

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

BOARD OF DIRECTORS REGULAR MEETING AGENDA
FEBRUARY 26, 2010 (Fourth Friday of Each Month)
WATSONVILLE CITY COUNCIL CHAMBERS
275 MAIN STREET
WATSONVILLE, CALIFORNIA
9:00 a.m. – 12:00 noon

**THE BOARD AGENDA PACKET CAN BE FOUND ONLINE AT WWW.SCMTD.COM OR
AT METRO'S ADMINISTRATIVE OFFICES LOCATED AT 110 VERNON STREET,
SANTA CRUZ, CA**

NOTE: THE BOARD CHAIR MAY TAKE ITEMS OUT OF ORDER

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

1. ROLL CALL
2. ORAL AND WRITTEN COMMUNICATION TO THE BOARD OF DIRECTORS
 - a. Kymberly Lacrosse Re: Complete Count Committee
 - b. VTA Re: Hwy 17 Fare Increase
 - c. Capital Corridor JPA Re: Hwy 17 Fare Increase
 - d. DOT JPA Re: Hwy 17 Fare Increase
 - e. Peter Stanger Re: Route 69 Service Request
3. LABOR ORGANIZATION COMMUNICATIONS
4. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

CONSENT AGENDA

- 5-1. APPROVE PRELIMINARILY APPROVED CLAIMS FOR THE MONTH OF DECEMBER 2009
- 5-2. ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR DECEMBER 2009
- 5-3. CONSIDERATION OF TORT CLAIMS: NONE
- 5-4. ACCEPT AND FILE MAC AGENDA FOR FEBRUARY 17, 2010 AND MINUTES OF DECEMBER 16, 2009
- 5-5. ACCEPT AND FILE RIDERSHIP AND PERFORMANCE REPORT FOR DECEMBER 2009
- 5-6. ACCEPT AND FILE HIGHWAY 17 STATUS REPORT FOR DECEMBER 2009

- 5-7. ACCEPT AND FILE UNIVERSITY OF CALIFORNIA, SANTA CRUZ MONTHLY SERVICE REPORT FOR DECEMBER 2009
- 5-8. CONSIDERATION OF METROBASE STATUS REPORT
- 5-9. APPROVE REGULAR BOARD MEETING MINUTES OF DECEMBER 18, 2009 AND JANUARY 8 & 22, 2010
- 5-10. ACCEPT AND FILE MINUTES REFLECTING VOTING RESULTS FROM APPOINTEES TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION FOR THE DECEMBER 2009 MEETING(S)
- 5-11. CONSIDERATION OF APPROVAL OF AN AMENDED AND RESTATED GREAT WEST ELIGIBLE DEFERRED COMPENSATION PLAN FOR GOVERNMENTAL EMPLOYERS AND AMENDED ADOPTION AGREEMENT
- 5-12. CONSIDERATION OF ACCEPTANCE OF FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS REPORT FOR YEAR ENDING JUNE 30, 2009
- 5-13. CONSIDERATION OF RENEWAL PROPERTY INSURANCE COVERAGE FOR 1200 RIVER STREET AND ADD NEW PROPERTY INSURANCE COVERAGE FOR 138 GOLF CLUB
- 5-14. CONSIDERATION OF APPROVAL OF SIDE AGREEMENT, CLASS SPECIFICATIONS AND WAGE SCALES FOR THE NEWLY CREATED TRANSPORTATION PLANNER SERIES
- 5-15. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO SET UP A PAYMENT GATEWAY ACCOUNT TO ESTABLISH THE INFRASTRUCTURE NECESSARY TO ALLOW METRO TO ACCEPT CREDIT CARD PAYMENTS AT ITS WEBSITE
- 5-16. CONSIDERATION OF AN AGREEMENT WITH SANTA CRUZ SEASIDE COMPANY FOR THE PROVISION OF LATE NIGHT SERVICE

REGULAR AGENDA

- 6. PRESENTATION OF EMPLOYEE LONGEVITY AWARDS
Presented by: Chair Pirie
- 7. CONSIDERATION OF ADOPTION OF RESOLUTION OF APPRECIATION FOR THE SERVICES OF PAT SPENCE AS A MEMBER OF THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
Presented by: Chair Pirie

8. CONSIDERATION OF INCREASING HIGHWAY 17 EXPRESS FARES IN ORDER TO INCREASE REVENUES BY MAINTAINING AN OPTIMAL FAREBOX RECOVERY RATIO
Presented By: Angela Aitken, Finance Manager & Acting Assistant General Manager
9. CONSIDERATION OF ADOPTING A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO SUBMIT A GRANT APPLICATION AND SIGN NECESSARY AGREEMENTS FOR FEDERAL FUNDING IN THE SECTION 5304 CALTRANS-ADMINISTERED FY10 TRANSPORTATION PLANNING TRANSIT PLANNING STUDENT INTERNSHIPS GRANTS PROGRAM
Presented By: Angela Aitken, Finance Manager & Acting Assistant General Manager
10. CONSIDERATION OF ADOPTING A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO SUBMIT A GRANT APPLICATION AND SIGN NECESSARY AGREEMENTS FOR FEDERAL FUNDING IN THE SECTION 5304 CALTRANS-ADMINISTERED FY11 TRANSPORTATION PLANNING RURAL OR SMALL URBAN TRANSIT PLANNING STUDIES GRANTS PROGRAM
Presented By: Angela Aitken, Finance Manager & Acting Assistant General Manager
11. CONSIDERATION OF ADOPTING A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO SUBMIT A GRANT APPLICATION AND SIGN NECESSARY AGREEMENTS TO OBTAIN FINANCIAL ASSISTANCE FROM THE CALIFORNIA EMERGENCY MANAGEMENT AGENCY'S FY10 CALIFORNIA TRANSIT SYSTEM SAFETY, SECURITY AND DISASTER RESPONSE GRANT PROGRAM
Presented By: Angela Aitken, Finance Manager & Acting Assistant General Manager
12. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT WITH MASTER CAR WASH FOR PARACRUZ VEHICLE WASHING SERVICES FOR AN AMOUNT NOT TO EXCEED \$25,000 AND CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT WITH DEVCO OIL, INC. FOR PARACRUZ VEHICLE FUELING SERVICES FOR AN AMOUNT NOT TO EXCEED \$185,000.
Presented By: Ciro Aguirre, Operations Manager
13. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT WITH CDX WIRELESS, INC. FOR CONSULTANT SERVICES FOR UPGRADE OF SANTA CRUZ METRO'S LAND MOBILE RADIO SYSTEM FOR AN AMOUNT NOT TO EXCEED \$59,798
Presented By: Ciro Aguirre, Operations Manager

14. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXERCISE AN OPTION TO PURCHASE FOUR (4) EACH FORTY-FOOT LOW FLOOR COMPRESSED NATURAL GAS SUBURBAN COACHES FROM THE ORANGE COUNTY TRANSIT AUTHORITY CONTRACT WITH NEW FLYER OF AMERICA
Presented by: Ciro Aguirre, Operation Manager
15. CONSIDERATION OF APPROVAL OF MODIFICATIONS TO THE ADVERTISING POLICY AND REGULATIONS AR-1006 TO INCLUDE ADVERTISING ON METRO'S WEBSITE
Presented by: Margaret Gallagher, District Counsel
16. CONSIDERATION OF REASSIGNMENT OF CONSTRUCTION ADMINISTRATION SERVICE HOURS BY RNL DESIGN, INC. TO ACCOMMODATE ADDITIONAL HOURS RELATING TO THE DELAYS IN THE MAINTENANCE BUILDING FOR THE METROBASE PROJECT
Presented by: Frank Cheng, Metrobase Project Manager
17. REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION: District Counsel
18. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

SECTION II: CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – DECIDING WHETHER TO INITIATE LITIGATION
(Pursuant to Government Code Section 54956.9(c))

Number of Potential Cases: One

SECTION III: RECONVENE TO OPEN SESSION

19. REPORT OF CLOSED SESSION

ADJOURN

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 Watsonville 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 in Watsonville on Charter Channel 70. Community Television will rebroadcast it at 7:00 p.m. on Friday, March 5, 2010 on Comcast Channel 26 and also on Charter Channel 72.

Thank you...

Santa Cruz Metro Transit Board,

On behalf of the
Complete Court Committee of
Santa Cruz, we would like
to thank you for your generous
donations and support for
Project Homeless Connect and
Census 2010 outreach efforts.

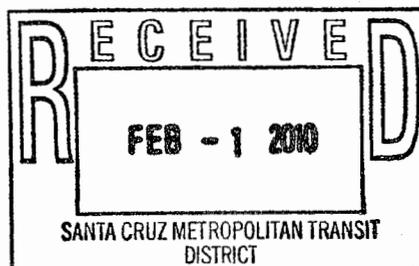
Jymbel Jacques
United Way

2-a.1



February 1, 2010

Santa Cruz Metropolitan Transit District
Board of Directors
110 Vernon St.
Santa Cruz, CA 95060



Dear Board of Directors:

The Santa Clara Valley Transportation Authority (VTA) has partnered with Santa Cruz Metro since 1991 to provide the Highway 17 Express service. VTA and Santa Cruz Metro are parties to a Joint Powers Authority that governs the service and in 2004 the California Department of Transportation and the Capitol Corridor Joint Powers Authority became funding partners through a Memorandum of Understanding.

Quarterly meetings of the four agencies are held to discuss the finances, planning, and operating performance of the Highway 17 Express service. Over the past several meetings discussions have been held on the possibility of raising the price of fares and passes for the service. The proposal to increase fares addresses rising operating expenses, reduces subsidies and brings the Highway 17 Express fares more in line with other regional bus services. Also, it has been quite some time since fares were last increased in April 2004.

After much discussion, VTA recommends the following twenty five (25%) fare increase for the Highway 17 Express:

- Increase the Adult Single Ride from \$4.00 to \$5.00
- Increase the Adult Day pass from \$8.00 to \$10.00
- Increase the Adult Monthly Pass from \$90.00 to \$113.00
- Increase the Senior/Disabled Single Ride from \$2.00 to \$2.50

We understand the other agency partners for the Highway 17 Express service will also express their support for the proposed fare increase. With the anticipation that this fare increase will undergo the appropriate level of public review and input, VTA appreciates the Santa Cruz METRO Board of Directors' positive consideration of the proposal. Please do not hesitate to contact me at 408-321-7032 if further information is needed.

Sincerely,

A handwritten signature in black ink, appearing to read "James B. Unites".

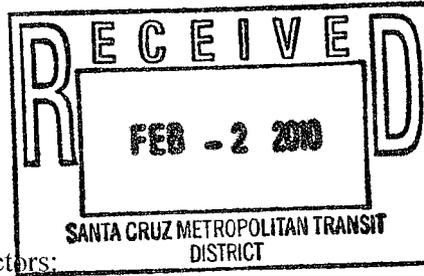
James B. Unites
Deputy Director, Operations
Service & Operations Planning

C: A. Aitken, Acting Assistant General Manager, Santa Cruz Metro
M. Burns, General Manager
D. Smith, Chief Operating Officer



February 2, 2010

Santa Cruz Metropolitan Transit District
Board of Directors
110 Vernon St.
Santa Cruz, CA 95060



BOARD OF DIRECTORS

PLACER COUNTY
TRANSPORTATION
PLANNING AGENCY
Jim Holmes, Chair
Keith Nesbitt
Gina Garbolino (alt)

SACRAMENTO REGIONAL
TRANSIT DISTRICT
Steve Cohn
Roger Dickinson
Bonnie Pannell (alt)

SAN FRANCISCO BAY AREA
RAPID TRANSIT DISTRICT
Thomas Blalock
James Fang
Bob Franklin, Vice Chair
Joel Keller
Gail Murray
Lynette Sweet
John McPartland (alt)

SANTA CLARA VALLEY
TRANSPORTATION
AUTHORITY
Rose Herrera
Ash Kalra

SOLANO TRANSPORTATION
AUTHORITY
Len Augustine
James P. Sperring
Jack Batchelor, Jr. (alt)

YOLO COUNTY
TRANSPORTATION
DISTRICT
Christopher Cabaldón
Stephen Souza
Mike McGowan (alt)

EXECUTIVE OFFICERS

Dorothy W. Dugger
Executive Director

David B. Kutrosky
Managing Director

**CAPITOL CORRIDOR
JOINT POWERS AUTHORITY**

300 LAKESIDE DRIVE
14TH FLOOR EAST
OAKLAND, CA 94612
(V) 510.464.6995
(F) 510.464.6901

www.capitolcorridor.org

Dear Santa Cruz METRO Board of Directors:

The JPA meets on a quarterly basis to discuss the finances, planning, and operating performance of the Highway 17 Express. One of the main topics of discussion for the past several years has been the possibility of raising the value of fares and passes on the Highway 17 Express as a way to combat rising operating expenses. Each of the member agencies have raised on each of their individual train or bus services to offset rising operating expenses. After much discussion, the JPA is unanimously recommending the following twenty percent (20%) fare increase on the Highway 17 Express route:

- Raise the Adult Single Ride from \$4.00 to \$5.00
- Raise the Adult Day pass from \$8.00 to \$10.00
- Raise the Adult Monthly Pass from \$90.00 to \$113.00

We, the individual agencies that embody the Highway 17 Express Joint Powers Authority (JPA), fully support the proposed increases to the Highway 17 Express fares and passes.

The JPA greatly appreciates the Santa Cruz METRO Board of Directors' consideration of the proposed Highway 17 Express fare increase.

Sincerely,

Member Agencies of the Highway 17 Express Joint Powers Authority:

Capitol Corridor Joint Powers Authority

By: 
Designee - Managing Director

cc: Angela Aitken, Santa Cruz Metro
James Unites, Santa Clara VTA
Pat Merrill, Caltrans Division of Rail
Lee Goldenberg, Caltrans Division of Rail
Carlos Ruiz, Caltrans Division of Rail
Jim Allison, CCJPA

2-c.1

DEPARTMENT OF TRANSPORTATION

DIVISION OF RAIL

1120 N STREET

P. O. BOX 942874 – MS 74

SACRAMENTO, CA 94274-0001

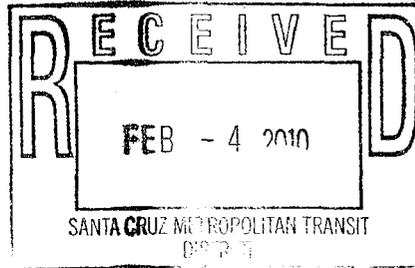
PHONE (916) 654-6542

FAX (916) 653-4565

TTY 711



*Flex your power!
Be energy efficient!*



February 1, 2010

Santa Cruz Metropolitan Transit District
Board of Directors
110 Vernon St.
Santa Cruz, CA 95060

Dear Santa Cruz METRO Board of Directors:

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- Raise the Adult Single Ride to \$5.00
- Raise the Adult Day pass to \$10.00
- Raise the Adult Monthly Pass to \$113

We, the individual agencies that embody the Highway 17 Express Joint Powers Authority (JPA), fully support the proposed increases to the Highway 17 Express fares and passes.

The JPA greatly appreciates the Santa Cruz METRO Board of Directors' consideration of the proposed Highway 17 Express fare increase.

Sincerely,

Member Agencies of the Highway 17 Express Joint Powers Authority:

California Department of Transportation

By: _____

Patricia Murrell
Designee

Sincerely,



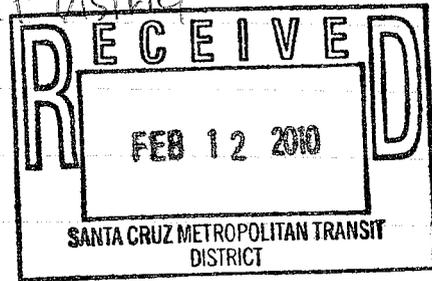
PATRICK MERRILL
Rail Transportation Manager II
Division of Rail

c: Angela Aitken, SCMTD

bc: Lee Goldenberg, Rail
Carlos Ruiz, Rail
James Allison, CCJPA
James Unites, VTA

2-10-10

Board of Directors
Santa Cruz Metropolitan Transit District
110 Brennan St
Santa Cruz, Ca 95060



Dear Board Members:

I live in La Selva Beach. The bus service there is now only every 2 hours. With that kind of frequency, most people have abandoned reliance on SCMTD buses. The rest of San Andreas Road to the south-east isn't served at all, in spite of Renaissance High School, KOA Campgrounds (the busiest one in the U.S.), two state Campgrounds, and many fields where workers must drive private vehicles to reach, as well as a migrant labor housing facility, and Monterey Bay Academy.

Numerous buses ply the freeway and Freedom Blvd, allowing extremely frequent service in some areas.

I believe moving just the 69/69A/69W away from the often traveled freeway and onto San Andreas would not inconvenience patrons in north-west Watsonville & Freedom, and would greatly enhance service to the aforementioned areas.

If that is not a possibility, would it be possible to have bus drivers make courtesy stops at Highway 1 and Mar Monte Ave?

Thank you for consideration.

Respectfully,

Peter Stanger

2-e.1

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
 CHECK JOURNAL DETAIL BY CHECK NUMBER
 ALL CHECKS FOR ACCOUNTS PAYABLE

DATE: 12/01/09 THRU 12/31/09

CHECK NUMBER	CHECK DATE	CHECK VENDOR	CHECK AMOUNT	VENDOR NAME	VENDOR TYPE	TRANS. NUMBER	TRANSACTION DESCRIPTION	TRANSACTION AMOUNT	COMMENT
34473	12/08/09	-8,000.00 R566		BLAIR, JOSEPH		30476	SETTLEMENT/RISK	-8,000.00	**VOID
34520	12/07/09	199.73 002861		AMERICAN MESSAGING SVCS, LLC	0	30569	DEC PAGERS	199.73	
34521	12/07/09	75.47 294		ANDY'S AUTO SUPPLY		30696	REV VEH PARTS	75.47	
34522	12/07/09	1,349.18 001312		ANTHEM BLUE CROSS		30571	PERS CHOICE FAMILY	1,349.18	
34523	12/07/09	641.00 001		AT&T		30580	11/10-12/9 GOLF	641.00	
34524	12/07/09	1,931.19 664		BAY COUNTIES PITCOCK PETROLEUM		30692	11/13 FUEL/FLT	1,931.19	
34525	12/07/09	1,426.01 845A		BLUE SHIELD OF CALIFORNIA		30572	BASIC HMO FAMILY	1,426.01	
34526	12/07/09	1,000.00 002338		BURTON, DEBORAH LCSW LMFT	7	30478	EMPLOYMENT EXAM	1,000.00	
34527	12/07/09	250.00 001113		CLARKE, SUSAN	7	30654	EXT BUS ANNOUN/AUDIT	250.00	
34528	12/07/09	1,296.51 909		CLASSIC GRAPHICS		30679	OUT RPR REV VEH	1,296.51	
34529	12/07/09	31,807.34 001124		CLEAN ENERGY		30579	OCT LNG/FLT	10,144.43	
						30675	11/15 LNG/FLT	10,849.47	
						30676	11/18 LNG/FLT	10,813.44	
34530	12/07/09	234.92 002063		COSTCO		30649	PHOTO PROCESS/OPS	6.92	
						30650	PHOTO PROCESS/OPS	3.03	
						30651	PHOTO PROCESS/OPS	4.21	
						30652	PHOTO PROCESS/OPS	5.20	
						30653	PHOTO PROCESS/OPS	2.60	
						30655	OFFICE SUPPLY/OPS	212.96	
						30677	CNG-NON REV VEH	21.34	
34531	12/07/09	21.34 418		COUNTY OF SANTA CRUZ		30633	NOV FUEL/FLT	2,615.69	
34532	12/07/09	2,615.69 001316		DEVCO OIL		30605	REV VEH PARTS	3,438.91	
34533	12/07/09	3,438.91 480		DIESEL MARINE ELECTRIC, INC.		30607	OCT TIRES/FLT	152.65	
34534	12/07/09	11,741.25 085		DIXON & SON TIRE, INC.		30608	OCT TIRES/FLT	175.97	
						30609	OCT TIRES/FLT	2,144.94	
						30610	OCT TIRES/FLT	1,799.39	
						30611	OCT TIRES/FLT	1,732.50	
						30612	OCT TIRES/FLT	349.75	
						30613	OCT TIRES/FLT	87.98	
						30614	NOV TIRES/FLT	32.83	
						30615	NOV TIRES/FLT	424.55	
						30616	NOV TIRES/FLT	431.05	
						30617	NOV TIRES/FLT	693.00	
						30618	NOV TIRES/FLT	46.50	
						30619	NOV TIRES/FLT	15.00	
						30620	NOV TIRES/FLT	899.69	
						30621	NOV TIRES/FLT	1,715.95	
						30622	NOV TIRES/FLT	1,039.50	
34535	12/07/09	465.00 916		DOCTORS ON DUTY		30657	DRUG TEST	35.00	
						30658	DRUG TEST	35.00	
						30659	DRUG TEST	30.00	
						30660	DRUG TEST	30.00	
						30661	DRUG TEST	30.00	
						30662	DRUG TEST	30.00	
						30663	DRUG TEST	30.00	
						30664	DRUG TEST	30.00	
						30665	DRUG TEST	30.00	
						30666	DRUG TEST	30.00	
						30667	DRUG TEST	30.00	
						30668	DRUG TEST	30.00	

5-1.1

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
CHECK JOURNAL DETAIL BY CHECK NUMBER
ALL CHECKS FOR ACCOUNTS PAYABLE

