2001	\$44,805,153	\$56,109,004	\$(11,303,851)	125.2%	\$12,209,377	(92.600)%
6/30/2002	\$50,823,042	\$54,728,235	\$ (3,905,193)	107.70%	\$13,697,134	(28.500)%
6/30/2003	\$60,913,062	\$56,208,723	\$ 4,704,339	92.3%	\$13,332,537	35.3%

NOTE 12 – POST-RETIREMENT BENEFITS

The District provides post-retirement benefits to its employees who have completed at least ten years of full-time service with the District, have reached the age of 50 and have retired under the provisions of CalPERS while an employee of the District. The District pays a portion of the premiums for medical insurance for retirees and eligible dependents. The District also provides dental, vision and life insurance plan coverage of retirees and eligible dependents until the retiree attains the age of 65. Bus operators who retired and reached the age of 65 prior to June 30, 1994, will continue to receive dental and vision coverage beyond age 65. Life insurance is not provided to management retirees. The costs of providing these benefits are recognized when paid. The District has recognized approximately \$925,740 and \$790,526 of expense for these benefits for the years ending June 30, 2005 and 2004, respectively.

NOTE 13 – DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and provisions of the Government Code of the State of California. The plan, available to all district employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. The District employees participate in two such plans, the Great-West Life and Annuity Insurance (Great-West) plan and the other through CalPERS.

At June 30, 2005, all amounts held under the Great-West plan and the CalPERS plan are held in trust and are not reflected on the accompanying balance sheet as required under Statement No. 27 of the Governmental Accounting Standards Board, *Accounting Standards for Pensions by State and Local Governmental Employers*.

NOTE 14 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has established limited risk management programs for workers' compensation, and general and vehicular liability, as described in Note 1, as well.

NOTE 14 – RISK MANAGEMENT (Continued)

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The IBNR for workers' compensation was based on an actuarial study dated June 28, 2004. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Changes in the balances of claims liabilities are as follows:

	<u>2005</u>	<u>2004</u>
Unpaid Claims, Beginning of Fiscal Year	\$ 5,822,739	\$ 5,476,041
Incurred Claims (Including IBNR's)	784,970	1,539,935
Claim Payments	<u>(184,773)</u>	<u>(1,193,237)</u>
Unpaid Claims, End of Fiscal Year	<u>\$ 6,422,936</u>	<u>\$ 5,822,739</u>

NOTE 15 – TRANSPORTATION DEVELOPMENT ACT/CALIFORNIA ADMINISTRATIVE CODE

The District is subject to compliance with the Transportation Development Act provisions, Sections 6634 and 6637 of the California Administrative Code and Sections 99267, 99268.1 and 99314.6 of the Public Utilities Code.

Section 6634

Pursuant to Section 6634, a Transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs, less the required fares, and local support. The District did not receive Transportation Development Act or State Transit Assistance revenues in excess of the prescribed formula amounts.

Section 6637

Pursuant to Section 6637, a claimant must maintain its accounts and records in accordance with the Uniform System of Accounts and Records for Transit Operators adopted by the State Controller. The District did maintain its accounts and records in accordance with the Uniform System of Accounts and Records for Transit Operators.

Sections 99267 and 99268.1

Pursuant to the Transportation Development Act, the District is defined as an older operator and is not required to meet the fare box ratio requirement of the Act. The District has met the 50% expenditure limitation requirement.

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SUPPLEMENTARY INFORMATION

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**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
STATEMENTS OF OPERATING EXPENSES
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004**

	2005	2004
Labor		
Operators' salaries and wages	\$ 6,692,531	\$ 5,857,789
Other salaries and wages	5,481,662	5,461,410
Overtime	1,422,856	1,530,073
 Fringe Benefits		
Absence with pay	2,708,466	2,629,351
Pension plans	1,392,098	1,024,064
Vision, medical, and dental plans	3,861,507	3,220,814
Workers' compensation insurance	1,768,897	2,171,623
Disability insurance	386,017	366,895
Other fringe benefits	139,679	134,942
 Services		
Accounting	84,285	56,594
Administrative and banking	209,743	211,929
Professional and technical services	419,642	332,279
Security	357,997	314,770
Outside repairs	390,684	362,262
Other services	191,618	158,995
 Materials and Supplies Consumed		
Fuels and lubricants	1,719,807	1,306,688
Tires and tubes	194,318	158,150
Vehicle parts	428,117	495,571
Other materials and supplies	354,329	287,550
 Utilities	316,170	298,166
 Casualty and Liability Costs	680,760	638,994
 Taxes and Licenses	36,758	38,239
 Purchased Transportation Services		
Paratransit	977,899	2,394,965
 Miscellaneous Expenses	84,480	106,755
 Equipment and Facility Lease	720,043	581,964
 Depreciation		
Property acquired with operator funds	657,671	679,682
Property acquired by federal, state, or TDA funds	3,316,137	3,362,525
 Total Operating Expenses	\$ 34,994,171	\$ 34,183,039

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OTHER SCHEDULES AND REPORTS

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**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

<u>Federal Grantor / Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass-Through Grantor's Number</u>	<u>Total Federal Expenditures</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Programs:			
Federal Transit Administration (FTA)			
Cluster Defined by the Department of Transportation			
Section 3/5309 Consolidation			
Final Engineering	20.500*	CA-03-0413	\$ 1,191,344
Land Acquisition	20.500*	CA-03-0413	1,328,888
Construction	20.500*	CA-03-0505	269,757
Paratransit Vans	20.500*	CA-03-0505	154,098
Fixed Route Buses	20.500*	CA-03-0505	<u>224,704</u>
			<u>3,168,791</u>
Section 9/5307			
Land	20.507*	CA-90-X873	972,304
Operating Assistance	20.507*	CA-90-Y224	<u>3,110,731</u>
			<u>4,083,035</u>
Section 18/5311			
Operating Assistance	20.509	649068	<u>92,928</u>
Total Expenditures of Federal Awards			<u>\$ 7,344,754</u>

* Major federal financial assistance program.

See accompanying notes to schedule of federal financial assistance.

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**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

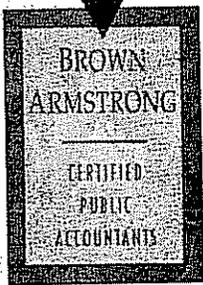
NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Santa Cruz Metropolitan Transit District (the District). Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agents, is included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Federal capital grant funds are used to purchase property, plant, and equipment. Federal grants receivable are included in capital and operating grants receivable, which also includes receivables from state and local grant sources.

5-13.231



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND THE RULES AND
REGULATIONS OF THE TRANSPORTATION DEVELOPMENT ACT**

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To the Board of Directors
Santa Cruz Metropolitan Transit District
Santa Cruz, California

We have audited the financial statements of the business-type activities of Santa Cruz Metropolitan Transit District as of and for the year ended June 30, 2005, which collectively comprise Santa Cruz Metropolitan Transit District's basic financial statements and have issued our report thereon dated August 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Santa Cruz Metropolitan Transit District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting that we have reported to management of Santa Cruz Metropolitan Transit District in a separate letter dated August 18, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Santa Cruz Metropolitan Transit District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

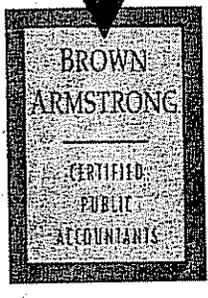
This report is intended solely for the information and use of management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK & KEETER
ACCOUNTANCY CORPORATION

A handwritten signature in black ink, appearing to read "S.A. Paulden", written over the printed name of the firm.

Bakersfield, California
August 18, 2005

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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osalva Flores, CPA
onnie M. Perez, CPA
aron Jones, CPA, MST
iana Branthoover, CPA
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yan Johnson, CPA

To the Board of Directors
Santa Cruz Metropolitan Transit District
Santa Cruz, California

Compliance

We have audited the compliance of Santa Cruz Metropolitan Transit District with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2005. Santa Cruz Metropolitan Transit District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Santa Cruz Metropolitan Transit District's management. Our responsibility is to express an opinion on Santa Cruz Metropolitan Transit District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Santa Cruz Metropolitan Transit District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Santa Cruz Metropolitan Transit District's compliance with those requirements.

In our opinion, the Santa Cruz Metropolitan Transit District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Santa Cruz Metropolitan Transit District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Santa Cruz Metropolitan Transit District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

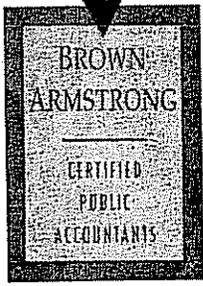
This report is intended for the information of management, the Board of Directors, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK & KEETER
ACCOUNTANCY CORPORATION



Bakersfield, California
August 18, 2005

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**REPORT ON COMPLIANCE WITH THE
TRANSPORTATION DEVELOPMENT ACT**

To the Board of Directors
Santa Cruz Metropolitan Transit District
Santa Cruz, California

We have audited the basic financial statements of the Santa Cruz Metropolitan Transit District (the District), as of and for the year ended June 30, 2005, and have issued our report thereon dated August 18, 2005.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the District is the responsibility of the management of the District. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of the Transportation Development Act, including Public Utilities Code Section 99245 as enacted and amended by statute through June 30, 2005, and the allocation instructions and resolutions of the Santa Cruz County Regional Transportation Commission as required by Section 6667 of the California Code of Regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the District complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those provisions.

This report is intended for the information of management, the Board of Directors, the State Controller's Office, the U.S. Department of Transportation, and officials of applicable grantor agencies. However, this report is a matter of public record and its distribution is not limited.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK & KEETER
ACCOUNTANCY CORPORATION

Bakersfield, California
August 18, 2005

5-13.a36

FINDINGS AND QUESTIONED COSTS SECTION

5-13.237

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2005**

I. Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? Yes No

Reportable conditions identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

Material weakness identified? Yes No

Reportable conditions identified that are not considered to be material weaknesses? Yes None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? Yes No

Identification of major programs:

CFDA Number(s)

20.500
20.507

Name of Federal Program or Clusters

Federal Transit Administration-Section 3
Federal Transit Administration-Section 9

Dollar threshold used to distinguish Type A & B programs: \$300,000

Auditee qualified as low risk auditee? Yes No

5-13.938

II. Findings Relating to Financial Statements Required Under GAGAS

None.

III. Federal Award Findings and Questioned Costs

None.

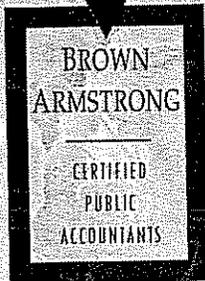
IV. State Award Findings and Questioned Costs

None.

V. A Summary of Prior Audit (all June 30, 2004) Findings and Current Year Status Follows

None.

5-13.439



**BROWN ARMSTRONG
PAULDEN McCOWN STARBUCK & KEETER**
CERTIFIED PUBLIC ACCOUNTANTS

■ **Main Office**
4200 Truxtun Ave., Suite 300
Bakersfield, California 93309
Tel 661-324-4971 Fax 661-324-4997
e-mail: barrinfo@barrcpa.com

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Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
Harvey J. McCown, MBA, CPA
Steven R. Starbuck, CPA
Aileen K. Keeter, CPA
Chris M. Thornburgh, CPA

Eric H. Xin, MBA, CPA
Lynn R. Krausse, CPA, MST
Bradley M. Hankins, CPA
Rosalva Flores, CPA
Connie M. Perez, CPA
Sharon Jones, CPA, MST
Diana Branthoover, CPA
Matthew Gilligan, CPA
Dominic Brown, CPA
Ryan Johnson, CPA

To the Administration and Board of Directors
Santa Cruz Metropolitan Transit District
Santa Cruz, California

We have audited the financial statements of the Santa Cruz Metropolitan Transit District for the year ended June 30, 2005, and have issued our report thereon dated August 18, 2005. Professional standards require that we provide you with the following information related to the conduct of our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to provide reasonable, not absolute, assurance that the basic financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the Santa Cruz Metropolitan Transit District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Santa Cruz Metropolitan Transit District are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the existing policies were not changed during 2005. We noted no transactions entered into by the Santa Cruz Metropolitan Transit District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments. There were no sensitive estimates, except for the accrued claims and judgments payables, affecting the financial statements.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the District that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We proposed no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the District's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's general purpose financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition for our retention.

Difficulties Encountered in Performing the Audit

We are pleased to announce we encountered no difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the management of the District and the Board of Directors and should not be used for any other purpose.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK & KEETER
ACCOUNTANCY CORPORATION



By: Steven R. Starbuck

Bakersfield, California
August 18, 2005

5-13.62

**AGREED UPON CONDITIONS DESIGNED TO INCREASE
EFFICIENCY, INTERNAL CONTROLS AND/OR
FINANCIAL REPORTING**

To the Board of Directors and Management
Santa Cruz Metropolitan Transit District
Santa Cruz, California

We have audited the financial statements of Santa Cruz Metropolitan Transit District (SCMTD) for the year ended June 30, 2005 and have issued our report thereon dated August 18, 2005. In planning and performing our audit of the financial statements of SCMTD, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

As a result of our audit, we noted certain agreed-upon findings. These findings and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve the internal control structure or result in other efficiencies and are summarized as follows:

Current Year Findings and Recommendations

Finding 1

The District should perform a ticket reconciliation semi-annually that provides assurance that tickets are properly safeguarded and sales are accurately reported.

Recommendation

The District should perform ticket-related procedures that determine whether ticket sales are accurately reported and that tickets in inventory are safeguarded. The reconciliation should be performed at least semi-annually until the process results in tolerable variance level.

Management Response

Finance reconciles sales report(s) monthly to verify the number of tickets sold as reported by the Customer Service department; however all pertinent reports need to be received in Finance in a timely manner in order for Finance to test whether tickets are properly safeguarded and sales are accurately reported.

Finding 2

The District does not have a strict policy on the type of clothing allowed to be worn in the count room. Employees are allowed to wear shirts and pants with pockets. The wearing of inappropriate clothing in the count room could lead to the possible misappropriation of the District's assets.

5-13. C1

Recommendation

The District should establish a policy requiring all employees working in the count room to wear a District Uniform that reduces the risk of misappropriation.

Management Response

The count room has two cameras that record the activity of cash handlers. The tape is on view in the dispatch office. As well, cash handlers are not allowed to handle cash unless there is another person present in the room. When the new Service building is constructed in about 2007 a temperature-controlled facility will make it feasible for staff and contract labor to wear an appropriate uniform that reduces the risk of misappropriation.

Finding 3

While reviewing the procedures for counting fare box revenues we noted that the District has one individual that participates in, and supervises, the counting of cash, prepares the daily deposit and has access to the daily revenue reports. The lack of separation of duties could lead to the possible misappropriation of fare box revenues.

Recommendation

The District should restrict access to the revenue reports to those individuals that do not participate in the counting of the fare box revenues and preparation of daily deposits.

In addition, the District should have an individual, separate from cash counting and preparation of deposits, reconcile the deposit amounts to the daily revenue reports and investigate any material overages or shortages.

Management Response

Management understands there is a lack of internal control over revenue deposits and will work towards implementing a solution as soon as possible. Currently, the standard, pre-defined, ridership reports generated by the specialized computer software contain revenue information, making it costly to remove that information from viewing by the person who makes deposits.

The Finance department has access to the Monthly Revenue Reports and reviews the variances monthly. More experience is needed to explain the fluctuation of the variances.

Finding 4

While reviewing the procedures for payroll testing we noted that the District has one individual that inputs all the payroll data including any charges or overtime pertaining to the coach operator's payroll. The lack of separation of duties could lead to the possible misappropriation of payroll.

Recommendation

The District should establish a policy to regularly review payroll functions, including random checks throughout the year to verify that the data entered is accurate and supported by appropriate documentation.

Management Response

The recommended policy has not yet been implemented but will be implemented by June 30, 2006.

Finding 5

While reviewing the procedures for payroll testing, we noted that the District does not require review of overtime payroll entries pertaining to the coach operators. The lack of this control could lead to the possible misappropriation of the District's payroll.

5-13.CZ

The District should develop a report that would detail all overtime paid to the coach operators during each pay period so it may be reviewed by someone separate from coach operators payroll preparation.

Management Response

This request is being developed by the IT Department to be reviewed by the Finance Department and will be completed by December 31, 2005.

Finding 6

During our repair and maintenance testing, we noted that a remanufactured engine was purchased and expensed instead of being capitalized to the vehicle holding the engine.

Recommendation

The district should update their policy to capitalize remanufactured engines and other repairs that significantly increase the useful life of the vehicle.

Management Response

The District's capitalization policy provides for capitalization of repairs that increase the useful life of the vehicle; however, due to the age of the existing fleet, it is difficult to estimate the increase in the useful life of the vehicles. Management will consider capitalizing remanufactured engine in buses less than 12 years old.

Prior Year Findings and Recommendations

Finding 1

The District should perform a ticket reconciliation semi-annually that provides assurance that tickets are properly safeguarded and sales are accurately reported.

Status

Partially implemented. See current year Finding 1.

Finding 2

The District does not have a policy on the type of clothing employees are allowed to wear in the count room. Employees were allowed to wear shirts and pants with pockets. The wearing of inappropriate clothing in the count room could lead to the possible misappropriation of the District's assets.

Status

Not implemented. See current year Finding 2.

Finding 3

While reviewing the procedures for counting fare box revenues we noted that the District has one individual that participates in, and supervises, the counting of cash, prepares the daily deposit and has access to the daily revenue reports. The lack of separation of duties could lead to the possible misappropriation of fare box revenues.

Status

Partially implemented. See current year Finding 3.

5-13.C3

Finding 4

While testing the District's cash receipts in the Operations department we noted that at times revenue per the Monthly Summary report did not agree by a small amount to the amounts on the Revenue Collection Daily Balance Sheets. Differences in the reports could lead to the possible over/under reporting of revenue.

Status

Resolved.

Finding 5

While reviewing the procedures for payroll testing we noted that the District has one individual that inputs all the payroll data including any charges or overtime pertaining to the coach operator's payroll. The lack of separation of duties and random checks could lead to the possible misappropriation of the District's assets.

Status

To be implemented by June 30, 2006. See current year Finding 4.

Finding 6

While reviewing the procedures for payroll testing we noted that the District does not require review of overtime payroll entries pertaining to the coach operators. The lack of this control could lead to the possible misappropriation of the District's payroll.

Status

Not implemented. See current year Finding 6.

This information is intended solely for the use of the Board of Directors and management of Santa Cruz Metropolitan Transit District should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK & KEETER
ACCOUNTANCY CORPORATION

By:

Bakersfield, California
August 18, 2005

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5-13.C4

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006
TO: Board of Directors
FROM: Robyn D. Slater, Human Resources Manager
SUBJECT: CONSIDER APPROVAL OF BUYER RECLASSIFICATION

I. RECOMMENDED ACTION

It is recommended that the Board of Directors approve the reclassification of the Buyer to include a change in title and some modification of duties.

II. SUMMARY OF ISSUES

- The Memorandum of Understanding between the District and SEIU Local 415 allows an employee to request a review of the classification of his/her position. The incumbent in the classification of Buyer requested such a review.
- The classification of a position is based upon the duties regularly assigned. The salary range is established as part of the District's compensation plan and is directly related to the training and experience prerequisites and the responsibilities of the classification. The salary range is not based upon the quality of the work performed by the incumbent. The quality of work is documented through performance evaluations and progression through the six-step salary range.

III. DISCUSSION

There is one incumbent in the Buyer classification. The job responsibilities for the position have changed over time due to changes in the District and the continued work requirements as a result of current and anticipated building construction.

The classification process involves reviewing the duties of the position and the required prerequisites, performing a desk audit, and determining the appropriate salary range for the classification. After reviewing the current job tasks performed by the Buyer I would recommend revising the class specification as attached to better reflect the current job tasks performed by the Buyer and changing the name to Purchasing Agent which is a title used by other agencies.

After comparing the salary range at the District with other transit agencies, Santa Cruz County and City I would also recommend a 15% adjustment to the salary range. There are no other positions that are part of a promotional progression, so no other class specifications would be impacted by this change.

5-15.1

Human Resources has obtained concurrence of the revised class specification and salary from SEIU Local 415.

IV. FINANCIAL CONSIDERATIONS

The incumbent would receive a raise based on the salary range adjustment. The new salary range is attached for review.

V. ATTACHMENTS

- Attachment A:** Purchasing Agent class specification
- Attachment B:** Salary range

5-15.2

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

~~DISTRICT BUYER-PURCHASING AGENT~~ DRAFT

DEFINITION

Under direction, purchases materials, supplies, equipment, and services; prepares and issues requests for proposals and invitations for bids; maintains Disadvantaged Business Enterprise (DBE) records; **supervise assigned personnel**; and performs related duties as assigned.

EXAMPLES OF DUTIES

Drafts Prepares contracts and other documents for purchase of supplies, services, and equipment for review by District counsel, and execution by General Manager; prepares notification of award and distributes contracts.

Consults with departments to prepare bid **regarding bid and proposal** specifications; prepares, and issues requests for proposals and invitations for bids for procurements of equipment, service, and construction projects; writes advertisements to invite bids and proposals; prepares vendor list and distributes bid/proposal packages; coordinates and schedules pre-bid and pre-proposal packages; coordinates and schedules pre-bid and pre-proposals packages; coordinates and schedules pre-bid and pre-proposal conferences; conducts bid opening; participates in bid evaluation; and writes recommendations to the Board for vendor selection.

Reviews purchase requisitions for completeness and conformance with district policies, **State and/or Federal Law**; issues purchase orders for services, materials, supplies and equipment; ~~arranges~~ **negotiates** term with vendors and performs follow up **vendor reviews** to assure receipt of proper quality and quantity of materials.

Meets and corresponds with prospective vendors, manufacturers, service suppliers, and sales representatives for product information; may investigate and resolve problems involving damaged goods, incorrect merchandise or billing **invoicing errors, and unsatisfactory service performance.**

Meets and corresponds with other transit agency procurement officers to develop cooperative procurement contracts for equipment, materials and supplies used by transit agencies.

Evaluates vendor performance and maintains vendor history records; prepares, processes and maintains records, correspondence, documents and reports related to the purchasing function; assists in the development and maintenance of a computerized purchasing system.

Ensures District purchasing activities conform to applicable laws, regulations (including U.S. Department of Transportation regulations), and District policies; assists in the development of District policies and procedures for requisitioning, bidding, warehousing and distributing supplies, materials and equipment.

5-15. 01

Evaluates vendor performance and maintains vendor history records; conducts price and cost analysis, prepares, processes and maintains records correspondence, documents and reports related to the purchasing function; assists in the development and maintenance of a computerized purchasing system.

Drafts reports for the Board of Directors relating to the procurement of professional services, construction, vehicles and equipment as required by the District.

Provides supervision, evaluation, and training to assigned personnel.

Coordinates the notice, sale, and disposal of surplus vehicles and equipment.

~~Develops and Maintains record keeping for identification and assessment~~
purchasing statistics related to DBE vendors and contractors; verifies eligibility of DBE vendors for certification by the DBE Officer; gathers data and prepares DBE periodic reports.; assists in the preparation of DBE periodic reports.

EMPLOYMENT STANDARDS

Knowledge of:

- The principles and practices of centralized purchasing including contract development and negotiations, and competitive bidding.
- The laws, regulations, and procedures applicable to purchasing including federal rules for third party contracting.
- Pricing, products, and services related to the transportation industry and sources of supply.
- The principles and techniques of supervision.
- Methods of conducting product and vendor research.
- Record keeping practices and procedures related to a purchasing function.
- Principles and practices of sound business communication.
- Major computer software (i.e. Microsoft office) systems.

Ability to:

- Review requisitions and prepare product specifications, bids, and agreements.
- Evaluate quotations and bids and make awards consistent with District purchasing policies and requirements.
- ~~Operate a computer, 10-key calculator, and other~~ Operate standard office equipment.
- Perform mathematical calculations including percentages and averages.
- Develop and adapt revise work procedures and record keeping systems; plan and schedule buying activities efficiently.
- Establish and maintain cooperative working relationships with the public, District employees, and others.

S-15.az

Buyer, 05/05

- Communicate effectively orally and in writing to evaluate and transmit information and instructions **as required for this position.**
- Maintain accurate records and reports.
- **Supervise, train, and evaluate personnel.**
- **Analyze technical purchasing problem areas and recommend solutions.**

Training and Experience

Any combination of training and experience equivalent to:

Bachelor's degree from an accredited college in economics, business administration, accounting, marketing, or a related field (experience which demonstrates substantial knowledge and abilities pertinent to specific job functions may be substituted for the required education on a year-for-year basis) AND **one three years** professional experience in performing centralized purchasing functions, including preparation of proposals and bids and review and analysis of bids.

5-15. a3



Reclass, District Buyer 2005

Attachment **B**

AGENCY	LOW	HIGH	LONGEVITY	EXEMPT
Santa Cruz Metro	24.41	31.14	5%@10, 10%@15	no
County of Santa Cruz	24.30	31.17	3%@25	no
City of Santa Cruz	28.66	36.94	2.5%@10, 4.5%@15	no

CHANGE	04/05 range	15% adj	1% adj to 05/06 range
STEP 1	21.23	24.41	24.66
STEP 2	22.28	25.63	25.87
STEP 3	23.41	26.91	27.19
STEP 4	24.57	28.25	28.54
STEP 5	25.83	29.66	30
STEP 6	27.13	31.14	31.51
10yr longevity	28.48	32.7	33.09
15yr longevity	29.84	34.25	34.66



5-15.b1

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006
TO: Board of Directors
FROM: Tom Stickel, Manager of Fleet Maintenance
SUBJECT: CONSIDERATION OF CONTRACT RENEWAL WITH THE LAW OFFICES OF MARIE F. SANG FOR LEGAL SERVICES IN THE AREA OF WORKERS' COMPENSATION

I. RECOMMENDED ACTION

District staff is recommending that the Board of Directors authorize the General Manager to execute an amendment to the contract with the Law Offices of Marie F. Sang for legal services in the area of workers' compensation to extend the term of the contract for one (1) additional year and increase the rate of compensation.

II. SUMMARY OF ISSUES

- The District has a contract (No. 02-13) for legal services in the area of workers' compensation.
- At the option of the District, this contract may be renewed for two (2) additional one-year terms.
- Marie F. Sang has indicated that she is interested in extending the contract one additional year to February 28, 2007.
- It is requested that the Board of Directors authorize the General Manager to execute an amendment to the contract to extend the contract term for one additional year.

III. DISCUSSION

The District's current contract with the Law Offices of Marie F. Sang for legal services in the area of workers' compensation is due to expire on February 28, 2006. Marie F. Sang has provided good service under this contract. An extension of the contract would be favorable to the District. Section 4.01 of the contract allows the District the option to renew the contract for two (2) additional one-year terms. Marie F. Sang has also reviewed the contract and has indicated her desire to extend the contract for one additional year.

District staff is recommending that the Board of Directors authorize the General Manager to execute an amendment to the contract to extend the contract term for one additional year.

5-16.1

IV. FINANCIAL CONSIDERATIONS

Funding for this contract is contained in the District's budget for Worker's Compensation claims. Annual budget for this contract is \$11,500.

V. ATTACHMENTS

Attachment A: Letter from the Law Offices of Marie F. Sang

Attachment B: Contract Amendment

5-16.2

MARIE F. SANG *
CARLA SPENCER

BRUCE E. PITCHLEY *
OF COUNSEL

* Certified Specialist
Workers' Compensation Law
The State Bar of California
Board of Legal Specialization

LAW OFFICES OF
MARIE F. SANG
1875 S WINCHESTER BOULEVARD
SUITE 201
CAMPBELL CA 95008

Telephone (408) 866-7974
Facsimile (408) 866-1797

December 14, 2005

Attention: Lloyd Longnecker
Santa Cruz Metropolitan Transit District
370 Encinal Street, #100
Santa Cruz, CA 95060

**RE: DISTRICT CONTRACT NO. 02-13 FOR LEGAL SERVICES IN THE AREA
OF WORKERS' COMPENSATION**

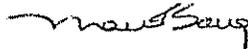
Dr. Mr Longnecker:

This office is in receipt of your November 30, 2005 letter in which you advise that the District proposes a first amendment to District Contract No 02-13, to extend the agreement from March 1, 2006 through February 28, 2007

Please be advised that the undersigned agrees to your proposal to extend the contract for an additional one year period

Thank you for allowing this office to continue representing Santa Cruz Metropolitan Transit District's interests

Very truly yours,


MARIE F SANG

cc: Santa Cruz Metro Transit District- Robyn Slater

ls/semtd ltr

5-16.a1

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
FIRST AMENDMENT TO CONTRACT NO. 02-13
FOR LEGAL SERVICES IN THE AREA OF WORKERS' COMPENSATION**

This First Amendment to Contract No. 02-13 for legal services in the area of workers' compensation is made effective March 1, 2006 between the Santa Cruz Metropolitan Transit District, a political subdivision of the State of California ("District") and LAW OFFICES OF MARIE F. SANG ("Contractor").

I. RECITALS

- 1.1 District and Contractor entered into a Contract for Legal services in the area of workers' compensation ("Contract") on March 1, 2003.
- 1.2 The Contract allows for the extension upon mutual written consent.

Therefore, District and Contractor amend the Contract as follows:

II. TERM

- 2.1 Article 4.01 is amended to include the following language:

This Contract shall continue through February 28, 2007. This Contract may be mutually extended by agreement of both parties.

III. REMAINING TERMS AND CONDITIONS

- 3.1 All other provisions of the Contract that are not affected by this amendment shall remain unchanged and in full force and effect.

IV. AUTHORITY

- 4.1 Each party has full power to enter into and perform this First Amendment to the Contract and the person signing this First Amendment on behalf of each has been properly authorized and empowered to enter into it. Each party further acknowledges that it has read this First Amendment to the Contract, understands it, and agrees to be bound by it.

SIGNATURES ON NEXT PAGE

5-16. b1

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR
LAW OFFICES OF MARIE F. SANG

By _____
Marie F. Sang, Esquire
Owner

Approved as to Form:

Margaret R. Gallagher
District Counsel

5-16.62

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006
TO: Board of Directors
FROM: Tom Stickel, Manager of Fleet Maintenance
SUBJECT: CONSIDERATION OF CONTRACT RENEWAL FOR HAZARDOUS WASTE REMOVAL SERVICES WITH EVERGREEN OIL, INC.

REQUESTED ACTION

I. RECOMMENDED ACTION

District Staff recommends that the Board of Directors authorize the General Manager to enter into a one-year contract extension with Evergreen Oil, Inc. for hazardous waste removal services under the same terms and conditions.

II. SUMMARY OF ISSUES

- The District has a contract with Evergreen Oil, Inc. for hazardous waste disposal.
- At the District's option, this contract may be renewed for four (4) additional one-year terms.
- Evergreen Oil, Inc. has indicated that they are interested in extending the contract term through January 31, 2007 under the same terms and conditions.

III. DISCUSSION

The District currently has a contract with Evergreen Oil, Inc. for hazardous waste disposal. The contract is due to expire on January 31, 2006. Terms of the contract allow the District the option to renew the contract for four (4) additional one-year terms under the same terms and conditions. Evergreen Oil, Inc. has indicated that they are interested in extending the contract for one additional year under the same terms and conditions. District Staff recommends that the Board of Directors authorize the General Manager to enter into a one-year contract extension with Evergreen Oil, Inc. for hazardous waste removal services under the same terms and conditions.