DATE: 12/01/09 THRU 12/31/09

CHECK NUMBER	CHECK DATE	CHECK VENDOR NAME	CHECK VENDOR NUMBER	CHECK AMOUNT	VENDOR TYPE	TRANS. NUMBER	TRANSACTION DESCRIPTION	TRANSACTION AMOUNT	COMMENT
34536	12/07/09	DOGHERRA'S	002388	55.00	7	30669	DRUG TEST	30.00	
34537	12/07/09	DOMHOFF, JOEL	001148	300.00		30670	DRUG TEST	35.00	
34538	12/07/09	GFI GENFARE	282.55 647	282.55		30671	DRUG TEST	30.00	
34539	12/07/09	GILLIG LLC	825.43 117	825.43		30632	OUT RPR REV VEH	55.00	
34540	12/07/09	GRAFFITI REMOVAL, INC.	1,404.65 001039	1,404.65		30556	2009 HOLIDAY PARTY	300.00	
34541	12/07/09	GRAINGER	1,142.75 282	1,142.75		30681	REV VEH PARTS	282.55	
34542	12/07/09	HARRIS & ASSOCIATES	28,775.63 001035	28,775.63		30602	REV VEH PARTS	369.75	
34543	12/07/09	KELLY SERVICES, INC.	1,788.00 878	1,788.00		30603	REV VEH PARTS	455.68	
34544	12/07/09	KIMBALL MIDWEST	1,162.35 001233	1,162.35		30604	REV VEH PARTS	445.94	
34545	12/07/09	LAW OFFICES OF MARIE F. SANG	135.00 852	135.00		30570	REPAIRS/MAINTENANCE	100.13	
34546	12/07/09	MANAGED HEALTH NETWORK	811.20 001145	811.20		30598	REV VEH PARTS	110.05	
34547	12/07/09	MID VALLEY SUPPLY	379.15 001052	379.15		30599	REV VEH PARTS	109.12	
34548	12/07/09	MISSION UNIFORM	978.71 041	978.71		30690	SAFETY SUPPLIES	444.66	
34549	12/07/09	NEXTEL COMMUNICATIONS	2,235.37 002721	2,235.37		30691	REPAIR/SUPPLY/TOOL	378.79	
34550	12/07/09	NILSON, VALERIE S.	3,103.75 001306	3,103.75		30715	PROF SVCS THRU 8/31	18,151.63	
34551	12/07/09	NORTH BAY FORD LINC-MERCURY	313.05 004	313.05		30716	PROF SVCS THRU 10/31	10,624.00	
34552	12/07/09	NORTHSTAR, INC.	1,370.92 001176	1,370.92		30596	TEMP OPS W/E 11/15	1,126.88	
34553	12/07/09	OCEAN CHEVROLET	45.32 161	45.32		30680	REV VEH PARTS	35.47	
34554	12/07/09	PACIFIC GAS & ELECTRIC	3,022.95 009	3,022.95		30674	WORKERS COMP CLAIM	135.00	
34555	12/07/09	PALACE ART & OFFICE SUPPLY	356.73 043	356.73		30575	DEC EAP PREMIUM	811.20	
						30494	CLEANING SUPPLIES	379.15	
						30496	UNIF/LAUNDRY/FAC	52.10	
						30583	UNIF/LAUNDRY/FLT	26.91	
						30584	UNIF/LAUNDRY/FLT	26.91	
						30585	UNIF/LAUNDRY/FLT	147.44	
						30586	UNIF/LAUNDRY/FLT	147.44	
						30587	UNIF/LAUNDRY/FLT	39.85	
						30588	UNIF/LAUNDRY/FLT	69.85	
						30589	UNIF/LAUNDRY/FLT	22.86	
						30590	UNIF/LAUNDRY/FLT	35.73	
						30591	UNIF/LAUNDRY/PT	67.63	
						30630	UNIF/LAUNDRY/FLT	149.32	
						30634	UNIF/LAUNDRY/FLT	37.97	
						30635	UNIF/LAUNDRY/FLT	15.00	
						30636	UNIF/LAUNDRY/FLT	2,235.37	
						30637	UNIF/LAUNDRY/FLT	1,543.75	
						30711	09/26-10/25 - OPS	1,560.00	
						30573	CONSULTING SVCS	163.05	
						30574	CONSULTING SVCS	163.05	
						30606	REV VEH PARTS	150.00	
						30631	CUT RPR REV VEH	150.00	
						30636	OUT RPR FUEL STATION	1,370.92	
						30689	REV VEH PARTS	45.32	
						30707	10/24-11/23 RIVER	109.20	
						30708	10/27-11/23 RIVER	603.47	
						30709	10/24-11/23 GOLF	1,396.50	
						30710	10/24-11/23 VERNON	913.78	
						30480	OFFICE SUPPLY/IT	262.80	

5-1.2

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
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 ALL CHECKS FOR ACCOUNTS PAYABLE

DATE: 12/01/09 THRU 12/31/09

CHECK NUMBER	CHECK DATE	CHECK AMOUNT	VENDOR	VENDOR NAME	VENDOR TYPE	TRANS. NUMBER	TRANSACTION DESCRIPTION	TRANSACTION AMOUNT	COMMENT
						30523	OFFICE SUPPLY/FIN	18.03	
						30624	OFFICE SUPPLY/FLT	42.74	
						30695	OFFICE SUPPLY/FLT	33.16	
34556	12/07/09	1,500.00	050	PITNEY BOWES INC.		30719	POSTAGE/MTC	1,500.00	
34557	12/07/09	897.90	882	PRINT SHOP SANTA CRUZ	7	30714	PRINTING-ADM	897.90	
34558	12/07/09	150.91	107A	PROBUILD		30495	REPAIRS/MAINTENANCE	95.57	
						30639	REPAIRS/MAINTENANCE	23.56	
						30697	PARTS & SUPPLIES/FLT	31.78	
34559	12/07/09	1,250.00	E201	PRUDDEN, RICHARD		30600	CALPERS 457 DEF COMP	1,250.00	
34560	12/07/09	32.40	002094	RICON CORPORATION		30623	REV VEH PARTS	32.40	
34561	12/07/09	2,681.60	001098	ROBERT HALF MANAGMENT RESOURCE		30672	TEMP/FIN W/E 11/06	2,105.60	
						30713	TEMP/ADM W/E 11/13	576.00	
34562	12/07/09	1,137.00	623	ROSSBRO ENGINEERING LTD.		30593	REV VEH PARTS	1,137.00	
34563	12/07/09	36,028.29	966	S.C. FUELS	0	30595	10/30 DIESEL/FLT	18,239.04	
						30678	11/10 DIESEL/FLT	17,789.25	
34564	12/07/09	8,189.27	018	SALINAS VALLEY FORD SALES		30683	REV VEH PARTS	885.91	
						30684	REV VEH PARTS	538.04	
						30685	REV VEH PARTS	399.32	
						30693	REV VEH PARTS	1,643.23	
						30694	REV VEH PARTS	4,722.77	
34565	12/07/09	437.70	002713	SANTA CRUZ AUTO TECH, INC.		30629	OUT RPR REV VEH	437.70	
34566	12/07/09	258.09	135	SANTA CRUZ AUTO PARTS, INC.		30698	SAFETY SUPPLIES	56.55	
						30699	REV VEH PARTS	45.55	
						30700	REV VEH PARTS	301.29	
						30701	REV VEH PARTS	18.20	
						30702	REV VEH PARTS	24.97	
						30703	REV VEH PARTS	57.58	
						30704	CREDIT MEMO	-282.71	
						30705	SAFETY SUPPLIES	31.97	
						30706	SMALL TOOLS	4.69	
34567	12/07/09	265.00	002700	SANTA CRUZ COUNTY		30625	HEALTH PERMIT/PT	265.00	
34568	12/07/09	48.78	848	SANTA CRUZ ELECTRONICS, INC.		30594	REV VEH PARTS	48.78	
34569	12/07/09	10,093.39	079	SANTA CRUZ MUNICIPAL UTILITIES		30557	10/14-11/12 DUBOIS	408.94	
						30558	10/14-11/12 RIVER	2,938.39	
						30559	10/14-11/12 VERNON	139.53	
						30560	10/14-11/12 VERNON	204.86	
						30561	10/14-11/12 GOLF	1,139.44	
						30562	10/14-11/12 GOLF	45.59	
						30563	10/14-11/12 RIVER	1,061.56	
						30564	10/14-11/12 DUBOIS	108.58	
						30565	10/14-11/12 ENCINAL	203.45	
						30566	10/14-11/12 CEDAR	967.34	
						30567	10/15-11/12 PACIFIC	2,468.29	
						30568	10/15-11/12 PACIFIC	86.16	
						30717	10/14-11/12 RIVER/MB	321.26	
34570	12/07/09	14,669.07	977	SANTA CRUZ TRANSPORTATION, LLC	7	30582	OCT PT SVCS	14,669.07	
34571	12/07/09	800.00	001277	SJB GLOBALNET, INC.		30481	3COM CONSULTATION	800.00	
34572	12/07/09	120.00	115	SNAP-ON INDUSTRIAL		30578	OUT RPR EQUIP	120.00	
34573	12/07/09	1,169.85	001232	SPECIALIZED AUTO AND		30526	OUT RPR REV VEH	157.61	
						30626	OUT RPR REV VEH	153.13	

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						30627	OUT RPR REV VEH	175.56	
						30628	OUT RPR REV VEH	683.55	
34574	12/07/09	47.52	001008	SUNNYVALE FLUID SYSTEM		30592	REV VEH PARTS	47.52	
34575	12/07/09	8,529.96	366	TENNANT COMPANY		30718	MODEL T5 SCRUBBER/MB	8,529.96	
34576	12/07/09	99.14	001040	TERRYBERRY CO., LLC		30712	EMP INCENTIVE	99.14	
34577	12/07/09	282.65	170	TOWNSEND'S AUTO PARTS		30687	REV VEH PARTS	196.71	
						30688	REV VEH PARTS	85.94	
34578	12/07/09	31.98	001038	TWINVISION NA INC.		30597	REV VEH PARTS	31.98	
34579	12/07/09	49.91	007	UNITED PARCEL SERVICE		30686	FRT OUT/FLT	49.91	
34580	12/07/09	10.96	946	UNITED SITE SERVICES		30656	11/11-12/08 RENTAL	10.96	
34581	12/07/09	6,000.00	001140	UNIVERSITY INN &		30555	SECURITY DEPOSIT	6,000.00	
34582	12/07/09	54.53	434B	VERIZON CALIFORNIA		30576	MT BIEWLASKI	54.53	
34583	12/07/09	90.02	434	VERIZON WIRELESS	0	30577	PC CARDS/ADMIN	90.02	
34584	12/07/09	12,320.54	001083	WATSONVILLE TRANSPORTATION, INC		30581	OCT PT SVCS	12,320.54	
34585	12/07/09	287.57	001223	WATSONVILLE CADILLAC, BUICK,		30531	REV VEH PARTS	287.57	
34586	12/07/09	1,365.01	001506	WESTERN STATES OIL CO., INC.		30682	11/03 FUEL/FLT	1,365.01	
34587	12/07/09	1,667.19	186	WILSON, GEORGE H., INC.		30640	OCT MAINT/ENCINAL	316.00	
						30641	OCT MAINT/PACIFIC	230.19	
						30642	OCT MAINT/GOLF	346.00	
						30643	OCT MAINT/SVTC	138.00	
						30644	OCT MAINT/RESEARCH	139.00	
						30645	OCT MAINT/RIVER	107.00	
						30646	OCT MAINT/WTC	283.00	
						30647	OCT MAINT/111 DUBOIS	108.00	
34588M	12/07/09	20,674.00	001239	WALD, RUHNKE & DOST ARCHITECTS		30720	JUL A&E SVCS/VERNON	20,674.00	MANUAL
34589M	12/07/09	110,711.00	001318	JUL A&E SVCS/VERNON		30721	1217 RIVER ST CONST.	110,711.00	MANUAL
34590M	12/08/09	8,000.00	R566	PARC SERVICES INC.		30722	SETTLEMENT/RISK	8,000.00	MANUAL
				1217 RIVER ST CONST.					
				BLAIR, JOSEPH					
				SETTLEMENT/RISK					
34591	12/14/09	17,537.18	941	ASSURANT EMPLOYEE BENEFITS		30731	DEC LTD INS	17,537.18	
34592	12/14/09	708.47	002627	CDW GOVERNMENT, INC.		30749	OFFICE SUPPLY/IT	711.76	
						30750	CREDIT MEMO	-3.29	
34593	12/14/09	214.53	002898	CEB		30758	CA MECHANICS 09	112.19	
						30759	CA WORKERS DAMAGES	102.34	
34594	12/14/09	1,597.65	909	CLASSIC GRAPHICS		30741	OUT RPR REV VEH	1,597.65	
34595	12/14/09	8,581.11	001124	CLEAN ENERGY		30740	11/20 LNG/FLT	8,581.11	
34596	12/14/09	184.00	367	COMMUNITY TELEVISION OF		30728	TV COVERAGE 10/23	184.00	
34597	12/14/09	330.80	085	DIXON & SON TIRE, INC.		30757	NOV TIRES/PT	330.80	
34598	12/14/09	101.00	002388	DOGHERRA'S	7	30774	OUT RPR REV VEH	101.00	
34599	12/14/09	2,200.00	490	FAST RESPONSE ON-SITE		30743	PROF TECH SVCS	2,200.00	
34600	12/14/09	57.08	E323	GALE, TERRY		30771	MOVING SUPPLIES	57.08	
34601	12/14/09	3,588.64	001745	HARTFORD LIFE AND ACCIDENT INS		30732	DEC LIFE/AD&D INS	3,588.64	
34602	12/14/09	10.33	166	HOSE SHOP, THE		30742	PARTS & SUPPLY	10.33	
34603	12/14/09	223.70	215	IKON OFFICE SOLUTIONS		30727	10/18-11/18 MAINT	223.70	
34604	12/14/09	461.91	039	KINKO'S INC.		30738	PRINTING/MTC	461.91	
34605	12/14/09	269.50	001093	KROLL LABORATORY SPECIALISTS		30753	OCT/NOV DRUG TESTS	269.50	
34606	12/14/09	3,109.00	674	LIEBERT CASSIDY WHITMORE	7	30772	1/10-12/10 TRAINING	3,109.00	
34607	12/14/09	21.21	R567	MARQUEZ, THOMAS		30723	CLAIMS/LEGAL	21.21	
34608	12/14/09	306.17	041	MISSION UNIFORM		30754	UNIF/LAUNDRY/FLT	149.32	

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						30755	UNIF/LAUNDRY/FLT	36.56	
						30756	UNIF/LAUNDRY/FLT	69.85	
						30760	UNIF/LAUNDRY/FAC	50.44	
34609	12/14/09	15,037.61	001176	NORTHSTAR, INC.		30761	NOV MAINTENANCE	14,842.00	
						30764	OUT RPR-FUEL STN	195.61	
34610	12/14/09	2,259.51	009	PACIFIC GAS & ELECTRIC		30766	10/24-11/23 DUBOIS	8.97	
						30767	10/24-11/23 DUBOIS	14.71	
						30768	10/24-11/23 ENCINAL	1,581.26	
						30769	10/24-11/23 DUBOIS	47.93	
						30770	10/24-11/23 DUBOIS	606.64	
34611	12/14/09	473.01	043	PALACE ART & OFFICE SUPPLY		30739	OFFICE SUPPLY/FIN	153.81	
						30747	OFFICE SUPPLY/MTC	319.20	
34612	12/14/09	147.83	050	PITNEY BOWES INC.		30746	01/10-03/10 POSTAGE	147.83	
34613	12/14/09	1,040.14	156	PRINT GALLERY, THE		30737	PRINTING/MTC	1,040.14	
34614	12/14/09	21.52	107A	PROBUILD		30762	CREDIT MEMO	-23.56	
						30763	SHELTER INST.	45.08	
34615	12/14/09	661.50	001098	ROBERT HALF MANAGMENT RESOURCE		30730	TEMP/ADM W/E 11/20	661.50	
34616	12/14/09	692.46	002910	SAGE SOFTWARE, INC.		30751	OUT RPR EQUIP	692.46	
34617	12/14/09	146.51	135	SANTA CRUZ AUTO PARTS, INC.		30765	REV VEH PARTS	146.51	
34618	12/14/09	2,500.00	002267	SHAW / YODER / ANTWIH, INC.		30729	NOV LEGISLATIVE SVCS	2,500.00	
34619	12/14/09	1,926.48	002607	STAVELEY SERVICES FLUIDS		30736	OUT RPR REV VEH	1,926.48	
34620	12/14/09	65.00	001326	STRATEGIC HR		30773	2010 EMP LAW WEBINAR	65.00	
34621	12/14/09	556.88	001040	TERRYBERRY CO., LLC		30724	EMPLOYEE INCENTIVE	449.53	
						30725	EMPLOYEE INCENTIVE	107.35	
34622	12/14/09	70.00	682	WEISS, AMY L.	7	30726	NOV INTERPRETER	70.00	
34623	12/21/09	101.00	020	ADT SECURITY SERVICES INC.		30823	DEC ALARMS	101.00	
34624	12/21/09	77.67	E437	AITKEN, ANGELA		30851	MOVING EXPENSE	77.67	
34625	12/21/09	173.25	497A	AMERICAN PUBLIC TRANSPORTATION		30956	CLASSIFIED AD	173.25	
34626	12/21/09	31,955.30	001264	ANDREWS INTERNATIONAL INC		30909	10/26-11/29 SECURITY	31,955.30	
34627	12/21/09	8.52	001	AT&T		30820	SEPT PHONES/ENCINAL	8.52	
34628	12/21/09	2,459.48	001D	AT&T		30817	10/19-11/18 PHONES	2,101.24	
						30824	10/20-11/19 T1 GOLF	358.24	
34629	12/21/09	7.68	001E	AT&T		30870	ELEVATOR/VERNON	7.68	
34630	12/21/09	1,542.19	876	ATCHISON, BARISONE, CONDOTTI &	7	30964	LEGAL SVC/425 FRONT	1,542.19	
34631	12/21/09	39,194.40	001276	BANK OF MARIN		30917	OCT RETAINAGE/MB	39,194.40	
34632	12/21/09	774.00	011	BEWLEYS CLEANING	7	30815	NOV CUSTODIAL/PT	774.00	
34633	12/21/09	535.58	002189	BUS & EQUIPMENT		30777	REV VEH PARTS	441.16	
						30795	REV VEH PARTS	94.42	
34634	12/21/09	3,019.12	002034	CARLON'S FIRE EXTINGUISHER		30818	SPRINKLER RPR/MTC	3,019.12	
34635	12/21/09	3,217.84	002627	CDW GOVERNMENT, INC.		30903	OFFICE EQUIP/IT	234.13	
						30904	OFFICE EQUIP/IT	1,548.83	
						30905	OFFICE SUPPLY/IT	1,434.88	
34636	12/21/09	1,062.81	130	CITY OF WATSONVILLE UTILITIES		30809	10/29-11/29 WTC	221.31	
						30810	10/29-11/29 WTC	32.44	
						30811	NOV CONTAINER/WTC	721.78	
						30812	10/29-11/29 WTC	44.36	
						30813	11/1-12/1 WTC	42.92	
34637	12/21/09	125.00	001113	CLARKE, SUSAN	7	30864	EXT BUS ANNOUN/AUDIT	125.00	
34638	12/21/09	1,235.00	001084	CLUTCH COURIERS		30962	NOV INTEROFFICE MAIL	1,235.00	
34639	12/21/09	29,302.04	002569	COMERICA BANK		30826	WORK COMP FUND	29,302.04	

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34640	12/21/09	3,027.48	001245	CONTINUANT		30907	NORTEL PHONE MAINT	3,027.48	
34641	12/21/09	2,248.06	001048	CRUZ CAR WASH		30803	OUT RPR REV VEH	2,248.06	
34642	12/21/09	32.00	002567	DEPARTMENT OF JUSTICE		30872	FINGERPRINTS	32.00	
34643	12/21/09	10,083.94	001316	DEVCO OIL		30802	NOV FUEL/PT	10,083.94	
34644	12/21/09	235.53	085	DIXON & SON TIRE, INC.		30796	DEC TIRES/PT	235.53	
34645	12/21/09	319,483.30	001284	DMC CONSTRUCTION INC.		30914	CONST SVC MB TO 10/3	319,483.30	
34646	12/21/09	500.00	002862	ECOLOGICAL CONCERNS INC.		30968	WATER DRAINAGE/MB	500.00	
34647	12/21/09	40.00	E308	FALLAU, NICHOLAS		30865	DMV FEE	40.00	
34648	12/21/09	165.00	002295	FIRST ALARM		30798	NOV SVCS/PT	165.00	
34649	12/21/09	35,498.14	001295	FIRST NATIONAL BANK		30915	OCT RETAINAGE/MB	35,498.14	
34650	12/21/09	6,534.02	001158	FRICKE PARKS PRESS INC		30846	PRINTING/MTC	6,534.02	
34651	12/21/09	200.00	001302	GARDA CL WEST		30852	DEC ARMORED CAR SVC	200.00	
34652	12/21/09	129.46	647	GFI GENFARE		30776	REV VEH PARTS	129.46	
34653	12/21/09	54,786.80	002123	GIRO, INC.		30878	HASTUS MAINTENANCE	21,620.00	
						30906	HASTUS 09 UPGRADE	33,166.80	
34654	12/21/09	670.33	001323	GOVDELIVERY, INC.		30908	DEC HOSTING & MAINT	670.33	
34655	12/21/09	72.23	282	GRAINGER		30822	REPAIRS/MAINTENANCE	72.23	
34656	12/21/09	492.06	001097	GREENWASTE RECOVERY, INC.		30883	NOV GARB/SVTC	182.28	
						30884	NOV GARB/RESEARCH	213.75	
						30885	NOV GARB/MT HERMON	78.25	
						30886	NOV GARB/GREEN VLY	17.78	
34657	12/21/09	74,889.97	001035	HARRIS & ASSOCIATES		30966	PROF SVCS THRU 10/31	74,889.97	
34658	12/21/09	7,506.00	001144	HARTFORD INSURANCE CO		30805	1/10-1/11 FLOOD INS	7,506.00	
34659	12/21/09	72.27	510A	HASLER, INC.		30969	JAN POSTAGE/ADM	72.27	
34660	12/21/09	23,392.89	002116	HINSHAW, EDWARD & BARBARA	7	30855	ENCINAL RENT	23,392.89	
34661	12/21/09	15,767.45	002117	IULIANO	7	30856	115 DUBOIS RENT	3,369.76	
						30874	111 DUBOIS RENT	12,397.69	
34662	12/21/09	2,905.16	110	JESSICA GROCERY STORE, INC.		30853	CUSTODIAL SVCS	2,905.16	
34663	12/21/09	1,530.00	878	KELLY SERVICES, INC.		30847	TEMP/OPS W/E 11/22	954.00	
						30848	TEMP/OPS W/E 11/29	576.00	
34664	12/21/09	790.60	039	KINKO'S INC.		30745	PRINTING/MTC	790.60	
34665	12/21/09	175.00	994	LA GANGA PUBLICATION		30959	11/6 PUBLIC NOTICE	175.00	
34666	12/21/09	960.00	852	LAW OFFICES OF MARIE F. SANG	7	30744	WORKER COMP CLAIM	150.00	
						30901	WORKERS COMP CLAIM	810.00	
34667	12/21/09	1,645.13	001119	MACERICH PARTNERSHIP LP	7	30879	CAPITOLA MALL RENT	1,645.13	
34668	12/21/09	1,482.63	001052	MID VALLEY SUPPLY		30821	CLEANING SUPPLIES	1,482.63	
34669	12/21/09	83.12	041	MISSION UNIFORM		30834	UNIF/LAUNDRY/FLT	31.02	
						30887	UNIF/LAUNDRY/FAC	52.10	
34670	12/21/09	225.00	001454	MONTEREY BAY OFFICE PRODUCTS		30918	MOVING COST	225.00	
34672	12/21/09	17,204.04	001063	NEW FLYER INDUSTRIES LIMITED		30922	REV VEH PARTS	176.08	
						30923	REV VEH PARTS	1.09	
						30924	REV VEH PARTS	1,980.24	
						30925	REV VEH PARTS	122.48	
						30926	REV VEH PARTS	486.52	
						30927	REV VEH PARTS	37.57	
						30928	CREDIT MEMO	-98.48	
						30929	REV VEH PARTS	69.61	
						30930	REV VEH PARTS	171.81	
						30931	REV VEH PARTS	26.60	
						30932	REV VEH PARTS	14.28	

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						30933	REV VEH PARTS	-904.29	
						30934	REV VEH PARTS	275.78	
						30935	REV VEH PARTS	314.45	
						30936	REV VEH PARTS	3,577.30	
						30937	REV VEH PARTS	904.29	
						30938	REV VEH PARTS	322.73	
						30939	REV VEH PARTS	41.34	
						30940	REV VEH PARTS	47.09	
						30941	REV VEH PARTS	72.93	
						30942	REV VEH PARTS	179.94	
						30943	REV VEH PARTS	297.80	
						30944	REV VEH PARTS	3,214.54	
						30945	REV VEH PARTS	142.20	
						30946	REV VEH PARTS	146.19	
						30947	REV VEH PARTS	97.45	
						30948	REV VEH PARTS	-560.81	
						30949	REV VEH PARTS	2,034.67	
						30950	REV VEH PARTS	560.81	
						30951	REV VEH PARTS	530.06	
						30952	REV VEH PARTS	984.84	
						30953	REV VEH PARTS	512.25	
						30954	REV VEH PARTS	747.76	
						30955	REV VEH PARTS	676.92	
34673	12/21/09	3,726.25	002721	NEXTEL COMMUNICATIONS		30792	NOV PHONES/PT	1,490.88	
						30871	NOV PHONES/OPS	2,235.37	
34674	12/21/09	224.66	004	NORTH BAY FORD LINC-MERCURY		30840	OUT RPR REV VEH	224.66	
34675	12/21/09	3,022.01	001176	NORTHSTAR, INC.		30869	OUT RPR EQUIP	3,022.01	
34676	12/21/09	111.50	001002	ORACLE CORPORATION		30521	OUT RPR EQUIP/IT	111.50	
34677	12/21/09	1,884.50	001327	PACIFIC BELL DIRECTORY		30876	ADVERTISING	1,814.50	
						30877	ADVERTISING	70.00	
34678	12/21/09	122.30	009	PACIFIC GAS & ELECTRIC		30965	10/24-11/23 RIVER/MB	122.30	
34679	12/21/09	21,475.32	043	PALACE ART & OFFICE SUPPLY		30673	OFFICE SUPPLY/FIN	15.32	
						30733	OFFICE SUPPLY/HR	135.04	
						30960	OFFICE EQUIP	21,324.96	
34680	12/21/09	887.00	950	PARADISE LANDSCAPE INC	0	30814	DEC MAINTENANCE	887.00	
34681	12/21/09	26,230.00	001318	PARC SERVICES INC.		30921	1217 RIVER PARKING	26,230.00	
34682	12/21/09	82.13	882	PRINT SHOP SANTA CRUZ	7	30919	MOVING COST	82.13	
34683	12/21/09	77.67	107A	PROBUILD		30827	REPAIRS/MAINTENANCE	20.68	
						30828	CREDIT NOTE	-15.76	
						30829	REPAIRS/MAINTENANCE	15.76	
						30830	REPAIRS/MAINTENANCE	56.99	
34684	12/21/09	9,032.00	942	PROOFPOINT, INC.		30748	OUT RPR EQUIP	9,032.00	
34685	12/21/09	325.05	061	REGISTER PAJARONIAN		30957	11/03 PUBLIC NOTICE	226.55	
						30958	11/03 PUBLIC NOTICE	98.50	
34686	12/21/09	2,776.75	904	RNL DESIGN		30967	PROF SVCS THRU 10/31	2,776.75	
34687	12/21/09	2,537.60	001098	ROBERT HALF MANAGMENT RESOURCE		30850	TEMP/FIN W/E 11/13	2,105.60	
						30963	TEMP/ADM W/E 11/27	432.00	
34688	12/21/09	5,000.00	R539	ROBERT MARIN &		30849	REPAIR FEE	5,000.00	
34689	12/21/09	1,260.72	002713	SANTA CRUZ AUTO TECH, INC.		30775	OUT RPR REV VEH	723.95	
						30797	OUT RPR REV VEH	178.12	

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SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
 CHECK JOURNAL DETAIL BY CHECK NUMBER
 ALL CHECKS FOR ACCOUNTS PAYABLE

DATE: 12/01/09 THRU 12/31/09

CHECK NUMBER	CHECK DATE	CHECK AMOUNT	VENDOR	VENDOR NAME	VENDOR TYPE	TRANS. NUMBER	TRANSACTION DESCRIPTION	TRANSACTION AMOUNT	COMMENT
34690	12/21/09	407.31	135	SANTA CRUZ AUTO PARTS, INC.		30835	OUT RPR REV VEH	358.65	
						30841	REV VEH PARTS	62.20	
						30842	REV VEH PARTS	141.23	
						30843	REV VEH PARTS	203.88	
34691	12/21/09	1,202.39	848	SANTA CRUZ ELECTRONICS, INC.		30857	BUILD IMP AND LAND	174.35	VOIDED
						30858	BUILD IMP AND LAND	92.60	
						30859	BUILD IMP AND LAND	12.97	
						30860	BUILD IMP AND LAND	11.45	
						30861	BUILD IMP AND LAND	61.04	
						30862	BUILD IMP AND LAND	849.98	
34692	12/21/09	295.26	079	SANTA CRUZ MUNICIPAL UTILITIES		30825	9/23-11/19 RESEARCH	295.26	
34693	12/21/09	14,121.14	977	SANTA CRUZ TRANSPORTATION, LLC	7	30837	NOV PT SVCS	14,121.14	
34694	12/21/09	459.45	788	SCMTD PETTY CASH - FINANCE		30793	PETTY CASH/FINANCE	459.45	
34695	12/21/09	314.65	001328	SMALL BUSINESS		30961	PUBLIC NOTICE	314.65	
34696	12/21/09	12,415.52	001075	SOQUEL III ASSOCIATES	7	30854	RESEARCH PARK RENT	12,415.52	
34697	12/21/09	54,518.10	001325	SOUTHERN COMPUTER WAREHOUSE		30902	MICROSOFT OFFICE 07	54,518.10	
34698	12/21/09	4,103.10	001232	SPECIALIZED AUTO AND		30778	OUT RPR REV VEH	339.12	
						30779	OUT RPR REV VEH	43.12	
						30780	OUT RPR REV VEH	43.12	
						30781	OUT RPR REV VEH	43.12	
						30782	OUT RPR REV VEH	43.12	
						30783	OUT RPR REV VEH	43.12	
						30784	OUT RPR REV VEH	64.59	
						30785	OUT RPR REV VEH	64.59	
						30786	OUT RPR REV VEH	64.59	
						30787	OUT RPR REV VEH	65.84	
						30788	OUT RPR REV VEH	64.59	
						30789	OUT RPR REV VEH	64.59	
						30831	OUT RPR REV VEH	237.38	
						30832	OUT RPR REV VEH	298.65	
						30833	OUT RPR REV VEH	414.51	
						30838	OUT RPR REV VEH	150.13	
						30839	OUT RPR REV VEH	775.77	
						30844	OUT RPR REV VEH	256.83	
						30845	OUT RPR REV VEH	1,026.32	
34699	12/21/09	828.00	291	STANLEY ACCESS TECHNOLOGIES		30819	DOOR RPR/WTC	828.00	
34700	12/21/09	115.00	080	STATE BOARD OF EQUALIZATION		30873	NOV USE TAX PREPAY	115.00	
34701	12/21/09	360.67	002871	STATE ELECTRIC GENERATOR		30816	HVAC SVCS/ENCINAL	360.67	
34702	12/21/09	634.32	001165	THANH N. VU MD	7	30866	MEDICAL EXAM	92.16	
						30867	MEDICAL EXAM	92.16	
						30888	MEDICAL EXAM	75.00	
						30889	MEDICAL EXAM	75.00	
						30890	MEDICAL EXAM	75.00	
						30891	MEDICAL EXAM	75.00	
						30892	MEDICAL EXAM	75.00	
						30893	MEDICAL EXAM	75.00	
34703	12/21/09	22,790.13	475	TRAPEZE SOFTWARE GROUP, INC.		30752	CONTRACT EXECUTION	22,790.13	
34704	12/21/09	4,893.60	057	U.S. BANK		30911	4246044555645971	1,182.05	
						30912	4246044555645971	225.63	
						30913	4246044555645971	3,485.92	

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SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
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DATE: 12/01/09 THRU 12/31/09

CHECK NUMBER	CHECK DATE	CHECK VENDOR	CHECK AMOUNT	VENDOR NAME	VENDOR TYPE	TRANS. NUMBER	TRANSACTION DESCRIPTION	TRANSACTION AMOUNT	COMMENT
34705	12/21/09	78.60 007	UNITED PARCEL SERVICE			30806	FRT OUT/FLT	18.98	
						30807	FRT OUT/FLT	26.19	
						30808	FRT OUT/FLT	33.43	
34706	12/21/09	11,498.54 001083	WATSONVILLE TRANSPORTATION, INC			30836	NOV PT SVCS	11,498.54	
34707	12/21/09	352,749.60 002887	WEST BAY BUILDERS, INC.			30916	CONST MB THRU 10/31	352,749.60	
34708	12/21/09	722.83 001184	WESTERN ELECTRICAL PRODUCTS		7	30920	BUILDING MATERIALS	722.83	
34709	12/21/09	81.69 E495	WHITE, LES			30863	10/27-10/28 EMP TRVL	81.69	
34710	12/28/09	1,314.93 002069	A TOOL SHED, INC.			31025	EQUIP RENTAL	182.68	
						31026	LIFT RENTAL	1,132.25	
34711	12/28/09	438.82 001	AT&T			31010	REPEATER/OPS	95.24	
						31011	PHONES/GOLF	32.08	
						31012	REPEATERS/OPS	311.50	
34712	12/28/09	57.73 M033	BAILEY, NEIL		0	30970	JAN 2010 RET SUPP	57.73	
34713	12/28/09	7,993.11 664	BAY COUNTIES PITCOCK PETROLEUM			31036	NOV FUEL & LUBE	7,993.11	
34714	12/28/09	2,250.00 616	BROWN ARMSTRONG			31059	09 AUDIT	2,250.00	
34715	12/28/09	466,019.91 502	CA PUBLIC EMPLOYEES'			31001	JAN 2010 MED INS	466,019.91	
34716	12/28/09	57.72 M022	CAPELLA, KATHLEEN		0	30983	JAN 2010 RET SUPP	57.72	
34717	12/28/09	28.87 M073	CENTER, DOUG		0	30990	JAN 2010 RET SUPP	28.87	
34718	12/28/09	40.00 001346	CITY OF SANTA CRUZ			31000	NOV LANDFILL	40.00	VOIDED
34719	12/28/09	50.30 667	CITY OF SCOTT'S VALLEY		7	31002	9/15-11/15 SVTC	50.30	
34720	12/28/09	375.00 001113	CLARKE, SUSAN			30999	12/10-12/15/09	125.00	
						31000	12/17-12/22/09	125.00	
						31058	12/3-12/7/09	125.00	
34721	12/28/09	73,347.46 001124	CLEAN ENERGY			31042	LNG/FLT	7,150.02	
						31043	LNG/FLT	7,344.32	
						31044	LNG/FLT	9,739.30	
						31045	LNG/FLT	10,027.34	
						31046	LNG/FLT	9,648.70	
						31047	LNG/FLT	10,728.30	
						31048	LNG/FLT	8,690.27	
						31049	LNF/FLT	10,019.21	
34722	12/28/09	28.87 M092	CRAWFORD, TERRI		0	30991	JAN 2010 RET SUPP	28.87	
34723	12/28/09	28.87 M039	DAVILA, ANA MARIA		0	30971	JAN 2010 RET SUPP	28.87	
34724	12/28/09	6,610.93 085	DIXON & SON TIRE, INC.			31050	NOV TIRES	899.69	
						31051	NOV TIRES	971.71	
						31052	NOV TIRES	2,144.94	
						31053	NOV TIRES	1,399.01	
						31054	NOV TIRES	346.50	
						31055	NOV TIRES	849.08	
34725	12/28/09	28.87 M096	DRAKE, JUDITH		0	30992	JAN 2010 RET SUPP	28.87	
34726	12/28/09	57.73 M099	FIKE, LOUIS		0	30993	JAN 2010 RET SUPP	57.73	
34727	12/28/09	51.54 M074	GABRIELE, BERNARD		0	30984	JAN 2010 RET SUPP	51.54	
34728	12/28/09	28.87 M040	GARBEZ, LINDA		0	30972	JAN 2010 RET SUPP	28.87	
34729	12/28/09	57.73 M100	GARCIA, SANTIAGO		0	30973	JAN 2010 RET SUPP	57.73	
34730	12/28/09	28.87 M101	GOES, ALAN		0	30995	JAN 2010 RET SUPP	28.87	
34731	12/28/09	57.73 M041	GOUVELA, ROBERT		0	30974	JAN 2010 RET SUPP	57.73	
34732	12/28/09	75.11 M081	HALL, JAMES		0	30975	JAN 2010 RET SUPP	75.11	
34733	12/28/09	28.87 M104	JUSSEL, PETE		0	30996	JAN 2010 RET SUPP	28.87	
34734	12/28/09	291.85 M061	KAMEDA, TERRY		0	30984	JAN 2010 RET SUPP	291.85	
34735	12/28/09	2,220.00 878	KELLY SERVICES, INC.			31008	OFS TEMP WK END 12/6	1,140.00	

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SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
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DATE: 12/01/09 THRU 12/31/09

CHECK NUMBER	CHECK DATE	CHECK VENDOR	CHECK AMOUNT	VENDOR NAME	VENDOR TYPE	TRANS. NUMBER	TRANSACTION DESCRIPTION	TRANSACTION AMOUNT	COMMENT
34736	12/28/09	392.41 039	KINKO'S INC.	31009	0	31007	OPS TMP WK END 12/13	1,080.00	
34737	12/28/09	811.20 001145	MANAGED HEALTH NETWORK	31007	0	31007	WINTER BID PACKET	392.41	
34738	12/28/09	97.44 001454	MONTEREY BAY OFFICE PRODUCTS	31056	0	31057	JAN 2010 EAP	811.20	
34739	12/28/09	28.87 M050	O'MARA, KATHLEEN	30976	0	30976	STAPLES 1075 COPIER	97.44	
34740	12/28/09	3,466.56 009	PACIFIC GAS & ELECTRIC	31004	0	31004	JAN 2010 RET SUPP	28.87	
				31005	0	31005	10/29-11/30 PACIFIC	1,191.83	
				31006	0	31006	10/23-12/4 SVTC	1,136.85	
				31006	0	31006	11/10-12/9 RES PARK	1,123.58	
				31006	0	31006	11/4-12/4 SVTC	14.30	
34741	12/28/09	319.71 M057	PARRAM, WALLACE	30985	0	30985	JAN 2010 RET SUPP	319.71	
34742	12/28/09	28.87 M109	PEREZ, CHERYL	30977	0	30977	JAN 2010 RET SUPP	28.87	
34743	12/28/09	258.43 M064	PETERS, TERRIE	30986	0	30986	JAN 2010 RET SUPP	258.43	
34744	12/28/09	28.87 M070	PICARELLA, FRANCIS	30987	0	30987	JAN 2010 RET SUPP	28.87	
34745	12/28/09	644.00 481	PIED PIPER EXTERMINATORS, INC.	31027	0	31027	NOV PEST CONTROL	70.00	
				31028	0	31028	NOV PEST CONTROL	53.00	
				31029	0	31029	NOV PEST CONTROL	48.50	
				31030	0	31030	NOV PEST CONTROL	241.00	
				31031	0	31031	NOV PEST CONTROL	48.50	
				31032	0	31032	NOV PEST CONTROL	183.00	
34746	12/28/09	319.71 M058	POTEETE, BEVERLY	30988	0	30988	JAN 2010 RET SUPP	319.71	
34747	12/28/09	57.73 M085	ROSSI, DENISE	30978	0	30978	JAN 2010 RET SUPP	57.73	
34748	12/28/09	28.87 M030	ROWE, RUBY	30979	0	30979	JAN 2010 RET SUPP	28.87	
34749	12/28/09	9,071.67 079	SANTA CRUZ MUNICIPAL UTILITIES	31014	0	31014	11/13-12/10 ENCNAL	967.34	
				31015	0	31015	11/13-12/10 1200 B R	728.39	
				31016	0	31016	11/13-12/10 111 DUB	95.03	
				31017	0	31017	11/13-12/10 ENCNAL	183.13	
				31018	0	31018	11/13-12/10 111 DUB	408.94	
				31019	0	31019	11/13-12/10 1200 A R	2,868.98	
				31020	0	31020	11/13-12/10 VERNON	179.71	
				31021	0	31021	11/13-12/10 GOLF	45.59	
				31022	0	31022	11/13-12/10 GOLF	45.59	
				31023	0	31023	11/13-12/10 PACIFIC	2,382.05	
34750	12/28/09	263.25 001292	SANTA CRUZ RECORDS MNGMT INC	31034	0	31034	SHRED SERVICES	80.00	
34751	12/28/09	302.74 M010	SHORT, SLOAN	30989	0	30989	JAN 2010 RET SUPP	263.25	
34752	12/28/09	28.87 M112	SILVA, EDUARDO	30997	0	30997	JAN 2010 RET SUPP	302.74	
34753	12/28/09	57.73 M054	SLOAN, FRANCIS	30980	0	30980	JAN 2010 RET SUPP	28.87	
34754	12/28/09	863.19 001800	THERMO KING OF SALINAS, INC	31041	0	31041	REV VEH PARTS	57.73	
34755	12/28/09	115.00 E235	THOMAS, RUSSELL	31061	0	31061	DMV PHYS EXAM	863.19	
34756	12/28/09	28.87 M086	TOLINE, DONALD	30981	0	30981	JAN 2010 RET SUPP	115.00	
34757	12/28/09	3,043.34 221	VEHICLE MAINTENANCE PROGRAM	31038	0	31038	REV VEH PARTS	28.87	
				31039	0	31039	REV VEH PARTS	2,186.50	
				31040	0	31040	REV VEH PARTS	381.12	
				31040	0	31040	REV VEH PARTS	475.72	
34758	12/28/09	90.02 434	VERIZON WIRELESS	31024	0	31024	PC CARDS/ADMIN	90.02	
34759	12/28/09	291.85 M076	VONWAL, YVETTE	30998	0	30998	JAN 2010 RET SUPP	291.85	
34760	12/28/09	1,906.48 676	WEBER, HAYES & ASSOCIATES	31033	0	31033	SOIL SURVEY 425 FRCN	1,906.48	
34761	12/28/09	872.00 001506	WESTERN STATES OIL CO., INC.	31037	0	31037	NOV FUEL & LUBE	872.00	
34762	12/28/09	28.87 M088	YAGI, RANDY	30982	0	30982	JAN 2010 RET SUPP	28.87	
34763	12/28/09	669.75 148	ZEP MANUFACTURING COMPANY	31035	0	31035	REV VEH PARTS	669.75	

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SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
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ALL CHECKS FOR ACCOUNTS PAYABLE

DATE: 12/01/09 THRU 12/31/09

CHECK NUMBER	CHECK DATE	CHECK VENDOR	CHECK VENDOR NAME	VENDOR TYPE	TRANS. NUMBER	TRANS. DESCRIPTION	TRANS. AMOUNT	TRANSACTION COMMENT
		TOTAL			244	TOTAL CHECKS	2,258,703.85	
		TOTAL				ACCOUNTS PAYABLE	2,258,703.85	

5-1.11

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010
TO: Board of Directors
FROM: Angela Aitken, Finance Manager and Acting Assistant General Manager
SUBJECT: **MONTHLY BUDGET STATUS REPORTS FOR DECEMBER 2009.**

I. RECOMMENDED ACTION

Staff recommends that the Board of Directors accept and file the monthly budget status reports for December 2009.