IV. FINANCIAL CONSIDERATIONS

Funds are available in the Facilities Maintenance operating budget for this amendment.

V. ATTACHMENTS

- Attachment A:** Letter from Evergreen Oil, Inc.
Attachment B: Contract Amendment

5-17.1



Evergreen Oil, Inc.

dedicated to the protection of the environment

Attachment **A**

RECEIVED
2005 DEC 15 PM 2:47
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DOT

14 December 2005

Mr Lloyd Longnecker
Santa Cruz Metropolitan Transit District
110 Vernon Street, Suite B
Santa Cruz, California 95060

**Re: Renewal of Contract No. 03-09
Hazardous Waste Removal Services**

Dear Mr. Longnecker:

Evergreen Oil, Inc. has received your letter dated 9 December 2005 indicating interest to extend the above referenced contract for an additional one-year period. Upon review of the original contract, Evergreen respectfully agrees to the extension with no needed changes.

We thank you for this business. Should you have any questions please contact me at 510-795-4400.

Sincerely,
Evergreen Oil, Inc.

Gary B. Colbert
Vice President

Headquarters

2355 Main Street, Suite 230
Irvine, CA 92614

Tel: (949) 757-7770 Fax: (949) 474-9149
Customer Service: (800) 972-5284

Operations - North

6880 Smith Avenue
Newark, CA 94560-4224

Tel: (510) 795-4400
Fax: 510) 796-2559

Website: www.evergreenoil.com

5-17. a1



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
SECOND AMENDMENT TO CONTRACT NO. 03-09
FOR HAZARDOUS WASTE DISPOSAL SERVICES**

This Second Amendment to Contract No. 03-09 for Hazardous Waste Disposal Services is made effective February 1, 2006 between the Santa Cruz Metropolitan Transit District, a political subdivision of the State of California ("District") and EVERGREEN OIL, INC. ("Contractor").

I. RECITALS

- 1.1 District and Contractor entered into a Contract for Hazardous Waste Disposal Services ("Contract") on February 1, 2004.
- 1.2 The Contract allows for the extension upon mutual written consent.

Therefore, District and Contractor amend the Contract as follows:

II. TERM

- 2.1 Article 3.02 is amended to include the following language:

This Contract shall continue through January 31, 2007. This Contract may be mutually extended by agreement of both parties.

III. REMAINING TERMS AND CONDITIONS

- 3.1 All other provisions of the Contract that are not affected by this amendment shall remain unchanged and in full force and effect.

IV. AUTHORITY

- 4.1 Each party has full power to enter into and perform this Second Amendment to the Contract and the person signing this Second Amendment on behalf of each has been properly authorized and empowered to enter into it. Each party further acknowledges that it has read this Second Amendment to the Contract, understands it, and agrees to be bound by it.

SIGNATURES ON NEXT PAGE

5-17. b1

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR
EVERGREEN OIL, INC.

By _____
Gary B. Colbert
Vice President

Approved as to Form:

Margaret R. Gallagher
District Counsel

S-17. b2 2

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006
TO: Board of Directors
FROM: Tom Stickel, Manager of Fleet Maintenance
SUBJECT: CONSIDERATION OF CONTRACT RENEWAL WITH CRUZ CAR WASH FOR PARACRUZ VEHICLE WASHING SERVICES

I. RECOMMENDED ACTION

District staff is recommending that the Board of Directors authorize the General Manager to execute an amendment to the contract with Cruz Car Wash for ParaCruz vehicle washing services to extend the term of the contract for one (1) additional year and increase the rate of compensation.

II. SUMMARY OF ISSUES

- The District has a contract (No. 360) for ParaCruz vehicle washing services.
- At the option of the District, this contract may be renewed for four (4) additional one-year terms.
- Cruz Car Wash has indicated that they are interested in extending the contract one additional year to February 28, 2007.
- It is requested that the Board of Directors authorize the General Manager to execute an amendment to the contract to extend the contract term for one additional year with an increase in compensation equal to the annual percentage change in the consumer price index for the San Francisco-Oakland-San Jose area.

III. DISCUSSION

The District's current contract with Cruz Car Wash for ParaCruz vehicle washing services is due to expire on February 28, 2006. Cruz Car Wash has provided good service under this contract. An extension of the contract would be favorable to the District. Section 4.01 of the contract allows the District the option to renew the contract for four (4) additional one-year terms. Cruz Car Wash has also reviewed the contract and has indicated their desire to extend the contract for one additional year with an increase in compensation equal to the annual percentage change in the consumer price index for the San Francisco-Oakland-San Jose area.

District staff is recommending that the Board of Directors authorize the General Manager to execute an amendment to the contract to extend the contract term for one additional year and allow an increase in the rate of compensation equal to the annual percentage change in the consumer price index for the San Francisco-Oakland-San Jose area.

5-18.1

IV. FINANCIAL CONSIDERATIONS

Funding for this contract is contained in the operating budget for ParaCruz.

V. ATTACHMENTS

Attachment A: Letter from Cruz Car Wash

Attachment B: Contract Amendment

5-18.2



Full Service Car Wash & Gas
Express Detail Service

Wednesday, December 21, 2005

Lloyd Longnecker
Santa Cruz Metropolitan Transit District
110 Vernon Street, Suite B
Santa Cruz, CA 95060

Dear Lloyd,

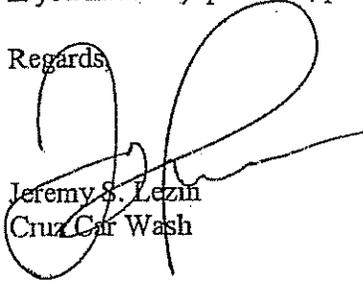
Re: District Contract No. 04-10 for washing of ParaCruz vehicles.

We are pleased to extend our contract for an additional one-year period. Please be advised that we will adjust our prices to the forthcoming Consumer Price Index (SF/Oakland area) when it becomes available, possibly late January of 2006.

Also, please be advised that we will be closed for renovations from January 3rd through January 13th. We are installing a new wash tunnel during this period and it is our goal to re-open on the weekend of January 14th. Thank you in advance for conveying this to those at ParaCruz that need this information.

If you have any questions, please don't hesitate to call

Regards,


Jeremy S. Lezin
Cruz Car Wash

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
FIRST AMENDMENT TO CONTRACT NO. 360
FOR PARACRUZ VEHICLE WASHING SERVICES**

This First Amendment to Contract No. 360 for ParaCruz vehicle washing services is made effective March 1, 2006 between the Santa Cruz Metropolitan Transit District, a political subdivision of the State of California ("District") and CRUZ CAR WASH ("Contractor").

I. RECITALS

- 1.1 District and Contractor entered into a Contract for ParaCruz vehicle washing services ("Contract") on March 1, 2005.
- 1.2 The Contract allows for the extension upon mutual written consent.

Therefore, District and Contractor amend the Contract as follows:

II. TERM

- 2.1 Article 4.01 is amended to include the following language:

This Contract shall continue through February 28, 2007. This Contract may be mutually extended by agreement of both parties.

III. COMPENSATION

- 3.1 Article 5.01 is amended to include the following language:

Effective March 1, 2006, the rate for vehicle washing services will be increased by the annual percentage change in the consumers priced index for the San Francisco-Oakland-San Jose area.

IV. REMAINING TERMS AND CONDITIONS

- 4.1 All other provisions of the Contract that are not affected by this amendment shall remain unchanged and in full force and effect.

SIGNATURES ON NEXT PAGE

5-18.61

V. AUTHORITY

5.1 Each party has full power to enter into and perform this First Amendment to the Contract and the person signing this First Amendment on behalf of each has been properly authorized and empowered to enter into it. Each party further acknowledges that it has read this First Amendment to the Contract, understands it, and agrees to be bound by it.

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR
CRUZ CAR WASH

By _____
Jeremy S. Lezin
President

Approved as to Form:

Margaret R. Gallagher
District Counsel

5-18.62 2

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006
TO: Board of Directors
FROM: Tom Stickel, Manager of Fleet Maintenance
SUBJECT: CONSIDERATION OF CONTRACT RENEWAL WITH STEVE'S UNION SERVICE FOR PARACRUZ VEHICLE FUELING SERVICES

I. RECOMMENDED ACTION

District staff is recommending that the Board of Directors authorize the General Manager to execute an amendment to the contract with Steve's Union Service for ParaCruz vehicle fueling services to extend the term of the contract for one (1) additional year.

II. SUMMARY OF ISSUES

- The District has a contract (No. 361) for ParaCruz vehicle fueling services.
- At the option of the District, this contract may be renewed for four (4) additional one-year terms.
- Steve's Union Service has indicated that they are interested in extending the contract one additional year to February 28, 2007.
- It is requested that the Board of Directors authorize the General Manager to execute an amendment to the contract to extend the contract term for one additional year.

III. DISCUSSION

The District's current contract with Steve's Union Service for ParaCruz vehicle fueling services is due to expire on February 28, 2006. Steve's Union Service has provided good service under this contract. An extension of the contract would be favorable to the District. Section 4.01 of the contract allows the District the option to renew the contract for four (4) additional one-year terms. Steve's Union Service has also reviewed the contract and desires a one-year extension of the contract.

District staff is recommending that the Board of Directors authorize the General Manager to execute an amendment to the contract to extend the contract term for one additional year.

IV. FINANCIAL CONSIDERATIONS

Funding for this contract is contained in the operating budget for ParaCruz.

5-19.1

V. ATTACHMENTS

Attachment A: Letter from Steve's Union Service

Attachment B: Contract Amendment

5-19.2

Attachment A

STEVE'S UNION SERVICE
1500 SOQUEL DR
SANTA CRUZ, CA 95065
(831) 476-3857

December 21, 2005

MR. LLOYD LONGNECKER
SANTA CRUZ METRO TRANSIT DISTRICT

RE: District contract # 04-10 for fueling Para Cruz vehicles.

Dear Lloyd,

I am in agreement to extend the contract for the new term for an additional one year period.

Thank You

A handwritten signature in black ink, appearing to read 'Steve Oneto', with a long horizontal line extending to the right.

Steve Oneto

5-19.91

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
FIRST AMENDMENT TO CONTRACT NO. 361
FOR PARACRUZ VEHICLE FUELING SERVICES**

This First Amendment to Contract No. 361 for ParaCruz vehicle fueling services is made effective March 1, 2006 between the Santa Cruz Metropolitan Transit District, a political subdivision of the State of California ("District") and STEVE'S UNION SERVICE ("Contractor").

I. RECITALS

1.1 District and Contractor entered into a Contract for ParaCruz vehicle fueling services ("Contract") on March 1, 2005.

1.2 The Contract allows for the extension upon mutual written consent.

Therefore, District and Contractor amend the Contract as follows:

II. TERM

2.1 Article 4.01 is amended to include the following language:

This Contract shall continue through February 28, 2007. This Contract may be mutually extended by agreement of both parties.

III. REMAINING TERMS AND CONDITIONS

3.1 All other provisions of the Contract that are not affected by this amendment shall remain unchanged and in full force and effect.

IV. AUTHORITY

4.1 Each party has full power to enter into and perform this First Amendment to the Contract and the person signing this First Amendment on behalf of each has been properly authorized and empowered to enter into it. Each party further acknowledges that it has read this First Amendment to the Contract, understands it, and agrees to be bound by it.

SIGNATURES ON NEXT PAGE

S-19.61 1

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR
STEVE'S UNION SERVICE

By _____
Steve Oneto
President

Approved as to Form:

Margaret R. Gallagher
District Counsel

5-19.62₂

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006
TO: Board of Directors
FROM: Tom Stickel, Manager of Fleet Maintenance
SUBJECT: CONSIDER AMENDING CONTRACT WITH BROWN ARMSTRONG
PAULDEN MCCOWN STARBUCK & KEETER ACCOUNTANCY
CORPORATION FOR FINANCIAL AUDIT AND TAX SERVICES

I. RECOMMENDED ACTION

District staff is recommending that the Board of Directors authorize the General Manager to execute an amendment to the contract with Brown Armstrong Paulden McCown Starbuck & Keeter Accountancy Corporation for financial audit and tax services to extend the term of the contract for one (1) additional year.

II. SUMMARY OF ISSUES

- The District has a contract with Brown Armstrong Paulden McCown Starbuck & Keeter Accountancy Corporation for financial audit and tax services.
- At the option of the District, this contract may be renewed for two (2) additional one-year terms under the same terms and conditions.
- District staff recommends that the Board of Directors authorize the General Manager to execute an amendment to the contract with Brown Armstrong Paulden McCown Starbuck & Keeter Accountancy Corporation for financial audit and tax services to extend the contract one (1) additional year.

III. DISCUSSION

The District's current contract with Brown Armstrong Paulden McCown Starbuck & Keeter Accountancy Corporation (Contractor) for financial audit and tax services is due to expire on February 28, 2006. Contractor has provided good service under this contract. An extension of the contract would be advantageous to the District. Section 4.01 of the contract allows the District the option to renew the contract under the same terms and conditions for two (2) additional one-year terms. On the Contractor's original proposal, pricing for the first and second option years was provided. Contractor had proposed the same rate for all three years. It is recommended that the Board of Directors authorize the General Manager to execute an amendment to the contract with Brown Armstrong Paulden McCown Starbuck & Keeter Accountancy Corporation to extend the contract one (1) additional year.

5-20.1

IV. FINANCIAL CONSIDERATIONS

Funds are available in the Finance department's budget for this amendment.

V. ATTACHMENTS

Attachment A: Contract Amendment

S-20.2

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
SECOND AMENDMENT TO PROFESSIONAL SERVICES CONTRACT FOR
FINANCIAL AUDIT AND TAX SERVICES (03-11)**

This Second Amendment to Professional Services Contract for Financial Audit and Tax Services is made effective March 1, 2006 between the Santa Cruz Metropolitan Transit District, a political subdivision of the State of California ("District") and BROWN ARMSTRONG PAULDEN MCCOWN STARBUCK & KEETER ACCOUNTANCY CORPORATION ("Contractor").

I. RECITALS

- 1.1 District and Contractor entered into a Contract for Financial Audit and Tax Services ("Contract") on March 1, 2004.
- 1.2 The purpose of this Second Amendment is to renew the one-year term and extend the agreement for a one-year period, pursuant to the provisions of paragraph 4 of the Contract, which allows for two additional one-year terms upon mutual written consent. This fully executed Amendment constitutes mutual written consent.

Therefore, District and Contractor amend the Contract as follows:

II. SPECIFICATION CHANGES

- 2.1 Paragraph 4.01 is amended to read as follows:

The term of this contract will be extended through February 28, 2007.

III. COMPENSATION

- 3.1 District agrees to compensate Contractor for Financial Audit and Tax Services at the rates quoted for the second option year as provided in Contractor's original proposal:

District Financial Audit Services, Second Option Year: \$37,450.00

Preparation of Federal and State Tax Returns for Santa Cruz Civic Improvement Project,
Second Option Year: \$250.00

IV. REMAINING TERMS AND CONDITIONS

- 4.1 All other provisions of the Contract that are not affected by this amendment shall remain unchanged and in full force and effect.

SIGNATURES ON NEXT PAGE

V. AUTHORITY

5.1 Each party has full power to enter into and perform this Second Amendment to the Contract and the person signing this Second Amendment on behalf of each has been properly authorized and empowered to enter into it. Each party further acknowledges that it has read this Second Amendment to the Contract, understands it, and agrees to be bound by it.

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR
BROWN ARMSTRONG PAULDEN MCCOWN STARBUCK & KEETER ACCOUNTANCY
CORPORATION

By _____
Steven R. Starbuck

Approved as to Form:

Margaret R. Gallagher
District Counsel

5-20.02₂

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006
TO: Board of Directors
FROM: Margaret Gallagher, District Counsel
SUBJECT: CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A LEASE ASSIGNMENT TRANSFERRING THE CURRENT RESTAURANT LEASE AT THE WATSONVILLE TRANSIT CENTER TO THE NEW OWNERS

I. RECOMMENDED ACTION

Authorize the General Manager to execute an Assignment of the Lease Agreement to the new owners while retaining all former tenants as obligors on the lease.

II. SUMMARY OF ISSUES

- The Board of Directors authorized a five-year Lease Agreement between Santa Cruz METRO and Mr. Gharahgozloo and Ms. Hsu for the restaurant space at the Watsonville Transit Center, which became effective September 1, 2003. They operated an Asian food restaurant until September 1, 2005, dba Jessica's China Express.
- On August 26, 2005 the Board of Directors approved a lease assignment of Jessica's China Express Lease to the new tenants, Feng Ju Gao and Chun Yin, dba China Wok Express.
- The new tenants have had difficulty since they began operation of the new business. They stated that one of the reasons the business struggled was due to the bus strike. They also live in San Jose and find the commute difficult.
- Feng Ju Gao and Chun Yin have requested METRO's authorization to assign the current lease to Po Zhao and Michelle Ngo, dba China Station Express.

III. DISCUSSION

Mr. Gharahgozloo and Ms. Hsu entered into a Lease Agreement for the Watsonville Transit Center main terminal restaurant space in July 2003 for a new Asian restaurant. The lease agreement included approximately 811 square feet of restaurant space in the terminal building and kiosk #8, approximately 220 square feet of space used for storage purposes. After remodeling, their Lease began on September 1, 2003 and included a five-year initial term with an option for an additional 5-year extension period.

On August 26, 2005, the Board of Directors approved the request of Mr. Gharahgozloo and Ms. Hsu to assign their lease to Feng Ju Gao and Chun Yin. The new owners opened a new

restaurant, selling Chinese and American food, dba China Wok Express. The new Lease began on September 1, 2005.

Although both tenants were working as cooks at separate Chinese food restaurants and both claimed to have extensive restaurant experience, they had a difficult time succeeding in the business. They claim that the bus strike affected the restaurant's income greatly, and they could not recover from the loss. Additionally, they live in San Jose and find the commute difficult.

Feng Ju Gao and Chun Yin have requested authority from METRO to assign their current Lease, to Po Zhao and Michelle Ngo, dba China Station Express.

The Finance Manager, Elisabeth Ross, reviewed the financial information of the prospective new tenants and believes that they are an acceptable risk particularly given that they currently have a steady income.

Attached is a draft Lease Assignment, which if executed, will obligate the current tenants to the Lease Agreement, as well as the previous tenants, in the event that the new tenants default on any part of the Agreement.

IV. FINANCIAL CONSIDERATIONS

Rent for the space is currently \$1,352.52 per month, or \$16,230.24 annually.

V. ATTACHMENTS

Attachment A: Draft Lease Assignment

S-21.2

**ASSIGNMENT OF THE
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT –
WATSONVILLE TRANSIT CENTER LEASE
DATED SEPTEMBER 1, 2003**

THIS IS AN ASSIGNMENT of lease by and among Santa Cruz Metropolitan Transit District ("**Landlord**"), Ali Gharahgozloo and Jessica Hsu, ("**Tenants**"), Feng Ju Gao and Chun Yin, ("**Tenants**") and Po Zhao and Michelle Ngo ("**Assignees**").

For good consideration, it is agreed by and among the parties that:

1. The Tenants hereby assign, transfer and deliver to the Assignees all of the Tenants' rights in and to a certain lease between the Tenants and the Landlord for certain premises which consist generally of approximately 811 Square feet of restaurant space in the terminal building and Kiosk #8, a 220 square foot kiosk, including one roll up door located at 475 Rodriguez Street, Watsonville, California under a lease dated September 1, 2003, as amended (the "**Lease**"). A copy of the Lease and applicable amendments are attached hereto as Exhibit A and made a part hereof by reference.
2. The Assignees agree to accept the said Lease, to pay all rents and punctually perform all of the Tenants' obligations under the said Lease accruing on and after the date of delivery of possession to the Assignees as contained herein. The Assignees further agree to indemnify and save harmless the Tenants from any breach of the Assignees' obligations hereunder.
3. The parties acknowledge that the Tenants shall deliver possession of the leased premises to the Assignees on or after January 27, 2006, and that time is of the essence. All rents and other charges accrued under the Lease prior to said date shall be fully paid by the Tenants, and thereafter by the Assignees.
4. Furthermore, Assignees shall reimburse Tenants for the amount of the Security Deposit upon signing this Agreement. If Assignees do not fulfill any of its obligations under the Lease, Landlord may apply the Security Deposit on account of such obligation or to reimburse Landlord for any sum that Landlord may expend due to Tenants' or Assignees' default. If Landlord applies any part of the Security Deposit, Assignees (and Tenants upon failure of Assignees), immediately after notice from Landlord, shall deposit with Landlord the amount so applied so that Landlord shall have the full Security Deposit available at all times during the term of the lease.
5. The Landlord hereby consents to the assignment of lease, provided that:
 - a) Consent to the assignment shall not discharge the Tenants of its obligations under the Lease in the event of the breach of same by the Assignees.

b) In the event of breach by the Assignees, the Landlord shall provide the Tenants with written notice of same and the Tenants shall have full rights to commence all actions to recover possession of the leased premises (in the name of Landlord, if necessary) and retain all rights for the duration of the said Lease provided it shall pay all accrued rents and cure any other default.

c) There shall be no further assignment of lease without the prior written consent of Landlord.

6. This agreement shall be binding upon and inure to the benefit of the parties, their successors, assigns and personal representatives.

Signed this __th day of January 2006.

<p>SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (LANDLORD)</p> <hr/> <p>Leslie R. White General Manager</p>	<p>DBA JESSICA'S CHINA EXPRESS (TENANTS)</p> <hr/> <p>Jessica Hsu, Owner</p> <hr/> <p>Ali Gharahgozloo, Owner</p>
<p>DBA CHINA WOK EXPRESS (TENANTS)</p> <hr/> <p>Feng Ju Gao, Owner</p> <hr/> <p>Chun Yin, Owner</p>	<p>DBA CHINA STATION EXPRESS (ASSIGNEES)</p> <hr/> <p>Po Zhao, Owner</p> <hr/> <p>Michelle Ngo, Owner</p>

5-21.02

EXHIBIT A

LEASE

5-21.03

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

STAFF REPORT

DATE: January 13, 2006
TO: Board of Directors
FROM: Margaret Gallagher, District Counsel
SUBJECT: CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN INDEMNITY AGREEMENT IN FAVOR OF THE CITY OF SANTA CRUZ REGARDING THE GARBAGE EQUIPMENT METRO RENTS FOR ITS FACILITIES

ACTION REQUESTED AT THE JANUARY 13, 2006 MEETING

I. RECOMMENDED ACTION

Authorize the General Manager to execute an Indemnity Agreement in favor of the City of Santa Cruz regarding garbage equipment METRO rents for each of its facilities.

II. SUMMARY OF ISSUES

- METRO rents equipment from the City of Santa Cruz for its Fleet Maintenance facilities located at 111 Dubois and 120 Golf Club Drive, its Administration offices located at 370 Encinal, its Operations facility located 1200 River Street and its transit center facility located at 920 Pacific Avenue.
- The City of Santa Cruz has requested that its customers sign an Indemnity Agreement in connection with the use of its garbage equipment that each customer rents from the City.

III. DISCUSSION

Each of METRO's facilities located at 111 Dubois, 120 Golf Club Drive, 370 Encinal Street, 1200 River Street and 920 Pacific Avenue uses garbage dumpsters through an arrangement with the City of Santa Cruz. The City provides one trash dumpster and one recycling dumpster to each of these sites. On a regular basis the City through its personnel, picks up the accumulated trash and recyclables.

Tom Stickel, the Manager of Fleet Maintenance received the attached letter (Attachment A) from Janie Schuyler, Customer Service Manager of the City of Santa Cruz. Ms. Schuyler reports that due to rising liability costs associated with rented dumpsters under the control of the City's customers, the City is now requiring that its customers sign the attached Indemnity Agreement (Attachment B) as a condition for continued dumpster service. METRO staff will be consulting with the City regarding the specific terms of the proposed Agreement. Of course, the difficulty

with any proposed modifications of the Agreement is that there are no other providers for this service.

IV. FINANCIAL CONSIDERATIONS

Unknown

V. ATTACHMENTS

Attachment A: Letter from City of Santa Cruz

Attachment B: Indemnity Agreement

5-22.2



Attachment A

809 Center Street, Room 101, Santa Cruz, CA 95060 • (831) 420-5220 • Fax (831) 420-5221

December 22, 2005

S C MTD
370 ENCINAL ST STE 100
SANTA CRUZ CA 95060-2173

Customer Number: 027-2080-19
Container Size: 6-YARD
Service Address: 1200 RIVER ST

Dear Municipal Utilities Customer:

Due to rising liability costs associated with rented dumpsters under the control of our customers, we are now requiring that our customers sign the attached indemnity agreement as a condition for continued dumpster service.

Please sign the attached agreement and return it in the enclosed envelope by January 17, 2006, to ensure continuity of service.

Thank you for your cooperation.

Sincerely,

Janie Schuyler
Customer Service Manager

Encl

5-22.01



Attachment **B**

INDEMNITY AGREEMENT

I hereby agree to indemnify, defend and hold the City of Santa Cruz, its agents and employees harmless from any claims for damage, death or personal injury which may result from the dumpster's use, movement or placement during the course of its rental through this account with the City of Santa Cruz. This agreement does not extend to liability arising from the negligence or intentional misconduct of City staff.

Name of account holder: _____

Signature of account holder: _____

Date: _____

SCMU account number: _____ Dumpster size: _____



5-22.61

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006

TO: Board of Directors

FROM: Margaret Gallagher, District Counsel

SUBJECT: CONSIDER AUTHORIZING THE GENERAL MANAGER TO EXECUTE A NEW LEASE AGREEMENT WITH WALID AND WINONA SUB LABAN, DBA METROPOLITAN MARKET FOR THE RETAIL MARKET AND OFFICE SPACES, AT PACIFIC STATION

I. RECOMMENDED ACTION

Authorize the General Manager to execute a New Lease Agreement with Walid and Winona Sub Laban, dba Metropolitan Market, for the retail market and office spaces available on February 1, 2006 at Pacific Station.

II. SUMMARY OF ISSUES

- Bob Tott, dba Metropolitan Market, leased retail market and office spaces beginning August 1, 1997 at the Santa Cruz Metro Center until February 1, 2004.
- Mr. Tott sold his business to Walid and Winona Sub Laban in February of 2004 and the Sub Labans have been the tenants since that time and still are the current tenants, whose lease terminates on 1/31/06.
- The Legal Department prepared a Request for Proposal for the Pacific Station spaces, currently being leased for a market and office, with a deadline of January 17, 2006 for responsive proposals.
- The Purchasing Department advertised the space in two local newspapers during the bidding period, December 15, 2005 through January 17, 2006.
- The Sub Labans submitted a complete responsive proposal for a new 5-year lease agreement for the retail spaces they currently lease at Pacific Station, with an option to extend for an additional five years, under the same terms and conditions.
- No other proposals were received during the bidding period.

III. DISCUSSION

Bob Tott, d/b/a Metropolitan Market began leasing market and office space for his business at the Santa Cruz Metro Center beginning on February 1, 1997. His lease had a five (5) year term, with two consecutive options to extend the term, each option for an additional two (2) year period.

5-24.1

On February 1, 2004, Mr. Tott sold his business, Metropolitan Market to Walid and Winona Sub Laban. The Sub Labans were assigned Mr. Tott's leases at that time for the Market and Office Spaces. The current leases, however, terminate on 1/31/06, with no options left for extension.

A Request for Proposals (RFP) was prepared by the Legal Department and advertised in both the Sentinel and the Pajaronian newspapers by the Purchasing Department for the retail spaces currently available at Pacific Station. The only proposal received during the bidding period was the proposal from the Sub Labans, who wish to enter into a new Lease Agreement with Santa Cruz METRO for the market and office spaces. The recent RFP combined both the spaces for market and office to be included in one Lease Agreement, rather than two separate leases.

The Sub Labans have been successfully running and operating the Metropolitan Market at Pacific Station for the last two years. They have always been timely with their rent and have been very cooperative tenants with whom METRO has been doing business.

IV. FINANCIAL CONSIDERATIONS

Rent for the Market space is currently \$2198.01 per month with annual CPI adjustments. Rent for the Office space is currently \$239.34 per month with annual CPI adjustments. The current rent for the new Lease for both spaces will be \$2,437.35 with annual CPI adjustments.

V. ATTACHMENTS

Attachment A: **Draft Lease Agreement**

5-24.2

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
METRO CENTER LEASE AGREEMENT

THIS LEASE is made on February 1, 2006, between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("Landlord"), whose address is 370 Encinal Street, Suite 100, Santa Cruz, California, 95060, and WALID AND WINONA SUB LABAN, ("Tenant"), whose address is 920 Pacific Avenue, Suite A, Santa Cruz, California 95060, who agree as follows:

RECITALS

This lease is made with reference to the following facts and objectives:

1. Landlord is the owner of certain real property commonly known as Pacific Station (hereinafter "Center") described in Exhibit "A." Said real property includes, without limitation, "Premises" which consists generally of 440 square feet of the interior space (Suite A) in the building commonly known as Pacific Station, and 240 square feet of floor area located on the second floor of Pacific Station, Space E, #24, 920 Pacific Avenue, Santa Cruz, CA.
2. Tenant is willing to lease the Premises from Landlord pursuant to the provisions stated in this lease.
3. Tenant wishes to lease the 440 square feet of interior space of the Premises described below for the purposes of operating, generally: **a convenience store selling prepackaged food, groceries and miscellaneous sundry items.**

Tenant wishes to lease the 240 square feet of floor area located on the second floor of premises described below for general office use and for storage of Metro Market supplies and non-perishable groceries.

4. Tenant has examined the Premises and is fully informed of their condition.

ARTICLE 1: PREMISES

1.1 General

Landlord leases to Tenant and Tenant leases from Landlord the real property located in the City of Santa Cruz, County of Santa Cruz, State of California, outlined in red in Exhibit A in Pacific Station, 920 Pacific Avenue, Suite C, Santa Cruz, CA 95060 ("Premises").

1.2 Airspace Rights

This lease confers no rights either with regard to the subsurface of the land in which the

5-24.91

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
METRO CENTER LEASE AGREEMENT**

Premises are located or with regard to airspace above the ceiling in which the Premises are located.

ARTICLE 2: TERM

2.1 Fixed Term

The term shall commence on February 1, 2006 and shall expire on January 31, 2011, unless sooner terminated in accordance with the provisions herein.

2.2 Inability to Deliver Possession

Landlord has delivered possession of the premises to Tenant and tenant by his acceptance of the premises warrants that the premises are in good condition and meet Tenant's business needs.

2.3 Option to Extend Term

Tenant shall have one (1) option to extend the term of its lease for an additional five (5) year period under the same terms and conditions specified herein provided Landlord receives written notification from Tenant exercising said option not later than one hundred eighty (180) days prior to the expiration of the initial five (5) year term. Tenant shall have no other right to extend the term beyond the options to extend term as described herein.