II. SUMMARY OF ISSUES

- **Operating Revenues** for the month of December 2009 were \$388K or 11 % under the amount of revenue expected for December 2009.
- **Consolidated Operating Expenses** for the month of December 2009 were \$516K or 15 % under budget for the month of December 2009.
- **Capital Budget** spending year to date through December 2009 was \$3,854K or 20 % of the Capital budget.

III. DISCUSSION

An analysis of Santa Cruz METRO's budget status is prepared monthly in order to apprise the Board of Directors of Santa Cruz METRO's actual revenues, expenses and capital in relation to the adopted operating and capital budgets for the fiscal year. The attached monthly revenue, expense and capital reports represent the status of Santa Cruz METRO's FY10 operating and capital budgets versus actual expenditures for the month.

The fiscal year has elapsed **50%**.

5-2.1

A. Operating Revenue

For the month of December 2009 Operating Revenues were \$388K or 11 % under the amount of revenue expected for December 2009. Sales Tax Revenues continue to lag behind budget projections due to the current economic recession. Revenue variances are explained in the notes at the end of the revenue report.

B. Operating Expense by Department

Total Operating Expenses by Department for the month of December 2009 were \$516K or 15 % under budget; 1 % over where we were in FY09. The majority of the variance is due to lower than anticipated Personnel and Fuel & Lube Rev Vehicles expenses.

C. Consolidated Operating Expenses

Consolidated Operating Expenses for the month of December 2009 were \$516K or 15 % under budget. Personnel Expenses, Prof & Tech Fees, Fuels & Lube Rev Veh, and Rev Vehicle Parts all contributed to the variance. Further explanation of these accounts is contained in the notes following the report.

D. Capital Budget

Capital Budget spending year to date through December 2009 was \$3,853K or 20 % of the Capital budget. Of this, \$1,738K or 41 % has been spent on the MetroBase Maintenance Facility project and \$1,818K or 76 % has been spent on the Purchase & Renovation of Vernon Bldg.

IV. FINANCIAL CONSIDERATIONS

Due to the severe economic downturn and the resulting significant decline in revenue, staff is implementing cost - cutting strategies and diligently looking at different scenarios and options in order to close the projected budget gap.

Attachment A: FY10 Operating Revenue for the month ending – 12/31/09
 FY10 Operating Expenses by Department for the month ending – 12/31/09
 FY10 Consolidated Operating Expenses for the month ending – 12/31/09
 FY10 Capital Budget Reports for the month ending – 12/31/09

Prepared by: Kristina Mihaylova, Financial Analyst
Date Prepared: February 18, 2010

5-2.2



FY10
Operating Revenue
For the month ending - December 31, 2009

Percent of Year Elapsed - 50%

Revenue Source	Current Period					Year to Date				YTD Year Over Year Comparison			
	Actual	Budget	\$ Var	% Var	Notes	Actual	Budget	\$ Var	% Var	Actual		\$ Var	% Var
										FY10	FY09		
Passenger Fares	\$ 239,080	\$ 268,173	\$ (29,093)	-11%		\$ 1,600,932	\$ 1,762,315	\$ (161,383)	-9%	\$ 1,600,932	\$ 1,746,491	\$ (145,559)	-8%
Paratransit Fares	\$ 18,067	\$ 39,366	\$ (21,299)	-54%		\$ 120,310	\$ 200,849	\$ (80,539)	-40%	\$ 120,310	\$ 197,701	\$ (77,391)	-39%
Special Transit Fares	\$ 167,262	\$ 196,384	\$ (29,122)	-15%		\$ 1,409,356	\$ 1,494,136	\$ (84,780)	-6%	\$ 1,409,356	\$ 1,456,821	\$ (47,465)	-3%
Highway 17 Fares	\$ 74,028	\$ 85,907	\$ (11,879)	-14%		\$ 528,182	\$ 546,545	\$ (18,363)	-3%	\$ 528,182	\$ 528,237	\$ (55)	0%
Highway 17 Payments	\$ 44,901	\$ 33,180	\$ 11,721	35%		\$ 219,093	\$ 210,912	\$ 8,181	4%	\$ 219,093	\$ 213,530	\$ 5,563	3%
Subtotal Passenger Revenue	\$ 543,338	\$ 623,010	\$ (79,672)	-13%	1	\$ 3,877,873	\$ 4,214,757	\$ (336,884)	-8%	\$ 3,877,873	\$ 4,142,780	\$ (264,907)	-6%
Commissions	\$ -	\$ 458	\$ (458)	-100%		\$ 2,755	\$ 2,748	\$ 7	0%	\$ 2,755	\$ 3,213	\$ (458)	-14%
Advertising Income	\$ 20,426	\$ 10,262	\$ 10,164	99%	2	\$ 151,875	\$ 121,352	\$ 30,523	25%	\$ 151,875	\$ 68,158	\$ 83,717	123%
Rent Income - SC Pacific Station	\$ 7,697	\$ 7,627	\$ 70	1%		\$ 46,043	\$ 45,575	\$ 468	1%	\$ 46,043	\$ 44,886	\$ 1,157	3%
Rent Income - Watsonville TC	\$ 2,907	\$ 2,872	\$ 35	1%		\$ 17,278	\$ 18,353	\$ (1,075)	-6%	\$ 17,278	\$ 19,589	\$ (2,311)	-12%
Rent Income - General	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%	\$ -	\$ 12,659	\$ (12,659)	-100%
Interest Income	\$ 13,936	\$ 4,157	\$ 9,779	235%	3	\$ 106,257	\$ 26,957	\$ 79,300	294%	\$ 106,257	\$ 239,557	\$ (133,300)	-56%
Other Non-Transp Revenue	\$ 549	\$ 485	\$ 64	13%		\$ 4,245	\$ 2,910	\$ 1,335	46%	\$ 4,245	\$ 4,527	\$ (282)	-6%
Sales Tax Revenue	\$ 1,403,219	\$ 1,540,208	\$ (136,989)	-9%	4	\$ 7,283,183	\$ 9,025,552	\$ (1,742,369)	-19%	\$ 7,283,183	\$ 8,667,996	\$ (1,384,813)	-16%
Transp Dev Act (TDA) - Op Asst	\$ 1,195,027	\$ 1,387,805	\$ (192,778)	-14%	5	\$ 2,611,683	\$ 2,775,610	\$ (163,927)	-6%	\$ 2,611,683	\$ 2,989,232	\$ (377,549)	-13%
Subtotal Other Revenue	\$ 2,643,762	\$ 2,953,674	\$ (309,912)	-10%		\$ 10,223,320	\$ 12,019,057	\$ (1,795,737)	-15%	\$ 10,223,320	\$ 12,049,817	\$ (1,826,497)	-15%
FTA Sec 5307 - Op Asst	\$ -	\$ -	\$ -	0%		\$ 3,645,442	\$ 3,645,442	\$ -	0%	\$ 3,645,442	\$ 3,426,293	\$ 219,149	6%
Repay FTA Advance	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	0%
FTA Sec 5311 - Rural Op Asst	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%	\$ -	\$ 161,615	\$ (161,615)	-100%
Sec 5303 - AMBAG Funding	\$ 1,868	\$ -	\$ 1,868	100%		\$ 1,868	\$ -	\$ 1,868	100%	\$ 1,868	\$ -	\$ 1,868	100%
FTA Sec 5317 - Op Assistance	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	0%
Subtotal Grant Revenue	\$ 1,868	\$ -	\$ 1,868	100%		\$ 3,647,310	\$ 3,645,442	\$ 1,868	0%	\$ 3,647,310	\$ 3,587,908	\$ 59,402	2%
Subtotal Operating Revenue	\$ 3,188,968	\$ 3,576,684	\$ (387,716)	-11%		\$ 17,748,503	\$ 19,879,256	\$ (2,130,753)	-11%	\$ 17,748,503	\$ 19,780,505	\$ (2,032,002)	-10%
Total Operating Expenses	\$ 2,919,957					\$ 17,319,330				\$ 17,319,330	\$ 17,193,340		
Variance	\$ 269,011					\$ 429,173				\$ 429,173	\$ 2,587,165		
One-Time Revenue													
Transfer (to)/from Capital Reserves	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	0%
Transfer (to)/from Cash Flow Res	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	0%
Transfer (to)/from W/C Reserve	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	0%
Transfer (to)/from Liab Ins Res	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	0%
Carryover from Previous Year	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	0%
Subtotal One-Time Revenue	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	0%
Total Revenue	\$ 3,188,968	\$ 3,576,684	\$ (387,716)	-11%		\$ 17,748,503	\$ 19,879,256	\$ (2,130,753)	-11%	\$ 17,748,503	\$ 19,780,505	\$ (2,032,002)	-10%
Total Operating Expenses	\$ 2,919,957					\$ 17,319,330				\$ 17,319,330	\$ 17,193,340		
Variance	\$ 269,011					\$ 429,173				\$ 429,173	\$ 2,587,165		

5-2.01

Attachment A



FY10
Operating Revenue
For the month ending - December 31, 2009

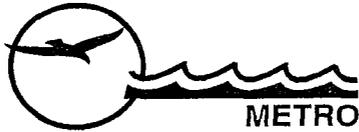
Percent of Year Elapsed - 50%

<u>Revenue Source</u>	<u>Actual</u>	<u>Current Period</u>				<u>Year to Date</u>				<u>YTD Year Over Year Comparison</u>				
		<u>Budget</u>	<u>\$ Var</u>	<u>% Var</u>	<u>Notes</u>	<u>Actual</u>	<u>Budget</u>	<u>\$ Var</u>	<u>% Var</u>	<u>Actual</u>	<u>FY09</u>	<u>\$ Var</u>	<u>% Var</u>	
										<u>FY10</u>				

Current Period Notes:

- 1) **Passenger Revenue** is under budget due to decreased ridership.
- 2) **Advertising Income** is over budget due to more advertising than expected.
- 3) **Interest Income** is over budget due to revenue budgeted using County Treasury estimates, while a higher interest rate was actually paid.
- 4) **Sales Tax Revenue** is under budget due to less consumer discretionary spending and current economic conditions.

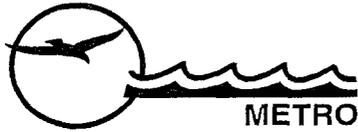
5-2.012



FY10
Operating Expenses by Department
For the month ending - December 31, 2009

	Current Period				Notes	Year to Date				YTD Year Over Year Comparison				
	Actual	Budget	\$ Var	% Var		Actual	Budget	\$ Var	% Var	FY10 Actual	FY09	\$ Var	% Var	
Departmental Personnel Expenses														
700 - SCCIC			\$ -	0%		\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%
1100 - Administration	\$ 75,066	\$ 68,438	\$ 6,628	10%		\$ 390,596	\$ 410,628	\$ (20,032)	-5%		\$ 390,596	\$ 468,693	\$ (78,097)	-17%
1200 - Finance	\$ 97,307	\$ 97,142	\$ 165	0%		\$ 512,749	\$ 582,852	\$ (70,103)	-12%		\$ 512,749	\$ 339,935	\$ 172,814	51%
1300 - Customer Service	\$ 32,071	\$ 39,070	\$ (6,999)	-18%		\$ 198,361	\$ 234,420	\$ (36,059)	-15%		\$ 198,361	\$ 212,042	\$ (13,681)	-6%
1400 - Human Resources	\$ 46,905	\$ 50,598	\$ (3,693)	-7%		\$ 258,247	\$ 303,584	\$ (45,337)	-15%		\$ 258,247	\$ 270,053	\$ (11,806)	-4%
1500 - Information Technology	\$ 48,360	\$ 44,061	\$ 4,299	10%		\$ 259,457	\$ 264,366	\$ (4,909)	-2%		\$ 259,457	\$ 243,837	\$ 15,620	6%
1700 - District Counsel	\$ 58,238	\$ 39,205	\$ 19,033	49%		\$ 251,457	\$ 235,230	\$ 16,227	7%		\$ 251,457	\$ 205,538	\$ 45,919	22%
1800 - Risk Management			\$ -	0%		\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%
2200 - Facilities Maintenance	\$ 86,651	\$ 87,177	\$ (525)	-1%		\$ 476,628	\$ 523,062	\$ (46,433)	-9%		\$ 476,628	\$ 466,133	\$ 10,495	2%
3100 - Paratransit Program	\$ 269,032	\$ 307,169	\$ (38,137)	-12%		\$ 1,566,991	\$ 1,843,010	\$ (276,019)	-15%		\$ 1,566,991	\$ 1,470,531	\$ 96,460	7%
3200 - Operations	\$ 174,544	\$ 172,016	\$ 2,529	1%		\$ 1,041,781	\$ 1,054,574	\$ (12,792)	-1%		\$ 1,041,781	\$ 961,697	\$ 80,084	8%
3300 - Bus Operators	\$ 1,103,679	\$ 1,195,056	\$ (91,377)	-8%		\$ 6,577,460	\$ 7,154,832	\$ (577,372)	-8%		\$ 6,577,460	\$ 6,434,635	\$ 142,825	2%
4100 - Fleet Maintenance	\$ 313,775	\$ 324,745	\$ (10,970)	-3%		\$ 1,794,996	\$ 1,948,473	\$ (153,477)	-8%		\$ 1,794,996	\$ 1,842,957	\$ (47,961)	-3%
9001 - Cobra Benefits	\$ 894	\$ -	\$ 894	100%		\$ 2,407	\$ -	\$ 2,407	100%		\$ 2,407	\$ 1,961	\$ 446	23%
9005 - Retired Employee Benefits	\$ 77,284	\$ 180,037	\$ (102,753)	-57%		\$ 733,041	\$ 1,080,222	\$ (347,181)	-32%		\$ 733,041	\$ 766,802	\$ (33,761)	-4%
9014 - Operating Grants			\$ -	0%		\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%
110020 - Operating Grants			\$ -	0%		\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%
100 - New Flyer Parts Credit			\$ -	0%		\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%
Subtotal Personnel Expenses	\$ 2,383,806	\$ 2,604,712	\$ (220,907)	-8%		\$ 14,064,171	\$ 15,635,251	\$ (1,571,081)	-10%		\$ 14,064,171	\$ 13,684,814	\$ 379,357	3%
Departmental Non-Personnel Expenses														
700 - SCCIC	\$ -	\$ -	\$ -	0%		\$ 250	\$ 270	\$ (20)	-7%		\$ 250	\$ 270	\$ (20)	-7%
1100 - Administration	\$ 17,882	\$ 32,146	\$ (14,264)	-44%		\$ 125,375	\$ 193,880	\$ (68,505)	-35%		\$ 125,375	\$ 110,894	\$ 14,481	13%
1200 - Finance	\$ 107,701	\$ 107,720	\$ (19)	0%		\$ 464,530	\$ 489,159	\$ (24,629)	-5%		\$ 464,530	\$ 417,874	\$ 46,656	11%
1300 - Customer Service	\$ 11,665	\$ 14,630	\$ (2,965)	-20%		\$ 36,562	\$ 52,480	\$ (15,918)	-30%		\$ 36,562	\$ 45,808	\$ (9,246)	-20%
1400 - Human Resources	\$ 8,717	\$ 16,081	\$ (7,364)	-46%		\$ 39,754	\$ 96,486	\$ (56,732)	-59%		\$ 39,754	\$ 18,038	\$ 21,716	120%
1500 - Information Technology	\$ 24,486	\$ 15,118	\$ 9,369	62%		\$ 90,055	\$ 96,903	\$ (6,847)	-7%		\$ 90,055	\$ 55,530	\$ 34,525	62%
1700 - District Counsel	\$ 1,269	\$ 1,692	\$ (423)	-25%		\$ 5,860	\$ 10,147	\$ (4,287)	-42%		\$ 5,860	\$ 7,726	\$ (1,866)	-24%
1800 - Risk Management	\$ 427	\$ 20,833	\$ (20,406)	-98%		\$ 36,589	\$ 124,998	\$ (88,409)	-71%		\$ 36,589	\$ 24,241	\$ 12,348	51%
2200 - Facilities Maintenance	\$ 126,622	\$ 110,166	\$ 16,456	15%		\$ 868,134	\$ 861,985	\$ 6,149	1%		\$ 868,134	\$ 810,435	\$ 57,699	7%
3100 - Paratransit Program	\$ 63,064	\$ 74,438	\$ (11,373)	-15%		\$ 341,443	\$ 446,627	\$ (105,183)	-24%		\$ 341,443	\$ 346,847	\$ (5,404)	-2%
3200 - Operations	\$ 44,304	\$ 47,438	\$ (3,134)	-7%		\$ 241,768	\$ 267,716	\$ (25,948)	-10%		\$ 241,768	\$ 306,705	\$ (64,937)	-21%
3300 - Bus Operators	\$ 3,406	\$ 638	\$ 2,768	434%		\$ 4,574	\$ 3,827	\$ 747	20%		\$ 4,574	\$ 4,164	\$ 410	10%
4100 - Fleet Maintenance	\$ 126,608	\$ 390,366	\$ (263,758)	-68%		\$ 1,000,264	\$ 2,334,885	\$ (1,334,621)	-57%		\$ 1,000,264	\$ 1,348,151	\$ (347,887)	-26%
9001 - Cobra Benefits	\$ -	\$ -	\$ -	0%		\$ (1)	\$ -	\$ (1)	100%		\$ (1)	\$ -	\$ (1)	100%
9005 - Retired Employee Benefits	\$ -	\$ -	\$ -	0%		\$ -	\$ 3	\$ (3)	-100%		\$ -	\$ -	\$ -	0%
9014 - Operating Grants	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%		\$ -	\$ 11,848	\$ (11,848)	-100%
110020 - Operating Grants	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%
100 - New Flyer Parts Credit	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%		\$ -	\$ 0	\$ (0)	-100%
Subtotal Non-Personnel Expenses	\$ 536,151	\$ 831,265	\$ (295,114)	-36%		\$ 3,255,157	\$ 4,979,365	\$ (1,724,207)	-35%		\$ 3,255,157	\$ 3,508,531	\$ (253,374)	-7%

5-2.03



FY10
Operating Expenses by Department
For the month ending - December 31, 2009

	Current Period				Notes	Year to Date				YTD Year Over Year Comparison			
	Actual	Budget	\$ Var	% Var		Actual	Budget	\$ Var	% Var	Actual	FY09	\$ Var	% Var
Total Departmental Expenses													
700 - SCCIC			\$ -	0%		\$ 250	\$ 270	\$ (20)	-7%	\$ 250	\$ 270	\$ (20)	-7%
1100 - Administration	\$ 92,948	\$ 100,584	\$ (7,636)	-8%		\$ 515,971	\$ 604,508	\$ (88,537)	-15%	\$ 515,971	\$ 579,587	\$ (63,616)	-11%
1200 - Finance	\$ 205,008	\$ 204,862	\$ 146	0%		\$ 977,279	\$ 1,072,011	\$ (94,732)	-9%	\$ 977,279	\$ 757,809	\$ 219,470	29%
1300 - Customer Service	\$ 43,736	\$ 53,700	\$ (9,964)	-19%		\$ 234,923	\$ 286,900	\$ (51,976)	-18%	\$ 234,923	\$ 257,850	\$ (22,927)	-9%
1400 - Human Resources	\$ 55,621	\$ 66,679	\$ (11,058)	-17%	1	\$ 298,000	\$ 400,070	\$ (102,070)	-26%	\$ 298,000	\$ 288,091	\$ 9,909	3%
1500 - Information Technology	\$ 72,846	\$ 59,178	\$ 13,668	23%	2	\$ 349,512	\$ 361,268	\$ (11,756)	-3%	\$ 349,512	\$ 299,367	\$ 50,145	17%
1700 - District Counsel	\$ 59,507	\$ 40,896	\$ 18,611	46%	3	\$ 257,317	\$ 245,376	\$ 11,941	5%	\$ 257,317	\$ 213,264	\$ 44,053	21%
1800 - Risk Management	\$ 427	\$ 20,833	\$ (20,406)	-98%	4	\$ 36,589	\$ 124,998	\$ (88,409)	-71%	\$ 36,589	\$ 24,241	\$ 12,348	51%
2200 - Facilities Maintenance	\$ 213,273	\$ 197,342	\$ 15,930	8%	5	\$ 1,344,762	\$ 1,385,046	\$ (40,285)	-3%	\$ 1,344,762	\$ 1,276,568	\$ 68,194	5%
3100 - Paratransit Program	\$ 332,096	\$ 381,606	\$ (49,510)	-13%	6	\$ 1,908,434	\$ 2,289,636	\$ (381,202)	-17%	\$ 1,908,434	\$ 1,817,378	\$ 91,056	5%
3200 - Operations	\$ 218,849	\$ 219,454	\$ (605)	0%		\$ 1,283,550	\$ 1,322,290	\$ (38,740)	-3%	\$ 1,283,550	\$ 1,268,402	\$ 15,148	1%
3300 - Bus Operators	\$ 1,107,085	\$ 1,195,693	\$ (88,608)	-7%	7	\$ 6,582,034	\$ 7,158,658	\$ (576,624)	-8%	\$ 6,582,034	\$ 6,438,799	\$ 143,235	2%
4100 - Fleet Maintenance	\$ 440,383	\$ 715,112	\$ (274,728)	-38%	8	\$ 2,795,260	\$ 4,283,359	\$ (1,488,098)	-35%	\$ 2,795,260	\$ 3,191,108	\$ (395,848)	-12%
9001 - Cobra Benefits	\$ 894	\$ -	\$ 894	100%		\$ 2,406	\$ -	\$ 2,406	100%	\$ 2,406	\$ 1,961	\$ 445	23%
9005 - Retired Employee Benefits	\$ 77,284	\$ 180,037	\$ (102,753)	-57%	9	\$ 733,041	\$ 1,080,225	\$ (347,184)	-32%	\$ 733,041	\$ 766,802	\$ (33,761)	-4%
9014 - Operating Grants			\$ -	0%				\$ -	0%		\$ 11,848	\$ (11,848)	-100%
110020 - Operating Grants			\$ -	0%				\$ -	0%		\$ -	\$ -	0%
100 - New Flyer Parts Credit			\$ -	0%				\$ -	0%		\$ 0	\$ (0)	-100%
Total Operating Expenses	\$ 2,919,957	\$ 3,435,977	\$ (516,020)	-15%		\$ 17,319,328	\$ 20,614,616	\$ (3,295,288)	-16%	\$ 17,319,328	\$ 17,193,345	\$ 125,983	1%

** does not include depreciation

Current Period Notes:

- 1) **Human Resources** is under budget due to a vacant funded position and Prof & Tech Fees straight-lined.
- 2) **IT** is over budget due to higher overtime expenses (due to the office move to 110 Vernon), as well as to one time annual renewal and license fees paid in December 2009.
- 3) **District Counsel** is over budget due to payouts of accumulated accruals.
- 4) **Risk Management** is under budget due to below budgeted settlement costs paid in December 2009.
- 5) **Facilities Maintenance** is over budget due to the extended occupancy of 370 Encinal.
- 6) **Paratransit Program** is under budget due to vacant funded positions and extended leaves.
- 7) **Bus Operators** is under budget due to vacant funded positions and extended leaves.
- 8) **Fleet** is under budget due to vacant funded positions, lower than anticipated prices of fuel and the receipt of the quarterly fuel tax credit (\$123K) in December 2009.
- 9) **Retired Employee Benefits** is under budget due to the budget being straight lined. (Medical Premium Rates will increase, effective January 2010.)

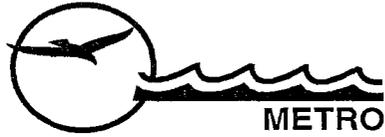
5-2.04



FY10
Consolidated Operating Expenses
For the month ending - December 31, 2009

	Current Period					Year to Date				YTD Year Over Year Comparison			
	Actual	Budget	\$ Var	% Var	Notes	Actual	Budget	\$ Var	% Var	FY10 Actual	FY09	\$ Var	% Var
LABOR													
501011 Bus Operator Pay	\$ 603,077	\$ 678,293	\$ (75,216)	-11%		\$ 3,762,773	\$ 4,069,755	\$ (306,982)	-8%	\$ 3,762,773	\$ 3,830,664	\$ (67,891)	-2%
501013 Bus Operator Overtime	\$ 112,952	\$ 111,733	\$ 1,219	1%		\$ 762,080	\$ 670,398	\$ 91,682	14%	\$ 762,080	\$ 589,225	\$ 172,855	29%
501021 Other Salaries	\$ 517,339	\$ 542,179	\$ (24,840)	-5%		\$ 3,203,493	\$ 3,356,507	\$ (153,014)	-5%	\$ 3,203,493	\$ 2,993,917	\$ 209,576	7%
501023 Other Overtime	\$ 30,140	\$ 25,297	\$ 4,843	19%		\$ 175,667	\$ 158,763	\$ 16,904	11%	\$ 175,667	\$ 124,112	\$ 51,555	42%
Total Labor -	\$ 1,263,507	\$ 1,357,501	\$ (93,994)	-7%		\$ 7,904,012	\$ 8,255,422	\$ (351,410)	-4%	\$ 7,904,012	\$ 7,537,918	\$ 366,094	5%
FRINGE BENEFITS													
502011 Medicare/Soc. Sec.	\$ 20,036	\$ 21,577	\$ (1,541)	-7%		\$ 115,921	\$ 129,462	\$ (13,541)	-10%	\$ 115,921	\$ 105,850	\$ 10,071	10%
502021 Retirement	\$ 190,371	\$ 199,902	\$ (9,530)	-5%		\$ 1,107,146	\$ 1,199,412	\$ (92,265)	-8%	\$ 1,107,146	\$ 1,096,657	\$ 10,489	1%
502031 Medical Insurance	\$ 330,406	\$ 528,472	\$ (198,066)	-37%		\$ 2,447,283	\$ 3,170,832	\$ (723,549)	-23%	\$ 2,447,283	\$ 2,487,033	\$ (39,750)	-2%
502041 Dental Insurance	\$ 40,132	\$ 46,442	\$ (6,310)	-14%		\$ 239,352	\$ 278,652	\$ (39,300)	-14%	\$ 239,352	\$ 239,054	\$ 298	0%
502045 Vision Insurance	\$ 11,245	\$ 12,057	\$ (812)	-7%		\$ 67,978	\$ 72,342	\$ (4,364)	-6%	\$ 67,978	\$ 66,664	\$ 1,314	2%
502051 Life Insurance	\$ 7,730	\$ 4,327	\$ 3,404	79%		\$ 25,518	\$ 25,960	\$ (441)	-2%	\$ 25,518	\$ 21,743	\$ 3,775	17%
502060 State Disability	\$ 15,816	\$ 26,562	\$ (10,746)	-40%		\$ 96,183	\$ 159,372	\$ (63,189)	-40%	\$ 96,183	\$ 69,519	\$ 26,664	38%
502061 Disability Insurance	\$ 17,537	\$ 22,749	\$ (5,212)	-23%		\$ 105,041	\$ 136,494	\$ (31,453)	-23%	\$ 105,041	\$ 107,242	\$ (2,201)	-2%
502071 State Unemp. Ins	\$ 12,122	\$ 4,434	\$ 7,688	173%		\$ 13,203	\$ 26,604	\$ (13,401)	-50%	\$ 13,203	\$ 19,430	\$ (6,227)	-32%
502081 Worker's Comp Ins	\$ 67,421	\$ 85,756	\$ (18,335)	-21%		\$ 300,634	\$ 514,536	\$ (213,902)	-42%	\$ 300,634	\$ 484,249	\$ (183,615)	-38%
502083 Worker's Comp IBNR	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	0%
502101 Holiday Pay	\$ 109,222	\$ 54,948	\$ 54,274	99%		\$ 182,711	\$ 226,250	\$ (43,539)	-19%	\$ 182,711	\$ 145,002	\$ 37,709	26%
502103 Floating Holiday	\$ 4,193	\$ 6,042	\$ (1,848)	-31%		\$ 17,889	\$ 36,251	\$ (18,361)	-51%	\$ 17,889	\$ 10,391	\$ 7,498	72%
502109 Sick Leave	\$ 84,413	\$ 77,938	\$ 6,475	8%		\$ 398,515	\$ 467,628	\$ (69,113)	-15%	\$ 398,515	\$ 295,540	\$ 102,975	35%
502111 Annual Leave	\$ 187,572	\$ 131,432	\$ 56,140	43%		\$ 928,900	\$ 788,592	\$ 140,308	18%	\$ 928,900	\$ 896,631	\$ 32,269	4%
502121 Other Paid Absence	\$ 15,304	\$ 10,657	\$ 4,647	44%		\$ 73,991	\$ 63,942	\$ 10,049	16%	\$ 73,991	\$ 62,096	\$ 11,895	19%
502251 Physical Exams	\$ 734	\$ 1,108	\$ (374)	-34%		\$ 4,227	\$ 6,648	\$ (2,421)	-36%	\$ 4,227	\$ 2,805	\$ 1,422	51%
502253 Driver Lic Renewal	\$ 44	\$ 367	\$ (323)	-88%		\$ 1,269	\$ 2,202	\$ (933)	-42%	\$ 1,269	\$ 574	\$ 695	121%
502999 Other Fringe Benefits	\$ 5,998	\$ 12,443	\$ (6,445)	-52%		\$ 34,395	\$ 74,656	\$ (40,261)	-54%	\$ 34,395	\$ 36,414	\$ (2,019)	-6%
Total Fringe Benefits -	\$ 1,120,298	\$ 1,247,211	\$ (126,913)	-10%		\$ 6,160,158	\$ 7,379,833	\$ (1,219,675)	-17%	\$ 6,160,158	\$ 6,146,894	\$ 13,264	0%
Total Personnel Expenses -	\$ 2,383,805	\$ 2,604,712	\$ (220,907)	-8%	1	\$ 14,064,170	\$ 15,635,255	\$ (1,571,085)	-10%	\$ 14,064,170	\$ 13,684,812	\$ 379,358	3%

5-2.05



FY10
Consolidated Operating Expenses
For the month ending - December 31, 2009

	Current Period					Year to Date				YTD Year Over Year Comparison			
	Actual	Budget	\$ Var	% Var	Notes	Actual	Budget	\$ Var	% Var	FY10 Actual	FY09	\$ Var	% Var
SERVICES													
503011 Acctg & Audit Fees	\$ -	\$ 858	\$ (858)	-100%		\$ 37,950	\$ 46,602	\$ (8,652)	-19%	\$ 37,950	\$ 40,200	\$ (2,250)	-6%
503012 Admin & Bank Fees	\$ 47,100	\$ 51,333	\$ (4,233)	-8%		\$ 99,126	\$ 108,318	\$ (9,192)	-8%	\$ 99,126	\$ 97,387	\$ 1,739	2%
503031 Prof & Tech Fees	\$ 18,219	\$ 30,888	\$ (12,669)	-41%	2	\$ 70,905	\$ 171,384	\$ (100,479)	-59%	\$ 70,905	\$ 56,528	\$ 14,377	25%
503032 Legislative Services	\$ 7,500	\$ 8,617	\$ (1,117)	-13%		\$ 45,000	\$ 51,702	\$ (6,702)	-13%	\$ 45,000	\$ 45,000	\$ -	0%
503033 Legal Services	\$ 217	\$ 4,583	\$ (4,366)	-95%		\$ 11,243	\$ 27,498	\$ (16,255)	-59%	\$ 11,243	\$ -	\$ 11,243	100%
503034 Pre-Employ Exams	\$ 1,610	\$ 1,037	\$ 573	55%		\$ 7,270	\$ 6,222	\$ 1,048	17%	\$ 7,270	\$ 5,032	\$ 2,238	44%
503041 Temp Help	\$ 24,702	\$ -	\$ 24,702	100%	3	\$ 124,204	\$ -	\$ 124,204	100%	\$ 124,204	\$ 74,324	\$ 49,880	67%
503161 Custodial Services	\$ 5,501	\$ 5,508	\$ (7)	0%		\$ 31,418	\$ 33,048	\$ (1,630)	-5%	\$ 31,418	\$ 35,548	\$ (4,130)	-12%
503162 Uniform & Laundry	\$ 1,351	\$ 3,668	\$ (2,317)	-63%		\$ 10,353	\$ 22,008	\$ (11,655)	-53%	\$ 10,353	\$ 18,933	\$ (8,580)	-45%
503171 Security Services	\$ 28,047	\$ 33,804	\$ (5,757)	-17%		\$ 169,869	\$ 203,184	\$ (33,315)	-16%	\$ 169,869	\$ 180,732	\$ (10,863)	-6%
503221 Classified/Legal Ads	\$ 2,344	\$ 2,200	\$ 144	7%		\$ 5,730	\$ 13,200	\$ (7,470)	-57%	\$ 5,730	\$ 6,985	\$ (1,255)	-18%
503222 Legal Advertising	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	0%
503225 Graphic Services	\$ -	\$ 333	\$ (333)	-100%		\$ -	\$ 1,998	\$ (1,998)	-100%	\$ -	\$ -	\$ -	0%
503351 Repair - Bldg & Impr	\$ 1,430	\$ 6,375	\$ (4,946)	-78%		\$ 19,489	\$ 38,250	\$ (18,762)	-49%	\$ 19,489	\$ 45,929	\$ (26,441)	-58%
503352 Repair - Equipment	\$ 47,990	\$ 35,970	\$ 12,020	33%	4	\$ 252,712	\$ 233,058	\$ 19,654	8%	\$ 252,712	\$ 155,384	\$ 97,328	63%
503353 Repair - Rev Vehicle	\$ 29,791	\$ 36,442	\$ (6,650)	-18%		\$ 169,865	\$ 218,652	\$ (48,786)	-22%	\$ 169,865	\$ 270,426	\$ (100,561)	-37%
503354 Repair - Non Rev Vehicle	\$ 207	\$ 2,625	\$ (2,418)	-92%		\$ 7,667	\$ 15,750	\$ (8,083)	-51%	\$ 7,667	\$ 13,025	\$ (5,358)	-41%
503363 Haz Mat Disposal	\$ 2,089	\$ 2,083	\$ 6	0%		\$ 15,913	\$ 12,498	\$ 3,414	27%	\$ 15,913	\$ 26,289	\$ (10,376)	-39%
Total Services -	\$ 218,096	\$ 226,324	\$ (8,227)	-4%		\$ 1,078,712	\$ 1,203,372	\$ (124,659)	-10%	\$ 1,078,712	\$ 1,071,722	\$ 6,990	1%
MOBILE MATERIALS AND SUPPLIES													
504011 Fuels & Lube Non Rev Veh	\$ 10	\$ 17,283	\$ (17,273)	-100%	5	\$ 70,658	\$ 103,698	\$ (33,040)	-32%	\$ 70,658	\$ 82,915	\$ (12,257)	-15%
504012 Fuels & Lube Rev Veh	\$ 50,027	\$ 270,417	\$ (220,390)	-82%	6	\$ 576,090	\$ 1,622,502	\$ (1,046,412)	-64%	\$ 576,090	\$ 818,475	\$ (242,385)	-30%
504021 Tires & Tubes	\$ 12,225	\$ 17,750	\$ (5,525)	-31%		\$ 82,503	\$ 106,500	\$ (23,997)	-23%	\$ 82,503	\$ 114,347	\$ (31,844)	-28%
504161 Other Mobile Supplies	\$ 94	\$ 858	\$ (764)	-89%		\$ 251	\$ 5,148	\$ (4,897)	-95%	\$ 251	\$ 6,462	\$ (6,211)	-96%
504191 Rev Vehicle Parts	\$ 51,279	\$ 68,083	\$ (16,804)	-25%	7	\$ 221,859	\$ 408,498	\$ (186,639)	-46%	\$ 221,859	\$ 149,155	\$ 72,704	49%
Total Mobile Materials & Supplies -	\$ 113,635	\$ 374,392	\$ (260,757)	-70%		\$ 951,361	\$ 2,246,347	\$ (1,294,986)	-58%	\$ 951,361	\$ 1,171,354	\$ (219,993)	-19%

5-2.06



FY10
Consolidated Operating Expenses
For the month ending - December 31, 2009

	Current Period					Year to Date				YTD Year Over Year Comparison			
	Actual	Budget	\$ Var	% Var	Notes	Actual	Budget	\$ Var	% Var	FY10 Actual	FY09	\$ Var	% Var
<u>OTHER MATERIALS & SUPPLIES</u>													
504205 Freight Out	\$ 68	\$ 300	\$ (232)	-77%		\$ 649	\$ 1,800	\$ (1,151)	-64%	\$ 649	\$ 1,290	\$ (641)	-50%
504211 Postage & Mailing	\$ 1,513	\$ 1,939	\$ (426)	-22%		\$ 7,693	\$ 13,134	\$ (5,441)	-41%	\$ 7,693	\$ 4,299	\$ 3,394	79%
504214 Promotional Items	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	0%
504215 Printing	\$ 8,797	\$ 14,628	\$ (5,832)	-40%		\$ 36,280	\$ 50,569	\$ (14,290)	-28%	\$ 36,280	\$ 38,274	\$ (1,994)	-5%
504217 Photo Supply/Processing	\$ -	\$ 825	\$ (825)	-100%		\$ 450	\$ 4,950	\$ (4,500)	-91%	\$ 450	\$ 4,252	\$ (3,802)	-89%
504311 Office Supplies	\$ 4,233	\$ 7,353	\$ (3,120)	-42%		\$ 32,160	\$ 44,118	\$ (11,958)	-27%	\$ 32,160	\$ 42,098	\$ (9,938)	-24%
504315 Safety Supplies	\$ 328	\$ 2,792	\$ (2,463)	-88%		\$ 6,227	\$ 16,752	\$ (10,524)	-63%	\$ 6,227	\$ 8,692	\$ (2,465)	-28%
504317 Cleaning Supplies	\$ 3,349	\$ 4,933	\$ (1,585)	-32%		\$ 16,428	\$ 29,599	\$ (13,172)	-44%	\$ 16,428	\$ 18,876	\$ (2,448)	-13%
504409 Repair/Maint Supplies	\$ 3,613	\$ 4,775	\$ (1,162)	-24%		\$ 19,436	\$ 28,650	\$ (9,214)	-32%	\$ 19,436	\$ 33,960	\$ (14,524)	-43%
504421 Non-Inventory Parts	\$ 579	\$ 4,463	\$ (3,883)	-87%		\$ 6,262	\$ 26,777	\$ (20,514)	-77%	\$ 6,262	\$ 42,400	\$ (36,138)	-85%
504511 Small Tools	\$ -	\$ 875	\$ (875)	-100%		\$ 1,481	\$ 5,250	\$ (3,769)	-72%	\$ 1,481	\$ 3,147	\$ (1,666)	-53%
504515 Employee Tool Rplcmt	\$ -	\$ 225	\$ (225)	-100%		\$ 772	\$ 1,350	\$ (578)	-43%	\$ 772	\$ 1,135	\$ (363)	-32%
Total Other Materials & Supplies -	\$ 22,480	\$ 43,108	\$ (20,628)	-48%	8	\$ 127,838	\$ 222,949	\$ (95,111)	-43%	\$ 127,838	\$ 198,423	\$ (70,585)	-36%
<u>UTILITIES</u>													
505011 Gas & Electric	\$ 20,529	\$ 19,101	\$ 1,428	7%		\$ 88,507	\$ 114,606	\$ (26,099)	-23%	\$ 88,507	\$ 92,443	\$ (3,936)	-4%
505021 Water & Garbage	\$ 10,294	\$ 10,681	\$ (386)	-4%		\$ 67,342	\$ 64,087	\$ 3,255	5%	\$ 67,342	\$ 66,446	\$ 896	1%
505031 Telecommunications	\$ 6,605	\$ 12,298	\$ (5,693)	-46%		\$ 54,805	\$ 73,788	\$ (18,983)	-26%	\$ 54,805	\$ 53,518	\$ 1,287	2%
Total Utilities -	\$ 37,429	\$ 42,080	\$ (4,651)	-11%		\$ 210,655	\$ 252,481	\$ (41,826)	-17%	\$ 210,655	\$ 212,407	\$ (1,752)	-1%
<u>CASUALTY & LIABILITY</u>													
506011 Insurance - Property	\$ 6,437	\$ 10,158	\$ (3,722)	-37%		\$ 38,618	\$ 60,948	\$ (22,331)	-37%	\$ 38,618	\$ 31,880	\$ 6,738	21%
506015 Insurance - PL & PD	\$ 38,101	\$ 43,775	\$ (5,674)	-13%		\$ 228,606	\$ 262,650	\$ (34,044)	-13%	\$ 228,606	\$ 243,156	\$ (14,550)	-6%
506021 Insurance - Other	\$ -	\$ -	\$ -	0%		\$ 711	\$ 800	\$ (89)	-11%	\$ 711	\$ 711	\$ -	0%
506123 Settlement Costs	\$ -	\$ 12,500	\$ (12,500)	-100%	9	\$ 20,044	\$ 75,000	\$ (54,956)	-73%	\$ 20,044	\$ 23,041	\$ (2,997)	-13%
506127 Repairs - Dist Prop	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%	\$ -	\$ (21,452)	\$ 21,452	-100%
Total Casualty & Liability -	\$ 44,537	\$ 66,433	\$ (21,896)	-33%		\$ 287,978	\$ 399,398	\$ (111,420)	-28%	\$ 287,978	\$ 277,336	\$ 10,642	4%
<u>TAXES</u>													
507051 Fuel Tax	\$ 1,540	\$ 1,209	\$ 331	27%		\$ 6,321	\$ 7,254	\$ (933)	-13%	\$ 6,321	\$ 3,704	\$ 2,617	71%
507201 Licenses & permits	\$ 1,340	\$ 1,158	\$ 182	16%		\$ 9,406	\$ 7,898	\$ 1,508	19%	\$ 9,406	\$ 4,330	\$ 5,076	117%
507999 Other Taxes	\$ -	\$ -	\$ -	0%		\$ 10,423	\$ 24,675	\$ (14,252)	-58%	\$ 10,423	\$ 20,403	\$ (9,980)	-49%
Total Utilities -	\$ 2,880	\$ 2,368	\$ 513	22%		\$ 26,150	\$ 39,828	\$ (13,677)	-34%	\$ 26,150	\$ 28,437	\$ (2,287)	-8%

5-2.07



FY10
Consolidated Operating Expenses
For the month ending - December 31, 2009

	Current Period					Year to Date				YTD Year Over Year Comparison			
	Actual	Budget	\$ Var	% Var	Notes	Actual	Budget	\$ Var	% Var	FY10 Actual	FY09	\$ Var	% Var
<u>PURCHASED TRANSPORTATION</u>													
503406 Contr/Paratrans	\$ 26,182	\$ 20,833	\$ 5,348	26%		\$ 141,106	\$ 124,998	\$ 16,107	13%	\$ 141,106	\$ 106,279	\$ 34,827	33%
Total Purchased Transportation -	\$ 26,182	\$ 20,833	\$ 5,348	26%		\$ 141,106	\$ 124,998	\$ 16,107	13%	\$ 141,106	\$ 106,279	\$ 34,827	33%
<u>MISC</u>													
509011 Dues & Subscriptions	\$ 4,893	\$ 5,485	\$ (592)	-11%		\$ 30,474	\$ 33,910	\$ (3,436)	-10%	\$ 30,474	\$ 31,592	\$ (1,118)	-4%
509085 Advertising - Rev Product	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	0%
509101 Emp Incentive Prog	\$ 4,322	\$ 2,883	\$ 1,438	50%		\$ 6,174	\$ 17,298	\$ (11,125)	-64%	\$ 6,174	\$ 5,540	\$ 634	11%
509121 Employee Training	\$ 438	\$ 4,739	\$ (4,301)	-91%		\$ 2,219	\$ 34,834	\$ (32,415)	-94%	\$ 2,219	\$ 16,857	\$ (14,638)	-87%
509123 Travel	\$ 1,466	\$ 7,232	\$ (5,766)	-80%		\$ 20,428	\$ 43,391	\$ (22,963)	-53%	\$ 20,428	\$ 19,852	\$ 576	3%
509125 Local Meeting Exp	\$ 60	\$ 413	\$ (352)	-85%		\$ 1,115	\$ 2,476	\$ (1,360)	-55%	\$ 1,115	\$ 2,244	\$ (1,129)	-50%
509127 Board Director Fees	\$ 450	\$ 1,100	\$ (650)	-59%		\$ 3,300	\$ 6,600	\$ (3,300)	-50%	\$ 3,300	\$ 5,600	\$ (2,300)	-41%
509150 Contributions	\$ -	\$ 54	\$ (54)	-100%		\$ -	\$ 324	\$ (324)	-100%	\$ -	\$ -	\$ -	0%
509197 Sales Tax Expense	\$ -	\$ -	\$ -	0%		\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	0%
509198 Cash Over/Short	\$ 35	\$ 42	\$ (6)	-15%		\$ 237	\$ 251	\$ (13)	-5%	\$ 237	\$ (240)	\$ 477	-199%
Total Misc -	\$ 11,664	\$ 21,947	\$ (10,283)	-47%		\$ 63,947	\$ 138,883	\$ (74,936)	-54%	\$ 63,947	\$ 81,445	\$ (17,498)	-21%
<u>LEASES & RENTALS</u>													
512011 Facility Rentals	\$ 58,922	\$ 31,030	\$ 27,892	90%	10	\$ 361,377	\$ 336,180	\$ 25,197	7%	\$ 361,377	\$ 351,745	\$ 9,632	3%
512061 Equipment Rentals	\$ 326	\$ 2,755	\$ (2,429)	-88%		\$ 6,034	\$ 14,930	\$ (8,896)	-60%	\$ 6,034	\$ 9,380	\$ (3,346)	-36%
Total Leases & Rentals -	\$ 59,248	\$ 33,785	\$ 25,463	75%		\$ 367,411	\$ 351,110	\$ 16,301	5%	\$ 367,411	\$ 361,125	\$ 6,286	2%
Total Non-Personnel Expenses -	\$ 536,152	\$ 831,270	\$ (295,118)	-36%		\$ 3,255,159	\$ 4,979,366	\$ (1,724,207)	-35%	\$ 3,255,159	\$ 3,508,528	\$ (253,369)	-7%
TOTAL OPERATING EXPENSE -	\$ 2,919,957	\$ 3,435,982	\$ (516,025)	-15%		\$ 17,319,329	\$ 20,614,621	\$ (3,295,292)	-16%	\$ 17,319,329	\$ 17,193,340	\$ 125,989	1%

** does not include depreciation

Current Period Notes:

- 1) Total Personnel Expenses are below budget due to vacant funded positions and extended leaves, as well as lower than anticipated medical and worker's comp insurance costs.
- 2) Prof & Tech Fees are under budget due to cost cutting measures and straight lining of the budget.
- 3) Temp Help is over budget due to vacant funded positions and extended leaves. (Expense is offset by savings in personnel expense.)