2.4 Tenant's Notice and Default

- a. If Tenant fails to give Landlord an option notice at least six (6) months but not more than one (1) year before the expiration of the term, Tenant's rights under this Article 2 shall be deemed to have been waived, and Landlord shall be free (without any further obligation to Tenant) to lease premises to anyone upon the same or any other terms and conditions and without any further obligation to Tenant, whether or not the terms and conditions of such lease are more or less favorable than those offered to Tenant.
- b. Tenant's extended term options shall be suspended during any period in which Tenant is in default under any provision of this Lease until said default has been cured. If Tenant fails to exercise its extension option in any instance when such rights may arise, in writing, prior to the expiration of the applicable time period for the exercise of such rights, Tenant's rights to the extension shall thereafter be deemed null and void and of no further force or effect. The period of time within which the extension option may be exercised shall not be extended or enlarged by reason of Tenant's inability to exercise such rights because of the foregoing

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
METRO CENTER LEASE AGREEMENT**

provisions. All rights of Tenant to the extension option shall terminate and be of no further force or effect even after Tenant's due and timely exercise thereof, if, after such exercise, but prior to the commencement date of the term of the extension option: (1) Tenant fails to pay to Landlord a monetary obligation of Tenant for a period of ten (10) days after such obligation becomes due (without any necessity of Landlord to give notice thereof to Tenant); (2) Tenant fails to cure a material non-monetary default within thirty (30) days after Landlord gives written notice to Tenant of such default; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, the Tenant shall not be in default if it begins such cure within the thirty (30) day period described above and, thereafter, diligently prosecutes such cure to completion; or (3) Landlord gives to Tenant three (3) or more notices of default (and Tenant was in fact in default in such instances), whether or not such defaults are ultimately cured. Landlord's waiver of its right to terminate this Lease due to Tenant's default in any instance shall not be deemed a waiver of the foregoing conditions precedent and conditions subsequent to the exercise of the extension option.

2.5 Extension Option Not Separately Assignable

The extension options shall not be assignable separate and apart from this Lease.

ARTICLE 3: RENT

3.1 Minimum Monthly Rent

Tenant shall pay to Landlord as minimum monthly rent, without deduction, setoff, prior notice, or demand, the sum of Two thousand, four hundred thirty-seven dollars and thirty-five cents (\$2,437.35), which is subject to adjustment as provided in Section 3.2, per month in advance on the first day of each month commencing on February 1, 2006. Minimum monthly rent for the first month or portion thereof shall be paid on the day that Tenant's obligation to pay minimum monthly rent commences. Minimum monthly rent for any partial month shall be prorated at the rate of 1/30th of the minimum monthly rent per day.

3.2 Periodic Cost-of-Living Adjustment

- a. The minimum monthly rent provided for in Section 3.1 shall be subject to adjustment at the commencement of the second year of the term and each year thereafter (the "adjustment date"), including, without limitation, at the commencement of, and for the duration of any extended term, if any, made in accordance with Article 2 herein, as follows:

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1. The base for computing the adjustment is the Consumer price Index for All Urban Consumers (base year 1982-84 = 100) for San Francisco-Oakland-San Jose published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), which is in effect on the date of the commencement of the term ("Beginning Index") is to be used in determining the amount of the adjustment. If the Index has increased over the Beginning Index, the minimum monthly rent for the following year (until the next rent adjustment) shall be set by multiplying the minimum monthly rent set forth in Section 3.1 by a fraction, the numerator of which is the Current Index and the denominator of which is the Beginning Index. In no case shall the minimum monthly rent be less than a 2.5% increase over the current minimum monthly rent set forth in Section 3.1 and an increase shall be no greater than 4% of the current minimum monthly rent as provided in 3.1. On adjustment METRO will notify tenant in writing of the minimum monthly rent as provided in this lease, stating the new minimum monthly rent.

2. If the Index changes so that the base year differs from that in effect when the term commences, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Statistics. If the Index is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result s would be obtained if the index had not been discontinued or revised.

3.3 Refund of Prepaid and Unearned Minimum Monthly Rent

If this lease terminates before the expiration date for reasons other than the Tenant's default, minimum monthly rent shall be prorated to the date of termination, and Landlord shall immediately repay to Tenant all minimum monthly rent then prepaid and unearned.

3.4 Due Dates and Delinquent Dates for Rent Payments

- a. Amounts due Landlord for minimum monthly rent (Section 3.1), late rent charges (Section 3.5), "increase in insurance due to use" (Section 5.2.1), "fire and other perils insurance" (Section 10.3), and other rent for which specific payment dates or periods are identified in this lease, are due and payable, without deduction, setoff, prior notice or demand, on the dates indicated herein, and are delinquent on the second business day thereafter. All rent payments for which no specific due dates are specified in this lease, including, without limitation, additional rent (Section 3.6), security deposit (Article 4), maintenance (Article 6), Utilities and Services (Article 9) and insurance (Article 10), are due and payable

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upon receipt of Landlord's invoice, and are delinquent eight (8) calendar days thereafter, if served personally, or ten (10) calendar days after the date of postmark, if sent by prepaid, first-class mail.

- b. A "business day" for purposes of this Article is any day on which the administrative office of the Santa Cruz Metropolitan Transit District is open for regular business.

3.5 Late Rent Charges

Rent not paid when due shall bear interest from the first day after it is due until paid at the rate of 10 per cent per annum. Tenant acknowledges that late payment by Tenant to Landlord of any rent shall cause Landlord to incur costs not contemplated by this lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges. Therefore, if any amount of rent due from Tenant is not received by Landlord when due, for any cause, Tenant shall pay to Landlord an additional sum of ten percent (10%) of the overdue rent as a late charge, in addition to the interest charge specified above. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of late payment by Tenant. Acceptance of any late charge shall not constitute a waiver of Tenant's default with respect to the overdue amount, or prevent Landlord from exercising any of the rights and remedies available to Landlord.

3.6 Taxes Paid by Tenant; Additional Rent

Tenant agrees to pay before delinquency all taxes, assessments, license fees, and other charges which at any time may be levied by the State of California, County of Santa Cruz, City of Santa Cruz (including, without limitation any promotional tax due), or any other tax or assessment, levied upon any interest in this lease or any possessory right which Tenant may have in or to be the Premises covered hereby or to the improvements thereon by reason of its ownership, use, or occupancy thereof or otherwise, as well as all taxes, assessments, fees, and charges on commodities, goods, merchandise, foods, beverages, fixtures, appliances, equipment and property owned by it in, on, or about said Premises. On demand by Landlord, Tenant shall furnish Landlord with satisfactory evidence of these payments. Amounts paid through Landlord for any aforementioned expense (including, without limitation, promotional tax) shall be considered additional rent for purposes of this lease.

If this Lease expires prior to the determination of the amount of such taxes and assessments for the last year in which the Lease expiration occurs, Tenant shall nevertheless promptly pay such percentage following notice from Landlord appropriately prorated for the portion of the Lease term that falls within such last year.

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3.7 Payment for Permits

Tenant shall be solely responsible to obtain and pay for use permits, necessary design review permits and building permits for any approved Tenant improvements.

3.8 Negation of Partnership

Landlord shall not become or be deemed a partner or a joint-venturer with Tenant by reason of the provisions of this lease.

3.9 Payment of Rent

All rent shall be paid in United States currency and shall be paid to Landlord at the address below.

Santa Cruz Metropolitan Transit District
370 Encinal Street, Suite 100
Santa Cruz, CA 95060
ATTN: Finance Department

ARTICLE 4: SECURITY DEPOSIT

Tenant has deposited with Landlord \$1,650.00 as a security deposit for the performance by Tenant of the provisions of this lease. If Tenant is in default, Landlord can use the security deposit, or any portion of it, to cure the default or to compensate Landlord for all damages sustained by Landlord resulting from Tenant's default including reasonable attorney's fees. Tenant shall within 10 days on demand pay to Landlord a sum equal to the portion of the security deposit expended or applied by Landlord as provided in this Article so as to maintain the security deposit in the sum initially deposited with Landlord. Tenant's failure to do so shall be a material default under this Lease. If Tenant is not in default at the expiration or termination of this lease, Landlord shall return the security deposit to Tenant within thirty (30) days. Landlord's obligations with respect to the security deposit are those of a debtor and not a trustee. Landlord can maintain the security deposit separate and apart from Landlord's general funds or can commingle the security deposit with Landlord's general and other funds. Landlord shall not be required to pay Tenant interest on the security deposit.

ARTICLE 5: USE; LIMITATIONS ON USE

5.1 Use

1. Premises shall be used for a convenience store selling prepackaged food, groceries and miscellaneous sundry items and for office space and storage of non-

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perishable grocery store items, as more particularly set forth herein, and for no other use without Landlord's written consent. Said use (including, without limitation, limitations on use) is further described in Exhibit C attached hereto and made a part hereof.

- b. No other business shall be conducted on the Premises by Tenant except upon the prior written consent of the Landlord. Landlord shall not be a guarantor or otherwise liable to Tenant for Landlord's exercise of discretion in allowing any type of business to lease space at the Metro Center or in consenting to a change of any other Tenant's business use located at the Metro Center. Landlord shall not be a guarantor of Tenant's business or of insuring that individuals who ride landlord's buses patronize tenant's business.
- c. Tenant shall continuously use the Premises for the uses specified in this lease and shall continuously merchandise the Premises, during the hours specified in Exhibit C. If the Premises are destroyed or partially condemned and this lease remains in full force and effect, Tenant shall continue operation of its business at the Premises to the extent reasonably practicable from the standpoint of good business judgment during any period of reconstruction. Tenant shall not use any space in the restaurant/lobby area of the Premises for office, clerical, and other non-service or non-selling purposes.
- d. Tenant specifically agrees that the premises are not to be used for any interior or exterior storage of toxic or hazardous chemicals or materials other than those associated with Tenant's business subject to Landlord's approval. The business conducted by the Tenant on the Premises shall be of a character and nature that will not be detrimental to the value of the Premises. No use shall be made or permitted to be made of the Premises, nor acts done in or about the Premises, which will in any way conflict with any law, ordinance, rule or regulation affecting the occupancy or use of the Premises, which are or may hereafter be enacted or promulgated by any public authority, or which will increase the existing rate of insurance upon the building or cause a cancellation of any insurance policy covering the building or any part thereof. Nor shall Tenant permit to be kept, or use in or about the Premises, any article which may be prohibited by the standard form of fire insurance policy maintained by Landlord. Tenant shall not commit, or suffer to be committed, any waste upon Premises, or any public or private nuisance, or other act or thing which may disturb the quiet enjoyment of any other tenant in the Metro Center, nor, without limiting the generality the foregoing, shall Tenant allow said Premises to be used for an improper, immoral, unlawful, or unethical purpose or for sleeping or residential purposes, including washing clothes.

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5.2 Limitations on Use

Tenant's use of the Premises as provided in this lease shall be in accordance with the following:

5.2.1 Cancellation of Insurance; Increase in Insurance Rates

- a. Tenant shall not do, bring, or keep anything in or about the Premises that will cause a cancellation of any insurance or an increase in the rate of any insurance covering the Premises.
- b. If the rate of any insurance (including, without limitation, any fire, casualty, liability, or other insurance policy insuring Landlord, Landlord's property, and Tenant at the Metro Center, or any of Tenants' property) carried by Landlord is increased as a result of Tenant's use, Tenant shall pay to Landlord a sum equal to the difference between the original premium and the increased premium. Said payment shall be made within ten (10) days before the date Landlord is obligated to pay premium on the insurance, or within ten (10) days after Landlord delivers to Tenant a certified statement from Landlord's insurance carrier stating that the rate increase was caused solely by an activity of Tenant on the Premises as permitted in this lease, whichever date is later.
- c. Tenant's expense, to the requirements of applicable fire control agencies having jurisdiction over the Premises, including, without limitation, any restrictions on occupancy and the provision of fire extinguishers. Tenant's obligation under this section shall include at Tenant's cost the obtaining and maintaining of any business license, use permits, design review permits for signs, and the building permits for any tenant improvements, or any other federal, state or local government requirement.
- d. Except that Tenant shall not be obligated to comply with any law that requires alterations, maintenance, or restoration to the Premises unless the alterations, maintenance, or restoration are required as a result of Tenant's particular and specific use of the Premises at the time or as a result of Tenant's own construction on the Premises. Landlord shall make any alterations, maintenance, or restoration to the Premises required by such laws that Tenant is not obligated to make. Notwithstanding, the foregoing Tenant shall not alter the premises in any fashion without Landlord's written approval.

5.2.2 Deliveries

- a. Tenant shall not allow deliveries of any kind on the Metro Center bus lanes. Additionally, Tenant's employees shall be restricted to park in areas other than the

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Metro Center bus lanes. Nothing contained in this lease confers on Tenant or its employees any parking space at any of landlord's facilities.

5.2.3 Waste; Nuisance

- a. Tenant shall not use the Premises or public area, or permit or suffer the Premises to be occupied or used, in any manner that will constitute waste, nuisance, or unreasonable annoyance (including, without limitation, the use of loudspeakers or sound or light apparatus that can be heard or seen outside the Premises) to other users of the building in which the Premises are located.
- b. Tenant shall not use the Premises or public area for sleeping or washing clothes, or the preparation, manufacture, or mixing of anything that might emit any objectionable odor or objectionable noises or lights into the building in which the Premises are located.
- c. No secondhand store, auction, distress or fire sale, or bankruptcy or going-out of-business sale may be conducted on the Premises or public area without Landlord's written consent. Tenant shall not sell or display merchandise outside the confines of the Premises or in the public area.

5.2.4 Overloading

- a. Tenant shall not do anything on the Premises that will cause damage to the building in which the Premises are located.
- b. The Premises shall not be overloaded. No machinery, apparatus, or other appliance shall be used or operated in or on the Premises that will in any manner injure, vibrate, or shake the Premises and or the Metro Center including the parking areas.

5.2.5 Hours of Operation

- a. Tenant agrees not to leave the Premises unoccupied or vacant during regular business hours as defined by the Landlord. Tenant shall continuously during the entire term hereof conduct and carry on Tenant's aforesaid business on the Premises, and shall keep said Premises open for business and cause such business to be conducted thereon, during each and every day and for such number of hours each day, as is established in Exhibit C of this Lease.
- b. Landlord may, at its option, change the hours of operation for Tenant's business set forth in Exhibit C. Landlord may, at its option, and for good cause, permit Tenant to temporarily close down said business or otherwise limit operations.

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However, Tenant must submit a written request to the Board of Directors of Landlord for any change.

5.2.6 Rules and Regulations/Common Area

- a. Tenant acknowledges that this lease is made on property owned by Landlord and under Landlord's exclusive control. Said property is primarily devoted to the provision of transit services for the public and is commonly known as the Metro Center. Tenant agrees that it shall do nothing to interfere with Landlord's transit services. Tenant further acknowledges that the primary duties of Landlord are to operate transit services safely; and Tenant hereby agrees to abide by all laws, ordinances, directives, rules and regulations promulgated by the Board of Directors of Landlord now existing or hereafter made for the government, management, maintenance, and operation of the Metro Center, including such directives as to usage of the Metro Center as may be promulgated by the officers or representatives of the Landlord in their official or departmental capacity. Tenant further agrees that such directives, rules, regulations, ordinances and conditions as may be imposed by Landlord through its Board of Directors, administrative officers, department heads or duly authorized representatives, shall be subject to immediate compliance by Tenant. Tenant acknowledges that it has read and reviewed the Metro Center Rules and Regulations, which are attached hereto as Exhibit D and incorporated herein by reference and agrees to follow them.
- b. Certain areas have been constructed by Landlord within the Premises for the general use, convenience and benefit of the occupants of the Metro Center and their customers and employees, including the lobby, sidewalks, landscaped areas and other areas for pedestrian use (herein called the "Common Area"). Except as may be limited herein, Tenant shall have the non-exclusive right for itself and for its customers, invitees, employees, contractors, subtenants and licensees to use the Common Area in common with Landlord and other persons permitted to use the same for pedestrian ingress, egress and access.
- c. Tenant shall be responsible for its proportionate share for the payment of the cost of the Common Area, and all improvements and facilities situated thereon and required in connection therewith. Any increases to common area charges shall be assessed based upon the useful life of the improvement taking into account the remaining term of the lease.

5.2.7 Limitation

- a. This lease is made for commercial purposes related to the operation of the Santa Cruz Metropolitan Transit District's Metro Center, and no use shall be made of the Premises by Tenant that would, in Landlord's opinion, interfere with transit

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operations and operation of the Metro Center or any other Metro Center business in any manner or form.

ARTICLE 6: MAINTENANCE

6.1 Landlord's Maintenance

- a. Landlord shall not be liable for any damage or injury to the person, business (or any loss of income therefrom), goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees, customers or any other person in or about the Premises; whether such damage or injury is caused by or results from: 1) fire, steam, electricity, water, gas or rain; 2) the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures or any other cause; 3) conditions arising in or about the Premises or upon other portions of any building which the Premises is part, or from other sources or places; or 4) any act or omission of the Tenant, Landlord shall not be liable for any such damage or injury even though the cause of or the means of repairing such damage or injury are not accessible to Tenant. Tenant, as a material part of the consideration to be rendered to Landlord, hereby waives all claims against Landlord for the foregoing damages from any cause arising at any time.

6.2 Tenant's Maintenance

- a. Tenant at its cost shall maintain, in good condition, all portions of the Premises, both inside and out, including, without limitation, all signs, storefronts, plate glass, show windows, all Tenant's personal property, restrooms (plugged up toilets, leaking faucets, etc.), fixture maintenance (light bulbs, etc.), and periodic services of heating and ventilation, electric and electronic equipment as recommended by the manufacturer (HVAC system, door maintenance etc.). Tenant is responsible for building upkeep including cleaning of interior paint, exterior and interior graffiti and broken plate glass.
- b. Tenant shall be liable for any damage to the building in which the Premises are located, resulting from the acts or omissions of Tenant or its authorized representatives, or its employees or its customers. Landlord is not responsible for the repair of the Premises for damage caused by third parties, including Tenant, its employees, its representatives, or its customers.

ARTICLE 7: REPAIRS AND ALTERATIONS

- a. Tenant will take good care of the Premises and promptly notify the Landlord in writing of any damage caused thereto by Tenant, its employees or invitees and will not make any repairs or alterations without written permission of Landlord first had

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and obtained, and consent for same shall not be unreasonable withheld by Landlord. Any alterations or improvements made shall remain on and be surrendered with the Premises on expiration or termination of the term, except that Landlord can elect within thirty (30) days before expiration of the term, or within five (5) days after termination of the term, to require Tenant to remove any alterations or improvements that Tenant has made to the Premises. If Landlord so elects, Tenant at its cost shall restore the Premises to the condition designated by Landlord in its election before the last day of the term, or within thirty (30) days after notice of election is given, whichever is later, and Tenant shall be liable for rent during any such period. Tenant shall keep the premises free from any liens arising out of any work performed, materials furnished or obligations incurred by Tenant.

- b. Landlord shall be under no obligation to make any repairs, alterations or improvements to or upon the Premises, or any part thereof, at any time except as provided in this Lease. Landlord shall at its sole cost and expense, at all times during the term hereof, repair and maintain the roof and exterior walls (other than plate glass, and doors, and roll-up doors) and foundations of the building in which the Premises are located; provided that Tenant shall reimburse Landlord for the cost and expense of repairing any and all damage to the roof, foundation or exterior walls of the Premises resulting from the acts or omissions of Tenant, Tenant's agents, employees, customers or other invitees.
- c. Tenant shall, except for the intentional or negligent acts or omissions of Landlord, its agents, or employees, or third parties at its sole cost and expense, at all times during the term hereof, keep and maintain the Premises, the improvements thereof and every part thereof (including but not limited to plate glass, heating, ventilating, and air conditioning equipment, store fronts and doors, awnings and roll-up doors) in good and sanitary order, condition and repair and in compliance with all laws and regulations applicable thereto.
- d. Landlord may, at any time and for any reason during the term and any extensions thereof, remodel all or any part of Metro Center. Landlord's rights to remodel include, without limitation, the right to enclose, cover, re-configure, reposition or otherwise modify any part of the building in which the Premises are a part. Landlord shall not unreasonably interfere with Tenant's business as a result of alterations or improvements.

ARTICLE 8: TRADE FIXTURES

Subject to the provisions of Article 7, above, Tenant may install and maintain its trade fixtures on the Premises, provided that such fixtures, by reason of the manner in which they are affixed, do not become an integral part of the building or Premises. Tenant, if not in default hereunder, may at any time or from time to time during the term hereof,

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or upon the expiration or termination of this Lease, alter or remove any such trade fixtures so installed by Tenant, and any damage to the Premises caused by such installation, alteration or removal of such trade fixtures shall be promptly repaired by Tenant at the expense of Tenant. If not so removed by Tenant within thirty (30) days of the expiration or sooner termination of this Lease, said trade fixtures shall, at Landlord's option, become the property of Landlord or Landlord, at its option, may remove said trade fixtures and any damage to the Premises caused by such installation, alteration or removal of such trade fixtures and the cost of such removal shall be paid by Tenant to Landlord upon demand.

ARTICLE 9: UTILITIES AND SERVICES

9.1 Landlord and Tenant shall be responsible for electrical utilities and services as follows:

- a. Tenant shall make all arrangements for and pay for all utilities and services furnished to or used by it, including, without limitation, gas, water and telephone service, and for all connection charges and taxes;
- b. If Landlord is required to construct new or additional utility installations, including, without limitation, wiring, plumbing, conduits, and mains resulting from Tenant's changed or increased utility requirements, Tenant shall on demand pay to Landlord the total cost of these items;
- c. Landlord shall not be liable for failure to furnish utilities or services to the premises, but in case of the failure, Landlord will take all reasonable steps to restore the interrupted utilities and services;
- d. Tenant shall reimburse Landlord on a monthly basis (or other period as may be established by Landlord) for Landlord's costs in furnishing trash collection services to the premises at the rate of three and six tenths (3.6) per cent of Landlord's cost, which shall be billed to Tenant. Tenant shall pay for such services within ten (10) calendar days from the date Landlord bills Tenant;
- e. Tenant agrees to keep premises free and clear of any lien or encumbrance of any kind whatsoever created by Tenant's acts or omissions.
- f. Utility charges may be separately determined by Landlord based on utility rating of Tenant's use of premises and the common areas, as a percentage of total utility use by those sharing the same meter, or as metered use. Tenant shall pay directly to the appropriate supplier the cost of all heat, light, power, and other utilities and services supplied to the premises. If Landlord authorizes Tenant's premises to be separately metered, then Tenant shall pay for the full cost of the installation of the meter.

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- g. Landlord can discontinue, without notice to Tenant, any of the utilities or services furnished to the premises for which Tenant fails to reimburse Landlord on a prompt basis as provided in this Article, and no such discontinuance shall be deemed an actual or a constructive eviction.

ARTICLE 10: INDEMNITY AND EXCULPATION; INSURANCE

10.1 Tenant's Indemnification of District

Tenant shall exonerate, indemnify, defend, and hold harmless Landlord (which shall include, without limitation, its officers, agents, employees and volunteers) and the property of Landlord from and against any and all claims, demands, losses, damages, defense costs, or liability of any kind or nature which Landlord may sustain or incur or which may be imposed upon it for injury to or death of persons, or damage to property as a result of, arising out of, or in any manner connected with the Tenant's lease of the Premises under the terms of this Agreement including any condition of the Premises or any portion thereof over which Tenant has control and/or a duty to repair and/or maintain under the terms of this Lease. Such indemnification includes any damage to the person(s), or property(ies) of Tenant and third persons. Notwithstanding the foregoing Landlord shall be solely responsible for claims, demands, losses, damages, defense costs or liability of any kind or nature arising from its own transit operation at the Center so long as such claim, demand, loss, damage, defense costs or liability is not due to Tenant's negligence, intentional act or omission or due to Tenant's failure to meet its obligations under the lease.

10.2 Liability Insurance

- a. Tenant further agrees to take out and keep in force during the life hereof, at Tenant's expense, insurance, and products liability insurance, with a company or companies satisfactory to Landlord to protect Landlord against any liability incident from the use of, or resulting from, any accident or occurrence in or about said Premises, with a single combined public and products liability and property damage limit of at least ONE MILLION DOLLARS (\$1,000,000) for any one accident or occurrence.
- b. All public liability insurance, products liability insurance, and property damage insurance shall insure performance by Tenant of the indemnity provisions of Section 10.1. Said policy or policies shall require that in the event of cancellation of any policy, the insurance carrier shall notify Landlord in writing at least thirty (30) days prior thereto, and Tenant agrees, if Tenant does not keep such insurance in full force and effect, that Landlord may, at its option either terminate this lease, or take out the necessary insurance and pay the premium, and the repayment thereof shall be deemed to be part of the rental and payable as such on the next day upon which rent

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becomes due. Tenant shall have the insurance carrier(s) also notify Landlord thirty (30) days in advance of any modifications reducing the coverage of said policy(ies), and in the event that any of said insurance carriers do not notify Landlord of any modification, Tenant shall do so upon receiving notice of such modification. Tenant agrees that Landlord shall be named on said insurance coverage as an additional insured party in accordance with the foregoing covenants, and that cross-liability coverage in favor of Landlord shall be provided. Tenant shall furnish Landlord with evidence of insurance satisfactory to Landlord. Said policy or policies shall further provide that any other insurance carrier by Landlord shall be excess insurance only, as to the liability insured thereby.

- c. Landlord may increase or decrease the amount of public liability, products liability, and property damage insurance required, based upon a general review by Landlord of the standard insurance requirement as determined by the Board of Directors of Landlord to be in the public interest and required for all other Premises on said Metro Center. Changes in insurance amounts shall occur not more frequently than once a year.

10.3 Fire and Other Perils Insurance

- a. Landlord shall provide Fire and Other Insurance with respect to the Premises, except that Landlord shall not provide earthquake and flood insurance. Insurance shall be obtained in the name of Landlord covering said leased Premises and all fixtures therein against loss by reason of the perils of fire, lightning, vandalism and malicious mischief, and endorsed to include extended coverage, said policy to be on a replacement cost basis, and to be maintained in full force and effect throughout the term of this lease. Said policy or policies shall provide that the loss payable shall be paid to Landlord.
- b. The "full replacement value" of the building and other improvements to be insured shall be determined by the company issuing the insurance policy at the time the policy is initially obtained. Not more frequently than once every three (3) years, either party shall have the right to notify the other party that it elects to have the replacement value redetermined by an insurance company. The redetermination shall be made promptly and in accordance with the rules and practices of the Board of Fire Underwriters, or a like board recognized and generally accepted by the insurance company, and each party shall be promptly notified of the results by the company. The insurance policy shall be adjusted according to the redetermination.
- c. The pro rata cost of said insurance shall be paid by Tenant, and shall reflect Tenant's business nature and size insofar as they measurably affect the Landlord's premiums. If any other tenant of the building of which the demised Premises are a part is conducting a business or otherwise engages in an activity or omits to take a

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precaution that the insurer identifies as producing a specified higher insurance rate than would be produced by the business and conduct of Tenant, such additional insurance rates will not be passed on to Tenant, even on a pro rata basis. Landlord will be the final authority regarding Tenant's share of the cost of the insurance. Landlord shall inform Tenant of its actual cost of the commencement of the lease. Payment of Tenant's insurance cost shall be in addition to all other required rent and is due within ten (10) calendar days of mailing.

- d. Landlord may increase or decrease the amount of fire and other perils insurance required, based upon a general review by Landlord of the standard insurance requirement as resolved by the Board of Directors of Landlord to be in the public interest and required for all other Premises on said Metro Center.
- e. Landlord is not responsible for the acts or omissions of third parties against Tenant.

10.4 Tenant's Fire and Malicious Mischief Insurance

Tenant shall maintain on all its personal property (including unattached movable business equipment) in, on, or about the Premises, a policy of standard fire and extended and malicious mischief endorsements, to the extent of one hundred percent (100%) of its full replacement value. Landlord shall be named as an additional insured.

10.5 Plate Glass Insurance

Tenant at its cost shall maintain full coverage plate glass insurance on the Premises. Both parties shall be named as additional insureds.

10.6 Tenant's Business Interruption Insurance

Tenant at its cost shall maintain business interruption insurance insuring that the minimum monthly rent will be paid to Landlord for a period of up to two (2) years if the Premises are destroyed or rendered inaccessible by a risk insured against by a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements.

10.7 Proof of Insurance

Tenant shall provide proof of insurance evidencing at least the minimum levels described in Article 10 on or before the date of execution of this lease and thereafter on an annual basis or at such times as Landlord requests such proof of insurance.

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10.8 Other Insurance Matters

All insurance required under this lease shall:

- a. Be issued by insurance companies authorized to do business in the State of California, with a financial rating of at least an A + 3A status as rated in the most recent edition of Best's Insurance Reports.
- b. Be issued as a primary policy.
 1. Contain an endorsement requiring thirty- (30) days written notice from the insurance company to both parties before cancellation or change in the coverage, scope, or amount of any policy.
 2. Each policy, or a certificate of the policy, together with evidence of payment of premiums, shall be deposited with the other party at the commencement of the term, and on renewal of the policy not less than twenty (20) days before expiration of the term of the policy.

ARTICLE 11: DESTRUCTION

DAMAGE OR DESTRUCTION

In the event the premises, or the building or other improvements in which the premises are located, shall be damaged by fire, earthquake, the elements or other casualty and that the cause of said damage is covered by insurance so that the damage thereto is such that the premises, or the building and other improvements in which the premises are located, may be repaired, reconstructed or restored within a period of ninety (90) days, landlord shall promptly commence the work or repair, reconstruction and the restoration, and shall diligently prosecute the same to completion at landlord's expense. During this period of time, this Lease shall continue in full force and effect except that Tenant shall not be liable for monthly rent if the Premises are totally destroyed or unusable for safety and health reasons as determined by the applicable municipal safety and health departments, so long as this restriction is not caused by Tenant. Tenant would be liable only for monthly rent in proportion to usable space if partially destroyed. If the Premises, or the building or other improvements in which the Premises are located, cannot be restored within ninety (90) days, either Tenant or Landlord has the option to terminate this Lease by giving written notice to the other. If the insurance is not sufficient to fully pay for the repairs, reconstruction or restoration, Landlord shall notify Tenant in writing of same and Tenant shall have the option to pay the cost of said repairs, reconstruction or restoration over and above the available insurance proceeds. Should Tenant not elect to pay said excess costs, either party may terminate this Lease by giving written notice of same to the other party.

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ARTICLE 12: ASSIGNMENT

12.1 ASSIGNMENT AND SUBLETTING

- a. Tenant shall not, either voluntarily or by operation of law, assign, sell, encumber, pledge or otherwise transfer all or any part of Tenant's leasehold estate hereunder, or permit the Premises to be occupied by anyone other than Tenant or Tenant's employees, or sublet the Premises or any portion thereof, without Landlord's prior written consent. Landlord's consent shall not be unreasonably withheld provided:
- (i) The same quality of business and financial soundness of ownership and management is maintained and will continue to be maintained in a manner compatible with the high standards contemplated by this Lease.
 - (ii) That each and every covenant, condition or obligation imposed upon Tenant by this Lease, and each and every right, remedy or benefit afforded Landlord by this Lease is not thereby impaired or diminished;
 - (iii) Tenant remains liable for performance of each and every obligation under this Lease to be performed by Tenant;
 - (iv) As to subletting, Landlord shall receive One Hundred Percent (100%) of the gross rent paid by any assignee/sub-tenant in excess of the gross rent otherwise payable to Landlord pursuant to this Lease;
 - (v) Tenant reimburses Landlord for Landlord's reasonable costs and professional fees (legal and/or accounting) incurred in conjunction with the processing and documentation of any such requested assignment or subletting of this Lease by Tenant.
- b. If Tenant desires at any time to assign this Lease, or sublet any portion of the Premises, Tenant shall first notify Landlord of its desire to do so and shall submit in writing to Landlord, at least sixty (60) days but not more than one hundred and twenty (120) days before the intended date of assignment/subletting, the name of the proposed assignee/subtenant, the nature of the proposed assignee's/subtenant's business to be carried on in the Premises, the terms and provisions of the proposed assignment/subletting, and such reasonable financial information as Landlord may request, certified by the proposed assignee/subtenant as being true and correct as of the date of certification.