5-2.08

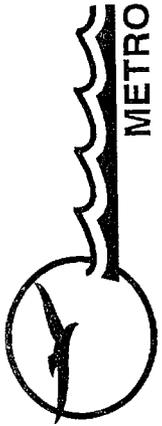


FY10
Consolidated Operating Expenses
For the month ending - December 31, 2009

Current Period					Year to Date					YTD Year Over Year Comparison			
<u>Actual</u>	<u>Budget</u>	<u>\$ Var</u>	<u>% Var</u>	<u>Notes</u>	<u>Actual</u>	<u>Budget</u>	<u>\$ Var</u>	<u>% Var</u>	<u>FY10</u>	<u>Actual</u>	<u>FY09</u>	<u>\$ Var</u>	<u>% Var</u>

- 4) **Repair - Equipment** is over budget due to Telepath invoices from July, August, October, and November 2009 paid in December 2009.
- 5) **Fuels & Lube Non Rev Veh** is under budget due to invoices from December 2009 paid in January and February 2010.
- 6) **Fuels & Lube Rev Veh** is under budget due to lower than anticipated prices of fuel, as well as the receipt of the quarterly fuel tax credit (\$123K) in December 2009.
- 7) **Rev Veh Parts** is under budget due to cost cutting measures in place.
- 8) **Other Materials & Supplies** are under budget due to cost cutting measures in all departments.
- 9) **Settlement costs** are under budget due to less than anticipated settlement costs for the month.
- 10) **Facilities Rental** is over budget due to the extended occupancy of 370 Encinal.

5-2.09



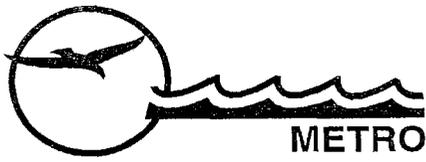
FY2010

CAPITAL BUDGET

For the month ending - December 31, 2009

	<u>YTD Actual</u>	<u>FY10 Budget</u>	<u>Remaining Budget</u>	<u>% Spent YTD</u>
<u>Grant-Funded Projects</u>				
MetroBase Maintenance Facility	\$ 1,738,028	\$ 4,200,000	\$ 2,461,972	41%
MetroBase Operations Facility	\$ -	\$ -	\$ -	0%
Purchase Smartcard Farebox System (ARRA)	\$ -	\$ 2,267,000	\$ 2,267,000	0%
Purchase & Renovation of Vernon Bldg	\$ 1,818,199	\$ 2,400,000	\$ 581,801	76%
Pacific Station Project (TCRP)	\$ 5,110	\$ 2,100,000	\$ 2,094,890	0%
Purchase 27 ParaCruz Vehicles (ARRA)	\$ -	\$ 1,750,000	\$ 1,750,000	0%
Transit Mgmt. Info. Technology (ARRA)	\$ 51,765	\$ 1,264,873	\$ 1,213,108	4%
2nd LNG Storage Tank & Process Equipment	\$ -	\$ 1,000,000	\$ 1,000,000	0%
Facilities Video Surveillance (OHS-1B)	\$ -	\$ 220,000	\$ 220,000	0%
Fleet Radios/Surveillance (OHS-1B)	\$ -	\$ 202,457	\$ 202,457	0%
Comprehensive Security & Surveillance Sys (OHS-1B)	\$ -	\$ 440,505	\$ 440,505	0%
Trapeze Pass Interactive Voice Response System	\$ 45,217	\$ 91,141	\$ 45,924	50%
Subtotal Grant Funded Projects	\$ 3,658,319	\$ 15,935,976	\$ 12,277,657	23%
<u>IT Projects</u>				
Replace Fleet & Facilities Maintenance Software	\$ 18,904	\$ 470,000	\$ 451,096	4%
HR Software Upgrade	\$ -	\$ 250,000	\$ 250,000	0%
Upgrade District Phone System	\$ 36,622	\$ 77,825	\$ 41,203	47%
Microsoft Office 2007 Pro Upgrade	\$ 54,518	\$ 55,000	\$ 482	99%
Trapeze Pass Customer Certification Software	\$ 9,738	\$ 46,000	\$ 36,262	21%
Automated Purchasing System Software	\$ -	\$ 40,000	\$ 40,000	0%
Digital ID Card Processing Equipment	\$ 8,081	\$ 17,000	\$ 8,919	48%
Upgrade GFI software to System 7 Version 2	\$ 735	\$ 12,584	\$ 11,849	6%
3 Laptop PC's for ParaCruz	\$ 5,468	\$ 6,000	\$ 532	91%
2 Laptop/Docking Stations for HR	\$ 3,645	\$ 4,500	\$ 855	81%
Subtotal IT Projects	\$ 137,711	\$ 978,909	\$ 841,198	14%
<u>Facilities Repair & Improvements</u>				
MTC Lane Four Shelter Replacement	\$ -	\$ 55,000	\$ 55,000	0%
Replace Roof - Watsonville Transit Center Main Building	\$ 53,533	\$ 55,000	\$ 1,467	97%
Repair, Reseal, and Restripe - Greyhound Lot	\$ -	\$ 24,000	\$ 24,000	0%
Repair, Reseal, Restripe (Sinkholes) - Operations	\$ 3,991	\$ 20,000	\$ 16,009	20%
Subtotal Facilities Repairs & Improvements Projects	\$ 57,524	\$ 154,000	\$ 96,476	37%

5-2.a10

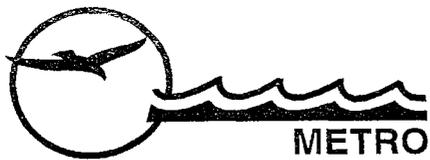


**FY2010
CAPITAL BUDGET**

For the month ending - December 31, 2009

	<u>YTD Actual</u>	<u>FY10 Budget</u>	<u>Remaining Budget</u>	<u>% Spent YTD</u>
<u>Revenue Vehicle Replacement</u>				
Highway 17 Buses (5) - VTA - (Measure A)	\$ -	\$ 2,500,000	\$ 2,500,000	0%
Subtotal Revenue Vehicle Replacements	\$ -	\$ 2,500,000	\$ 2,500,000	0%
<u>Non-Revenue Vehicle Replacement</u>				
NONE	\$ -	\$ -	\$ -	0%
Subtotal Non-Revenue Vehicle Replacements	\$ -	\$ -	\$ -	0%
<u>Maint Equipment</u>				
Cumming Engine Tool (Liner Indicator)	\$ -	\$ 1,200	\$ 1,200	0%
Cumming Engine Tool (Part # 3376915)	\$ -	\$ 1,200	\$ 1,200	0%
Subtotal Non-Revenue Vehicle Replacements	\$ -	\$ 2,400	\$ 2,400	0%
<u>Office Equipment</u>				
NONE	\$ -	\$ -	\$ -	0%
Subtotal Office Equipment	\$ -	\$ -	\$ -	0%
TOTAL CAPITAL PROJECTS	\$ 3,853,554	\$ 19,571,285	\$ 15,717,731	20%

5-2.011



**FY2010
CAPITAL BUDGET**

For the month ending - December 31, 2009

	<u>YTD Actual</u>	<u>FY10 Budget</u>	<u>Remaining Budget</u>	<u>% Spent YTD</u>
<u>CAPITAL FUNDING</u>				
Federal Capital Grants	\$ 96,982	\$ 8,605,764	\$ 8,508,781	1%
State / PTMISEA 1B	\$ 3,556,228	\$ 4,446,429	\$ 890,201	80%
State/Other Capital Grants (Measure A - VTA)	\$ -	\$ 2,500,000	\$ 2,500,000	0%
State/Other Capital Grants (TCRP)	\$ 5,110	\$ 682,017	\$ 676,907	1%
State Security Bond Funds (1B)	\$ -	\$ 862,962	\$ 862,962	0%
STA Funding (Prior Year)	\$ 195,234	\$ 1,163,858	\$ 968,624	17%
STA Funding (Current Year)	\$ -	\$ -	\$ -	0%
District Reserves (Lawsuit & Sakata Proceeds)	\$ -	\$ 1,310,255	\$ 1,310,256	0%
Capital Cash Reserves	\$ -	\$ -	\$ -	100%
TOTAL CAPITAL FUNDING	\$ 3,853,554	\$ 19,571,285	\$ 15,717,731	20%

5-2.012



METRO ADVISORY COMMITTEE

AGENDA

**FEBRUARY 17, 2010 - 6:00 PM
PACIFIC STATION CONFERENCE ROOM
920 PACIFIC AVENUE, SANTA CRUZ, CALIFORNIA**

- 1. ROLL CALL**
- 2. AGENDA ADDITIONS/DELETIONS**
- 3. ORAL/WRITTEN COMMUNICATION**
- 4. CONSIDERATION OF APPROVAL OF MINUTES OF JANUARY 20, 2010**
- 5. ACCEPT AND FILE RIDERSHIP REPORT FOR NOVEMBER 2009**
- 6. ACCEPT AND FILE PARACRUZ OPERATIONS STATUS REPORT FOR NOVEMBER 2009**
- 7. REVIEW OF SCHEDULE OF OTHER TRANSIT-RELATED MEETINGS**
- 8. CONSIDERATION OF APPOINTING BSAC REPRESENTATIVE**
- 9. DISCUSSION OF FREQUENCY OF JANITORIAL SERVICES**
- 10. STATUS OF PARATRANSIT LOADING ZONE SIGNAGE AT WATSONVILLE TRANSIT CENTER**
- 11. DISTRIBUTION OF MAC VOUCHERS**
- 12. COMMUNICATIONS TO METRO GENERAL MANAGER**
- 13. COMMUNICATIONS TO METRO BOARD OF DIRECTORS**
- 14. ITEMS FOR NEXT MEETING AGENDA**
- 15. ADJOURNMENT**

*NEXT MEETING: WEDNESDAY, MARCH 17, 2010, AT 6:00 PM
PACIFIC STATION CONFERENCE ROOM*

5-4.1

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Minutes - METRO Advisory Committee (MAC)

December 16, 2009

The METRO Advisory Committee (MAC) met on Wednesday, December 16, 2009 in the Pacific Station Conference Room located at 920 Pacific Avenue in Santa Cruz, California.

Chair Naomi Gunther called the meeting to order at 6:12 p.m.

1. ROLL CALL:

MEMBERS PRESENT

Craig Agler
Naomi Gunther, Chair
Stuart Rosenstein
Charlotte Walker
Dave Williams
Robert Yount, Vice Chair

STAFF PRESENT

Ciro Aguirre, Operations Manager
Mary Ferrick, Fixed Route Superintendent

MEMBERS ABSENT

Mara Murphy
Dennis "Pop" Papadopulo

VISITORS PRESENT

Bonnie Morr, UTU
Eduardo Montesino, UTU
Patrick Mulhearn

2. AGENDA ADDITIONS/DELETIONS

None.

3. ORAL/WRITTEN COMMUNICATION

Written:

None.

Oral:

Robert Yount announced that this was his last MAC meeting and he spoke about his history with METRO. Mr. Yount said that he wished that the Board of Directors utilized the Advisory Committee more. Charlotte Walker said she had followed up on her inquiry about shuttle service to the Santa Cruz County Fair and called County Fair staff, who stated that shuttle service was being studied for 2010.

5-4.2

4. CONSIDERATION OF APPROVAL OF MINUTES OF NOVEMBER 18, 2009

ACTION: MOTION: DAVE WILLIAMS SECOND: ROBERT YOUNT

ACCEPT AND FILE MINUTES OF THE NOVEMBER 18, 2009 MEETING AS PRESENTED

Motion passed unanimously.

5. ACCEPT AND FILE RIDERSHIP REPORT FOR SEPTEMBER 2009

Robert Yount noted the increase in ridership and in wheelchair passengers.

6. ACCEPT AND FILE PARACRUZ OPERATIONS STATUS REPORT FOR SEPTEMBER 2009

Robert Yount noted the impressive numbers in the report and speculated that they were some of the best in the country. Dave Williams noted that even the increase in rides and decrease in mileage, and asked Ciro Aguirre if the increase could be attributed to more shared rides. Mr. Aguirre affirmed that it was.

7. REPORT BY MAC REPRESENTATIVE OF OTHER TRANSIT RELATED MEETINGS

Robert Yount stated that the BSAC meeting was cancelled and there was nothing to report.

8. CONSIDERATION OF 2010 MAC MEETING SCHEDULE

Stuart Rosenstein said that he would check to see if any of the meetings conflict with his religious calendar. There was a discussion about the schedule of MAC events for 2010, including a tour of METRO facilities.

9. DISCUSSION OF THE CURRENT COMPLAINTS PROCEDURES

Ciro Aguirre said that there would be a revision to the complaint procedures soon and a training campaign, and that a request to review complaints must originate from the General Manager. There was a discussion about the Complaints Procedures.

10. CONSIDERATION OF MAC'S REQUEST TO VIEW THE FILED COMPLAINTS

Ciro Aguirre repeated that a request to review complaints must originate from Les White, the General Manager.

11. DISCUSSION OF PRESSURE WASHING BUS STOPS

Ciro Aguirre said that local ordinances regarding sewer run-off prevents the pressure washing of bus stops.

12. DISCUSSION OF THE 9800 SERIES BUSES

Chair Gunther suggested continuing this item to the next meeting.

13. DISCUSSION OF INTERIOR LIGHTING POLICY ON BUSES

Craig Agler asked about the policy governing interior lighting on the buses. Bonnie Morr explained that it is a safety issue and depends on the route and local preferences. Ms. Morr noted that interior lights are supposed to be on while traveling through the City of Santa Cruz. Bonnie Morr asked if the wattage could be increased on the overhead reading lamps. Ciro Aguirre said that higher wattage bulbs tend to melt the housings.

14. COMMUNICATIONS TO METRO GENERAL MANAGER

The METRO Advisory Committee recommends that the METRO Board of Directors adopt a Resolution of Appreciation for Robert Yount.

15. COMMUNICATIONS TO METRO BOARD OF DIRECTORS

None.

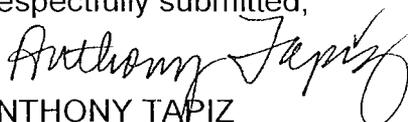
16. ITEMS FOR NEXT MEETING AGENDA

- Discussion of the goals for reviewing the Complaint Procedures
- Discussion of the 9800 series buses
- Discussion of 2010 Schedule of MAC Events

ADJOURN

There being no further business, Mary Ferrick distributed the METRO ride vouchers to the MAC members, and Chair Naomi Gunther thanked everyone for participating and adjourned the meeting at 7:35 p.m.

Respectfully submitted,


ANTHONY TAPIZ
Administrative Assistant

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010
TO: Board of Directors
FROM: Angela Aitken, Finance Manager & Acting Assistant General Manager 
SUBJECT: SANTA CRUZ METRO SYSTEM RIDERSHIP AND PERFORMANCE REPORT FOR DECEMBER 2009

I. RECOMMENDED ACTION

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

II. SUMMARY OF ISSUES

- Total ridership for the month of December 2009 was 347,419. Which is a decrease of 34,828 riders or -9.0% versus December 2008, while FY10 YTD ridership is down 162,273 riders or -5.8% compared to FY09 YTD.
- The top three routes in terms of percent increase (with at least 800 riders) are: Route 56-Capitola/La Selva, Route 69W-Santa Cruz/Capitola/Cabrillo-Watsonville, and Route 55-Capitola/Rio Del Mar.
- The top three routes in terms of percent decrease (with at least 800 riders) are: Route 13-University via Walnut, Route 79-East Lake, and Route 4-Harvey West/Emeline.
- There were 9.40 hours of dropped service amounting to 220.62 miles of dropped service in December 2009.
- The Bus Operator Lift Test for December resulted in 100% of all lifts working properly on all pull-out buses. Fourteen (14) buses reported issues with lifts while in service.

III. DISCUSSION

In the twenty-two (22) weekdays, eight (8) weekend days, and one (1) holiday of December 2009, Santa Cruz METRO's total ridership was 347,419 riders. This was a loss from the previous year, decreasing by 34,828 riders or -9.0%. Recall that gasoline prices in December 2008 were \$3.80 and beyond per gallon, while December 2009 gasoline averaged close to \$2.93 per gallon. This variance in price, along with unemployment in Santa Cruz county at 13.5% in December 2009, has decrease the demand for public transportation which most likely explains the drop in overall ridership. In total, FY10 YTD ridership is 2,633,869 which is down 162,273 riders from the FY09 YTD ridership of 2,796,142 or simply -5.8%.

Routes 56, 69W, and 55 all saw a strong increase from the previous December, gaining at least 6.5% ridership increase from December 2008. Increases on board all these routes are most likely due to an increase of Cabrillo College students using transit service during Finals Week.

5-5.1

Routes 13, 79, and 4 have seen significant recessions and have contributed to poor ridership with a combining loss of 3,051 riders or -22.4% to these routes. Each of these under performing routes has their unique issues. Route 13, a UCSC route which along Walnut Ave. in Santa Cruz, has dropped ridership due to a lack of utilization during Finals Week. Route 79 in Watsonville has issues with on time performance and lacks proper frequency to be properly utilized. Finally, Route 4-Harvey West/Emeline, has seen a drop in ridership that is most likely due to recent cutbacks in social service of which the Route 4 serves throughout the day.

There were 9.40 dropped service hours amounting to 220.62 miles of dropped service mostly due to construction and weather detours.

In December 2009, the Bus Operator Lift Tests resulted in 100% of all pull out buses having properly functioning passenger lifts. During service, fourteen (14) buses reported issues with the passenger lifts.

IV. FINANCIAL CONSIDERATIONS.

Revenue derived from passenger fares and passes are reflected in the FY10 Revenue.

V. ATTACHMENTS

- Attachment A: December 2009 Ridership Report**
- Attachment B: December 2008 Ridership Report**
- Attachment C: FYTD % Change in Ridership**
- Attachment D: Route by Route Ridership**
- Attachment E: Dropped Service for FY10**
- Attachment F: Bus Operator Lift Test *Pull-Out***
- Attachment G: In Service Passenger Lift Problems**

Prepared by: Erich Friedrich, Provisional Transit Planner; February 16, 2010.