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ARTICLE 13: DEFAULT

13.1 Tenant's Default

a. The occurrence of any of the following shall constitute a default by Tenant:

1. Failure to pay rent when due if the failure continues for three (3) days after a notice has been sent to Tenant
2. Failure to occupy the Premises and/or operate the Tenant's business as described herein on the Premises; (Tenant shall be conclusively presumed to have defaulted if Tenant leaves the Premises closed or unoccupied continuously for fifteen (15) days.
3. Failure to perform any other provision of this lease if the failure to perform is not cured within three (3) days after notice has been given to Tenant. If the provisions of the lease violated by the Tenant cannot be performed within the three-day notice period described herein, Landlord shall not be required to give notice demanding the performance of the violated provisions of the lease.

b. Notices given under this Article shall specify the alleged default and the applicable lease provisions, and shall demand that Tenant perform the provisions of this lease or pay the rent that is in arrears, as the case may be, within applicable period of time, or quit the Premises. No such notice shall be deemed forfeiture or a termination of this lease unless Landlord so elects in the notice.

13.2 Landlord's Remedies

13.2.1 Cumulative Nature of Remedies

Landlord shall have the following remedies if Tenant commits a default. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law.

13.2.2 Tenant's Right to Possession Not Terminated

a. Landlord can continue this lease in full force and effect, and the lease will continue in effect as long as Landlord does not terminate Tenant's right to possession, and Landlord shall have the right to collect rent when due. During the period Tenant is in default, Landlord can enter the Premises and re-let them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in re-letting the Premises, including, without limitation, brokers' commissions, expenses of remodeling the Premises required by the re-letting, and like costs. Re-letting can be for a period shorter or longer than the

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remaining term of this lease. Tenant shall pay to Landlord the rent due under this lease on the dates the rent is due, less the rent Landlord receives from any relating. No act by Landlord allowed by this Article shall terminate this lease. After Tenant's default and for as long as Landlord does not terminate Tenant's right to possession of the Premises, if Tenant obtains Landlord's consent Tenant shall have the right to assign or sublet its interest in this lease, but Tenant shall not be released from liability. Landlord's consent to a proposed assignment or subletting shall not be unreasonably withheld.

b. If Landlord elects to re-let the Premises as provided in this Article, rent that Landlord receives from re-letting shall be applied to the payment of:

1. First, any indebtedness from Tenant to Landlord other than rent due from Tenant;
2. Second, all costs, including for maintenance, incurred by Landlord in re-letting;
3. Third, rent due and unpaid under this lease. After deducting the payments referred to in this Article, any sum remaining from the rent Landlord receives from re-letting shall be held by Landlord and applied in payment of future rent as rent becomes due under this lease. In no event shall Tenant be entitled to any excess rent received by Landlord. If, on the date rent is due under this lease, the rent received from the re-letting is less than the rent due on that date, Tenant shall pay to Landlord, in addition to the remaining rent due, all costs, including for maintenance, Landlord incurred in re-letting that remain after applying the rent received from the re-letting as provided in this Article.

13.2.3 Termination of Tenant's Right to Possession

a. Landlord can terminate Tenant's right to possession of the Premises at any time. No act by Landlord other than giving written notice to Tenant shall terminate this lease. Acts of maintenance, efforts to re-let the Premises or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this lease shall not constitute a termination of Tenant's right to possession. On termination, Landlord has the right to recover from Tenant:

1. The worth, at the time of the award, of the unpaid rent that had been earned at the time of termination of this lease;
2. The worth, at the time of the award, of the amount by which the unpaid rent that would have been earned after the date of termination of this

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lease until the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided;

3. The worth, at the time of the award, of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided; and,
 4. Any other amount, and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's default.
- b. "The worth, at the time of the award," as used in items "1" and "2" of this Section 13.2.3, is to be computed by allowing interest at the maximum rate an individual is permitted by law to charge. "The worth at the time of the award," as referred to in item "3" of this Section 13.2.3, is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus 1%.

13.2.4 Landlord's Right to Cure Tenant's Default

Landlord, at any time after Tenant commits a default, can cure the default at Tenant's cost. If Landlord at any time, by reason of Tenant's default, pays any sum or does any act that requires the payment of any sum, the sum paid by Landlord shall be due immediately from Tenant to Landlord at the time the sum is paid, and shall bear interest at the maximum rate an individual is permitted by law to charge from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant. The sum, together with interest on it, shall be additional rent.

ARTICLE 14: SIGNS

- a. Tenant shall not have the right to place, construct, or maintain on the glass panes or supports of the show windows of the Premises, the doors, or the exterior walls or roof of the building in which the Premises are located or any interior portions of the Premises that may be visible from the exterior of the Premises, any signs, advertisements, names, insignia, trademarks, descriptive material, or any other similar item without Landlord's written consent and any necessary approval from the City of Santa Cruz required. Any signs approved by Landlord and placed on the Premises shall be at Tenant's sole cost. Landlord at Tenant's cost can remove any item placed, constructed, or maintained that does not comply with the provisions of this paragraph.
- b. Tenant shall not, without Landlord's written consent, place, construct, or maintain on the Premises any advertisement media, including, without limitation,

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searchlights, flashing lights, loudspeakers, phonographs, or other similar visual or audio media. Tenant shall not solicit business in, on, or about the public areas, or distribute handbills or other advertising or promotional media in, on, or about the public areas at Metro Center without written consent of landlord, except that Tenant shall be entitled to engage in radio, television, and newspaper advertising as is customarily used for the type of business in which Tenant is engaged.

- c. Any sign that Landlord grants Tenant the right to place, construct, and maintain shall comply with all laws and Tenant shall obtain any approval required by such laws. Landlord makes no representation with respect to Tenant's ability to obtain such approval.
- d. Landlord shall have the right to use for its signs the exterior walls and roof of the building in which the Premises are located.

ARTICLE 15: LANDLORD'S ENTRY ON PREMISES

- a. Tenant will permit Landlord and its agents to enter into and upon the Premises at all reasonable times and upon reasonable notice for the purpose of inspecting the same, or for the purpose of protecting the interest therein of Landlord, or to post notices of non-responsibility, or to service or make alterations, repairs or additions to the Premises or to any other portion of the building in which the Premises are situated, including the erection of scaffolding, props, or other mechanical devices and will permit Landlord at any time within ninety (90) days prior to the expiration of this Lease, to bring prospective tenants, broker or agents upon the Premises for purposes of inspection or display. Landlord shall not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance, or other damage arising out of Landlord's entry on the Premises as provided in this Article.
- b. Tenant shall not be entitled to an abatement or reduction of rent if Landlord exercises any rights reserved in this Article.
- c. Landlord shall conduct its activities on the Premises as allowed in this Article in a manner that will cause the least possible inconvenience, annoyance, or disturbance to Tenant.

ARTICLE 16: SUBORDINATION AND OFFSET STATEMENT

Tenant agrees that this Lease is subordinate to any mortgage, trust deed or like encumbrance heretofore or hereafter placed upon said Premises by Landlord or his successors in interest to secure the payments or moneys loaned, interest thereon and other obligations. Tenant also agrees to promptly execute and deliver to Landlord from time to time, as demanded by Landlord, an offset statement or estoppel certificate

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containing such acts: as are within the knowledge of and are available to Tenant pertaining to this Lease, as a purchaser of the leased property or a lender may reasonably require if said statement is prepared for signing by Landlord. Failure to deliver the executed offset statement or estoppel certificate to Landlord within ten (10) days from receipt of same, shall be conclusive upon Tenant for the benefit of the party requesting the statement or certificate, or his successor, that this Lease is in full force and effect and has not been modified except as may be represented by Landlord in the statement or certificate delivered to Tenant.

ARTICLE 17: NOTICE

Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally by depositing the same in the United States Postal Service, registered or certified mail, return receipt requested with the postage prepaid, addressed to the other party at the address set forth below. Either party may change its address by notifying the other party of the change of address by compliance with this section. Notice shall be deemed communicated within forty-eight (48) hours from the time of mailing if mailed as provided in this Article 17.

Santa Cruz Metropolitan Transit District
370 Encinal Street, Suite 100
Santa Cruz, CA 95060
ATTN: Secretary/General Manager

Walid and Winona Sub Laban
c/o Metropolitan Market
920 Pacific Avenue Suite 14,
Santa Cruz, CA 95060

ARTICLE 18: WAIVER

- a. No delay or omission in the exercise of any right or remedy of Landlord on any default by Tenant shall impair such a right or remedy or be construed as a waiver.
- b. The receipt and acceptance by Landlord of delinquent rent shall not constitute a waiver of any other default; it shall constitute only a waiver of timely payment for the particular rent payment involved.
- c. No act or conduct of Landlord, including, without limitation, the acceptance of the keys to the Premises, shall constitute an acceptance of the surrender of the Premises by Tenant before the expiration of the term. Only a written notice from Landlord to

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Tenant shall constitute acceptance of the surrender of the Premises and accomplish a termination of the lease.

- d. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant.
- e. Any waiver by Landlord of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of the lease.

ARTICLE 19: SURRENDER OF PREMISES; HOLDING OVER

19.1 Surrender of Premises

- a. On expiration of the term, Tenant shall surrender to Landlord the Premises and all Tenant's improvements and alterations to the Premises in good condition (except for ordinary wear and tear occurring after the last necessary maintenance made by Tenant and destruction to the Premises covered by Article 11), except for alterations that Tenant has the right to remove or is obligated to remove under the provisions of Article 7. Tenant shall remove all its personal property within the above stated time. Tenant shall perform all restoration made necessary by the removal of any alterations or tenant's personal property within the time periods stated in this Article.
- b. Landlord can elect to retain or dispose of in any manner any alterations or Tenant's personal property that Tenant does not remove from the Premises on expiration or termination of the term as allowed or required by this lease by giving at least ten (10) days' notice to Tenant. Title to any such alterations or Tenant's personal property that Landlord elects to retain or dispose of on expiration of the ten (10) day period shall vest in Landlord. Tenant waives all claims against Landlord for any damage to Tenant resulting from Landlord's retention or disposition of any such alterations or tenant's personal property. Tenant shall be liable to Landlord for Landlord's costs for storing, removing, and disposition of any alterations or tenant's personal property.
- c. If Tenant fails to surrender the Premises to Landlord on expiration as required by this Article, Tenant shall hold Landlord harmless from all damages resulting from Tenant's failure to surrender the Premises, including, without limitation, claims made by a succeeding tenant resulting from Tenant's failure to surrender the Premises.

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19.2 Holding Over

If Tenant, with Landlord's written consent, remains in possession of the Premises after expiration or termination of the term, or after the date in any notice given by Landlord to Tenant terminating this lease, such possession by Tenant shall be deemed to be a month-to-month tenancy terminable on thirty (30) days' written notice given at any time by either party. All provisions of this lease, except those pertaining to term, option to extend, and option to acquire the Premises, shall apply to the month-to-month tenancy.

ARTICLE 20: MISCELLANEOUS PROVISIONS

20.1 General Conditions

20.1.1 Time of Essence

Time is of the essence of each provision of this lease.

20.1.2 Corporate Authority

If Tenant is a corporation, Tenant shall deliver to Landlord on execution of this lease a certified copy of a resolution of its board of directors authorizing the execution of this lease and naming the officers that are authorized to execute this lease on behalf of the corporation.

20.1.3 Successors

This lease shall be binding on and inure to the benefit of the parties and their successors, except as provided in Article 12.

20.1.4 Rent Payable in U.S. Money

Rent and all other sums payable under this lease must be paid in lawful money of the United States of America.

20.1.5 Real Estate Brokers; Finders

Each party represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this lease in any manner. Each party shall hold harmless the other party from all damages resulting from any claims that may be asserted against the other party by any broker, finder, or other person, with whom the other party has or purportedly has dealt.

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20.1.6 Status of Parties on Termination of Lease

In the event of termination, the rights and obligations of the parties, which by their nature survive termination covered by this Lease, shall remain in full force and effect after termination. Compensation and revenues due from one party to the other under this Lease shall be paid; loaned equipment and material shall be returned to their respective owners; the duty to maintain and allow inspection of books, accounts, records and data shall be extended, and the hold harmless agreement and insurance provisions, contained in Article 10 shall survive.

20.1.7 Exhibits--Incorporation in Lease

All exhibits referred to are attached to this lease and incorporated by reference.

20.1.8 Licenses and Permits

It shall be Tenant's responsibility, at Tenant's sole cost and expense, to obtain all necessary licenses and permits to carry out the terms of this lease and to operate the business above mentioned on the leased Premises. Landlord makes no representation as to the availability of and opportunity for licenses and permits for any leased Premises at Metro Center.

20.1.9 Pest Control

Landlord shall contract with a licensed pest control firm for the control of pests in the Premises. The duration, extent, and frequency of pest control measures shall be determined by Landlord. Tenant shall reimburse Landlord for the costs incurred by Landlord for this service on a quarterly basis.

20.1.10 Drug and Alcohol Policy

Tenant and its employees shall not use, possess, manufacture, or distribute alcohol or illegal drugs while on the premises at Metro Center or at any District facility, or distribute same to Landlord's employees, passengers, or the general public.

20.1.11 Smoke Free

Pacific Station is a smoke free facility. Tenant shall comply with the Santa Cruz City Ordinance regarding smoking. Tenant and its employees and customers shall not smoke tobacco products on the premises.

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20.1.12 Contact Information

Tenant shall provide to Landlord a completed information form containing names and telephone numbers of contact person, on a semi-annual basis or when changes occur.

20.1.13 Termination for Convenience

The lease may be terminated by either party with a six month notice at any time without cause for any reason in whole or in part, whenever the party giving the notice determines that it is in their best interest.

20.1.14 Publicity

Tenant agrees to submit to Landlord all advertising, sales promotion, and other public matter relating to any service furnished by Tenant wherein the Landlord's name is mentioned or language used from which the connection of Landlord's name therewith may, within reason, be inferred or implied. Tenant further agrees not to publish or use any such advertising, sales promotion or publicity matter without the prior written consent of the Landlord.

20.1.15 Consent to Breach Not Waiver

No provision hereof shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether express or implied, shall not constitute a consent to, waiver of, or excuse for any other different or subsequent breach.

20.1.16 Prohibition of Discrimination against Qualified Handicapped Persons

Tenant shall comply with the provisions of the Americans With Disabilities Act and Section 504 of the Rehabilitation Act of 1973, as amended, pertaining to the prohibition of discrimination against qualified handicapped persons in federally-assisted programs.

20.1.17 Cal OSHA/Hazardous Substances

20.1.17.1 Tenant shall not bring, or permit to be brought, upon the premises, any hazardous or toxic materials or chemicals, except for ordinary and customary cleaning supplies used in Tenant's business. All materials brought onto the premises shall be used, stored, and removed in compliance with all applicable laws, statues, ordinances and governmental rules, regulations or requirements.

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- 20.1.17.2 Tenant shall comply with California Administrative Code Title 8, Section 5194, and shall directly (1) inform its employees of the hazardous substances they may be exposed to while performing their work on Landlord's property, (2) ensure that its employees take appropriate protective measures, and (3) provide the Landlord's Manager of Facility Maintenance with a Material Safety Data Sheet (MSDS) for all hazardous substances to be used on Landlord's property.
- 20.1.17.3 Tenant shall comply with Cal OSHA regulations and the Hazardous Substance Training and Information Act. Further, Tenant shall indemnify the Landlord against any and all damage, loss, and injury resulting from non-compliance with this Article.
- 20.1.17.4 Tenant shall comply with Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65) California Health and Safety Code Section 25249.5 - 25249.13. Tenant will ensure that clear and reasonable warnings are made to persons exposed to those chemicals listed by the State of California as being known to cause cancer or reproductive toxicity.
- 20.1.17.5 Tenant shall be solely responsible for any hazardous material, substance or chemical released or threatened release caused or contributed to by Tenant. Tenant shall be solely responsible for all clean-up efforts and costs.
- 20.1.17.6 Tenant shall indemnify and defend Landlord and his successors and assigns against and hold them harmless from any and all claims, demands, liabilities, damages, including punitive damages, costs and expenses, including reasonable attorney's fees caused by Tenants actions, herein collectively referred to as "Claims":
- (i) Any Claim by a federal, state or local governmental agency arising out of or in any way connected with the environmental condition of the Premises caused by Tenants action, including, but not limited to, Claims for additional clean-up of the Premises; and
 - (ii) any Claim by a successor in interest of Tenant (including a mortgagee who acquires title to the Premises through foreclosure or by accepting a deed in lieu of foreclosure), or by any subtenant licensee, or invitee of Tenant arising out of or in any way connected with the environmental condition of the Premises caused by Tenants or Subtenants actions.

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20.1.18 All Amendments in Writing

No amendment to this Lease shall be effective unless it is in writing and signed by duly authorized representatives of both parties.

20.1.19 Responsibility for Equipment

Landlord shall not be responsible nor held liable for any damage to person or property consequent upon the use, or misuse, or failure of any equipment used by Tenant, or any of its employees, even though such equipment be furnished, rented or loaned to Tenant by Landlord.

20.1.20 Equipment

Tenant is responsible to return to the Landlord in good condition any equipment, including keys, issued to it by the Landlord pursuant to this Agreement. If the tenant fails or refuses to return Landlord-issued equipment within five days of the conclusion of the tenant work the Landlord shall deduct the actual costs to repair or replace the equipment not returned from the final payment owed to tenant or take other appropriate legal action at the discretion of the Landlord.

20.1.21 Nondiscrimination

Tenant shall not discriminate on the grounds of race, religion, color, sex, age, marital status, medical condition, disability, national origin or sexual preference in any manner or as a result of or arising out of this lease agreement or in the operation of its business on the premises.

20.2.1 Liens

Tenant shall keep the Premises and building and the property on which the Premises are situated, free of any liens arising out of work performed, materials furnished or obligations incurred by Tenant.

This lease shall be construed and interpreted in accordance with the applicable laws of the State of California and of the United States of America. Each party shall perform its obligation hereunder in accordance with all applicable laws, rules, and regulations now or hereafter in effect.

20.2.2 Integrated Agreement; Modification

This lease contains all the agreements of the parties and cannot be amended or modified except by a written agreement.

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20.2.3 Provisions are Covenants and Conditions

All provisions, whether covenants or conditions, on the part of Tenant shall be deemed to be both covenants and conditions.

20.2.4 Use of Definitions

The definitions contained in this lease shall be used to interpret this lease.

20.2.5 Definitions

As used in this lease, the following words and phrases shall have the following meanings:

- a. ALTERATION: Any addition or change to, or modification of, the Premises made by Tenant after the fixturing period, including, without limitation, fixtures, but excluding trade fixtures as defined here, and tenant's improvements as defined here.
- b. AUTHORIZED REPRESENTATIVE: Any officer, agent, employee, or independent contractor retained or employed and acting within authority given him/her by that party.
- c. CONSENT: Landlord's or Tenant's express, prior, written approval on the party's letterhead.
- d. DAMAGE: Injury deterioration or loss to a person or property caused by another person's acts or omissions. Damage includes death.
- e. DAMAGES: A monetary compensation or indemnity that can be recovered in the courts by any person who has suffered injury to his/her person, property, or rights through another's act or omission.
- f. DESTRUCTION: Damage, as defined here, to or disfigurement of the Premises.
- g. ENCUMBRANCE: Any deed of trust, mortgage, or other written security device or agreement affecting the Premises, and the note or other obligation secured by it, that constitutes security for the payment of a debt or performance of an obligation.

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- h. EXPIRATION: The coming to an end of the time specified in the lease as its duration, including any extension of the term resulting from the exercise of an option to extend.
- i. GOOD CONDITION: The good physical condition of the Premises and each portion of the Premises, including, without limitation, signs, windows, show windows, appurtenances, and tenant's personal property as defined here. "In good condition" means first-class, neat, clean, and broom-clean, and is equivalent to similar phrases referring to physical adequacy in appearance and for use.
- j. HOLD HARMLESS: To defend and indemnify from all liability, losses, penalties, damages as defined here, costs, expenses (including, without limitation, attorneys' fees), causes of action, claims, or judgments arising out of or related to any damage, as defined here, to any person or property.
- k. LAW: Any judicial decision, statute, constitution, ordinance, resolution, regulation, rule, administrative order, or other requirements of any municipal, county, state, federal, or other government agency or authority having jurisdiction over the parties or the Premises, or both, in effect either at the time of execution of the lease or at any time during the term, including, without limitation, any regulation or order of a quasi-official entity or body (e.g., board of fire examiners or public utilities).
- l. LENDER: The beneficiary, mortgagee, secured party, or other holder of an encumbrance, as defined here.
- m. LIEN: A charge imposes on the Premises by someone other than Landlord, by which the Premises are made security for the performance of an act. Most of the liens referred to in this lease are mechanics' liens.
- n. MAINTENANCE: Repairs, replacement, preventive maintenance, repainting, and cleaning.
- o. PERSON: One or more human beings, or legal entities or other artificial persons, including, without limitation, partnerships, corporations, trusts, estates, associations, and any combination of human beings and legal entities.
- p. PROVISION: Any term, agreement, covenant, condition, clause, qualification, restriction, reservation, or other stipulations the lease that

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defines or otherwise controls, establishes, or limits the performance required or permitted by either party.

- q. PUBLIC AREA: Any area outside Premises in Metro Center to which the public commonly is allowed access by Landlord.
- r. RENT: Minimum monthly rent, rent for fixtures, equipment and cookware, percentage rent, additional rent, security deposit, maintenance expenses, operating costs, insurance, utilities and services, other similar charges, and any other money owed by Tenant to Landlord under the provisions of this Lease.
- s. RESTORATION: The reconstruction, rebuilding, rehabilitation, and repairs that are necessary to return destroyed portions of the Premises and other property to substantially the same physical condition as they were in immediately before the destruction.
- t. SUBSTANTIAL COMPLETION: Completion of Landlord's construction obligation as evidenced by Landlord's architect or by the general contractor performing Landlord's construction obligation.
- u. SUCCESSOR: Assignee, transferee, personal representative, heir, or other person or entity succeeding lawfully, and pursuant to the provisions of this lease, to the rights or obligations of either party.
- v. TENANT'S IMPROVEMENT: Any addition to or modification of the Premises made by Tenant before, at, or near the commencement of the term, including,
- w. TENANT'S PERSONAL PROPERTY: Tenant's equipment, furniture, merchandise, and movable property placed in the Premises by Tenant, including tenant's trade fixtures, as defined here as set forth in Exhibit E.
- x. TENANT'S TRADE FIXTURE: Any property installed in or on the Premises by Tenant for purposes of trade, manufacture, ornament, or related use as set forth in Exhibit E.
- y. TERM: The period of time during which Tenant has a right to occupy the Premises.
- z. TERMINATION: The ending of the term for any reason before expiration, as defined here.

5-24.a32

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
METRO CENTER LEASE AGREEMENT**

20.2.6 Captions

The captions of this lease shall have no effect on its interpretation.

20.2.7 Singular and Plural

When required by the context of this lease, the singular shall include the plural.

20.2.8 Joint and Several Obligations

"Party" shall mean Landlord or Tenant; and if more than one person or entity is Landlord or Tenant, the obligations imposed on that party shall be joint and several.

20.2.9 Severability

The unenforceability, invalidity, or illegality of any provision shall not render the other provisions unenforceable, invalid, or illegal.

ARTICLE 21: ATTORNEYS' FEES

In the event suit is brought to enforce or interpret any part of this Lease Agreement, the prevailing party shall be entitled to recover as an element of costs of suit, and not as damages, a reasonable attorney's fee to be fixed by the court. The "prevailing party" shall be the party who is entitled to recover his costs of suit, whether or not the suit proceeds to final judgment. A party not entitled to recover his costs shall not recover attorney's fees. No sum for attorney's fees shall be counted in calculating the amount of a judgment for purposes of determining whether a party is entitled to recover his costs of attorney's fees.

ARTICLE 22: AUTHORITY

Each party has full power and authority to enter into and perform this lease, and the person(s) signing this lease on behalf of each has been properly authorized and empowered to enter into this lease. Each party further acknowledges that it has read this lease, understands it, and agrees to be bound by it.

5-24.233

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
METRO CENTER LEASE AGREEMENT**

IN WITNESS WHEREOF, this lease is executed by the Santa Cruz Metropolitan Transit District and Tenant has affixed his/her signature(s) the day and year first herein above written.

LANDLORD- SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

BY: _____
Leslie R. White,
Secretary/General Manager

Date

TENANT- METROPOLITAN MARKET

BY: _____
Walid Sub Laban,
Owner

Date

BY: _____
Winona Sub Laban,
Owner

Date

Approved as to Form:

BY: _____
MARGARET GALLAGHER
District Counsel

Date

- Exhibit A - Floor plan
- Exhibit B - Menu, hours of operation; Closure for Transit District Holidays-
(Thanksgiving, Christmas, New Year's Day)
- Exhibit C - Rules and Regulations
- Exhibit D - Tenant Personal Property

5-24.234

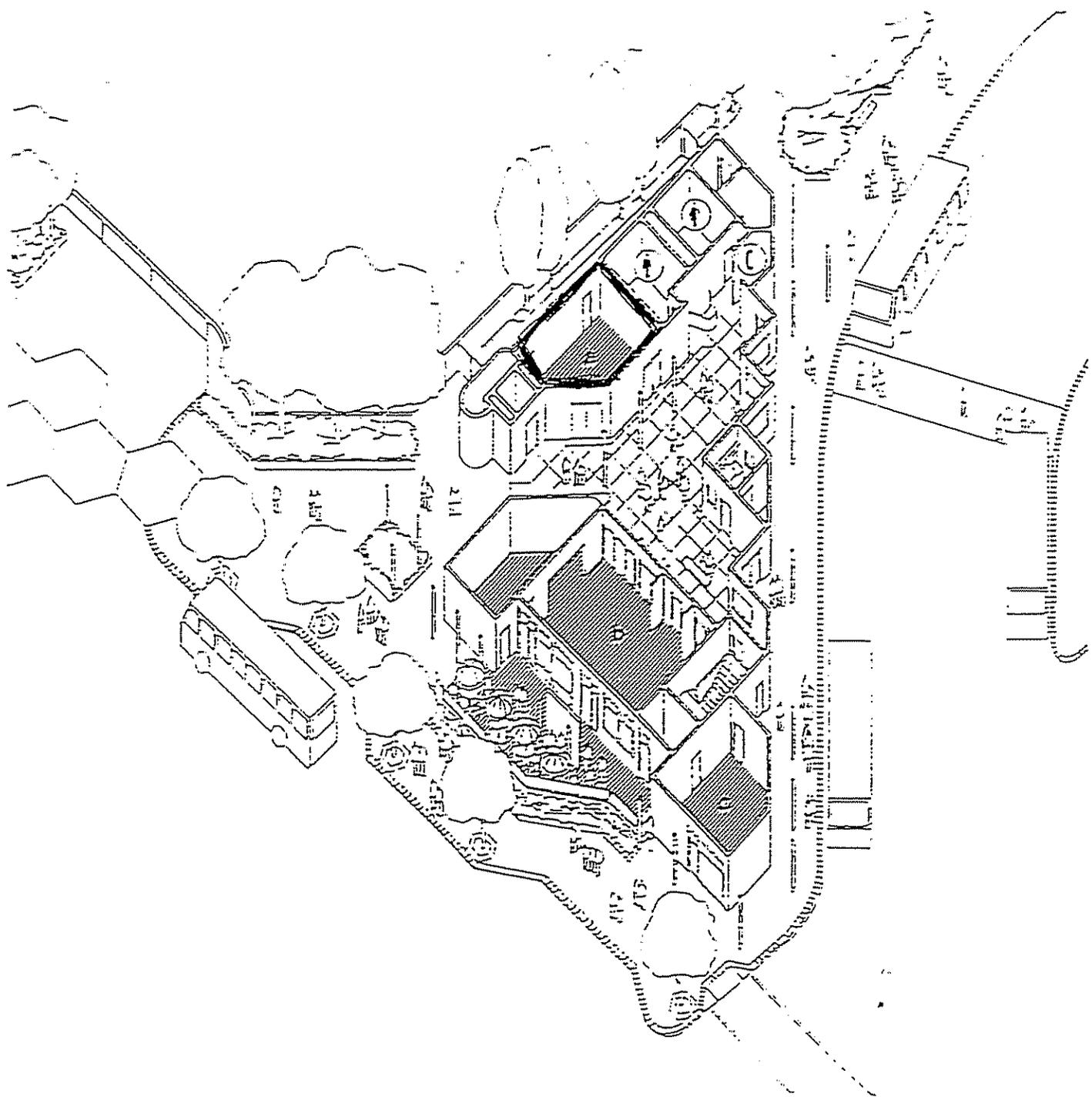


EXHIBIT ^A
5-24. a 35

EXHIBIT B

USE: HOURS OF USE

Tenant's business shall be that of operating a convenience store selling prepackaged food, groceries, beverages and miscellaneous sundry items.

The following items and products are approved by Landlord for sale by Tenant:

- Pre-packaged foods;
- Grocery store and sundry items;
- Miscellaneous foods and beverages associated with a convenience store.

It is the intent of Landlord to deny any request by Tenant for sale of the items listed below.

1. Mexican food;
2. Chinese food;
3. Drip coffee beverages;
4. Alcoholic beverages; and
5. Any other items sold by any other Pacific Station tenants.

Tenant's business hours shall be as follows:

7:00 a.m. until 9:00 p.m. daily

Tenant shall not change business hours without Landlord's consent.

INITIALS

Landlord: _____

Date: _____

Tenant: _____

Date: _____

5-24. a36

EXHIBIT C
SANTA CRUZ PACIFIC STATION
RULES AND REGULATIONS FOR TENANTS

1. SIGNS AND ADVERTISEMENTS

No sign, placard, picture, advertisement, name or notice shall be inscribed, displayed or printed or affixed on or to any part of the outside or inside of the Pacific Stat Building or any Kiosk including on windows or doors without the prior written consent of Landlord, and Landlord shall have the right to remove any non-complying sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant.

2. BUSINESS NAME OR LOGO ON WINDOWS; SUNSCREENS

All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved of by Landlord. Landlord intends to maintain design continuity, and Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition, balcony or wall, which may appear unsightly from outside the Premises. Tenant shall not without prior written consent of Landlord cause or otherwise sunscreen any window.

3. FREE MOVEMENT

The sidewalks, halls, passages, exits, entrances, driveways, and stairways shall not be obstructed by Tenant or used by Tenant for any purpose other than for ingress and egress from the premises.