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Santa Cruz METRO
December 2009 Ridership Report

ROUTE	Miles	Hours	UC Student	UC Staff	Cabrillo	Full Fare	Tickets	S/D Fare	Day Pass	S/D Day Pass	Passes/Free Fare	Pacific Shores	Total Ridership	Passengers Per Mile	Passengers Per Hour	Wheelchair	Bike
10	5,341.34	447.66	11,648	1,211	125	600	28	78	16	7	720	7	14,440	2.70	32.26	24	536
13	879.36	75.20	4,474	240	26	83	7	11	1	0	147	0	4,989	5.67	66.34	2	133
15	3,019.42	253.80	13,746	563	89	299	18	34	1	3	344	2	15,099	5.00	59.49	4	439
16	12,349.32	995.61	33,439	2,326	368	1,537	103	177	22	12	2,318	14	40,316	3.26	40.49	9	1279
19	4,801.48	359.74	10,730	758	148	469	21	86	11	7	805	2	13,037	2.72	36.24	6	335
3	2,499.64	181.13	255	93	234	696	64	147	11	19	1,279	142	2,940	1.18	16.23	16	88
4	1,671.06	173.58	88	51	94	376	223	178	9	19	2,976	8	4,022	2.41	23.17	74	75
7	1,146.20	102.67	61	22	52	84	22	69	1	14	439	1	765	0.67	7.45	11	9
9	477.00	25.30	6	11	3	75	3	3	2	0	221	0	324	0.68	12.81	1	2
12A	105.31	7.60	428	57	2	6	1	1	0	0	4	0	499	4.74	65.66	0	22
20	5,937.18	395.71	7,525	656	255	887	76	140	18	6	1,375	144	11,082	1.87	28.01	9	326
27x	588.60	50.25	1,887	117	8	39	3	0	1	0	44	0	2,099	3.57	41.77	0	87
31	2,379.61	125.40	42	25	101	520	30	25	16	1	622	0	1,382	0.58	11.02	3	56
32	786.32	46.57	8	5	23	219	4	4	3	1	225	0	492	0.63	10.56	1	24
33	349.02	16.10	0	0	11	87	0	0	0	0	133	0	231	0.66	14.35	0	4
34	195.44	12.36	0	0	0	71	3	1	0	0	143	0	218	1.12	17.64	0	0
35	38,233.66	1,918.47	716	350	1,523	11,525	583	1,156	298	117	18,442	6	34,716	0.91	18.10	56	1524
40	2,473.88	100.39	22	9	24	552	18	52	22	10	487	1	1,197	0.48	11.92	0	35
41	3,169.26	131.66	160	63	102	574	23	16	7	0	535	7	1,487	0.47	11.29	0	148
42	3,389.62	125.67	95	19	67	409	19	56	0	0	330	8	1,003	0.30	7.98	0	117
53	1,224.96	86.53	6	16	26	152	18	62	3	9	349	0	641	0.52	7.41	27	11
54	1,663.80	93.27	14	12	55	252	7	68	5	4	378	0	795	0.48	8.52	7	28
55	2,966.92	201.67	27	16	1,237	687	54	140	14	28	1,517	0	3,720	1.25	18.45	71	57
56	2,316.38	102.30	4	13	250	283	8	57	3	11	497	0	1,126	0.49	11.01	28	31
66	6,557.08	566.47	760	287	610	4,503	332	649	99	63	6,927	7	14,237	2.17	25.13	228	421
68	5,057.72	414.01	701	189	435	2,889	160	277	71	40	4,455	5	9,222	1.82	22.27	69	176
68N	1,846.50	132.99	205	47	100	759	27	45	1	0	665	1	1,850	1.00	13.91	13	128
69	3,641.80	329.44	698	251	393	2,468	166	304	39	35	3,791	17	8,162	2.24	24.78	71	330
69A	14,611.79	787.23	672	344	871	8,430	768	1,176	113	107	8,933	15	21,429	1.47	27.22	236	688
69N	1,825.89	146.65	166	45	238	638	13	50	1	0	834	1	1,986	1.09	13.54	7	106
69W	14,254.40	796.34	716	366	3,378	8,209	661	883	133	91	9,641	34	24,112	1.69	30.28	195	858
70	2,014.67	165.66	152	42	2,160	936	115	105	18	14	1,641	13	5,196	2.58	31.37	30	178
71	49,511.57	2,832.64	1,637	777	8,678	22,417	1,878	2,772	273	202	24,146	47	62,827	1.27	22.18	307	2500
72	5,786.09	279.77	10	17	187	1,577	104	274	26	31	1,278	0	3,504	0.61	12.52	30	94
74	3,538.68	207.17	2	14	94	1,272	84	249	16	15	885	0	2,631	0.74	12.70	13	28
75	6,598.80	397.50	10	28	247	2,963	185	501	33	38	1,981	0	5,986	0.91	15.06	87	147
76	1,681.98	88.66	7	7	12	309	23	69	8	9	310	0	754	0.45	8.50	1	24
79	1,726.19	100.83	4	9	123	498	61	157	21	39	641	0	1,553	0.90	15.40	127	87
88																	
91x	6,102.32	262.46	88	96	740	1,185	226	74	54	22	1,280	11	3,776	0.62	14.39	10	226
UC Supp.	765.72	47.27	2,581	176	2	11	0	2	0	0	10	4	2,786	3.64	58.94	0	47
Night Owl	786.35	74.02	1,233	9	7	29	1	2	0	0	23	0	1,304	1.66	17.62	0	46
TOTAL	224,272.33	13,657.75	95,023	9,337	23,098	79,575	6,140	10,150	1,370	974	101,771	497	327,935	1.46	24.01	1,773	11,365
			VTA/SC	ECO	Full	S/D	17		Passes/			Passengers	Passengers				
ROUTE			Day Pass	CalTrain	Pass	Fare	Tickets	Riders	Day Pass	Free Rides		RIDERSHIP	Per Mile	Per Hour	Wheelchair	Bike	
17	49,546.25	1,585.15	71	46	120	8,968	975	1,397	120	7,787		19,484	0.39	12.29	51	1187	

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December Ridership 347,419

Santa Cruz METRO
December 2008 Ridership Report

ROUTE	Miles	Hours	UC			Cabrillo	Full		Cash S/D		S/D	Passes/ Free Rides	Pacific Shores	Total Ridership	Passengers		W/C	Bike
			Student	Faculty			Fare	Tickets	Riders	Day Pass					Day Pass	Per Mile		
10	5,350.01	448.41	14,492	1,530	175	607	35	36	5	3	867	9	17,759	3.32	39.60	29	586	
13	989.28	84.60	5,990	291	46	94	5	6	0	1	106	0	6,539	6.61	77.29	1	196	
15	3,436.08	288.70	17,067	771	152	340	18	23	3	4	420	6	18,804	5.47	65.13	4	540	
16	12,263.08	991.76	40,782	2,556	609	1,837	70	122	32	23	2,215	7	48,253	3.93	48.65	17	1,400	
19	4,768.30	359.59	11,971	840	206	464	17	64	11	14	682	3	14,272	2.99	39.69	9	381	
3	2,499.64	181.13	359	91	284	625	72	136	27	28	1,386	71	3,079	1.23	17.00	19	69	
4	1,556.61	161.33	165	78	124	437	303	326	14	31	3,572	6	5,056	3.25	31.34	17	114	
7	1,146.20	102.67	187	44	51	122	24	73	5	21	641	0	1,168	1.02	11.38	10	13	
9	477.00	25.30	17	4	6	71	7	6	4	1	153	0	269	0.56	10.63	0	4	
12A	118.48	8.55	589	30	5	24	0	1	1	0	5	0	655	5.53	76.61	0	25	
20	5,946.64	396.39	8,662	725	214	778	88	109	18	8	1,493	129	12,224	2.06	30.84	10	343	
27x	632.52	54.00	2,276	176	12	33	1	1	2	0	28	1	2,530	4.00	46.85	0	107	
31	2,344.80	121.33	42	67	121	545	53	18	15	1	666	0	1,528	0.65	12.59	1	109	
32	786.32	46.57	117	15	12	196	13	6	1	0	305	0	665	0.85	14.28	0	16	
33	373.95	17.25	0	4	2	150	11	0	1	0	171	0	339	0.91	19.65	0	3	
34	209.40	13.24	0	0	0	28	0	0	0	0	38	0	66	0.32	4.98	1	0	
35	38,328.35	1,923.05	727	335	1,849	12,445	697	1,117	292	135	19,395	1	36,993	0.97	19.24	31	1,666	
40	2,473.88	100.39	21	15	23	590	16	30	14	2	490	2	1,203	0.49	11.98	1	29	
41	3,169.26	131.66	178	64	82	661	21	19	8	1	404	31	1,469	0.46	11.16	3	152	
42	3,389.62	125.67	164	20	63	459	9	44	4	2	237	8	1,010	0.30	8.04	0	63	
53	1,224.96	86.53	11	14	27	172	13	59	4	7	505	0	812	0.66	9.38	30	35	
54	1,932.96	112.33	9	4	127	201	24	42	4	1	486	0	898	0.46	7.99	15	21	
55	2,966.92	201.67	23	12	1,178	589	48	136	19	20	1,459	3	3,487	1.18	17.29	59	98	
56	2,316.38	102.30	4	4	258	210	16	68	6	7	447	1	1,021	0.44	9.98	32	36	
66	6,546.55	565.37	939	349	699	4,698	298	708	115	45	7,192	13	15,056	2.30	26.63	130	436	
68	5,057.72	414.01	877	360	348	2,832	214	404	66	39	4,620	4	9,764	1.93	23.58	69	272	
68N	1,848.50	132.99	246	64	116	689	16	31	1	1	792	0	1,956	1.06	14.71	10	102	
69	3,641.80	329.44	677	310	402	2,835	232	397	33	40	4,448	12	9,386	2.58	28.49	61	312	
69A	14,611.79	787.23	750	439	830	9,244	837	1,175	114	132	9,491	19	23,031	1.58	29.26	174	840	
69N	1,825.89	146.65	197	56	239	673	15	35	0	0	838	0	2,053	1.12	14.00	7	117	
69W	14,254.40	796.34	874	434	330	9,238	605	940	127	83	9,891	32	22,554	1.58	28.32	119	912	
70	2,158.58	177.49	157	84	2,304	1,053	112	122	18	17	1,859	15	5,741	2.66	32.35	24	227	
71	49,511.57	2,832.64	1,801	1,030	9,203	24,249	1,980	2,836	310	224	24,572	101	66,306	1.34	23.41	324	3,140	
72	5,786.09	279.77	15	17	219	1,750	96	293	40	22	1,406	1	3,859	0.67	13.79	15	72	
74	3,538.68	207.17	6	32	78	1,504	120	226	23	33	1,193	0	3,215	0.91	15.52	8	41	
75	6,598.80	397.50	17	38	185	3,343	174	577	96	56	2,199	0	6,685	1.01	16.82	42	162	
76	1,681.98	88.66	4	3	3	340	24	67	6	4	298	0	749	0.45	8.45	3	3	
79	1,726.19	100.83	2	19	97	662	69	261	23	42	825	0	2,000	1.16	19.84	49	21	
88	798.48	80.01	2	0	1	5	3,956	0	0	0	1,422	0	5,386	6.75	67.32	1	2	
91x	6,102.32	262.46	100	83	859	1,215	224	160	69	20	1,460	2	4,192	0.69	15.97	9	198	
UC Supp.	736.94	46.11	2,991	155	6	17	1	0	0	0	27	3	3,200	4.34	69.40	0	5	
Night Owl	560.83	49.80	1,401	17	14	27	1	0	0	0	8	1	1,469	2.62	29.50	0	33	
TOTAL	225,687.76	13,778.89	114,909	11,180	21,559	86,052	10,535	10,674	1,531	1,068	108,712	481	366,701	1.62	26.61	1,334	12,972	
ROUTE	VTA/SC		ECO		Full		S/D		Passes/		RIDERSHIP	Passengers		W/C	Bike			
	Day Pass	CalTrain	Pass	Fare	Tickets	Riders	Day Pass	Free Rides	Per Mile	Per Hour								
17	45,114.31	1,425.98	66	83	224	9,074	1,172	1,279	145	8,889	20,932	0.46	14.68	57	944			

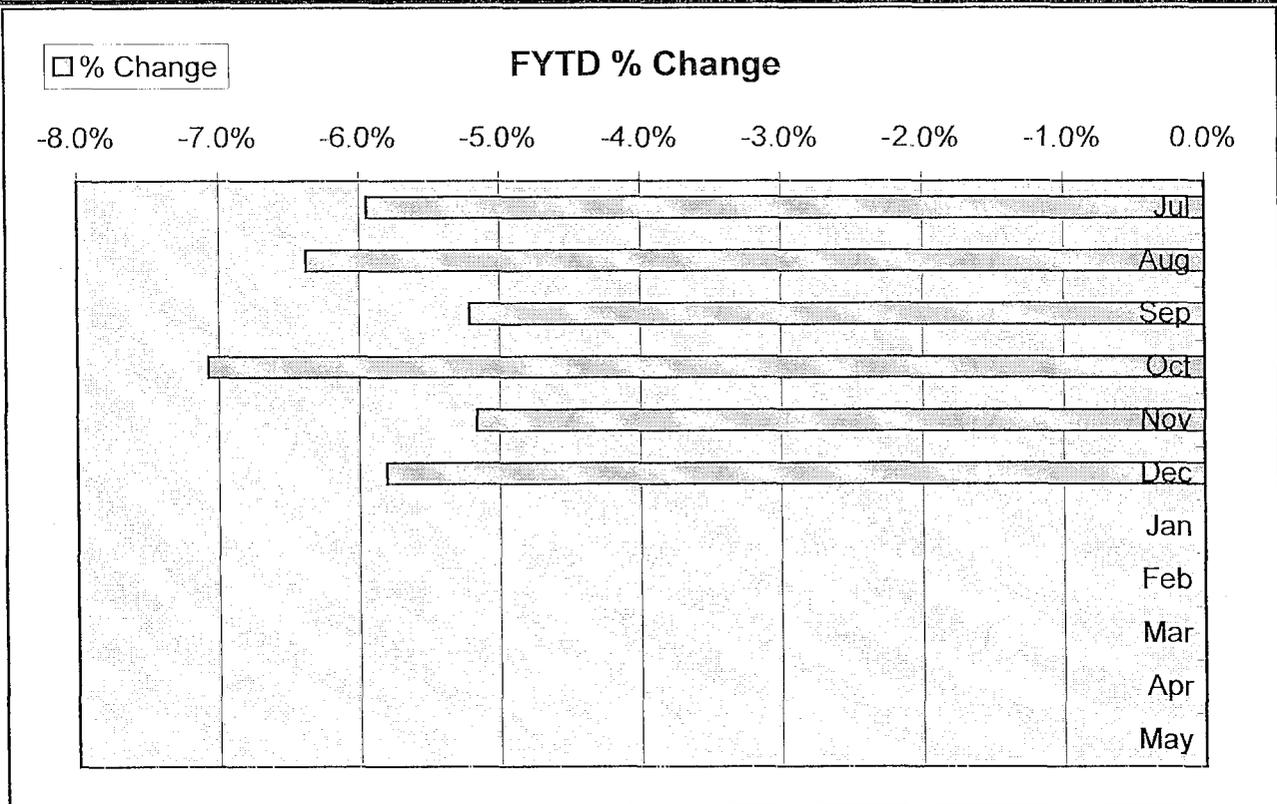
December Ridership 387,633

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FYTD % Change in Ridership
Through December 2009

	FY10 YTD Ridership	FY09 YTD Ridership	% Change
Jul	335,537	356,739	-5.9%
Aug	650,763	695,099	-6.4%
Sep	1,107,101	1,167,955	-5.2%
Oct	1,756,415	1,890,113	-7.1%
Nov	2,286,450	2,410,825	-5.2%
Dec	2,633,869	2,796,142	-5.8%
Jan			
Feb			
Mar			
Apr			
May			
Jun			



Route by Route Ridership

Attachment D

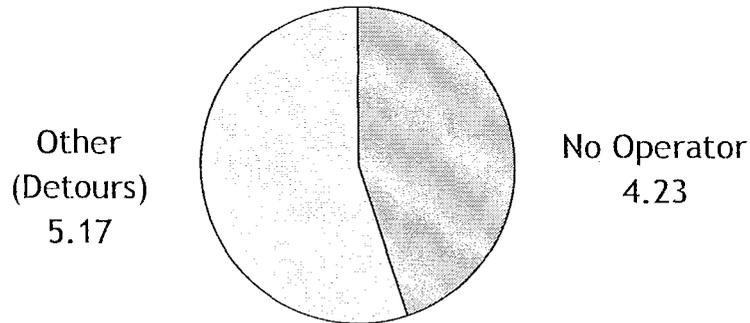
December 2009

	Route	Destination	FY10 Riders	FY09 Riders	+/- from last year	%
1	34	South Felton	218	66	152	230.3%
2	9	Prospect Heights	324	269	55	20.4%
3	56	Capitola/La Selva	1,126	1,021	105	10.3%
4	69W	Santa Cruz/Capitola/Cabrillo Watsonville	24,112	22,554	1,558	6.9%
5	55	Capitola/Rio Del Mar	3,720	3,487	233	6.7%
6	41	Bonny Doon	1,487	1,469	18	1.2%
7	76	Corralitos/Buena Vista	754	749	5	0.7%
8	40	Davenport	1,197	1,203	-6	-0.5%
9	42	Davenport/Bonny Doon	1,003	1,010	-7	-0.7%
10	69N	Santa Cruz/Capitola Cabrillo Night	1,986	2,053	-67	-3.3%
11	3	Natural Bridges	2,940	3,079	-139	-4.5%
12	71	Watsonville/Santa Cruz	62,827	66,306	-3,479	-5.2%
13	68N	Beach/Broadway/Portola Night	1,850	1,956	-106	-5.4%
14	66	Live Oak via 17th Avenue	14,237	15,056	-819	-5.4%
15	68	Live Oak via Broadway/Portola	9,222	9,764	-542	-5.6%
16	35	San Lorenzo Valley	34,716	36,993	-2,277	-6.2%
17	17	Santa Cruz/San Jose	19,484	20,932	-1,448	-6.9%
18	69A	Santa Cruz/Capitola/ Watsonville	21,429	23,031	-1,602	-7.0%
19	19	University via Lower Bay	13,037	14,272	-1,235	-8.7%
20	72	Corralitos	3,504	3,859	-355	-9.2%
21	20	University via Westside	11,082	12,224	-1,142	-9.3%
22	70	Santa Cruz/Cabrillo	5,196	5,741	-545	-9.5%
23	31	Santa Cruz/Scotts Valley	1,382	1,528	-146	-9.6%
24	91	Santa Cruz-Watsonville Express	3,776	4,192	-416	-9.9%
25	75	Green Valley	5,986	6,685	-699	-10.5%
26	N/O	Night Owl	1,304	1,469	-165	-11.2%
27	54	Capitola/Aptos/La Selva	795	898	-103	-11.5%
28	Sup	Route 20 Supplemental	2,786	3,200	-414	-12.9%
29	69	Santa Cruz/Capitola	8,162	9,386	-1,224	-13.0%
30	16	University via Laurel East	40,316	48,253	-7,937	-16.4%
31	27x	University Express	2,099	2,530	-431	-17.0%
32	74	Ohlone Parkway/Rolling Hills	2,631	3,215	-584	-18.2%
33	10	University via High St.	14,440	17,759	-3,319	-18.7%
34	15	University via Laurel West	15,099	18,804	-3,705	-19.7%
35	4	Harvey West/Emeline	4,022	5,056	-1,034	-20.5%
36	53	Capitola/Dominican	641	812	-171	-21.1%
37	79	East Lake	1,553	2,000	-447	-22.4%
38	13	University via Walnut	4,989	6,539	-1,550	-23.7%
39	12	University/Eastside Direct	499	655	-156	-23.8%
40	32	Santa Cruz/Scotts Valley	492	665	-173	-26.0%
41	33	Lompico	231	339	-108	-31.9%
42	7	Beach St	765	1,168	-403	-34.5%
43	88	Armory	0	5,386	-5,386	N/A
TOTALS			347,419	387,633	-34,828	-9.0%

5-5.d1

	FY07		FY08		FY09		FY10	
	Dropped Hours	Dropped Miles						
July	5.02	96.88	5.53	90.97	81.53	1482.81	10.35	208.64
August	15.02	276.46	4.93	110.45	1.13	23.95	32.77	894.57
September	11.30	160.72	9.00	191.05	11.50	194.51	17.30	240.17
October	37.52	540.19	9.52	122.24	29.75	555.98	13.02	234.98
November	37.55	477.48	3.32	45.89	11.60	59.92	14.75	180.63
December	6.08	143.84	18.97	241.87	1.58	26.64	9.40	220.62
January	12.24	188.23	49.20	453.86	0.97	10.95		
February	13.07	188.23	53.53	717.31	25.18	488.75		
March	7.13	133.30	22.50	315.63	18.73	452.08		
April	4.85	43.67	40.75	586.55	19.57	310.04		
May	16.00	241.42	16.40	246.82	19.33	284.60		
June	62.19	802.29	52.05	882.35	5.85	73.64		
TOTAL	227.96	3,292.71	285.70	4,004.99	226.74	3,963.85	97.58	1,979.60

Dropped Service Breakdown for December 2009



BUS OPERATOR LIFT TEST *PULL-OUT*
DECEMBER 2009

	A	B	C	D	E	F	
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/LOW FLOOR - 35'	18	1	16	11	6	11	100%
FLYER/LOW FLOOR - 40'	12	2	11	5	5	5	100%
FLYER/HIGHWAY 17 - 40'	7	2	5	0	5	0	100%
ORION/HIGHWAY 17 - 40'	11	3	8	7	1	7	100%
CNG/HIGHWAY 17 - 40'	5	2	4	2	2	2	100%
CNG NEW FLYER - 40'	18	5	14	13	1	13	100%
DIESEL CONVERSION - 35'	15	5	10	9	1	9	100%
DIESEL CONVERSION - 40'	14	2	12	10	2	10	100%
GILLIG/SAM TRANS - 40'	10	1	9	2	8	2	100%
GOSHEN	1	0	1	0	1	0	100%
TROLLEY	1	0	1	0	1	0	100%

5-5.f1

Attachment F

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

PASSENGER LIFT PROBLEMS

Attachment **G**

MONTH OF DECEMBER 2009

BUS #	DATE	DAY	REASON
9802 LFF 35	1-Dec	Tuesday	Red kneel button cover missing.
9836 GIL 40	2-Dec	Wednesday	Does not come out of kneel all the way.
9812 LFF40	2-Dec	Wednesday	Ramp takes too long to deploy, also, does not deploy manually.
9811 LFF 35	3-Dec	Thursday	While deploying ramp, it got stuck and needed help being pushed up once assisted ramp continued to deploy by itself it stowed properly.
2218 D/C LF 35	4-Dec	Friday	Kneel light flickers on and off.
9827 LFF 40	4-Dec	Friday	Ramp sticks.
2218 D/C LF 35	7-Dec	Monday	Kneel light on dashboard not working.
9810 LFF 35	7-Dec	Monday	No warning signal for kneel, ramp or e-brake.
9807 LFF 35	8-Dec	Tuesday	Passenger lift will not deploy by itself and sometimes won't stow.
2218 D/C LF 35	9-Dec	Wednesday	Kneel does not light up on dash.
2813	10-Dec	Thursday	No beeper w/kneel or rear ramp.
9818 LFF 35	17-Dec	Thursday	Kneel/ramp beeper doesn't work
2207 CNG LFF 40	19-Dec	Saturday	Kneeler doesn't work on 1st try-takes 2-3 attempts.
9807 LFF 35	21-Dec	Monday	Ramp needs to be greased at hinges
2219 D/C LF 35	21-Dec	Monday	W/C ramp not always working will not deploy or lift. Must lift manually.
2203 CNG LF 40	22-Dec	Tuesday	Wheelchair front S hooks curbside looks like bio hazard needs to be cleaned lift curb side chair to sec.
2815	22-Dec	Tuesday	Kneeling mechanism makes odd noise.
2203 CNG LF 40	30-Dec	Wednesday	Ramp doesn't go down all the way.
2305 17 ORI 40	30-Dec	Wednesday	No beeping alarm on lift/kneel.