4. LOCKS

Tenant shall not alter any lock or install any new or additional locks or any bolts on any doors or windows of the Premises without landlord's written permission.

5. USE OF RESTROOMS

The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance or objects of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be born by the Tenant who, or whose employees or invitees shall have caused it.

6. CARE OF PREMISES

Tenant shall not overload the floor of the Premises or in any way deface the Premises or any part thereof.

7. FURNITURE; EQUIPMENT; SAFES

No furniture, or equipment of any kind shall be brought into the Pacific Station Building without prior notice to Landlord and all moving of the same into or out of the premises

5-24. a 37

shall be done at such time and in such manner as Landlord shall designate. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy equipment brought into the premises and also the times and manner of moving the same in and out of the Premises. Safes or other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause and all damage done to Pacific Station, the Premises or any building or area related thereto by moving or maintaining any such safe or other property shall be repaired or replaced at the expense of Tenant.

8. USE OF PREMISES; PETS

Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to the Landlord or other occupants of Pacific Station or any kiosk by reason of noise, odors, and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Pacific Station, the Premises or any kiosk or area related thereto, except service dogs are allowed in accordance with Federal and State law.

No cooking shall be done or permitted by Tenant except as part of Tenant's approved business, nor shall the Premises be used for the exterior storage of merchandise, for washing clothes, for lodging, or for any improper, objectionable or immoral purposes.

9. HAZARDOUS FLUIDS, HVAC

Tenant shall not use or keep in Pacific Station, the Premises, any kiosk or any area related thereto any kerosene, gasoline or inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied or otherwise approved by Landlord.

10. ELECTRICAL WORK; LOCATION OF EQUIPMENT

Landlord will direct electricians as to where and how electrical outlets, telephone, computer and telegraph wires and cables are to be introduced onto the Premises. No boring or cutting for wires will be allowed without the consent of the Landlord. The location of electrical outlets, telephones, call boxes and other business equipment affixed to the Premises shall be subject to the approval of Landlord.

11. RESTRICTION OF BUILDING ACCESS FOR PUBLIC GOOD

In case of invasion, mob, riot, public excitement, or other commotion, the Landlord reserves the right to prevent access to Pacific Station, including the Premises and any area related thereto during the continuance of the same by closing of the doors or otherwise, for the safety of the tenants and protection of property in the Building.

5-24.238

12. RIGHT TO EXCLUDE OR EXPEL

Landlord reserves the right to exclude or expel from Pacific Station, including the Premises and any area related thereto, any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of Pacific Station or Federal, State, Municipal or Transit District law, ordinance or resolution.

13. INSTALLATION OF MACHINES

No vending machine or machines of any description shall be installed, or maintained or operated upon the Premises without the written consent of the Landlord.

14. RIGHT TO CHANGE NAME AND STREET ADDRESS

Landlord shall have the right, exercisable without notice and without liability to Tenant, to change the name and street address of Pacific Station of which the Premises are a part.

15. QUIET ENJOYMENT

Tenant shall not disturb, solicit, or canvass any occupant of Pacific Station or any Kiosk and shall cooperate to prevent it.

16. USE OF BUILDING NAME

Without the written consent of Landlord, Tenant shall not use the name of Pacific Station, The Santa Cruz Metropolitan Transit District in connection with or in promotion or advertising the business of Tenant except as Tenant's address or unless Tenant has received Landlord's written permission.

17. CONTROL AND OPERATION OF PREMISES FOR PUBLIC GOOD

Landlord shall have the right to control and operate the public portions of Pacific Station, and the public facilities and heating and air conditioning, as well as facilities furnished for the common use of tenants, in such manner as it deems best for the benefit of the tenants and public generally.

18. DOOR SECURITY

All entrance doors in the Premises shall be left locked when the Premises are not in use, and all doors opening to public corridors shall be closed except for normal ingress and egress from the Premises.

19. DISTRICT BUSINESS; CARE OF PATRONS

Landlord's primary business and public purpose is public transit, and Tenant shall

5-24.239

cooperate with Landlord's bus operating policies at Pacific Station. Tenant shall take care in preparing, packaging and serving food and beverages to assure that buses, bus operators, and bus passengers are not endangered, damaged, or inconvenienced. No food or beverage shall be sold, and no food or beverage shall be packaged in such a way that, in Landlord's sole opinion, may unduly soil, litter, stain, create a visual nuisance or increase Landlord maintenance costs on or about Landlord equipment, buses, or property.

20. VEHICLE RESTRICTION

No vehicles shall be operated, parked or otherwise driven onto Pacific Station's bus driveways by Tenant or its employees or agents. Any vehicles in Pacific Station may be towed immediately by Landlord or Landlord's agent, at the violator's expense.

21. PICK UP AND DELIVERIES

Pick up and deliveries of goods, merchandise, supplies, equipment, or service to Tenant's Premises shall be before 7:00 a.m. and after 5:30 p.m. Pick up and deliveries of any type in Pacific Station bus lanes or driveways are strictly forbidden. Tenant is responsible to inform all of Tenant vendors and distributors of these restrictions.

22. NO SMOKING

The entire Pacific Station is a smoke-free facility. Tenant shall refrain from smoking at any location within Pacific Station and shall inform its employees and patrons that the Center is smoke-free.

23. BIKE USE AND ABANDONMENT

Neither Tenant nor its employees or patrons shall operate bicycles at the Pacific Station. If Tenant observes anyone riding a bicycle at the Center he/she shall notify such individual of this rule.

If a bicycle is abandoned at Pacific Station, Tenant shall have it removed in accordance with California State law.

24. LOITERING

Tenant shall not allow or permit loitering in or about the Premises.

25. SKATEBOARDING/BIKE RIDING/ROLLER BLADING

Skateboarding, bike riding and roller-blading are prohibited at Pacific Station and in its parking lot. Neither Tenant nor its employees shall skateboard, operate a bicycle or roller-blade at any location at Pacific Station.

5-24.a 40

26. GARBAGE

No trash or garbage generated off the premises of Pacific Station shall be placed into dumpsters designated for Pacific Station tenants.

All trash or garbage generated on the premises of Pacific Station shall be placed inside the appropriate dumpster by tenants.

If any tenant leaves trash or garbage on, around or near the dumpster, or if any tenant places garbage generated off-site into a dumpster designated for Pacific Station tenants, then a \$50.00 fine will be assessed per occurrence to the tenant responsible for such action.

INITIALS

Landlord: _____

Date: _____

Tenant: _____

Date: _____

5-24. a41

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006
TO: Board of Directors
FROM: Tom Stickel, Manager of Maintenance
SUBJECT: **CONSIDERATION OF AWARD OF CONTRACT FOR FEDERAL LEGISLATIVE SERVICES WITH CAROLYN C. CHANEY AND ASSOCIATES, INC.**

I. RECOMMENDED ACTION

District Staff recommends that the Board of Directors authorize the General Manager to execute a contract for federal legislative services with Carolyn C. Chaney and Associates, Inc.

II. SUMMARY OF ISSUES

- A competitive procurement was conducted to solicit proposals from qualified firms.
- Four firms submitted proposals for the District's review.
- An evaluation committee comprised of District staff reviewed and evaluated the proposals.
- The evaluation committee is recommending that a contract be established with Carolyn C. Chaney and Associates, Inc. to provide federal legislative services.

III. DISCUSSION

The District requires the services of a federal legislative representative to represent and advocate before the Congress and the U.S. Department of Transportation, the positions and policies of the District. Other required services include: represent the District before the various legislative committees in Washington D.C., as directed; monitor transportation committees and other committees as appropriate; represent the District before such committees as directed; represent the District when directed, before State Departments, Agencies, and regulatory bodies that impact the policies and programs of the District; advise the District on legislative strategy; serve as an advisor to management and the Board of Directors; provide information relative to the legislative hearings which may have an impact on the policies and programs of the District; closely monitor and manage legislative issues and/or bills which the District has identified as high priority items; provide assistance to the District in drafting proposed testimony before the Congress and present such testimony when requested; coordinate advocacy efforts with the District's Board of Directors and staff; undertake such other assignments upon which the District

7.1

and consultant mutually agree; prepare written/oral reports, at least monthly, summarizing its activities on behalf of the District; comply with all Federal and State laws and regulations relating to the activities of lobbyists; and shall provide necessary documentation to support the filing of all required Federal and State forms related to legislative assistant or lobbying services.

On November 9, 2005, District Request for Proposal No. 05-11 was mailed to twenty-three firms and was legally advertised. On December 8, 2005, proposals were received and opened from four firms. These firms are listed in Attachment A. An evaluation committee comprised of District staff have reviewed and evaluated the proposals.

The evaluation committee used the following criteria as contained in the Request for Proposals:

Criteria	Points
Familiarity with Santa Cruz, California and knowledge of current transportation issues and projects which are affected by federal legislative or administrative actions.	15
Existing, or ability to establish close working relationships with members and staff of the California Congressional Delegation with particular emphasis on Senator Boxer, Senator Feinstein, Congressman Farr, and Congresswoman Eshoo.	20
Knowledge and experience working with members and staff of the House Transportation and Infrastructure Committee, House Transportation Appropriations Subcommittee, Senate Banking, Housing and Urban Affairs Committee, and Senate Transportation Appropriations Subcommittee.	20
Knowledge and experience working with the staff of the Federal Transit Administration.	15
Ability to work collaboratively with Legislative Consultants representing other California agencies and business to achieve Santa Cruz METRO goals.	10
Proposed cost of services.	15
DBE Participation	5
Total Points Possible	100

Based on the above criteria, the selection committee is recommending that the Board of Directors authorize the General Manager to sign a contract with Carolyn C. Chaney and Associates, Inc. to provide federal legislative services for an amount not to exceed \$ 64,000. Contractor has provided federal legislative services for the District since 1994. Contractor will continue to provide services meeting all District specifications and requirements.

IV. FINANCIAL CONSIDERATIONS

Funds are included in the fiscal year 2005-06 budget necessary to support this contract.

7.2

V. ATTACHMENTS

Attachment A: Ranking of Proposals Submitted

Attachment B: Contract with Carolyn C. Chaney and Associates, Inc.

Note: The RFP along with its Exhibits and any Addendum(s) are available for review at the Administration Office of METRO or online at www.scmtd.com

Attachment **A**

Ranking Of Firms Responding To District RFP No. 05-11

For Federal Legislative Services

1. Carolyn C. Chaney, Washington D.C.
2. Van Scoyoc Associates, Washington D.C.
3. David Turch and Associates, Washington D.C.
4. The Advocacy Group, Washington D.C.

7.91

CONTRACT FOR FEDERAL LEGISLATIVE REPRESENTATIVE SERVICES (05-11)

THIS CONTRACT is made effective on February 1, 2006 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("District"), and CAROLYN C. CHANEY AND ASSOCIATES ("Contractor")

1 RECITALS

1.01 District's Primary Objective

District is a public entity whose primary objective is providing public transportation and has its principal office at 370 Encinal Street, Suite 100, Santa Cruz, California 95060

1.02 District's Need for Federal Legislative Representative Services

District has the need for Federal Legislative Representative Services. In order to obtain these services, the District issued a Request for Proposals, dated November 9, 2005, setting forth specifications for such services. The Request for Proposals is attached hereto and incorporated herein by reference as Exhibit "A"

1.03 Contractor's Proposal

Contractor is a firm/individual qualified to provide Federal Legislative Representative Services and whose principal place of business is 1212 New York Ave, NW, Suite 250, Washington D C. Pursuant to the Request for Proposals by the District, Contractor submitted a proposal for Federal Legislative Representative Services, which is attached hereto and incorporated herein by reference as Exhibit "B"

1.04 Selection of Contractor and Intent of Contract

On January 27, 2006 District selected Contractor as the offeror whose proposal was most advantageous to the District, to provide Federal Legislative Representative Services described herein. This Contract is intended to fix the provisions of these services.

District and Contractor agree as follows:

2 INCORPORATED DOCUMENTS AND APPLICABLE LAW

2.01 Documents Incorporated in this Contract

The documents below are attached to this Contract and by reference made a part hereof. This is an integrated Contract. This writing constitutes the final expression of the parties' contract, and it is a complete and exclusive statement of the provisions of that Contract, except for written amendments, if any, made after the date of this Contract in accordance with Section 13.14

A. Exhibit "A"

Santa Cruz Metropolitan Transit District's "Request for Proposals" dated November 9, 2005

B. Exhibit "B" (Contractor's Proposal)

Contractor's Proposal to the District for Federal Legislative Representative Services, signed by Contractor and dated December 8, 2005.

2.02 Conflicts

Where in conflict, the provisions of this writing supersede those of the above-referenced documents, Exhibits "A" and "B". Where in conflict, the provisions of Exhibit "A" supercede Exhibit "B"

2 03 Recitals

The Recitals set forth in Article 1 are part of this Contract

3 DEFINITIONS

3 01 General

The terms below (or pronouns in place of them) have the following meaning in the contract:

3.01 01 CONTRACT - The Contract consists of this document, the attachments incorporated herein in accordance with Article 2, and any written amendments made in accordance with Section 13 14

3 01 02 CONTRACTOR - The Contractor selected by District for this project in accordance with the Request for Proposals issued November 9, 2005.

3 01 03 CONTRACTOR'S STAFF - Employees of Contractor

3.01 04 DAYS - Calendar days

3 01 05 OFFEROR - Contractor whose proposal was accepted under the terms and conditions of the Request for Proposals issued November 9, 2005

3 01 06 PROVISION - Any term, agreement, covenant, condition, clause, qualification, restriction, reservation, or other stipulation in the contract that defines or otherwise controls, establishes, or limits the performance required or permitted by either party

3 01 07 SCOPE OF WORK (OR "WORK") - The entire obligation under the Contract, including, without limitation, all labor, equipment, materials, supplies, transportation, services, and other work products and expenses, express or implied, in the Contract

4 TIME OF PERFORMANCE

4 01 Term

The term of this Contract will be for a period not to exceed one (1) year and shall commence upon the issuance of the contract by the District.

At the option of the District, this contract agreement may be renewed for four (4) additional one (1) year terms upon mutual written consent

5 COMPENSATION

5 01 Terms of Payment

District shall compensate Contractor in an amount not to exceed the amounts/rates agreed upon by the District
District shall reasonably determine whether work has been successfully performed for purposes of payment
Compensation shall be made within forty-five (45) days of District written approval of Contractor's written invoice for said work. Contractor understands and agrees that if he/she exceeds the \$64,000 maximum amount payable under this contract, that it does so at its own risk

5 02 Invoices

Contractor shall submit invoices with a purchase order number provided by the District on a monthly basis
Contractor's invoices shall include detailed records showing actual time devoted, work accomplished, date work accomplished, personnel used, and amount billed per hour. Expenses shall only be billed if allowed under the

7.62²

Contract Telephone call expenses shall show the nature of the call and identify location and individual called Said invoice records shall be kept up-to-date at all times and shall be available for inspection by the District (or any grantor of the District, including, without limitation, any State or Federal agency providing project funding or reimbursement) at any time for any reason upon demand for not less than four (4) years after the date of expiration or termination of the Contract. Under penalty of law, Contractor represents that all amounts billed to the District are (1) actually incurred; (2) reasonable in amount; (3) related to this Contract; and (4) necessary for performance of the project

6 NOTICES

All notices under this Contract shall be deemed duly given upon delivery, if delivered by hand; or three (3) days after posting, if sent by registered mail, receipt requested; to a party hereto at the address hereinunder set forth or to such other address as a party may designate by notice pursuant hereto

DISTRICT

Santa Cruz Metropolitan Transit District
370 Encinal Street
Suite 100
Santa Cruz, CA 95060
Attention: General Manager

CONTRACTOR

Carolyn C Chaney and Associates
1212 New York Ave, NW
Suite 250
Washington D C 20005
Attention: Carolyn C Chaney, President

7 AUTHORITY

Each party has full power and authority to enter into and perform this Contract and the person signing this Contract on behalf of each has been properly authorized and empowered to enter into this Contract Each party further acknowledges that it has read this Contract, understands it, and agrees to be bound by it

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR
CAROLYN C CHANEY AND ASSOCIATES

By _____
Carolyn C Chaney
President

Approved as to Form:

Margaret Rose Gallagher
District Counsel

7. b3³

EXHIBIT -A-

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Request for Proposals (RFP)

For Federal Legislative Services

District RFP NO. 05-11

Date Issued: November 9, 2005

Proposal Deadline: 5:00 P.M., December 8, 2005



Contents of this RFP

Part I.	Instructions to Offerors
Part II.	General Information Form
Part III.	Specifications
Part IV.	General Conditions
Part V.	Contract/Agreement
Part VI.	FTA Requirements for Non-Construction Contracts
Part VII.	Protest Procedures

PART I
INSTRUCTIONS TO OFFERORS

1. **GENERAL:** These instructions form a part of the contract documents and shall have the same force as any other portion of the contract. Failure to comply may subject the proposal to immediate rejection
2. **OFFEROR RESPONSIBILITY:** The District has made every attempt to provide all information needed by offerors for a thorough understanding of project terms, conditions, and requirements. It is expressly understood that it is the responsibility of offerors to examine and evaluate the work required under this RFP and the terms and conditions under which the work is performed. By submitting a proposal, Offeror represents that it has investigated and agrees to all terms and conditions of this RFP.
3. **DELIVERY OF PROPOSALS TO THE DISTRICT:** Proposals (1 original and 4 copies) must be delivered to the District Purchasing Office, 110 Vernon Street, Suite B, Santa Cruz, California, 95060 on or before the deadline noted in the RFP

Any contract or purchase order entered into as a result of this RFP shall incorporate the RFP and the proposal submitted by successful offeror. In the event of conflict between the proposal and any other contract document, the other contract document shall prevail unless specified otherwise by the District. Telephone or electronic proposals will not be accepted

4. **LATE PROPOSALS:** Proposals received after the date and time indicated herein shall not be accepted and shall be returned to the Offeror unopened.

Requests for extensions of the proposal closing date or time will not be granted. Offerors mailing proposals should allow sufficient mail time to ensure timely receipt of their proposals before the deadline, as it is the offerors responsibility to ensure that proposals arrive before the closing time

5. **MULTIPLE PROPOSALS:** An offeror may submit more than one proposal. At least one of the proposals shall be complete and comply with all requirements of this RFP. However, additional proposals may be in abbreviated form, using the same format, but providing only the information that differs in any way from the information contained in the master proposal. Master proposals and alternate proposals should be clearly labeled.
6. **PARTIAL PROPOSALS:** No partial proposals shall be accepted
7. **WITHDRAWAL OR MODIFICATION OF PROPOSALS:** Proposals may not be modified after the time and date proposals are opened. Proposals may be withdrawn by Offeror before proposal opening upon written request of the official who is authorized to act on behalf of the Offeror.
8. **CHANGES TO THE RFP RECOMMENDED BY OFFERORS:** All requests for clarification or modification of the RFP shall be made in writing. Offerors are required to provide the value of each proposed modification and a brief explanation as to why the change is requested. Value shall be defined as the cost or savings to the District and the advantage to the District of the proposed change.
9. **ADDENDA:** Modifications to this RFP shall be made only by written addenda issued to all RFP holders of record. Verbal instructions, interpretations, and changes shall not serve as official expressions of the District, and shall not be binding. All cost adjustments or other changes resulting from said addenda shall be taken into consideration by offerors and included in their proposals.
10. **OFFEROR'S PROPOSAL TO THE DISTRICT:** Offerors are expected to thoroughly examine the scope of work and terms and conditions of the RFP. Offerors' terms, conditions, and prices shall constitute a firm offer to the District that cannot be withdrawn by the Offeror for ninety (90) calendar days after the closing date for

proposals, unless a longer time period is specified by the District in the RFP. Offerors shall identify all proprietary information in their proposals. Information identified as proprietary shall not be made available to the public or other offerors.

11. **SINGLE OFFEROR RESPONSIBILITY:** Single Offeror responsibility is required under this RFP. Each Offeror responding to this RFP must respond to all professional services and provide all materials, equipment, supplies, transportation, freight, special services, and other work described or otherwise required herein.
12. **EXPERIENCE AND QUALIFICATIONS:** Offeror may be required upon request of the District to substantiate that Offeror and its proposed subcontractors have the skill, experience, licenses, necessary facilities, and financial resources to perform the contract in a satisfactory manner and within the required time.
13. **SUBCONTRACTING:** The requirement for single-point responsibility does not prohibit subcontracts or joint ventures provided that the single successful Offeror assumes the following responsibilities: (1) serves as the sole general contractor with the District; (2) assumes full responsibility for the performance of all its subcontractors, joint venturers, and other agents; (3) provides the sole point of contact for all activities through a single individual designated as project manager; (4) submits information with its proposal documenting the financial standing and business history of each subcontractor or joint venturer; and, (5) submits copies of all subcontracts and other agreements proposed to document such arrangement.

Without limiting the foregoing, any such legal documents submitted under item "5" above must (a) make the District a third-party beneficiary thereunder; (b) grant to the District the right to receive notice of and cure any default by the successful offeror under the document; and (c) pass through to the District any and all warranties and indemnities provided or offered by the subcontractor or similar party.

14. **EVALUATION CRITERIA AND AWARD OF CONTRACT:** The award of the contract will be made to the responsible Offeror whose proposal is most advantageous to the District. Specific evaluation criteria are identified in the Specifications section of the RFP.
15. **DISTRICT'S PREROGATIVE:** The District reserves the right to contract with any single firm or joint venture responding to this RFP (without performing interviews), based solely upon its evaluation and judgment of the firm or joint venture in accordance with the evaluation criteria. This RFP does not commit the District to negotiate a contract, nor does it obligate the District to pay for any costs incurred in preparation and submission of proposals or in submission of a contract.

The District reserves and holds at its discretion the following rights and options in addition to any others provided by the Public Utility Code, Section 98000 and the Public Contract Code: (1) to reject any or all of the proposals; (2) to issue subsequent requests for proposals; (3) to elect to cancel the entire request for proposals; (4) to waive minor informalities and irregularities in proposals received; (5) to enter into a contract with any combination of one or more prime contractors, subcontractors, or service providers; (6) to approve or disapprove the use of proposed subcontractors and substitute subcontractors; (7) to negotiate with any, all, or none of the respondents to the RFP.

16. **EXECUTION OF CONTRACT:** The final contract shall be executed by the successful offeror and returned to the District Administrative Office no later than ten (10) calendar days after the date of notification of award by the District. All required bonds and insurance certificates shall also be submitted by this deadline. In the event successful offeror does not submit any or all of the aforementioned documents on or before the required deadline, the District may award the contract to another offeror; in such event, District shall have no liability and said party shall have no remedy of any kind against the District.
17. **DISADVANTAGED AND WOMEN'S BUSINESS ENTERPRISES:** The Board of Directors of the Santa Cruz Metropolitan Transit District has adopted a Disadvantaged Business Enterprise Policy to promote the participation of disadvantaged business enterprises (DBE) in all areas of District contracting to the maximum extent practicable. Consistent with the DBE Policy, the successful offeror selected for this project shall take all necessary and reasonable steps to ensure that DBE firms have the maximum practicable opportunity to participate in the performance of this project and any subcontracting opportunities thereof.

18. NONDISCRIMINATION: The Santa Cruz Metropolitan Transit District will not discriminate with regard to race, color, creed, ancestry, national origin, religion, sex, sexual preference, marital status, age, medical condition or disability in the consideration for award of contract.

***ADDITIONAL INSTRUCTIONS TO OFFERORS ARE SET FORTH IN
OTHER SECTIONS OF THIS REQUEST FOR PROPOSALS***

PART II

GENERAL INFORMATION FORM

SERVICES OF A FEDERAL LEGISLATIVE REPRESENTATIVE 05-11

(To be completed by the offeror and placed at the front of your proposal)

Legal Name of Firm

Date

Firm's Address

Telephone Number

FAX Number

Type of Organization (Partnership, Corporation, etc.)

Tax ID Number

Offeror understands and agrees that, by his/her signature, if awarded the contract for the project, he/she is entering into a contract with the District that incorporates the terms and conditions of the entire Request for Proposals package, including the General Conditions section of the Request for Proposals. Offeror understands that this proposal constitutes a firm offer to the District that cannot be withdrawn for ninety (90) calendar days from the date of the deadline for receipt of proposals. If awarded the contract, offeror agrees to deliver to the District the required insurance certificates within ten (10) calendar days of the Notice of Award.

Signature of Authorized Principal

Name of Principal-in-Charge and Title

Name of Project Manager and Title

Name, Title, Email Address and Phone Number of Person To Whom Correspondence Should be Directed

Addresses Where Correspondence Should Be Sent

Areas of Responsibility of Prime Contractor

Listing of major sub consultants proposed (if applicable), their phone numbers, and areas of responsibility (indicate which firms are DBE's):

LOBBYING CERTIFICATION
(Only for Contracts above \$100,000)

Lobbying Certification for Contracts Grants, Loans and Cooperative Agreements (Pursuant to 49 CFR Part 20, Appendix A)

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal Contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal Contract, grant, loan, or cooperative agreement
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for making lobbying contacts to an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal Contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form--LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions and as amended by "Government wide Guidance for New Restrictions on Lobbying," 61 Fed. Reg 1413 (1/19/96).
- (3) The undersigned shall require that the language of this certification be included in the award documents for all sub awards at all tiers (including subcontracts, sub grants, and Contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C § 1352 (as amended by the Lobbying Disclosure Act of 1995). Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

The Bidder/Offeror certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Bidder/Offeror understands and agrees that the provisions of 31 U.S.C A 3801, *et seq.* apply to this certification and disclosure, if any

Firm Name _____

Signature of Authorized Official _____

Name and Title of Authorized Official _____

Date _____

**BUY AMERICA PROVISION {tc "BUY AMERICA PROVISION " \ 2}
(Only for Contracts above \$100,000)**

This procurement is subject to the Federal Transit Administration Buy America Requirements in 49 CFR part 661.

A Buy American Certificate, as per attached format, must be completed and submitted with the bid. A bid which does not include the certificate will be considered non-responsive.

A false certification is a criminal act in violation of 18 U.S.C. 1001. Should this procurement be investigated, the successful bidder/proposer has the burden of proof to establish that it is in compliance.

A waiver from the Buy America Provision may be sought by SCMTD if grounds for the waiver exist.

Section 165(a) of the Surface Transportation Act of 1982 permits FTA participation on this contract only if steel and manufactured products used in the contract are produced in the United States.

BUY AMERICA CERTIFICATE

The bidder hereby certifies that it will comply with the requirements of Section 165(a) or (b) (3) of the Surface Transportation Assistance Act of 1982, and the applicable regulations in 49 CFR Part 661.

Date: _____

Signature: _____

Company Name: _____

Title: _____

OR

The bidder hereby certifies that it cannot comply with the requirements of Section 165(a) or (b) (3) of the Surface Transportation Act of 1982, but may qualify for an exception to the requirement pursuant to Section 165(b)(2) or (b)(4) of the Surface Transportation Assistance Act of 1982, as amended, and regulations in 49 CFR 661.7

Date: _____

Signature: _____

Company Name: _____

Title: _____

CONTRACTOR DBE INFORMATION

CONTRACTOR'S NAME _____
 DBE GOAL FROM CONTRACT _____ %
 FED. NO. _____
 COUNTY _____
 AGENCY _____
 CONTRACT NO. _____

CONTRACTOR'S ADDRESS _____

 PROPOSAL AMOUNT \$ _____
 PROPOSAL OPENING DATE _____
 DATE OF DBE CERTIFICATON _____
 SOURCE ** _____

This information must be submitted during the initial negotiations with the District. By submitting a proposal, offeror certifies that he/she is in compliance with the District's policy. Failure to submit the required DBE information by the time specified will be grounds for finding the proposal non-responsive.

CONTRACT ITEM NO.	ITEM OF WORK AND DESCRIPTION OF WORK OR SERVICES TO BE SUBCONTRACTED OR MATERIALS TO BE PROVIDED *	CERTIFICATION FILE NUMBER	NAME OF DBE	DOLLAR AMOUNT DBE ***	PERCENT DBE

TOTAL CLAIMED DBE
 PARTICIPATION \$ _____ %

SIGNATURE OF CONTRACTOR _____

DATE _____

AREA CODE/TELEPHONE _____

(Detach from proposal if DBE information is not submitted with proposal.)

- * If 100% of item is not to be performed or furnished by DBE, describe exact portion, including plan location of work to be performed, of item to be performed or furnished by DBE.
- ** DBE's must be certified on the date proposals are opened.
- *** Credit for a DBE supplier who is not a manufacturer is limited to 60% of the amount paid to the supplier.

NOTE: Disadvantaged business must renew their certification annually by submitting certification questionnaires in advance of expiration of current certification. Those not on a current list cannot be considered as certified.

CONTRACTOR DBE INFORMATION

CONTRACT ITEM NO.	ITEM OF WORK AND DESCRIPTION OF WORK OR SERVICES TO BE SUBCONTRACTED OR MATERIALS TO BE PROVIDED *	CERTIFICATION FILE NUMBER	NAME OF DBE	DOLLAR AMOUNT DBE ***	PERCENT DBE
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TOTAL CLAIMED DBE
PARTICIPATION \$ _____ %

PART III

SERVICES OF A FEDERAL REPRESENTATIVE

1. BACKGROUND

The Santa Cruz Metropolitan Transit District ("District") is a special district organized under the Public Utilities Code of the State of California for the purpose of operating mass transit services within Santa Cruz County. The District is governed by an eleven (11) member Board of Directors whose members are appointed by the County of Santa Cruz and the cities of Santa Cruz, Watsonville, Capitola, and Scotts Valley. The District is involved in a number of issues relating to federal programs and legislation, and therefore wishes to ensure representation in Washington DC through a governmental relations or legislative assistance firm.

2. STATEMENT OF SERVICES

The tasks involved will include, but not be limited to, the following:

- A. Represent and advocate before the Congress and the U.S. Department of Transportation, the positions and policies of the District;
- B. Represent the District before the various legislative committees in Washington DC, as directed; monitor transportation committees and other committees as appropriate and represent the District before such committees as directed;
- C. Represent the District, when directed, before State Departments, Agencies, and regulatory bodies that impact the policies and programs of the District
- D. Advise the District on legislative strategy and serve as an advisor to management and the Board of Directors;
- E. Provide information relative to the legislative hearings which may have impact on the policies and programs of the District;
- F. Closely monitor and manage legislative issues and/or bills which the District has identified as high priority items;
- G. Provide assistance to the District in drafting proposed testimony before the Congress and present such testimony when requested;
- H. Coordinate advocacy efforts with the District's Board of Directors and staff;
- I. Undertake such other assignments upon which the District and consultant mutually agree
- J. The consultant shall prepare written/oral reports, at least monthly, summarizing its activities on behalf of the District.
- K. The Consultant shall comply with all Federal and State laws and regulations relating to the activities of lobbyists. Consultant shall provide necessary documentation to support the filing of all required Federal and State forms related to legislative assistant or lobbying services.

3. QUALIFICATIONS FOR CONSIDERATION

To be considered for selection and contract award, the Consultant must have the following qualifications:

- A. A minimum of five (5) years of practice as a representative before the United States Congress and U.S. Department of Transportation
- B. Knowledge of Federal law and regulations pertaining to public utilities, railroads, mass transportation and the environment
- C. Detailed knowledge of Federal, Congressional and executive leadership, Federal procedures and Federal agendas, which would affect the District's activities.
- D. Record of satisfactorily representing interests of local public agencies before the U.S. Congress and U.S. Department of Transportation, and in getting legislation or orders favorable to such agencies.
- E. Resources available for services to the District.

The District reserves the right to investigate the qualifications of all firms and persons under consideration, to include reference checks, and to confirm any part of the information furnished by an offeror, or to require other evidence of professional, financial, or other capabilities which are necessary for the successful performance of the services.

4. **MINIMUM PROPOSAL REQUIREMENTS**

- A. Consultant's Experience and Qualifications – This section should provide a summary of description of the Consultant's overall qualifications for this service and previous experience on similar or related engagements. A summary of the financial stability of the consultant should be provided, insofar as s/he has resources available to perform the services. This section should include the names and resumes of the individuals who will be performing legislative and representation services.
- B. Understanding of the Scope of Work – This section should include a brief narrative introducing the Consultant's understanding of the work required. The contents of this section are to be determined by the particular respondent, but should demonstrate the understanding of the scope of work.
- C. References – The prospective Consultant shall provide names, addresses and telephone numbers for at least three clients for whom he/she has performed services similar in nature and complexity to that proposed in this RFP.
- D. Conflict of Interest - The prospective Consultant shall disclose any financial, business or other relationship with the District or any of its officers or officials that may have an impact upon the outcome of the work. The prospective Consultant shall also list current clients who may have a financial interest in the outcome of the work.
- E. Professional Services Agreement – Consultant's proposal shall be based on the requirements set forth in the "Professional Services Agreement" included in this RFP. The final agreement between the District and Consultant shall be in substantially the same form and content as the "Professional Services Agreement" included herein.
- F. Signature – The proposal shall be signed by the Consultant and shall contain a statement to the effect that the proposal is a firm offer for a 90-day period. The proposal shall also provide the following: name, title, address and telephone number of the Consultant.
- G. Past, Present and Pending Legal Actions – Consultant shall list all legal actions in which it was a party within the past five (5) years, including all parties and outcome(s).
- H. Proposed Fee – Consultant shall provide a proposed monthly fee for services.

5. PROPOSAL SUBMITTAL

Proposals and six copies must be received **no later than 5:00 p.m. December 8, 2005** at the Purchasing Department of the District Administrative Office, 110 Vernon Street, Suite B, Santa Cruz, CA 95060. Proposals must be clearly marked:

**“Proposal for Services of a Federal Legislative Representative
(Proposal Due Date: December 8, 2005)”**

The prospective Consultant shall be available for an oral interview or telephone interview on October 12, 2005 between the hours of 8:00 a.m. and 5:00 p.m., if so requested by the Purchasing Department. The prospective Consultant will be notified before 5:00 p.m. October 7, 2005 about the exact time of the interview.

6. MODIFICATION OR WITHDRAWAL OF PROPOSALS

Any proposal received prior to the date and time specified above for receipt of proposals may be withdrawn or modified by written request of the Consultant. To be considered, however, the modified proposal must be received by the date and time specified above.

All verbal modifications of these conditions or provisions are void and ineffective for proposal evaluation purposes. Only written changes issued to Consultants by the Purchasing Department are authorized and binding.

7. REJECTION OF PROPOSALS

Failure to meet the requirements for the Request for Proposals will be cause for rejection of the proposals. The District may reject any proposal if it is conditional, incomplete or contains irregularities. The District may waive an immaterial deviation in the proposal. Waiver of an immaterial deviation shall in no way modify the Request for Proposal's documents or excuse the Consultant from full compliance with the contract documents if the Consultant is awarded the contract. The District reserves the right to not award the contract, should it determine that the proposals are not in its best interest.

8. EVALUATION CRITERIA

Proposals will be evaluated according to the following criteria, listed in order of priority, which shall be the sole criteria for determining qualifications for contract award:

- A. Familiarity with Santa Cruz, California and knowledge of current transportation issues and projects which are affected by federal legislative or administrative actions: **15 points**
- B. Existing, or ability to establish close working relationships with members and staff of the California Congressional Delegation with particular emphasis on Senator Boxer, Senator Feinstein, Congressman Farr, and Congresswoman Eshoo: **20 points**
- C. Knowledge and experience working with members and staff of the House Transportation and Infrastructure Committee, House Transportation Appropriations Subcommittee, Senate Banking, Housing and Urban Affairs Committee, and Senate Transportation Appropriations Subcommittee: **20 points**
- D. Knowledge and experience working with the staff of the Federal Transit Administration: **15 points**

- E. Ability to work collaboratively with Legislative Consultants representing other California agencies and business to achieve Santa Cruz METRO goals: **10 points**
- F. Proposed cost of services: **15 points**
- G. DBE participation: **5 points**

9. PROPOSED CONTRACT

The District anticipates entering into a one-year contract that involves payment of a flat monthly retainer to be provided by the Consultant. The retainer is not to be exceeded nor added to for any month that requires significant use of Consultant's time to accomplish the legislative service requirement. The terms and conditions will be set forth in the final "Agreement for the Services of a Federal Legislative Representative" (a draft of which is currently provided in Part V of this RFP), which will include the addition of any changes negotiated between the selected Consultant and the District.

10. PROJECT SCHEDULE

The anticipated schedule of activities related to this RFP is as follows:

EVENT	DATE
Distribution of RFP	November 9, 2005
Proposal Due Date	December 8, 2005
Evaluation and Oral Interviews	December 14, 2005
Consultant Contract Negotiation Completion	December 21, 2005
Board Approval of Consultant Contract	January 27, 2006
Notice to Proceed	February 1, 2006

PART IV

GENERAL CONDITIONS TO THE CONTRACT

1. GENERAL PROVISIONS

1.01 Governing Law & Compliance with All Laws

This Contract is governed by and construed in accordance with the laws of California. Each party will perform its obligations hereunder in accordance with all applicable laws, rules, and regulations now or hereafter in effect. Contractor shall ensure throughout the terms of this Agreement that all federal, state and local laws and requirements are met including any requirements District is obligated to perform because of receipt of grant funding. Contractor shall also be required to fulfill its obligation as a federal and/or state and/or local sub-recipient of grant funding.

1.02 Right to Modify Contract

District may extend the term of this Contract, expand the Scope of Work, or otherwise amend the Contract. Any such extension, expansion or amendment shall be effective only upon written agreement of the parties in accordance with Section 13.14.

2. TERMINATION

2.01 Termination for Convenience

2.01.01 The performance of Work under this Contract may be terminated by the District upon fifteen (15) days' notice at any time without cause for any reason in whole or in part, whenever the District determines that such termination is in the District's best interest.

2.01.02 Upon receipt of a notice of termination, and except as otherwise directed by the District, the Contractor shall: (1) stop work under the Contract on the date and to the extent specified in the notice of termination; (2) place no further orders or subcontracts for materials, services, or facilities, except as may be necessary for completion of such portion of the Work under the Contract as is not terminated; (3) terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the notice of termination; (4) assign to the District in the manner, at the time, and to the extent directed by the District all of the rights, title, and interest of the Contractor under the orders and subcontracts so terminated, in which case the District shall have the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts; (5) settle all outstanding liabilities and claims arising out of such termination or orders and subcontracts, with the approval or ratification of the District, to the extent the District may require, which approval or ratification shall be final for all the purposes of this clause; (6) transfer title to the District and deliver in the manner, at the time, and to the extent, if any, directed by District the fabricated or unfabricated parts, work in progress, completed work, supplies and other material produced as a part of, or acquired in connection with the performance of, the work terminated and the completed or partially completed plans, drawings, information and other property which, if the Contract had been completed, would have been required to be furnished to the District; (7) use its best efforts to sell, in the manner, at the time, to the extent, and at the price(s) directed or authorized by the District, any property of the types referred to above provided, however, that the Contractor shall not be required to extend credit to any purchaser, and may acquire any such property under the conditions prescribed by and at a price(s) approved by the District, and provided further, that the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made to the District to the Contractor under this Contract or shall otherwise be credited to the price or cost of the Work covered by this Contract or paid in such other manner as the District may direct; (8) complete performance of

such part of the Work as shall not have been terminated by the notice of termination; and (9) take such action as may be necessary, or as the District may direct, for the protection or preservation of the property related to this Contract which is in the possession of the Contractor and in which the District has or may acquire an interest

2.02 Termination for Default

2.02.01 The District may, upon written notice of default to the Contractor, terminate the whole or any part of this Contract if the Contractor: (1) fails to complete the Scope of Work within time period stated in the Specifications section of the IFB; (2) fails to perform any of the other provisions of the Contract; or (3) fails to make progress as to endanger performance of this Contract in accordance with its provisions.

2.02.02 If the Contract is terminated in whole or in part for default, the District may procure, upon such terms and in such manner as the District may deem appropriate, supplies or services similar to those so terminated. Without limitation to any other remedy available to the District, the Contractor shall be liable to the District for any excess costs for such similar supplies or services, and shall continue the performance of this Contract to the extent not terminated under the provisions of this clause.

2.02.03 If, after notice of termination of this Contract under the provisions of this clause, it is determined for any reason that the Contractor was not in default under the provisions of this clause, or that the default was excusable under the provisions of this clause, the rights and obligations of Contractor and District shall be considered to have been terminated pursuant to termination for convenience of the District pursuant to Article 2.01 from the date of Notification of Default.

2.03 No Limitation

The rights and remedies of the District provided in this Article 2 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

3 FORCE MAJEURE

3.01 General

Neither party hereto shall be deemed to be in default of any provision of this Contract, or for any failure in performance, resulting from acts or events beyond the reasonable control of such party. For purposes of this Contract, such acts shall include, but not be limited to, acts of God, civil or military authority, civil disturbance, war, strikes, fires, other catastrophes, or other "force majeure" events beyond the parties' reasonable control; provided, however, that the provisions of this Section 3 shall not preclude District from canceling or terminating this Contract (or any order for any product included herein), as otherwise permitted hereunder, regardless of any force majeure event occurring to Contractor.

3.02 Notification by Contractor

Contractor shall notify District in writing as soon as Contractor knows, or should reasonably know, that a force majeure event (as defined in Section 3.01) has occurred that will delay completion of the Scope of Work. Said notification shall include reasonable proofs required by the District to evaluate any Contractor request for relief under this Article 3. District shall examine Contractor's notification and determine if the Contractor is entitled to relief. The District shall notify the Contractor of its decision in writing. The District's decision regarding whether or not the Contractor is entitled to force majeure relief shall be final and binding on the parties.

3.03 Losses

Contractor is not entitled to damages, compensation, or reimbursement from the District for losses resulting from any "force majeure" event

4. PROFESSIONAL STANDARDS

Contractor shall at all times during the term of this Contract possess the technical ability, experience, financial ability, overall expertise, and all other skills, licenses, and resources necessary to perform and complete the scope of work in a timely, professional manner so as to meet or exceed the provisions of this Contract.

5 PROFESSIONAL RELATIONS

5 01 Independent Contractor

No relationship of employer and employee is created by this Contract. In the performance of its work and duties, Contractor is at all times acting and performing as an independent contractor in the practice of its profession. District shall neither have nor exercise control or direction over the methods by which Contractor performs services pursuant to this Contract (including, without limitation, its officers, shareholders, and employees); provided, however, that Contractor agrees that all work performed pursuant to this Contract shall be in strict accordance with currently approved methods and practices in its profession, and in accordance with this Contract. The sole interest of District is to ensure that such services are performed and rendered in a competent and cost effective manner.

5 02 Benefits

Contractor (including, without limitation, its officers, shareholders, subcontractors and employees) has no claim under this Contract or otherwise against the District for social security benefits, workers' compensation benefits, disability benefits, unemployment benefits, vacation pay, sick leave, or any other employee benefit of any kind.

6 INDEMNIFICATION FOR DAMAGES, TAXES AND CONTRIBUTIONS

6.01 Scope

Contractor shall exonerate, indemnify, defend, and hold harmless District (which for the purpose of Articles 6 and 7 shall include, without limitation, its officers, agents, employees and volunteers) from and against:

6.01 01 Any and all claims, demands, losses, damages, defense costs, or liability of any kind or nature which District may sustain or incur or which may be imposed upon it for injury to or death of persons, or damage to property as a result of, or arising out of, or in any manner connected with the Contractor's performance under the provisions of this Contract. Such indemnification includes any damage to the person(s) or property (ies) of Contractor and third persons.

6.01 02 Any and all Federal, state and local taxes, charges, fees, or contributions required to be paid with respect to Contractor, Contractor's officers, employees and agents engaged in the performance of this Contract (including, without limitation, unemployment insurance, social security, and payroll tax withholding)

7. INSURANCE

7.01 General

Contractor, at its sole cost and expense, for the full term of this Contract (and any extensions thereof), shall obtain and maintain at minimum all of the following insurance coverage. Such insurance coverage shall be primary coverage as respects District and any insurance or self-insurance maintained by District shall be excess of Contractor's insurance coverage and shall not contribute to it.

7.02 Types of Insurance and Minimum Limits

Contractor shall obtain and maintain during the term of this Contract:

- (1) Worker's Compensation and Employer's Liability Insurance in conformance with the laws of the State of California (not required for Contractor's subcontractors having no employees).
- (2) Contractor's vehicles used in the performance of this Contract, including owned, non-owned (e.g. owned by Contractor's employees), leased or hired vehicles, shall each be covered with Automobile Liability Insurance in the minimum amount of \$1,000,000.00 combined single limit per accident for bodily injury and property damage.
- (3) Contractor shall obtain and maintain Comprehensive General Liability Insurance coverage in the minimum amount of \$1,000,000.00 combined single limit, including bodily injury, personal injury, and property damage. Such insurance coverage shall include, without limitation:
 - (a) Contractual liability coverage adequate to meet the Contractor's indemnification obligations under this contract
 - (a) Full Personal Injury coverage
 - (a) Broad form Property Damage coverage.
 - (a) A cross-liability clause in favor of the District.
- (4) Contractor shall obtain and maintain Professional Liability Insurance coverage in the minimum amount of \$1,000,000.00.

7.03 Other Insurance Provisions

- (1) As to all insurance coverage required herein, any deductible or self-insured retention exceeding \$5,000.00 shall be disclosed to and be subject to written approval by District.
- (2) If any insurance coverage required hereunder is provided on a "claims made" rather than "occurrence" form, Contractor shall maintain such insurance coverage for three (3) years after expiration of the term (and any extensions) of this Contract.
- (3) All required Automobile Liability Insurance and Comprehensive or Commercial General Liability Insurance shall contain the following endorsement as a part of each policy: "The Santa Cruz Metropolitan Transit District is hereby added as an additional insured as respects the operations of the named insured."
- (4) All the insurance required herein shall contain the following clause: "It is agreed that this insurance shall not be canceled until thirty (30) days after the District shall have been given written notice of such cancellation or reduction."
- (5) Contractor shall notify District in writing at least thirty (30) days in advance of any reduction in any insurance policy required under this Contract.
- (6) Contractor agrees to provide District at or before the effective date of this Contract with a certificate of insurance of the coverage required.
- (6) All insurance shall be obtained from brokers or carriers authorized to transact business in California and are satisfactory to the District.

8. RESERVED

9. NO DISCRIMINATION

In connection with the performance of services provided under this Contract, Contractor shall not on the grounds of race, color, creed, ancestry, national origin, religion, sex, sexual orientation, marital status, age, medical condition or disability discriminate or permit discrimination against any person or group of persons in any manner prohibited by Federal, State, or local laws.

10. DISADVANTAGED BUSINESS ENTERPRISES

The Board of Directors of the Santa Cruz Metropolitan Transit District has adopted a Disadvantaged Business Enterprise Policy to promote the participation of disadvantaged business enterprises (DBE's) in all areas of District contracting to the maximum extent practicable. Consistent with the DBE Policy, the Contractor shall take all necessary and reasonable steps to ensure that DBE firms have the maximum practicable opportunity to participate in the performance of this project and any subcontracting opportunities thereof.

11. PROMPT PAYMENT

The prime contractor agrees to pay each subcontractor under this prime contract for satisfactory performance of its contract no later than 30 days from the receipt of each payment the prime contractor receives from District. The prime contractor agrees further to return retainage payments to each subcontractor within 30 days after the subcontractor's work is satisfactorily completed. Any delay or postponement of payment from the above referenced time frame may occur only for good cause following written approval of the District. This applies to both DBE and non-DBE subcontractors.

Prime subcontractors must include the prompt payment language of paragraph 1 in all subcontracts, regardless of subcontractor's DBE status. Failure of a prime contractor to uphold prompt payment requirements for subcontractors will result in District withholding reimbursement for completed work.

12. RESERVED

13. MISCELLANEOUS PROVISIONS

13.01 Successors and Assigns

The Contract shall inure to the benefit of, and be binding upon, the respective successors and assigns, if any, of the parties hereto, except that nothing contained in this Article shall be construed to permit any attempted assignment which would be unauthorized or void pursuant to any other provision of this Contract.

13.02 Survival of Rights and Obligations

In the event of termination, the rights and obligations of the parties which by their nature survive termination of the services covered by this Contract shall remain in full force and effect after termination. Compensation and revenues due from one party to the other under this Contract shall be paid; loaned equipment and material shall be returned to their respective owners; the duty to maintain and allow inspection of books, accounts, records and data shall be extended as provided in Section 13.15; and the hold harmless agreement contained in Article 6 shall survive.

13.03 Limitation on District Liability

The District's liability is, in the aggregate, limited to the total amount payable under this Contract.

13.04 Drug and Alcohol Policy

Contractor shall not use, possess, manufacture, or distribute alcohol or illegal drugs during the performance of the Contract or while on District premises or distribute same to District employees.

13.05 Publicity

Contractor agrees to submit to District all advertising, sales promotion, and other public matter relating to any service furnished by Contractor wherein the District's name is mentioned or language used from which the connection of District's name therewith may, within reason, be inferred or implied. Contractor further agrees not to publish or use any such advertising, sales promotion or publicity matter without the prior written consent of District.

13.06 Consent to Breach Not Waiver

No provision hereof shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether express or implied, shall not constitute a consent to, waiver of, or excuse for any other different or subsequent breach.

13.07 Attorneys' Fees

In the event that suit is brought to enforce or interpret any part of this Contract, the prevailing party shall be entitled to recover as an element of its costs of suit, and not as damages, a reasonable attorney's fee to be fixed by the court. The "prevailing party" shall be the party who is entitled to recover its costs of suit, whether or not the suit proceeds to final judgment. A party not entitled to recover its costs shall not recover attorney's fees. No sum for attorney's fees shall be counted in calculating the amount of a judgment for purposes of determining whether a party is entitled to recover its costs or attorney's fees.

13.08 No Conflict of Interest

Contractor represents that it currently has no interest, and shall not have any interest, direct or indirect, that would conflict in any manner with the performance of services required under this Contract.

13.09 Prohibition of Discrimination against Qualified Handicapped Persons

Contractor shall comply with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended, pertaining to the prohibition of discrimination against qualified handicapped persons in federally-assisted programs.

13.10 Cal OSHA/Hazardous Substances

13.10.01 Contractor shall comply with California Administrative Code Title 8, Section 5194, and shall directly (1) inform its employees of the hazardous substances they may be exposed to while performing their work on District property, (2) ensure that its employees take appropriate protective measures, and (3) provide the District's Manager of Facility Maintenance with a Material Safety Data Sheet (MSDS) for all hazardous substances to be used on District property.

13.10.02 Contractor shall comply with Cal OSHA regulations and the Hazardous Substance Training and Information Act. Further, said parties shall indemnify the District against any and all damage, loss, and injury resulting from non-compliance with this Article.

13.10.03 Contractor will comply with the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65) California Health and Safety Code Section 25249.5 - 25249.13. Contractor will ensure that clear and reasonable warnings are made to persons exposed to those chemicals listed by the State of California as being known to cause cancer or reproductive toxicity.

13.10.04 Contractor shall be solely responsible for any hazardous material, substance or chemical released or threatened release caused or contributed to by Contractor. Contractor shall be solely responsible for all clean-up efforts and costs.

13.11 Non-Assignment of Contract

The Contractor shall not assign, transfer, convey, sublet, or otherwise dispose of the Contract or Contractor's right, title or interest in or to the same or any part thereof without previous written consent by the District; and any such action by Contractor without District's previous written consent shall be void.

13.12 No Subcontract

Contractor shall not subcontract or permit anyone other than Contractor or its authorized staff and subcontractors to perform any of the scope of work, services or other performance required of Contractor under this Contract without the prior written consent of the District. Any such action by Contractor without District's previous consent shall be void.

13.13 Severability

If any provision of this Contract is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force and effect, and shall in no way be affected, impaired or invalidated.

13.14 All Amendments in Writing

No amendment to this Contract shall be effective unless it is in writing and signed by duly authorized representatives of both parties.

13.15 Audit

This Contract is subject to audit by Federal, State, or District personnel or their representatives at no cost for a period of four (4) years after the date of expiration or termination of the Contract. Requests for audits shall be made in writing, and Contractor shall respond with all information requested within ten (10) calendar days of the date of the request. During the four-year period that the Contract is subject to audit, Contractor shall maintain detailed records substantiating all costs and expenses billed against the Contract.

13.16 Smoking Prohibited

Contractor, its employees and agents shall not smoke in any enclosed area on District premises or in a District vehicle.

13.17 Responsibility for Equipment

13.17.01 District shall not be responsible nor held liable for any damage to person or property consequent upon the use, or misuse, or failure of any equipment used by Contractor, or any of its employees, even though such equipment be furnished, rented or loaned to Contractor by District.

13.17.02 Contractor is responsible to return to the District in good condition any equipment, including keys, issued to it by the District pursuant to this Agreement. If the contractor fails or refuses to return District-issued equipment within five days of the conclusion of the contract work the District shall deduct the actual costs to repair or replace the equipment not returned from the final payment owed to contractor or take other appropriate legal action at the discretion of the District.

13.18 Grant

Contracts

13 18.01 Contractor shall ensure throughout the terms of this Agreement that all federal, state and local laws and requirements are met including any requirements District is obligated to perform because of receipt of grant funding. Contractor shall also be required to fulfill its obligation as a federal and/or state and/or local sub-recipient of grant funding.

13 19 Time of the Essence

13.19 01 Time is of the essence in this Contract

PART V

CONTRACT FOR FEDERAL LEGISLATIVE REPRESENTATIVE SERVICES (05-11)

THIS CONTRACT is made effective on _____, 2005 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("District"), and _____ ("Contractor").

1. RECITALS

1.01 District's Primary Objective

District is a public entity whose primary objective is providing public transportation and has its principal office at 370 Encinal Street, Suite 100, Santa Cruz, California 95060.

1.02 District's Need for Federal Legislative Representative Services

District has the need for Federal Legislative Representative Services. In order to obtain these services, the District issued a Request for Proposals, dated November 9, 2005, setting forth specifications for such services. The Request for Proposals is attached hereto and incorporated herein by reference as Exhibit "A".

1.03 Contractor's Proposal

Contractor is a firm/individual qualified to provide Federal Legislative Representative Services and whose principal place of business is _____. Pursuant to the Request for Proposals by the District, Contractor submitted a proposal for Federal Legislative Representative Services, which is attached hereto and incorporated herein by reference as Exhibit "B".

1.04 Selection of Contractor and Intent of Contract

On _____, District selected Contractor as the offeror whose proposal was most advantageous to the District, to provide Federal Legislative Representative Services described herein. This Contract is intended to fix the provisions of these services.

District and Contractor agree as follows:

2. INCORPORATED DOCUMENTS AND APPLICABLE LAW

2.01 Documents Incorporated in this Contract

The documents below are attached to this Contract and by reference made a part hereof. This is an integrated Contract. This writing constitutes the final expression of the parties' contract, and it is a complete and exclusive statement of the provisions of that Contract, except for written amendments, if any, made after the date of this Contract in accordance with Section 13.14.

A. Exhibit "A"

Santa Cruz Metropolitan Transit District's "Request for Proposals" dated November 9, 2005

B. Exhibit "B" (Contractor's Proposal)

Contractor's Proposal to the District for Federal Legislative Representative Services, signed by Contractor and dated December 8, 2005

2.02 Conflicts

Where in conflict, the provisions of this writing supersede those of the above-referenced documents, Exhibits "A" and "B". Where in conflict, the provisions of Exhibit "A" supercede Exhibit "B".

2.03 Recitals

The Recitals set forth in Article 1 are part of this Contract.

3. DEFINITIONS

3.01 General

The terms below (or pronouns in place of them) have the following meaning in the contract:

3.01.01 CONTRACT - The Contract consists of this document, the attachments incorporated herein in accordance with Article 2, and any written amendments made in accordance with Section 13.14

3.01.02 CONTRACTOR - The Contractor selected by District for this project in accordance with the Request for Proposals issued November 9, 2005

3.01.03 CONTRACTOR'S STAFF - Employees of Contractor.

3.01.04 DAYS - Calendar days.

3.01.05 OFFEROR - Contractor whose proposal was accepted under the terms and conditions of the Request for Proposals issued November 9, 2005

3.01.06 PROVISION - Any term, agreement, covenant, condition, clause, qualification, restriction, reservation, or other stipulation in the contract that defines or otherwise controls, establishes, or limits the performance required or permitted by either party.

3.01.07 SCOPE OF WORK (OR "WORK") - The entire obligation under the Contract, including, without limitation, all labor, equipment, materials, supplies, transportation, services, and other work products and expenses, express or implied, in the Contract

4. TIME OF PERFORMANCE

4.01 Term

The term of this Contract will be for a period not to exceed one (1) year and shall commence upon the issuance of the contract by the District

At the option of the District, this contract agreement may be renewed for four (4) additional one (1) year terms upon mutual written consent

5. COMPENSATION

5.01 Terms of Payment

District shall compensate Contractor in an amount not to exceed the amounts/rates agreed upon by the District. District shall reasonably determine whether work has been successfully performed for purposes of

payment. Compensation shall be made within forty-five (45) days of District written approval of Contractor's written invoice for said work. Contractor understands and agrees that if he/she exceeds the \$ _____ maximum amount payable under this contract, that it does so at its own risk.

5.02 Invoices

Contractor shall submit invoices with a purchase order number provided by the District on a monthly basis. Contractor's invoices shall include detailed records showing actual time devoted, work accomplished, date work accomplished, personnel used, and amount billed per hour. Expenses shall only be billed if allowed under the Contract. Telephone call expenses shall show the nature of the call and identify location and individual called. Said invoice records shall be kept up-to-date at all times and shall be available for inspection by the District (or any grantor of the District, including, without limitation, any State or Federal agency providing project funding or reimbursement) at any time for any reason upon demand for not less than four (4) years after the date of expiration or termination of the Contract. Under penalty of law, Contractor represents that all amounts billed to the District are (1) actually incurred; (2) reasonable in amount; (3) related to this Contract; and (4) necessary for performance of the project.

6 NOTICES

All notices under this Contract shall be deemed duly given upon delivery, if delivered by hand; or three (3) days after posting, if sent by registered mail, receipt requested; to a party hereto at the address hereinunder set forth or to such other address as a party may designate by notice pursuant hereto.

DISTRICT

Santa Cruz Metropolitan Transit District
370 Encinal Street
Suite 100
Santa Cruz, CA 95060
Attention: General Manager

CONTRACTOR

Attention: _____

7. AUTHORITY

Each party has full power and authority to enter into and perform this Contract and the person signing this Contract on behalf of each has been properly authorized and empowered to enter into this Contract. Each party further acknowledges that it has read this Contract, understands it, and agrees to be bound by it.

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR

By _____

Approved as to Form:

Margaret Rose Gallagher
District Counsel

PART VI

FEDERAL TRANSIT ADMINISTRATION REQUIREMENTS FOR NON-CONSTRUCTION CONTRACTS

1.0 GENERAL

This Contract is subject to the terms of a financial assistance contract between the Santa Cruz Metropolitan Transit District and the Federal Transit Administration (FTA) of the United States Department of Transportation.

2.0 INTEREST TO MEMBERS OF OR DELEGATES TO CONGRESS

In accordance with 18 U.S.C. 431, no member of, nor delegates to, the Congress of the United States shall be admitted to a share or part of this Contract or to any benefit arising therefrom.

3.0 INELIGIBLE CONTRACTORS

Neither Contractor, subcontractor, nor any officer or controlling interest holder of Contractor or subcontractor, is currently, or has been previously, on any debarred bidders list maintained by the United States Government.

4.0 EQUAL EMPLOYMENT OPPORTUNITY (Not applicable to contracts for standard commercial supplies and raw materials)

In connection with the execution of this Contract, the Contractor shall not discriminate against any employee or application for employment because of race, religion, color, sex, age (40 or over), national origin, pregnancy, ancestry, marital status, medical condition, physical handicap, sexual orientation, or citizenship status. The Contractor shall take affirmative action to insure that applicants employed and that employees are treated during their employment, without regard to their race, religion, color, sex, national origin, etc. Such actions shall include, but not be limited to the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and, selection for training including apprenticeship. Contractor further agrees to insert a similar provision in all subcontracts, except subcontracts for standard commercial supplies or raw materials.

5.0 TITLE VI CIVIL RIGHTS ACT OF 1964

During the performance of this Contract, the Contractor, for itself, its assignees and successors in interest (hereinafter referred to as the "Contractor"), agrees as follows:

5.1 Compliance with Regulations

The Contractor shall comply with the Regulations relative to nondiscrimination in federally assisted programs of the Department of Transportation (hereinafter "DOT") Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time (hereinafter referred to as the "Regulations"), which are herein incorporated by reference and made a part of this Contract.

5.2 Nondiscrimination

The Contractor, with regard to the work performed by it during the Contract, shall not discriminate on the grounds of race, religion, color, sex, age or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The Contractor shall not participate either directly or indirectly in the discrimination prohibited in Section 21.5 of the Regulations, including employment practices when the Contract covers a program set forth in Appendix B of the regulations.

5.3 Solicitations for Subcontracts, Including Procurements of Materials and Equipment

In all solicitations either by competitive bidding or negotiation made by the Contractor for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the Contractor of the Contractor's obligations under this Contract and the Regulations relative to nondiscrimination on the grounds of race, religion, color, sex, age or national origin.

5.4 Information and Reports

The Contractor shall provide all information and reports required by the Regulations or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the District or the Federal Transit Administration (FTA) to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information is required or a Contractor is in the exclusive possession of another who fails or refuses to furnish this information, the Contractor shall so certify to the District, or the Federal Transit Administration, as appropriate, and shall set forth what efforts it has made to obtain the information.

5.5 Sanctions for Noncompliance

In the event of the Contractor's noncompliance with the nondiscrimination provisions of this Contract, the District shall impose such contract sanctions as it or the Federal Transit Administration may determine to be appropriate, including, but not limited to:

- (a) Withholding of payments to the Contractor under the Contract until the Contractor complies; and/or,
- (b) Cancellation, termination or suspension of the Contract, in whole or in part.

5.6 Incorporation of Provisions

The Contractor shall include the provisions of Paragraphs (1) through (6) of this section in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Regulations or directives issued pursuant thereto. The Contractor shall take such action with respect to any subcontract or procurement as the District or the Federal Transit Administration may direct as a means of enforcing such provisions, including sanctions for noncompliance; provided, however, that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the Contractor may require the District to enter into such litigation to protect the interests of the District, and, in addition, the Contractor may request the services of the Attorney General in such litigation to protect the interests of the United States.

6.0 CLEAN AIR AND FEDERAL WATER POLLUTION CONTROL ACTS (Applicable only to contracts in excess of \$100,000)

Contractor shall comply with all applicable standards, orders or requirements issued under Section 306 of the Clean Air Act (42 USC 1857[h]), Section 508 of the Clean Water Act (33 USC 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR, Part 15), which prohibit the use under non-exempt Federal contracts, grants or loans of facilities included on the EPA List of Violating Facilities. Contractor shall report all violations to FTA and to the USEPA Assistant Administrator for Enforcement (EN0329).

7.0 CONSERVATION

Contractor shall recognize mandatory standards and policies relating to energy efficiency which are contained in the State energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 USC Section 6321, et seq.)

8.0 AUDIT AND INSPECTION OF RECORDS (Applicable only to sole source or negotiated contracts in excess of \$10,000)

Contractor agrees that the District, the Comptroller General of the United States, or any of their duly authorized representatives shall, for the purpose of audit and examination, be permitted to inspect all work, materials, payrolls and other data and records with regard to the project, and to audit the books, records and accounts with regard to the project. Further, Contractor agrees to maintain all required records for at least three years after District makes final payments and all other pending matters are closed.

9.0 LABOR PROVISIONS (Applicable only to contracts of \$2,500.00 or more that involve the employment of mechanics or laborers)

9.1 Overtime Requirements

No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any work week in which he or she is employed on such work to work in excess of eight (8) hours in any calendar day or in excess of forty (40) hours in such work week unless such laborer or mechanic receives compensation at a rate not less than one and one-half (1 1/2) times the basic rate of pay for all hours worked in excess of eight (8) hours in any calendar day or in excess of forty (40) hours in such work week, whichever is greater.

9.2 Violation; Liability for Unpaid Wages; Liquidated Damages

In the event of any violation of the clause set forth in subparagraph (b)(1) of 29 CFR Section 5.5, the Contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such district or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in subparagraph (b)(1) of which such individual was required or permitted to work in excess of eight (8) hours in excess of the standard work week of forty (40) hours without payment of the overtime wages required by the clause set forth in subparagraph (b)(1) of 29 CFR Section 5.5.

9.3 Withholding for Unpaid Wages and Liquidated Damages

DOI or the District shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any monies payable on account of work performed by the Contractor or subcontractor under any such contract or any other Federal contract with the same prime Contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime Contractor, such sums as may be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b)(2) of 29 CFR Section 5.5.

9.4 Nonconstruction Grants

The Contractor or subcontractor shall maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three (3) years from the completion of

the Contract for all laborers and mechanics, including guards and watchmen, working on the Contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made and actual wages paid. Further, the District shall require the contracting officer to insert in any such contract a clause providing that the records to be maintained under this paragraph shall be made available by the Contractor or subcontractor for inspection, copying or transcription by authorized representatives of DOI and the Department of Labor, and the Contractor or subcontractor will permit such representatives to interview employees during working hours on the job

9 5 Subcontracts

The Contractor or subcontractor shall insert in any subcontracts the clauses set forth in subparagraph (1) through (5) of this paragraph and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in subparagraphs (1) through (5) of this paragraph.

10.0 CARGO PREFERENCE (Applicable only to Contracts under which equipment, materials or commodities may be transported by ocean vehicle in carrying out the project)

The Contractor agrees:

- 10 1 To utilize privately owned United States-flag commercial vessels to ship at least fifty percent (50%) of the gross tonnage (computed separately for dry bulk carriers, dry cargo liners and tankers) involved, whenever shipping any equipment, materials or commodities pursuant to this section, to the extent such vessels are available at fair and reasonable rates for United States- flag commercial vessels.
- 10 2 To furnish within 30 days following the date of loading for shipments originating within the United States, or within thirty (30) working days following the date of loading for shipment originating outside the United States, a legible copy of a rated, "on-board" commercial ocean bill-of-lading in English for each shipment of cargo described in paragraph (1) above, to the District (through the prime Contractor in the case of subcontractor bills-of-lading) and to the Division of National Cargo, Office of Market Development, Maritime Administration, 400 Seventh Street, S W., Washington D C. 20590, marked with appropriate identification of the project.
- 10.3 To insert the substance of the provisions of this clause in all subcontracts issued pursuant to this Contract

11.0 BUY AMERICA PROVISION

This procurement is subject to the Federal Transportation Administration Buy America Requirements in 49 CFR 661. A Buy America Certificate, if required format (see Form of Proposal or Bid Form) must be completed and submitted with the proposal. A proposal that does not include the certificate shall be considered non-responsive. A waiver from the Buy America Provision may be sought by the District if grounds for the waiver exist. Section 165a of the Surface Transportation Act of 1982 permits FTA participation on this Contract only if steel and manufactured products used in the Contract are produced in the United States. In order for rolling stock to qualify as a domestic end product, the cost of components produced in the United States must exceed sixty percent (60%) of the cost of all components, and final assembly must take place in the United States.

12.0 DISADVANTAGED BUSINESS ENTERPRISE (DBE) PARTICIPATION

12.1 Policy

It is the policy of the U.S. Department of Transportation that Disadvantaged Business Enterprises as defined in 49 CFR Part 23 shall have the maximum opportunity to participate in the performance of contracts financed in whole or in part with Federal funds under this Agreement. Consequently, the DBE requirements of 49 CFR Part 23 apply to this Agreement.

12.2 DBE Obligation

District and Contractor agree to insure that Disadvantaged Business Enterprises as defined in 49 CFR Part 23 have the maximum opportunity to participate in the performance of contracts and subcontracts under this Agreement. In this regard, District and Contractor shall take all necessary and reasonable steps in accordance with 49 CFR Part 23 to insure that Disadvantaged Business Enterprises have the maximum opportunity to compete for and perform Contracts. District and Contractor shall not discriminate on the basis of race, creed, color, national origin, age or sex in the award and performance of DOT-assisted Contracts.

12.3 Transit Vehicle Manufacturers

Transit vehicle manufacturers must certify compliance with DBE regulations.

13.0 CONFLICT OF INTEREST

No employee, officer or agent of the District shall participate in selection, or in the award or administration of a contract if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when (1) the employee, officer or agent; (2) any member of his or her immediate family; (3) his or her partner; or (4) an organization that employs, or is about to employ, has a financial or other interest in the firm selected for award. The District's officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from Contractors, potential Contractors or parties of sub agreements.

14.0 MOTOR VEHICLE EMISSION REQUIREMENTS (Applicable only to Contracts involving the purchase of new motor vehicles)

The Contractor must provide a certification that:

- (a) The horsepower of the vehicle is adequate for the speed, range, and terrain in which it will be required and also to meet the demands of all auxiliary equipment.
- (b) All gases and vapors emanating from the crankcase of a spark-ignition engine are controlled to minimize their escape into the atmosphere.
- (c) Visible emission from the exhaust will not exceed No. 1 on the Ringlemann Scale when measured six inches (6") from the tail pipe with the vehicle in steady operation.
- (d) When the vehicle has been idled for three (3) minutes and then accelerated to eighty percent (80%) of rated speed under load, the opacity of the exhaust will not exceed No. 2 on the Ringlemann Scale for more than five (5) seconds, and not more than No. 1 on the Ringlemann Scale thereafter.

15.0 MOTOR VEHICLE SAFETY STANDARDS (Applicable only to contracts involving the purchase of new motor vehicles)

The Contractor will assure that the motor vehicles purchased under this contract will comply with the Motor Vehicle Safety Standards as established by the Department of Transportation at 49 CFR Parts 390 and 571.

16.0 DEBARRED BIDDERS

The Contractor, including any of its officers or holders of a controlling interest, is obligated to inform the District whether or not it is or has been on any debarred bidders' list maintained by the United States Government. Should the Contractor be included on such a list during the performance of this project, Contractor shall so inform the District

17.0 PRIVACY (Applicable only to Contracts involving the administration of any system of records as defined by the Privacy Act of 1974, on behalf of the Federal Government)

17.1 General

The District and Contractor agree:

- (a) To comply with the Privacy Act of 1974, 5 U.S.C. 552a (the Act) and the rules and regulations issued pursuant to the Act when performance under the Contract involves the design, development or operation of any system of records on individuals to be operated by the District, its contractors or employees to accomplish a Government function.
- (b) To notify the Government when the District or Contractor anticipates operating a system of records on behalf of the Government in order to accomplish the requirements of this Agreement, if such system contains information about individuals which information will be retrieved by the individual's name or other identifier assigned to the individual. A system of records subject to the Act may not be employed in the performance of this Agreement until the necessary approval and publication requirements applicable to the system have been carried out. The District or Contractor, as appropriate, agrees to correct, maintain, disseminate, and use such records in accordance with the requirements of the Act, and to comply with all applicable requirements of the Act.
- (c) To include the Privacy Act Notification contained in this Agreement in every subcontract solicitation and in every subcontract when the performance of Work under the proposed subcontract may involve the design, development or operation of a system of records on individuals that is to be operated under the Contract to accomplish a Government function; and
- (d) To include this clause, including this paragraph in all in subcontracts under which Work for this Agreement is performed or which is awarded pursuant to this Agreement or which may involve the design, development, or operation of such a system of records on behalf of the Government.

17.2 Applicability

For purposes of the Privacy Act, when the Agreement involves the operation of a system of records on individuals to accomplish a Government function, the District, third party contractors and any of their employees are considered to be employees of the Government with respect to the Government function and the requirements of the Act, including the civil and criminal penalties for violations of the Act, are applicable except that the criminal penalties shall not apply with regard to contracts effective prior to September 27, 1975. In addition, failure to comply with the provisions of the Act or of this clause will make this Agreement subject to termination.

17.3 Definitions

The terms used in this clause have the following meanings:

- (a) "Operation of a system of records" means performance of any of the activities associated with maintaining the system of records on behalf of the Government including the collection, use and dissemination of records.
- (b) "Records" means any item, collection or grouping of information about an individual that is maintained by the District or Contractor on behalf of the Government, including, but not limited to, his education, financial transactions, medical history, and criminal or employment history and that contains his name, or the identifying number, symbol or other identifying particular assigned to the individual, such as a finger or voice print or a photograph.
- (c) "System of records" on individuals means a group of any records under the control of the District or Contractor on behalf of the Government from which information is retrieved by the name of the individual or by some identifying number, symbol or other identifying particular assigned to the individual.

18 0 PATENT RIGHTS (Applicable only to research and development contracts)

If any invention, improvement or discovery of the District or contractors or subcontractors is conceived or first actually reduced to practice in the course of or under this project which invention, improvement, or discovery may be patentable under the Patent Laws of the United States of America or any foreign country, the District (with appropriate assistance of any contractor or subcontractor involved) shall immediately notify the Government (FTA) and provide a detailed report. The rights and responsibilities of the District, third party contractors and subcontractors and the Government with respect to such invention will be determined in accordance with applicable Federal laws, regulations, policies and any waivers thereof.

19 0 RIGHTS IN DATA (Applicable only to research and development contracts)

The term "subject data" as used herein means recorded information, whether or not copyrighted, that is delivered or specified to be delivered under this Contract. The term includes graphic or pictorial delineation in media such as drawings or photographs; text in specifications or related performance or design-type documents, machine forms such as punched cards, magnetic tape or computer memory printouts; and information retained in computer memory. Examples include, but are not limited to, engineering drawings and associated lists, specifications, standards, process sheets, manuals, technical reports, catalog item identifications and related information. The term does not include financial reports, cost analyses and similar information incidental to contract administration.

All "subject data" first produced in the performance of this Agreement shall be the sole property of the Government. The District and Contractor agree not to assert any rights at common law or equity and not to establish any claim to statutory copyright in such data. Except for its own internal use, the District and Contractor shall not publish or reproduce such data in whole or in part, or in any manner or form, nor authorize others to do so, without the written consent of the Government until such time as the Government may have released such data to the public. This restriction, however, does not apply to Agreements with academic institutions.

The District and Contractor agree to grant and do hereby grant to the Government and to its officers, agents, and employees acting within the scope of their official duties, a royalty-free, non-exclusive and irrevocable license throughout the world:

- (a) To publish, translate, reproduce, deliver, perform, use and dispose of, in any manner, any and all data not first produced or composed in the performance of this Contract but which is incorporated in the work furnished under this Contract; and
- (b) To authorize others so to do

District and Contractor shall indemnify and save and hold harmless the Government, its officers, agents, and employees acting within the scope of their official duties against any liability, including costs and expenses, resulting from any willful or intentional violation by the District and Contractor of proprietary rights, copyrights or

rights of privacy, arising out of the publication, translation, reproduction, delivery, performance, use, or disposition of any data furnished under this Contract

Nothing contained in this clause shall imply a license to the Government under any patent or be construed as affecting the scope of any license or other right otherwise granted to the Government under any patent.

The third and fourth paragraphs under Section 19.0 above are not applicable to material furnished to the District or Contractor by the Government and incorporated in the work furnished under the Contract, provided that such incorporated material is identified by the District or Contractor at the time of delivery of such work.

In the event that the project, which is the subject of this Agreement, is not completed, for any reason whatsoever, all data generated under that project shall become subject data as defined in the Rights in Data clause in this Contract and shall be delivered as the Government may direct. This clause shall be included in all subcontracts under this Contract.

20.0 NEW RESTRICTIONS ON LOBBYING

20.1 Prohibition

- (a) Section 1352 of Title 31, U.S. Code, provides in part that no appropriated funds may be expended by the recipient of a Federal contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (b) The prohibition does not apply as follows:
 - (i) Agency and legislative liaison by Own Employees
 - (ii) Professional and technical services by Own Employees.
 - (iii) Reporting for Own Employees.
 - (iv) Professional and technical services by Other than Own Employees

20.2 Disclosure

- (a) Each person who requests or receives from an agency a Federal contract shall file with that agency a certification, included in Form of Proposal or Bid Forms, that the person has not made, and will not make, any payment prohibited by Section 20.1 of this clause.
- (b) Each person who requests or receives from an agency a Federal contract shall file with that agency a disclosure form, Standard Form-LLL, "Disclosure of Lobbying Activities," if such person has made or has agreed to make any payment using non-appropriated funds (to include profits from any covered Federal action), which would be prohibited under Section 20.1 of this clause if paid for with appropriated funds.
- (c) Each person shall file a disclosure form at the end of each calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any disclosure form previously filed by such person under paragraph (c)(2) of this section. An event that materially affects the accuracy of the information reported includes:

- (i) a cumulative increase of \$25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered Federal action; or
 - (ii) a change in the person(s) or individual(s) influencing or attempting to influence a covered Federal action; or
 - (iii) a change in the officer(s), employee(s), or Member(s) contacted to influence or attempt to influence a covered Federal action
- (d) Any person who requests or receives from a person referred to in paragraph (c)(i) of this section a subcontract exceeding \$100,000 at any tier under a Federal contract shall file a certification, and a disclosure form, if required, to the next tier above.
- (e) All disclosure forms, but not certifications, shall be forwarded from tier to tier until received by the person referred to in paragraph (c)(i) of this section. That person shall forward all disclosure forms to the agency.

20.3 Agreement

In accepting any contract resulting from this solicitation, the person submitting the offer agrees not to make any payment prohibited by this clause.

20.4 Penalties

- (a) Any person who makes an expenditure prohibited under Section 20.1 of this clause shall be subject to a civil penalty of not less than \$10,000 for each such expenditure.
- (b) Any person who fails to file or amend the disclosure form to be filed or amended if required by this clause, shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.
- (c) Contractors may rely without liability on the representations made by their sub-contractors in the certification and disclosure form.

20.5 Cost allowability

Nothing in this clause is to be interpreted to make allowable or reasonable any costs which would be unallowable or unreasonable in accordance with Part 31 of the Federal Acquisition Regulation. Conversely, costs made specifically unallowable by the requirements in this clause will not be made allowable under any of the provisions of Part 31 of the Federal Acquisition Regulation.

PART VII

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT PROTEST PROCEDURES

PROCUREMENT PROTESTS

All protests shall be filed, handled and resolved in a manner consistent with the requirements of Federal Transit Administration (FTA) Circular 4220 1E Third Party Contracting Guidelines dated June 19, 2003 and the Santa Cruz Metropolitan Transit District's (DISTRICT) Protest Procedures which are on file and available upon request.

Current FTA Policy states that: "Reviews of protests by FTA will be limited to:

- (1) a grantee's failure to have or follow its protest procedures, or its failure to review a complaint or protest; or
- (2) violation of Federal law or regulation.

An appeal to FTA must be received by the cognizant FTA regional or Headquarters Office within five (5) working days of the date the protester learned or should have learned of an adverse decision by the grantee or other basis of appeal to FTA" (FTA Circular 4220 1E, Section 7, paragraph 1, Written Protest Procedures)

Protests relating to the content of this Request for Proposal (RFP) package must be filed within ten (10) calendar days after the date the RFP is first advertised. Protests relating to a recommendation for award solicited by this RFP must be filed by an interested party within five (5) calendar days after the staff's written recommendation and notice of intent to award is issued to the offerors. The date of filing shall be the date of receipt of protests or appeals by the DISTRICT.

All Protests shall be filed in writing with the Assistant General Manager, Santa Cruz Metropolitan Transit District, 370 Encinal Street, Suite 100, Santa Cruz, CA 95060 **No other location shall be acceptable.** The DISTRICT will respond in detail to each substantive issue raised in the protest. The Assistant General Manager shall make a determination on the protest normally within ten (10) working days from receipt of protest. Any decision rendered by the Assistant General Manager may be appealed to the Board of Directors. The Protester has the right within five (5) working days of receipt of determination to file an appeal restating the basis of the protest and the grounds of the appeal. In the appeal, the Protester shall only be permitted to raise factual information previously provided in the protest or discovered subsequent to the Assistant General Manager's decision and directly related to the grounds of the protest. The Board of Directors has the authority to make a final determination and the Board of Director's decision shall constitute the DISTRICT's final administrative remedy.

In the event the protestor is not satisfied with the DISTRICT's final administrative determination, they may proceed within 90 days of the final decision to State Court for judicial relief. The Superior Court of the State of California for the County of Santa Cruz is the appropriate judicial authority having jurisdiction over Proposal Protest(s) and Appeal(s). Bid includes the term "offer" or "proposal" as used in the context of negotiated procurements.

The Offeror may withdraw its protest or appeal at any time before the DISTRICT issues a final decision

Should the DISTRICT postpone the date of proposal submission owing to a protest or appeal of the solicitation specifications, addenda, dates or any other issue relating to this procurement, the DISTRICT shall notify, via addendum, all parties who are on record as having obtained a copy of the solicitation documents that an appeal/protest had been filed, and the due date for proposal submission shall be postponed until the DISTRICT has issued its final decision.

A letter of protest must set forth the grounds for protest and shall be fully supported with technical data, test results, or other pertinent information related to the subject being protested. The Protestor is responsible for adhering to the DISTRICT's protest procedures

An Offeror may seek FTA review of the DISTRICT's decision. A protest appeal to the FTA must be filed in accordance with the provisions of FTA circular 4220 1E. Any appeal to the FTA shall be made not later than five (5) working days after a final decision is rendered under the DISTRICT's protest procedure. Protest appeals should be filed with:

Federal Transit Administration
Regional Administrator Region IX
201 Mission Street, Suite 2210
San Francisco, CA 94105-1839

EXHIBIT - B

PROPOSAL FOR SERVICES

OF A

**FEDERAL LEGISLATIVE
REPRESENTATIVE**

(Proposal Due Date: December 8, 2005)

FOR THE

**SANTA CRUZ, CALIFORNIA
METROPOLITAN TRANSIT DISTRICT**

CAROLYN C. CHANEY & ASSOCIATES, INC.

Washington, DC

November 21, 2005

PART II

GENERAL INFORMATION FORM

SERVICES FOR A FEDERAL LEGISLATIVE REPRESENTATIVE 05-11

(To be completed by the offeror and placed at the front of your proposal)

CAROLYN G. CHANEY & ASSOCIATES, INC. 11/17/05
Legal Name of Firm Date

1212 NEW YORK AVE., NW, SUITE 250, WASHINGTON, DC 20005
Firm's Address

202-842-4930 202-842-5057
Telephone Number FAX Number

S CORPORATION 52-1905625
Type of Organization (Partnership, Corporation, etc.) Tax ID Number

Offeror understands and agrees that, by his/her signature, if awarded the contract for the project, he/she is entering into a contract with the District that incorporates the terms and conditions of the entire Request for Proposals package, including the General Conditions section of the Request for Proposals. Offeror understands that this proposal constitutes a firm offer to the District that cannot be withdrawn for ninety (90) calendar days from the date of the deadline for receipt of proposals. If awarded the contract, offeror agrees to deliver to the District the required insurance certificates within ten (10) calendar days of the Notice of Award.

Carolyn G. Chaney
Signature of Authorized Principal

CAROLYN C. CHANEY, PRESIDENT
Name of Principal-in-Charge and Title

SAME AS ABOVE
Name of Project Manager and Title

Carolyn C. Chaney, chaney@capitaleedge.com, 202-842-4930
Name, Title, Email Address and Phone Number of Person To Whom Correspondence Should be Directed

SAME AS ABOVE
Addresses Where Correspondence Should Be Sent

FEDERAL LEGISLATIVE SERVICES
Areas of Responsibility of Prime Contractor

Listing of major sub consultants proposed (if applicable), their phone numbers, and areas of responsibility (indicate which firms are DBE's):

N/A



CAROLYN C. CHANEY & ASSOCIATES, INC.
LOCAL GOVERNMENT CONSULTANTS

November 21, 2005

Mr Leslie R. White
General Manager
Santa Cruz Metropolitan Transit District
Santa Cruz, CA 95060

Dear Les:

On behalf of Carolyn C. Chaney & Associates, Inc., I am pleased to submit the enclosed response to the Santa Cruz Metropolitan District RFP #05-11 for Federal Legislative Representation.

We have been honored to serve as the District's Washington Office since 1994 and believe that during that time, in tandem with you, the profile of your agency in Washington has been raised significantly in addition to the financial benefits of increased federal aid. With the passage of the new SAFETEA-LU law that includes the creation of the Small Transit Intensive Cities Formula Program, the efforts of this past year in particular are likely to leave a strong imprint on future District operations.

While there were many factors that led to the success of the "Intensity Tier" campaign, we believe that a key element was the strong relationship between Chaney & Associates and the District Board and staff. Using your strong expertise of the APTA process and federal transit programs, we were able to promote the program on Capitol Hill in a straightforward, fact-based manner that was appreciated by all those involved. We are very proud of the role that we played in making the program a success, and appreciate the support and trust that you placed in us.

Of course, there is always more work to be done, and we do not plan to rest on our laurels. As the MetroBase Project moves toward closure, we hope that we can be equally effective in promoting the Pacific Station project in Washington. We believe that upon its completion, the project will be a model for transportation planners and is a perfect fit for downtown Santa Cruz.

Thank you for the opportunity to represent the District in Washington, and we believe that our deep knowledge of the Santa Cruz area, District priorities, and the area congressional delegation makes us uniquely qualified to continue that job.

Sincerely,

Carolyn C. Chaney
President

Experience and Qualifications

Chaney & Associates is a woman-owned, Washington, DC-based government relations firm that was founded with the singular goal of providing representation to local governments and their agencies before the United States Congress and the Executive Branch. Its downtown Washington offices are located within minutes of both the U.S. Capitol and the White House.

Since 1994, Chaney & Associates has served as the Washington Office for the Santa Cruz Metropolitan Transit District ("District"). While we will outline some of our specific accomplishments on behalf of the District later in this proposal, our primary responsibilities have been to secure federal funding for District priorities, advocate in support or opposition to legislation or regulations that may effect District operations, and serve as the District's liaison to the Santa Cruz congressional delegation (Senators Barbara Boxer and Dianne Feinstein and Representatives Sam Farr and Anna Eshoo), the Department of Transportation, and the Federal Transit Administration.

At this time, we are particularly proud of our work on behalf of the District that has resulted in the creation of the Small Transit Intensive Cities Formula program in the recently approved federal surface transportation reauthorization bill (SAFETEA-LU). We assisted in coordinating a strong coalition of Members of Congress, District officials, and other transit agencies from small urbanized areas to promote the program with the American Public transportation Association and Congress. This new set-aside will provide a reliable source of additional federal funds for District projects such as MetroBase.

Chaney & Associates, which is confident that it continues to have the financial resources necessary to carry out the terms of a contract with the District, is also currently under contract to represent the following entities:

Santa Cruz County Regional Transportation Commission (Since 1994)
Santa Cruz County, California (1999)
Santa Cruz Redevelopment Agency, California (1992)
City of Beaumont, Texas (1981)
City of Farmers Branch, Texas (1999)
City of Lincoln, Nebraska (1979)
City of Pasadena, California (1981)
City of Reno, Nevada (1999)
City of Scottsdale, Arizona (1993)

Virtually all of our clients at Chaney & Associates have urgent transportation needs and as a result, we spend a great deal of our time and resources in that arena. For example, the City of Farmers Branch has hired us to assist in their campaign to promote their interests with regard to light rail in the Dallas metropolitan area. The Beaumont Municipal Transit System assisted in the advocacy effort and will be a beneficiary of the Small Transit Intensive Cities Formula program. We have also been intimately involved in the process that resulted in the recent opening of the Gold Line light rail system serving the Pasadena,

California. Improved and expanded bus service is currently a high priority in the Scottsdale, Arizona community, and we are working closely with the regional transportation authority there as well as in Reno, Nevada on funding for bus facility projects in those cities. Finally, we recently helped StarTran, the bus provider for the Lincoln, Nebraska area, to secure federal funding for an automated vehicle locator (AVL) system for its fleet.

Carolyn C. Chaney, Founder, sole owner, and Chief Executive Officer of Chaney & Associates, has been representing the interests of local governments for over 30 years. Prior to starting her own business, she served as a Principal for the National Center for Municipal Development (NCMD), a non-profit arm of the U.S. Conference of Mayors and National League of Cities designed to provide Washington representation of local governments at an affordable price.

Christopher F. Giglio, Vice President of Chaney & Associates, has been working on behalf of local governments since 1990. Prior to joining Chaney & Associates when the company was formed in 1995, he had been on the staff at NCMD as an Assistant City Representative since 1990. In addition, Mr. Giglio has worked on Capitol Hill as staff member for a former member of the U.S. House of Representatives as well as the U.S. Senate Committee on Foreign Relations.

Resumes have been attached to the end of this section.

Chaney & Associates is uniquely qualified to provide the highest level of advocacy and information services to the Santa Cruz Metropolitan Transit District and we believe that our combination of experience in the Santa Cruz area and knowledge of transportation issues in general will continue to be of great benefit to the District.

CAROLYN C. CHANEY

1212 New York Avenue, NW
Suite 250
Washington, DC 20005-3430

(202) 842-4930
Fax: (202) 842-5051
chaney@capitaledege.com

PROFESSIONAL EXPERIENCE

*January, 1995-
Present*

President, Carolyn C. Chaney & Associates, Inc.

Founder and Chief Executive Officer of consulting firm specializing in local governments and their agencies. Represent the concerns and needs of the communities of local governments and their agencies in Washington, DC. Service clients in three basic areas:

- **Legislative Branch:** liaison between the City and its Congressional delegation, analyzing both the positive and negative impact of legislation of relevance to the city, strategizing and mobilizing support for legislation of direct benefit to the city;
- **Executive Branch:** facilitator for exploring grant opportunities and assisting the city through the process of application and review; monitoring regulations which affect the city; anticipating and communicating new program opportunities to the city; cutting bureaucratic red tape.
- **National Recognition:** assist in gaining a national recognition for the city and its officials through national organizations, conventions, and activities sponsored by the Federal government.

*June, 1979-
December, 1994*

City Representative, National Center for Municipal Development

Represented individual cities in Washington, DC at a non-profit corporation affiliated with the U.S. Conference of Mayors and National League of Cities. Responsible for marketing own clients in addition to providing advocacy services. Served as a liaison for several cities with the Executive Branch and their agencies as well as Congress

*January, 1977-
June, 1979*

Counsel to the National League of Cities (NLC)

Served the interests of member NLC cities before the executive and legislative branches of the Federal government. Personally represented the cities, specializing in community and economic development and housing. Responsibilities included:

- preparing congressional testimony for mayors and council-members; conducting briefings prior to testimony on special interest items of committees and membership;

- preparing and delivering speeches on behalf of the cities at national conferences of professional societies associated with specialty areas;
- keeping the cities informed of developments by writing articles for NLC newsletters and special bulletins;
- analyzing proposed legislation and regulations for potential impact on cities;
- drafting, having introduced and passed, amendments to Federal legislation on behalf of cities;
- establishing and maintaining communication among Federal program officials, national public interests groups and NLC city officials; and
- serving NLC's Community and Economic Development Policy Committee as a specialist in housing issues.

*January, 1976-
January, 1977*

Associate Counsel for Local Finance and Intergovernmental Relations, Office of Federal Relations, NLC

Served the cities, specializing in general revenue sharing. Participated in numerous grass roots lobbying campaigns to mobilize state leagues, cities, and counties, in order to facilitate the reenactment of general revenue sharing. This included establishing and maintaining press and congressional contacts, setting up regional meetings, and conducting tactical workshops. Other duties included writing comments on Federal regulations, speeches for local officials, and arranging panels at NLC's conventions.

*January, 1973-
January, 1976*

Administrative Assistant to the Director, Office of Congressional Relations, NLC and U.S. Conference of Mayors

Served as editor of the NLC and USCM weekly bulletin, the *Congressional Report*, distributed to 2,500 city officials; analyzed and summarized *Congressional Record* and *Federal Register* and informed the staff of items pertinent to their areas; prepared, defended and managed the budget for Office of Congressional Relations; assisted in the development of the program and management of the annual Congressional Conference; researched projects for legislative counsels on specific grants and casework for the members; hired and supervised secretarial staff.

*January, 1972-
January, 1973*

Executive Secretary to the Director of Congressional Relations

Wrote original correspondence; interacted with all departments of NLC and USCM; and other duties as secretary.

*January, 1971-
January, 1972*

Assistant to Washington Representative, City of Detroit

Set up a new office and established office procedures; attended and reported meetings; researched Federal program operations and monitored hearings; assisted in liaison with city program people in Washington Office.

Summer Work

Worked two summers for the U.S. Department of Health, Education and Welfare, Office of the Secretary and Office of Education, and Department of Housing and Urban Development; three month temporary at the World Bank, Eastern African Affairs Office.

EDUCATION

Master of Business Administration, High Honors, Marymount University, Arlington, Virginia

Bachelor of Arts, Political Science and History, Allegheny College, Meadville, Pennsylvania

PUBLICATIONS

Co-authored, "A Guide to the Housing and Community Development Act of 1977" (technical assistance bulletin) and "Revenue Sharing -- A Guide to the State and Local Fiscal Assistance Act of 1976." Numerous news articles

REFERENCES

Furnished upon request

CHRISTOPHER F. GIGLIO

1212 New York Ave., NW
Suite 250
Washington, DC 20005

(202) 842-4930
Fax: (202) 842-5051
giglio@capitaledge.com

PROFESSIONAL EXPERIENCE

*January 1995-
Present*

Carolyn C. Chaney & Associates, Inc., Washington, DC

Vice President of a government relations firm specializing in representation of local governments and their agencies before Congress and the Executive Branch. Activities on behalf of client cities include:

- Seeking Federal aid for City projects in areas such as law enforcement, transportation, housing, human services, and community and economic development
- Maintaining relations with Members of Congress representing client cities as well as Federal agency officials
- Assisting City staff in the Federal grant application process
- Monitoring regulatory activity that may affect local governments
- Crafting, advocating, and/or opposing Federal legislation of concern to local governments
- Contributing articles on several topics to weekly newsletter

*March 1990-
January, 1995*

National Center for Municipal Development, Washington, DC

Assistant City Representative for a public interest group that represents individual cities in Washington. Promoted from Staff Assistant in March, 1993. Performed legislative advocacy and Federal grants research on behalf of clients and assisted proposal writing and marketing of new clients. Duties included frequent contact with local elected officials, city staff, and congressional offices of client cities.

*September 1989-
March 1990*

U.S. Senate Committee on Foreign Relations, Washington, DC

Staff Assistant for the Majority Staff of the full committee. Duties included coordinating hearings, responding to constituent requests and correspondence, handling and organizing testimony, and communicating committee operations with staff of committee members.

June-August 1988

U.S. House of Representatives, Washington, DC

Staff Assistant in the Legislative Department of a former U S House Member from the State of Maryland. Responsibilities included answering constituent correspondence, performing legislative research and making contact with the local media.

EDUCATION

Williams College, Williamstown, MA

Graduated with Bachelor of Arts degree, June, 1989. Political Science major with a concentration in American Government.

Understanding the Scope of Work

It is the intention of Chaney & Associates to comply with each of the tasks outlined in Section 2 of the RFP, "Statement of Services." This includes coordination of all the advocacy efforts before Congress and the Executive Branch on behalf of the District, the preparation of written or oral monthly reports outlining our work on behalf of the District and any other transportation news, as well as complying with all the requirements of the Lobbying Disclosure Act of 1995. Currently, both Carolyn C. Chaney and Christopher F. Giglio on the Chaney & Associates staff are registered with the House of Representatives and United States Senate as lobbyists for the Santa Cruz Metropolitan Transit District.

The following are some examples that highlight how we have successfully performed items under the Scope of Work for the District. In particular, our multi-year effort to secure the creation of the Small Transit Intensive Cities Formula Program clearly demonstrated a number of successful activities mentioned in the Statement of Services, including:

- ✓ A strong knowledge of the Congress, the Executive Branch, and the legislative process, particularly with regard to reauthorization of federal surface transportation programs;
- ✓ The ability to coordinate advocacy activities of the District, along with a number of other agencies, to promote priorities in Washington
- ✓ A close relationship with the Santa Cruz County congressional delegation and their respective staffs
- ✓ The provision of sound advice and information to the Board and other District officials, including timely direction and access to key decision-makers

➤ *Small Transit Intensive Cities Formula Program*

The passage of the SAFETEA-LU legislation in July marked a very successful end to a significant effort by Chaney & Associates and the District to rectify an aspect of the federal transit formula that penalized transit agencies in smaller urbanized areas (population 50,000 to 200,000) whose levels of service are higher than the average of their larger counterparts. While the larger agencies receive formula funds based on ridership statistics, service levels, and population, smaller agencies only received funds based on population (and population density).

As signed into law, SAFETEA-LU sets aside one percent of the core federal transit formula program for the Small Transit Intensive Cities Formula Program to provide additional funds to those qualifying smaller agencies that are committed to providing high levels of service. The program was one of the few new initiatives included in the transit title of the SAFETEA-LU, and what was particularly extraordinary about its inclusion was that it was not part of the Bush Administration recommendations for surface transportation

reauthorization, nor would it be of direct benefit to the great majority of the key Members of Congress negotiating the legislation.

The success of the program was the direct result of a grassroots effort within APTA and Congress coordinated by Chaney & Associates and District officials. Our work has its roots in the 1998 transportation reauthorization (TEA-21), which directed the FTA to conduct a study of the federal transit formula program and its relationship to smaller urbanized areas. The efforts began in earnest, however, in September 2000, when FTA released its study (<http://www.fta.dot.gov/library/policy/rtc/index.html>) and concluded that "sufficient issues exist to suggest that changes to the existing urbanized area formula grants program should be considered in 2002-2003 as part of the FY 2004 and beyond reauthorization cycle."

Using the same data from the FTA study, Chaney & Associates and District officials began the process of building a coalition of transit agencies across the country that would benefit from a proposed "Intensity Tier." We contacted each of the pertinent agencies and established contact information from willing participants. District officials then used that information to create an electronic mail listserv that quickly became the primary mode of communication between affected agencies. In addition, Chaney & Associates developed a three-page "issue paper" summarizing the issue and provided it to transit agencies as the program was promoted in the APTA Legislative Committee TEA-21 Reauthorization process and on Capitol Hill. We also spent a significant amount of time developing a contact list of congressional delegations of affected agencies, including information such as pertinent staff, telephone numbers, fax numbers, and e-mail addresses.

Once the coalition was formed, Chaney & Associates began to assess, based on the congressional delegations of those affected agencies, potential candidates for congressional "champions" for the cause. Our established relationship with Rep. Farr's office, combined with the fact that his congressional district was home to two major beneficiaries of the Tier proposal, made him a natural starting point. With the assistance of other affected agencies, three additional House sponsors of the program were identified, and a bipartisan base of support was quickly established.

As a result of the hard work of District officials, particularly the District General Manager's standing within the organization, the Tier proposal was accepted as a provision of the APTA Legislative Priorities for TEA-21 reauthorization. Using the APTA proposal and materials we prepared, Chaney & Associates went about the business of building congressional support for the proposal. A series of discussions with key staff on the House Transportation and Infrastructure Committee led to the decision to seek a letter to the committee leadership from affected Members of Congress in support of the program's inclusion in their reauthorization bill. Chaney & Associates drafted the letter in consultation with Rep. Farr's office.

Using the e-mail listserv to educate affected agencies on how to ask their respective Members of Congress to sign on to the letter, Chaney & Associates then contacted each of the congressional offices to provide follow-up if necessary. As a result a bipartisan group

of 24 Members signed on to the letter, which committee staff informed us was the most signatures of any specific transit policy-related letter. On several occasions, we were told by committee officials that the letter sent a strong, clear message that there was significant support for the program. A similar effort in the Senate also ended successfully, with 20 bipartisan Members of that body signing on to a letter of support of the Tier proposal.

While the House and Senate letters were very effective, the drawn-out process of the TEA-21 reauthorization necessitated periodic contact with representatives of affected agencies and congressional representatives to ensure that the Tier proposal remained “on their radar.” Chaney & Associates was ready with draft letters, e-mails, and contact information necessary to engage the Tier Coalition at key moments during the process. In addition, we arranged for the Tier Coalition to meet in person each year at the APTA Legislative conference in Washington, and arranged for meetings with APTA attendees with pertinent House and Senate staff. On several occasions, we arranged for District Board Members and officials in attendance to meet with the Santa Cruz County congressional delegation to discuss both the Tier and other District priorities.

The result of this unified effort was the inclusion of competing versions of the Intensity Tier proposal in the House and Senate versions of the transportation reauthorization bill. Again, this was particularly significant in that few, if any, new proposals found their way into both the House and Senate bills, and it virtually ensured that the program would exist in some form once the bills were reconciled. In the final stages of the negotiations over the bill, Chaney & Associates stayed in close contact with District officials, the Tier Coalition, key congressional staff, and APTA staff to provide any necessary resources.

The final result was even more than we could have asked for. Rather than create an entirely new program that would be subject to annual appropriations, Congress guaranteed funds to the Tier program by setting aside one percent of the annual transit formula for the needs of qualifying transit intensive communities, a move that also maintained that the Tier funds could be used for both capital and operating expenses. It was a clear and decisive victory for the District that demonstrated sound public policy can be crafted using the right tools at the right times.

➤ *Pacific Station*

The transformation of the current Metro Center in Santa Cruz into a full-scale intermodal center to be known as Pacific Station is another example of how our deep knowledge of Santa Cruz benefits the District. Since Chaney & Associates both the District and the City of Santa Cruz Redevelopment Agency, we are in a unique position to coordinate advocacy efforts on behalf of the project, and have done so thus far with a measure of success.

Thus far, we have been able to work with the two agencies to secure \$1.5 million in FY 2005 Department of Transportation appropriations for Pacific Station, and we look forward to continuing to promote the project in Congress. Rep. Farr has shown himself to be a vigorous supporter of the concept of Pacific Station and its benefits to both commuters and downtown Santa Cruz.

➤ ***Working with Other Transportation-Related Entities***

In addition to working with the Santa Cruz congressional delegation, the appropriate congressional transportation committee, the Department of Transportation, and the Federal Transit Administration, Chaney & Associates staff has also developed relationships with a number of Washington representatives of transit interests through various coalitions and groups

Given the benefits of the Small Transit Intensive Cities Formula program to Monterey-Salinas Transit, we worked closely with their Washington Representatives in securing the support of the program with area congressional delegation. We also have established working relationships with the Washington Representatives of several other California-based transit agencies, including Livermore-Amador Valley Transit Authority, Alameda-Contra Costa Transit District, Santa Monica Big Blue Bus, San Joaquin Regional Transit District, Los Angeles County MTA, San Francisco Metropolitan Transportation Commission, and Transportation Agency for Monterey County.

Chaney & Associates staff are active and long-time members of the Washington Transportation Industry Representatives (WATIR) group that meets at the offices of the American Public Transit Association (APTA) each month to discuss transit matters. Between that relationship and District General Manager's position as a former APTA Chairperson, we believe that the District is well represented and its accomplishments well known in Washington circles.

We are also active in the New Starts Working Group, which includes representatives of agencies across the country that are interested in rail issues, as well as the previously-mentioned coalition of smaller urbanized area transit agencies advocating for the High Intensity Tier.

As a result of these relationships, we have access to information on virtually every issue that has an effect on the transit industry as well as exposure to many of the FTA and congressional officials with whom we work on individual projects on behalf of the District.

➤ ***Federal Transit Administration***

Chaney & Associates has also developed a strong relationship with staff at the Federal Transit Administration over the last several years, in particular with the staff charged with crafting the Small Urbanized Areas Formula study. These relationships were essential to our efforts to secure information and data used to advocate the Tier program. Although the agency is currently undergoing a great deal of turnover, we are confident that our relationship (and that of District officials) with new arrivals and those who remain will remain strong and benefit the District.

➤ ***Recent Transportation-Related Successes***

In addition to our work on behalf of the District, we have also been involved in a number of transportation projects on the federal level on behalf of our other clients. The following is a partial list of some recent projects for which we have been of assistance:

2005 SAFETEA-LU Legislation

- ✓ Lincoln, Nebraska -- \$34.7 million for downtown road and beltway construction
- ✓ Reno, Nevada -- \$15.8 million for a rail access corridor enhancement project
- ✓ Beaumont, Texas -- \$6.35 million for three road construction projects
- ✓ Pasadena, California -- \$4.27 million for soundwall construction and ITS projects
- ✓ Santa Cruz County RTC -- \$2.936 million for Highway 1 interchange improvements
- ✓ Scottsdale, Arizona -- \$2.09 million for an intermodal transit facility

References

- 1.) Ms. Pat Dellin
Acting Executive Director
Santa Cruz County Regional Transportation Commission
1523 Pacific Avenue
Santa Cruz, CA 95060
(831) 460-3200

- 2.) Mr. Larry Worth
Assistant Director of Transportation (Transit Manager)
City of Lincoln
710 J Street
Lincoln, NE 68508
(402) 441-8600

- 3.) Ms. Mary O'Connor
Transportation General Manager
City of Scottsdale
7447 E. Indian School Road
Scottsdale, AZ 85251
(480) 312-2334

- 4.) Mr. Tom Warner
Director of Public Works
City of Beaumont
P.O. Box 3827
Beaumont, TX 77704
(409) 880-3725

Conflict of Interest

Chaney & Associates does not contemplate any financial, business, or other conflict of interest between the District and any of our other clients. We take great pains to avoid such conflicts and if any perceived conflict should arise, we would alert District officials immediately.

While we do represent the Santa Cruz County Regional Transportation Commission, on whose Board some District officials sit, we have not encountered any conflicts with regard to their federal goals and priorities and those of the District. On the contrary, we have experienced a positive relationship in which each entity supports and promotes the other's priorities. At times we have played a role in coordinating a unified message from both agencies to Washington that has been beneficial to all parties.

If the District believes that conflicts would exist with regard to the Commission or any of our other current clients, we would be pleased to discuss these concerns.

Proposed Fee and Legal Actions

To provide federal legislative services described in the Santa Cruz Metropolitan Transit District Request for Proposal #05-11, Chaney & Associates would propose an annual fee of \$60,000.00, payable in twelve monthly installments of \$5,000.00. In addition, the District would reimburse Chaney & Associates up to \$4,000.00 annually for expenses incurred on behalf of the District. These reimbursable expenses would include: long distance telephone, photocopying, postage, courier, overnight mail, and other executive expenses such as taxis, events with appropriate District and Washington officials, and pre-approved travel.

Chaney & Associates strives to offer the most comprehensive services at a reasonable price, and we are confident that the District would receive much more than the price of the contract in advocacy and information services throughout the year. We believe that this price is fair and will allow us the opportunity to continue to use all of our available resources on behalf of the District.

This level of compensation is negotiable and we would be pleased to discuss any suggestions the District may have. Also, this proposal represents a firm offer for at least 90 days after the closing date for District RFP #05-11.

Finally, Carolyn C. Chaney & Associates, Inc. is not currently party to any legal actions, nor has it has not been a party to any legal actions over the past five years.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006

TO: Board of Directors

FROM: Leslie R. White, General Manager

SUBJECT: CONSIDERATION OF SUBMITTING A REQUEST THAT THE CALIFORNIA STATE LEGISLATURE AMEND THE METRO ENABLING STATUTE (SECTION 98000 ET. SEQ. OF THE CALIFORNIA PUBLIC UTILITIES CODE) TO PROVIDE FOR PROCEDURES FOR CITIZEN RECALL OF MEMBERS OF THE BOARD OF DIRECTORS.

I. RECOMMENDED ACTION

That the Board of Directors authorize the General Manager and District Counsel to prepare language that would amend Section 98000 et. seq. of the California Public Utilities Code to provide for procedures for citizen recall of Members of the Board of Directors and to authorize the submission of the amendatory language to the California State Legislature for consideration.

II. SUMMARY OF ISSUES

- The Enabling Legislation creating METRO is contained at Section 98000 et. seq. of the California Public Utilities Code and was initially enacted in 1967 and subsequently amended as necessary.
- The statutes provide for a Board of Directors appointed for four (4) year terms by the County of Santa Cruz and it's component cities.
- Once appointed to the Board of Directors, Members serve until the completion of their term of office, or, in the case of elected officials, completion of their term of office or until such time as they are no longer serving as an elected official, whichever comes first.
- The appointing bodies may not remove Members of the Board of Directors once they have been sworn in.
- The issue of the terms and removal of Members of the Board was raised by various individuals during the recent strike against METRO by the United Transportation Union Local 23.
- The County of Santa Cruz is proposing that the Enabling Legislation for METRO be amended by the California State Legislature to provide that Board Members serve at the pleasure of their appointing bodies and that they be subject to removal by the appointing bodies at any time for any reason.

9.1

- The issue of terms and removal of Members of the Board could also be addressed by providing the general public residing with the METRO District the ability to initiate recall petitions against one or all of the Members of the Board. The submission of sufficient valid signatures on such a petition would result in the holding of a countywide recall election to determine if the Member or Members should be removed from the Board and their appointing bodies be required to designate a new representative.
- Staff recommends that the Board of Directors authorize the General Manager and District Counsel to develop language that would amend Section 98000 et. seq. of the California Public Utilities Code to provide for procedures for citizen recall of Members of the Board of Directors and to authorize the submission of the amendatory language to the California State Legislature for consideration.

III. DISCUSSION

The Enabling Legislation creating the Santa Cruz Metropolitan Transit District was initially enacted in 1967 at Section 98000 et. seq. of the California Public Utilities Code. The Enabling Legislation has been amended as necessary. The Enabling Legislation provides for the Members of the Board of Directors to serve for four (4) year terms. The County of Santa Cruz, as well as the Cities of Capitola, Santa Cruz, Scotts Valley, and Watsonville appoint the Members of the Board. The Board is composed of individuals who are elected officials and individuals who are not elected officials. Once appointed to the Board of Directors, Members serve until the completion of their term of office, or, in the case of elected officials, completion of their term of office or until such time as they are no longer serving as an elected official, whichever comes first. The appointing bodies may not remove Members of the Board of Directors once they have been sworn in.

The issue of the terms and removal of Members of the Board was raised by various individuals during the recent strike against METRO by the United Transportation Union Local 23. The County of Santa Cruz is proposing that the Enabling Legislation for METRO be amended by the California State Legislature to provide that Board Members serve at the pleasure of their appointing bodies and that they be subject to removal by the appointing bodies at any time for any reason. The Board of Directors reviewed the County Proposal on December 16, 2005 and voted to oppose it, but also voted to indicate to the County that a discussion of alternative approaches would be welcome.

The issue of terms and removal of Members of the Board could also be addressed by providing the general public residing with the METRO District the ability to initiate recall petitions against one or all of the Members of the Board. The submission of sufficient valid signatures on such a petition would result in the holding of a countywide recall election to determine if the Member or Members should be removed from the Board. If the voters approved removing one or more

9.2

Members of the Board their appointing bodies would be required to designate a new representative.

Staff recommends that the Board of Directors authorize the General Manager and District Counsel to develop language that would amend Section 98000 et. seq. of the California Public Utilities Code to provide for procedures for citizen recall of Members of the Board of Directors and to authorize the submission of the amendatory language to the California State Legislature for consideration.

IV. FINANCIAL CONSIDERATIONS

The enactment of recall procedures would not have a financial impact on the METRO operating or capital budgets. However, should the process be initiated and an election required, METRO would be responsible for the cost of the election.

V. ATTACHMENTS

None

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: January 27, 2006

TO: Board of Directors

FROM: Mark Dorfman, Assistant General Manager

SUBJECT: CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO ISSUE A CONTRACT WITH GIRO, INC. FOR THE PURCHASE OF THE HASTUS 2006 UPGRADE

I. RECOMMENDED ACTION

District staff is recommending that the Board of Directors authorize the General Manager to issue a Contract in an amount not to exceed \$131,000 for the purchase of the HASTUS 2006 upgrade in accordance with the Procurement by Noncompetitive Proposals Requirements under the Federal Transit Administration Circular 4220.1E.

II. SUMMARY OF ISSUES

- Giro, Inc. (Giro) is the developer of the HASTUS software used by METRO to develop the driver runs, or schedules.
- METRO is currently using Version 5.92, a version that was purchased in 2002, and is unable to handle the requirements of the Industrial Welfare Commission Wage Order 9 (IWC9). The Fall bid was created using this outdated version and with assistance from Giro, Inc. to meet the guidelines but, due to its limitations, the resulting service was very inefficient.
- The newer version of the software has improved capability that allows generation of more efficient (less costly) pieces of work, but it was not possible to install this in time to generate the Winter bid.
- Therefore, METRO was forced to utilize the consulting service of Giro in order to generate a more efficient Winter bid using HASTUS 2006 at their site and at a cost of approximately \$31,000.
- While this approach generated considerable savings, it requires us to manually load the run cut results into our existing version of HASTUS. This also keeps us from more fully utilizing the software to its fullest.
- To avoid these types of consulting costs for future bids and to allow us to more completely utilize the software, it has been recommended that we upgrade to Version 2006 as soon as possible.

11.1

III. DISCUSSION

Giro, Inc. is the software developer whose software, HASTUS, is used by METRO to put together Driver pieces of work. The software was purchased in 2002 and it is unable to handle the requirements that have become necessary to comply with the Industrial Welfare Commission Wage Order 9 (IWC). Originally staff was hopeful that UTU would agree to a waiver, but it is clear that option is no longer viable.

An upgrade to the newest version – HASTUS 2006 – will be able to comply with the requirements of IWC9 and also be able to put together improved run cuts due to a more efficient algorithm. Since our Winter bid was created using HASTUS 2006 at their site, we are unable to make any changes internally until we upgrade. It is expected that very little or no changes will occur for the Spring bid (and any changes will require further consulting costs) because there is insufficient time to bring in the software and complete the necessary internal training. We plan to generate the Summer bid using the new software version.

Giro, Inc. is the developer of the HASTUS software program. The requested software upgrade is not available from any other source. The quoted price for the upgrade from Giro (Attachment A) is \$141,233 which is valid until January 26, 2006. METRO will also receive a credit of \$10,311.98 for work done on the last bid. The new total contract for the HASTUS upgrade would not exceed \$130,921.02.

Trapeze Software Group, Inc. (Trapeze), has a similar run-cutting software program. In order to determine if it is in the best interest of METRO to recommend a sole source contract with Giro, Inc., District staff has investigated the cost differences between a new purchase from Trapeze versus purchasing an upgrade to the HASTUS software program:

1. The recommended purchase of an upgrade to the current District installed software is approximately \$80,000 less than purchasing the new version from Giro (see enclosed quote, Attachment B). The software program offered from Trapeze is competitively priced with the new version from Giro when considering the total cost of purchase and annual license fees. (See Attachment C)
2. There would be additional costs associated with converting to the Trapeze program.
3. There would be substantial staff training costs with the Trapeze program.
4. There would be an unknown additional cost to have Trapeze create a program to output to our Bid module which runs on Unix. (This cost has previously been paid for with the HASTUS program.)

It is therefore recommended that the Board of Directors authorize the General Manager to issue a contract with Giro, Inc. for the purchase of the HASTUS 2006 upgrade, to provide consulting services and assistance in the creation of the Summer bid using HASTUS 2006.

11.2

IV. FINANCIAL CONSIDERATIONS

Funds for the purchase of this upgrade are available in the Capital Reserve Account. It is expected that this expenditure will result in future savings in operating expenditures. Further, as a result of this upgrade, additional expenditures will be required to upgrade the computer infrastructure. Software and hardware upgrades totaling approximately \$30,000 will be required for the new software to function on our system. Some of these upgrades are required because the current operating system version (Windows 2000) is no longer supported by Microsoft. The new version of HASTUS requires a faster database server and also requires that we upgrade the database software from SQL 7.0 to SQL 2000. This will require us to upgrade the database engine for Trapeze Pass as well. There is no charge from Trapeze to convert to SQL 2000.

V. ATTACHMENTS

- Attachment A:** Giro- Proposal for *HASTUS* upgrade to version 2006 and *Minibus* addition.
- Attachment B:** Giro- Cost for a new *HASTUS* V2006 installation – SCMTD
- Attachment C:** Email from Fresno with Comparative Costs



October 26, 2005

Mr. Mark J. Dorfman
Assistant General Manager
Santa Cruz Metropolitan Transit District
370 Encinal Street, Suite 100
Santa Cruz, CA 95060
USA

Subject: Proposal for *HASTUS* upgrade to version 2006 and *Minbus* addition

Dear Mr. Dorfman:

GIRO Inc is pleased to submit to Santa Cruz Metropolitan Transit District (SCMTD) the following proposal for the upgrade of your current *HASTUS* installation from version 5.9 (year 1999 version) installation to version 2006, and the addition of the optional *Minbus* module. As part of the upgrade, the *SuperMicro* runcutter of your current version would be replaced by the more powerful *CrewOpt* algorithm. The advanced *Minbus* automated blocking complements the *HASTUS* standard scheduling package and can be very useful to perform a number of advanced vehicle scheduling tasks in an interlining context, including trip shifting and applying rules on blocks. A summarized list of improvements incorporated into the *HASTUS* version over recent years is attached, as well as a description of *Minbus*. This letter of offer provides SCMTD the option to select either the upgrade to version 2006 and the *Minbus* addition, or the upgrade only.

Upgrade license fees calculation

Our current maintenance policy offers a license-free upgrade for the two versions following your last purchase. Upgrades thereafter are 10% of the license for each additional year, up to a maximum of 50%. In your case, the migration to version 2006 will represent a 50% license fee. Each time you upgrade, the version counter is reset to zero if you keep an uninterrupted Maintenance and Support Agreement. Therefore, this upgrade to version 2006 and the continuation of your Maintenance and Support Agreement will entitle SCMTD to a license-free *HASTUS* upgrade to version 2008. However, the cost of services including migration of configuration and customization items would apply.

For license fee calculations, we are assuming that your current number of peak vehicles would remain between 71 and 80. If your current number of peak vehicles is not within this bracket, please let us know as soon as possible.

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11. a1

Services and migration

We have estimated the work and services for the upgrade to 45 person-days. This includes the days allocated for project management, migration of customized software to the new version, implementation support, cost function adjustments, calibration for *CrewOpt*, testing, and training on the new version. For the *Minbus* addition, 24 person-days have been planned for work and services. The dollar cost breakdown is provided in Table 1.

Scope of work

To estimate the extent of services required for the upgrade, we took into account the following elements:

- Project management: Work required by the Project Manager to organize and supervise the project team and prepare status reports as required for the customer and GIRO management.
- Specification defining precisely how *HASTUS* will be configured and customized. Our proposal accounts for existing adaptations to be reproduced in the upgrade version.
- Migration of customized software to the new version. A number of functions had been customized in your current version. Some of these functions have also evolved in recent versions. Consequently, they must be carefully inspected with the intent to transfer relevant SCMTD customizations while providing all the new *HASTUS* features
- The introduction of the *CrewOpt* runcutting algorithm, now our standard offering, is a key enhancement. *CrewOpt* produces results at least equivalent, but typically better than the previous *SuperMicro* algorithm. The transition to *CrewOpt* does require that we spend time reviewing the *HASTUS* cost function, rules, and parameters as well as calibrating results to ensure that they meet your requirements.
- Addition of the optional *Minbus* module and the tuning of the algorithm in order to provide optimal results
- Testing prior to delivery where all customized features are tested using a representative set of SCMTD data.
- Training sessions where your staff will be taught how to use the new features. Training is planned on-site with your *HASTUS* installation and uses a hands-on methodology
- Implementation support: Time our staff will spend answering functional questions and advising users on how to use the application most effectively in your context.

11. a2

Project planning

HASTUS 2006 will be available in December 2005. The work would start in Montréal approximately four weeks after receiving your formal approval with the signed amended license. We estimate at six months the total time required to complete the project once the license amendment has been signed.

Cost summary

Description	Upgrade ⁽¹⁾	<i>Minibus</i> addition	Total
License (80 peak vehicles)	\$ 44,693	\$ 21,980	\$ 66,673
Work and services	\$ 44,340	\$ 24,590	\$ 68,930
Expenses	\$ 3,380	\$ 2,250	\$ 5,630
Total	\$ 92,413	\$ 48,820	\$ 141,233

Table 1 – Upgrade costs

(1) Upgrade *HASTUS-Vehicle*, *HASTUS-Crew*, *CrewOpt*, and *HASTUS-Roster*.

With the extension of PO #260269-1, a rebate of \$9,853.30 corresponding to 10 person-days of work and services will be applied to reduce the above upgrade pricing.

Conditions

Our proposal is for a fixed cost contract. Costs are expressed in US dollars and exclude any applicable taxes or duties, for which SCMTD would be responsible. They are based on 2006 pricing and are valid for 90 days. Your current *HASTUS* license would be amended to reflect the new installed version. Please note that the cost of Work and services for the addition of *Minibus* is reduced to take into account the work related to the January 2006 production booking. Should SCMTD delay its decision for *Minibus* implementation, the impact would be an increase of approximately 50% to the cost of work and services for *Minibus* (refer to Table 1 above).

Any required hardware or system software upgrades, such as DBMS are not included. Please refer to the Hardware and Software Requirements document attached.

The proposed payment schedule is 50% upon contract signature and 50% upon final acceptance. These percentages apply to the total cost of the project. A three-month warranty is included with the *Minibus* module.

System acceptance

A single acceptance milestone has been planned. Acceptance is reached when SCMTD provides confirmation of acceptance or no later than fourteen calendar days following completion of work and delivery of customized software, whichever occurs first.

11. a3

Mr. Dorfman

-4-

2005-10-26

Maintenance

Following the upgrade and the addition of *Minbus*, the revised cost of annual Maintenance and Support for 2006 would be \$8,025US a year. For the upgrade without the addition of *Minbus*, the yearly maintenance for 2006 would be \$15,880US a year. Part of this increase is due to the more capable *CrewOpt* automatic runcutting algorithm. Also, this takes into account the projected CPI adjustment for 2006. This amount does not include optional modification person-days.

We hope this proposal will be to your satisfaction. Please let us know when you wish to proceed with the upgrade to version 2006 and the addition of *Minbus*. If you have any questions, do not hesitate to contact Mrs. Lyne Sénécal or the undersigned. We certainly hope to have the opportunity of working with members of SCMTD on this enhancement to your current installation.

Sincerely,

François Carignan
Senior Account Manager
francois.carignan@giro.ca

FC/LG
ENCL.

11.24



January 2nd, 2006

Subject: Cost for a new HASTUS V2006 installation – SCMTD

As requested in your recent email to Mrs. Lyne Senecal, please find enclosed a table outlining the costs SCMTD would incur for the purchase of a new HASTUS V2006 installation. This is not a proposal; the information herein is provided to SCMTD for internal analysis or cost comparison purposes.

Cost summary

Description	Base operating months
License (80 peak vehicles)	\$ 102,050
Work and services	\$ 102,640
Expenses	\$ 11,250
Total	\$ 215,940

Table 1 – Costs for a new HASTUS V2006 installation with 80 peak vehicles

(1) HASTUS-Vehicle, HASTUS-Crew, CrewOpt, and HASTUS-Roster.

Costs are expressed in US dollars and exclude any applicable taxes or duties, for which SCMTD would be responsible. Costs are based on 2006 pricing. A three-month warranty is included.

If you have any questions or require additional information, do not hesitate to contact Mrs. Lyne Senecal or the undersigned.

Sincerely,

François Carignan
Senior Account Manager
francois.carignan@giro.ca

11. b1

X-Mailer: Novell GroupWise Internet Agent 7.0
Date: Thu, 19 Jan 2006 16:26:11 -0800
From: "John Downs" <John.Downs@fresno.gov>
To: "Terry Gale" <tgale@scmtd.com>
Subject: Re: Trapeze vs. Giro
X-Proofpoint-Spam-Details: rule=notspam policy=default score=0 mlx=0 adultscore=0 adjust=0 reason=mlx engine=3.1.0-06011100 definitions=3.0.0-06011904

Attachment 

Terry,
Good talking with you. The bid for fixed-route scheduling, runcutting and rostering from Trapeze was \$212,539.19, and the bid from Hastus was \$250,900.00. If you have any other questions, please let me know.
John

John Downs
Planning Division Manager
Department of Transportation
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Email: john.downs@fresno.gov
Fax: 559-488-1065

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11.01