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

Note: Lift operating problems that cause delays of less than 30 minutes

5-5.91

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010

TO: Board of Directors

FROM: Angela Aitken, Finance Manager & Acting Assistant General Manager 

SUBJECT: HIGHWAY 17 EXPRESS SERVICE REPORT FOR DECEMBER 2009

I. RECOMMENDED ACTION

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

II. SUMMARY OF ISSUES

- Total ridership for the month of December 2009 was 19,484. Which is an decrease of 1,524 riders or -7.25% from December 2008.
- FY10 average ridership per weekday was 936. This is an 8.1% decrease from FY09
- FY10 riders per revenue hour was 16.04 riders per hour, which is a 9.2% decrease from FY09.
- December 2009 Highway 17 Express operating costs was \$151,732.86 with December 2009 fare revenue at \$74,028.08 and additional funds from AMTRAK and SJSU at \$12,097.56 resulting in a 56.8% cost recovery ratio.

III. DISCUSSION

In the twenty-two (22) weekdays, eight (8) weekend days, and one (1) holiday of December 2009, the Highway 17 Express total ridership was 19,484 riders. This was a loss from the previous year, decreasing by 1,524 riders or simply -7.25%.

FY10 average weekday ridership on the Highway 17 Express was 936 riders per weekday, an 8.1% decrease from 1,018 riders per weekday in FY09. Simultaneously Highway 17 Express has seen a 9.2% decrease in riders per revenue hour from 17.67 riders per revenue hour to 16.04 riders per revenue hour. These decreases in ridership are most likely due to much lower gasoline prices in December 2009 than in December 2008 as well as an increase in unemployment in both Santa Clara and Santa Cruz counties.

The operating costs of the Highway 17 Express for December 2009 was \$151,732.86. A respectable 56.8% of the operating costs were recovered from fare revenue of \$74,028.08 and additional funds from AMTRAK and SJSU of \$12,097.56 totaling to \$86,125.64 in December 2009. Please see attachments regarding these figures.

IV. FINANCIAL CONSIDERATIONS.

Revenue derived from passenger fares and passes are reflected in the FY10 Revenue.

5-6.1

V. ATTACHMENTS

Attachment A: Highway 17 Express Operating Statistics Summary Fiscal Year 2010

Attachment B: Highway 17 Express Revenue & Expenditure Summary

Attachment C: Highway 17 Express Operating Statistics Summary Fiscal Year 2009

Prepared by: Erich Friedrich, Provisional Transit Planner; February 16, 2010.

5-6.2

HIGHWAY 17 EXPRESS OPERATING STATISTICS SUMMARY

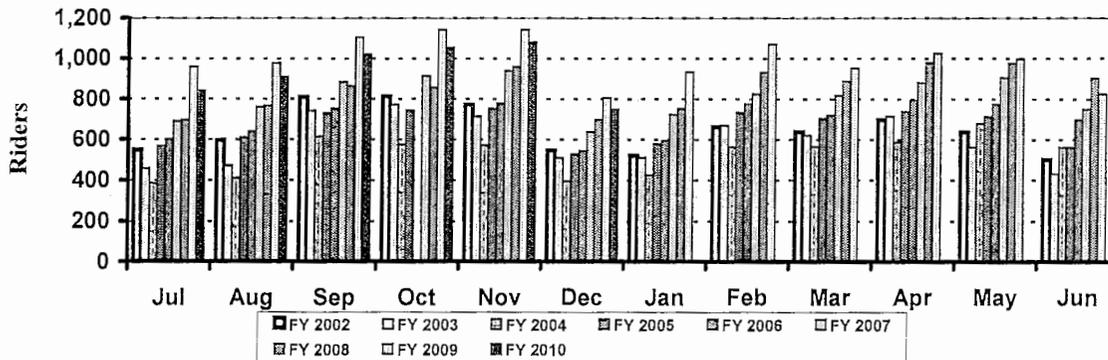
FISCAL YEAR 2010

MONTHLY	Jul-2009	Aug-2009	Sep-2009	Oct-2009	Nov-2009	Dec-2009	Jan-2010	Feb-2010	Mar-2010	Apr-2010	May-2010	Jun-2010
Total Ridership	23,566	24,127	26,172	29,411	27,204	19,484						
Avg. Weekday Ridership	842	908	1,020	1,049	1,076	747						
Avg. Saturday Ridership	533	510	522	652	544	387						
Avg. Sunday Ridership	519	502	535	767	656	300						
Total Service Days	31	31	30	31	30	31						
Number of Weekdays	23	21	21	22	19	22						
Number of Saturdays	4	5	4	5	4	4						
Numbers of Sundays	4	5	5	4	7	5						
Revenue Hours	1,618	1,552	1,523	1,590	1,482	1,585						

QUARTERLY	Q1			Q2			Q3			Q4		
Total Ridership	73,865			76,099								
Avg. Weekday Ridership	921			952								
Avg. Saturday Ridership	521			537								
Avg. Sunday Ridership	519			573								
Revenue Hours	4,694			4,657								

FYTD	Jul-2009	Aug-2009	Sep-2009	Oct-2009	Nov-2009	Dec-2009	Jan-2010	Feb-2010	Mar-2010	Apr-2010	May-2010	Jun-2010
Total Ridership	23,566	47,693	73,865	103,276	130,480	149,964						
Avg. Weekday Ridership	842	873	921	953	975	936						
Avg. Saturday Ridership	533	520	521	557	555	529						
Avg. Sunday Ridership	519	510	519	574	597	547						
Revenue Hours	1,618	3,170	4,694	6,283	7,765	9,351						

HIGHWAY 17 EXPRESS
Average Weekday Ridership History



FYTD COMPARISON
2010 vs. 2009

	FY 2010		FY 2009		Percent Change
	Jul '09 to Dec '09	Jul '08 to Dec '08	Jul '08 to Dec '08	Jul '08 to Dec '08	
# of Weekdays	128	127	127	127	0.8%
Total Ridership	149,964	160,482	160,482	160,482	-6.6%
Avg. Wkday Ridership	936	1,018	1,018	1,018	-8.1%
Avg Sat Ridership	529	547	547	547	-3.2%
Avg Sun Ridership	547	549	549	549	-0.2%
Revenue Hours	9,351	9,084	9,084	9,084	2.9%
Riders Per Rev. Hour	16.04	17.67	17.67	17.67	-9.2%

A

**HIGHWAY 17 EXPRESS
REVENUE & EXPENDITURE SUMMARY
FISCAL YEAR 2010**

PERIOD	TOTAL COST *	REVENUE								RATIOS				VTA COST SUMMARY			JPA COST SUMMARY		
		PASSENGER FARE REVENUE					ADDITIONAL FUNDS			TOTAL REVENUE	Ridership	Average Fare per Rider	Total Cost per Rider	Cost Recovery	Billed to VTA	VTA Fare Revenue	VTA Net Cost	TOTAL JPA Cost	JPA Cost per Rider
		FAREBOX	SCMTD Pass Sales	VTA Pass Sales	VTA EcoPass	Total Fare Revenue	SJSU** Funded	AMTRAK Funded											
Jul '09	\$155,343.40	\$54,382.61	\$14,362.50	\$9,810.00	\$1,120.00	\$79,675.11		\$10,361.00	\$90,036.11	23,566	\$3.38	\$6.59	58.0%	\$43,583.65	\$10,930.00	\$32,653.65	\$65,307.29	\$2.77	
Aug '09	\$148,122.32	\$57,058.08	\$15,222.50	\$9,360.00	\$940.00	\$82,580.56	\$279.28	\$10,361.00	\$93,220.84	24,127	\$3.42	\$6.14	62.9%	\$37,750.74	\$10,300.00	\$27,450.74	\$54,901.48	\$2.28	
Sep '09	\$145,713.48	\$58,350.07	\$17,092.50	\$17,460.00	\$828.00	\$91,730.57	\$2,117.96	\$10,348.15	\$104,196.66	28,172	\$3.50	\$5.57	71.5%	\$39,046.40	\$18,288.00	\$20,758.40	\$41,516.80	\$1.59	
Oct '09	\$152,325.81	\$63,785.70	\$18,733.50	\$15,750.00	\$924.00	\$99,193.20	\$2,489.96	\$10,460.59	\$112,143.75	29,411	\$3.37	\$5.18	73.6%	\$36,765.03	\$16,674.00	\$20,091.03	\$40,182.06	\$1.37	
Nov '09	\$141,545.21	\$67,168.82	\$17,159.50	\$15,930.00	\$716.00	\$100,974.32	\$2,198.20	\$10,870.85	\$114,043.37	27,204	\$3.71	\$5.20	80.6%	\$30,396.92	\$16,646.00	\$13,750.92	\$27,501.84	\$1.01	
Dec '09	\$151,732.86	\$49,562.08	\$14,356.00	\$9,630.00	\$480.00	\$74,028.08	\$1,726.56	\$10,371.00	\$86,125.64	19,484	\$3.80	\$7.79	56.8%	\$42,913.61	\$10,110.00	\$32,803.61	\$65,607.22	\$3.37	
FYTD 2010	\$894,783.07	\$348,307.34	\$96,926.50	\$77,940.00	\$5,008.00	\$528,181.84	\$8,811.96	\$62,772.59	\$599,766.39	149,964	\$3.52	\$5.97	67.0%	\$230,456.35	\$82,948.00	\$147,508.35	\$295,016.68	\$1.97	
FYTD 2009	\$889,982.01	\$329,680.89	\$96,091.50	\$101,160.00	\$6,480.00	\$533,412.39	\$9,339.84	\$61,149.80	\$603,902.03	160,482	\$3.32	\$5.55	67.9%	\$250,680.00	\$107,640.00	\$143,040.00	\$286,079.98	\$1.78	
Percent Change	0.5%	5.6%	0.9%	-23.0%	-22.7%	-1.0%	-5.7%	2.7%	-0.7%	-6.6%	6.0%	7.6%	-1.2%	-8.1%	-22.9%	3.1%	3.1%	10.4%	

FYTD 2009 Percent of Passenger Fare Revenues	65.9%	18.4%	14.8%	0.9%
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Abbreviations: SCMTD = Santa Cruz Metropolitan Transit District
SJSU = San Jose State University

- * SCMTD Invoice
- ** Expenses for SJSU blocks less farebox for SJSU blocks

5-6.61

Attachment B

HIGHWAY 17 EXPRESS OPERATING STATISTICS SUMMARY

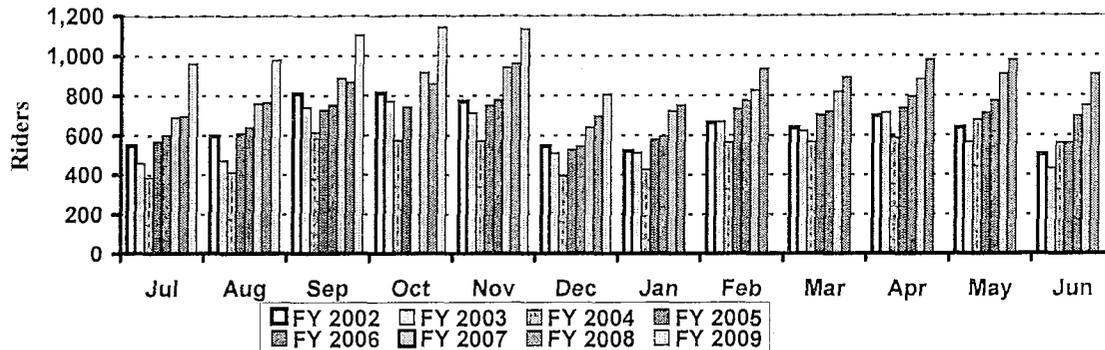
FISCAL YEAR 2009

MONTHLY	Jul-2008	Aug-2008	Sep-2008	Oct-2008	Nov-2008	Dec-2008	Jan-2009	Feb-2009	Mar-2009	Apr-2009	May-2009	Jun-2009
Total Ridership	25,909	26,183	27,827	31,546	27,852	21,008						
Avg. Weekday Ridership	959	977	1,101	1,142	1,133	805						
Avg. Saturday Ridership	540	566	550	625	567	422						
Avg. Sunday Ridership	531	565	500	697	660	324						
Total Service Days	31	31	30	31	30	31						
Number of Weekdays	22	21	21	23	18	22						
Number of Saturdays	4	5	4	4	5	4						
Numbers of Sundays	5	5	5	4	7	5						
Revenue Hours	1,485	1,451	1,468	1,633	1,456	1,592						

QUARTERLY	Q1			Q2			Q3			Q4		
Total Ridership	79,919			80,406								
Avg. Weekday Ridership	1,012			1,022								
Avg. Saturday Ridership	553			540								
Avg. Sunday Ridership	532			564								
Revenue Hours	4,403			4,681								

FYTD	Jul-2008	Aug-2008	Sep-2008	Oct-2008	Nov-2008	Dec-2008	Jan-2009	Feb-2009	Mar-2009	Apr-2009	May-2009	Jun-2009
Total Ridership	25,909	52,092	79,919	111,465	139,317	160,325						
Avg. Weekday Ridership	959	968	1,012	1,046	1,061	1,017						
Avg. Saturday Ridership	540	554	553	570	569	547						
Avg. Sunday Ridership	531	548	532	567	592	549						
Revenue Hours	1,485	2,936	4,403	6,037	7,492	9,084						

HIGHWAY 17 EXPRESS
Average Weekday Ridership History



FYTD COMPARISON
2009 vs. 2008

	FY 2009		FY 2008		Percent Change
	Jul '08 to Dec '08	Jul '07 to Dec '07	Jul '08 to Dec '08	Jul '07 to Dec '07	
# of Weekdays	127	126	127	126	0.8%
Total Ridership	160,325	124,916	160,325	124,916	28.3%
Avg. Wkday Ridership	1,017	805	1,017	805	26.3%
Avg Sat Ridership	547	402	547	402	35.9%
Avg Sun Ridership	549	408	549	408	34.6%
Revenue Hours	9,084	8,604	9,084	8,604	5.6%
Riders Per Rev. Hour	17.65	14.52	17.65	14.52	21.6%

5-6.01

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010
TO: Board of Directors
FROM: Angela Aitken, Finance Manager & Acting Assistant General Manager 
SUBJECT: UNIVERSITY OF CALIFORNIA – SANTA CRUZ
MONTHLY SERVICE REPORT FOR THE MONTH OF DECEMBER
2009

I. RECOMMENDED ACTION

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

II. SUMMARY OF ISSUES

- There were eight (8) school-term days in December 2009 and nine (9) in December 2008.
 - Revenue received from UCSC was \$132,878.95 versus \$151,680.37; a decrease of 12.4%
 - System-wide UCSC ridership decreased by 10.0% FYTD.
 - Total student ridership decreased by 9.2% FYTD.
 - Total Faculty/Staff ridership decreased by 18.8% FYTD.
 - Average Student ridership per school day decreased by 7.7%
 - Average Faculty/Staff ridership per weekday decreased by 13.3%

III. DISCUSSION

For the month of December 2009, there were eight (8) school-term days.

UCSC Revenue in December 2009 decreased a total of \$18,801.42 or 12.4% under December 2008. This decrease was most likely caused by one fewer day of school term service and lower ridership. UCSC ridership for all Santa Cruz METRO service in December 2009 was negative compared to December 2008, with a decrease of 10% FYTD. Monthly comparisons included a 7.7% decrease in Average Student ridership per school day and a 13.3% decrease in Average Faculty/ Staff ridership per weekday in December 2009 from December 2008.

After several conversations with university staff, it has been determined that shifts in student demographics are mostly responsible for the losses in ridership. The university, in the previous year, has reduced the number of incoming first year Freshmen while simultaneously raising the number of accepted Junior transfer students. Of the two groups, Junior transfer students tend to be less transit dependent than first year Freshmen, therefore effect on ridership is negative even though UCSC attendance is slightly more than in previous years.

5-7.1

Please see attached charts and graphs that will depict average UCSC Student and Faculty/Staff ridership decreasing by 7.7% and 13.3% respectively.

IV. FINANCIAL CONSIDERATIONS.

Total revenue received as of December 2009 is negative \$64,737.81 or 5.28% FYTD under December 2008 actuals.

V. ATTACHMENTS

- Attachment A: Total UCSC Monthly Revenue**
- Attachment B: Total UCSC Ridership**
- Attachment C: Monthly UCSC Ridership**
- Attachment D: Total UCSC Student Ridership**
- Attachment E: Total UCSC Faculty/Staff Ridership**

Prepared by: Erich Friedrich, Provisional Transit Planner; February 16, 2010.

5-7.2

Total UCSC Monthly Revenue

FY 09 UCSC Revenue									
Date	Regular Student Bill	Regular Staff Bill	Night Owl Bill	Supplemental Bill	27x	TOTAL	Last Year	% Change	\$ Change
Jul-08	\$ 40,787.95	\$ 14,367.08	-	\$ 9,719.80	-	\$ 64,874.83	\$ 48,944.00	32.5%	\$ 15,930.83
Aug-08	\$ 43,773.78	\$ 16,273.16	-	\$ 10,973.81	-	\$ 71,020.75	\$ 55,280.33	28.5%	\$ 15,740.42
Sep-08	\$ 151,871.29	\$ 18,162.59	\$ 3,763.96	\$ 2,563.82	\$ 2,007.46	\$ 178,369.12	\$ 126,441.28	41.1%	\$ 51,927.84
Oct-08	\$ 408,791.24	\$ 21,030.79	\$ 13,538.41	\$ 1,999.52	\$ 5,435.42	\$ 450,795.38	\$ 373,239.85	20.8%	\$ 77,555.53
Nov-08	\$ 274,825.68	\$ 15,381.16	\$ 10,512.74	\$ 5,500.47	\$ 3,989.36	\$ 310,209.41	\$ 278,625.33	11.3%	\$ 31,584.08
Dec-08	\$ 129,527.31	\$ 11,581.57	\$ 4,892.43	\$ 3,560.21	\$ 2,118.85	\$ 151,680.37	\$ 144,450.71	5.0%	\$ 7,229.66
Jan-09	\$ 324,761.80	\$ 15,605.62	\$ 11,679.83	\$ 297.04	\$ 3,803.13	\$ 356,147.42	\$ 291,196.34	22.3%	\$ 64,951.08
Feb-09	\$ 313,712.45	\$ 16,053.38	\$ 12,788.37	\$ 893.73	\$ 4,582.22	\$ 348,030.15	\$ 316,841.16	9.8%	\$ 31,188.99
Mar-09	\$ 256,439.79	\$ 16,335.68	\$ 7,795.60	\$ 1,419.89	\$ 4,529.94	\$ 286,520.90	\$ 248,308.68	15.4%	\$ 38,212.22
Apr-09	\$ 337,553.59	\$ 16,412.05	\$ 13,858.64	\$ 657.89	\$ 6,013.28	\$ 374,495.45	\$ 344,270.47	8.8%	\$ 30,224.98
May-09	\$ 300,396.54	\$ 15,066.45	\$ 12,869.92	\$ 1,647.19	\$ 6,425.82	\$ 336,405.92	\$ 323,061.52	4.1%	\$ 13,344.40
Jun-09	\$ 136,348.98	\$ 14,611.75	\$ 4,245.33	\$ 1,648.20	\$ 3,218.69	\$ 160,072.95	\$ 155,257.04	3.1%	\$ 4,815.91
FY 2009	\$ 2,718,790.40	\$ 190,881.28	\$ 95,945.23	\$ 40,881.57	\$ 42,124.17	\$ 3,088,622.65	\$ 2,705,916.71	14.1%	\$382,705.94
FY 10 UCSC Revenue									
Date	Regular Student Bill	Regular Staff Bill	Night Owl Bill	Supplemental Bill	27x	TOTAL	Last Year	% Change	\$ Change
Jul-09	\$48,734.00	\$13,306.66				\$62,040.66	\$ 64,874.83	-4.4%	-\$2,834.17
Aug-09	\$41,885.71	\$13,429.30				\$55,315.01	\$ 71,020.75	-22.1%	-\$15,705.74
Sep-09	\$153,393.69	\$15,756.32	\$2,760.13	\$652.54	\$2,408.04	\$174,970.72	\$ 178,369.12	-1.9%	-\$3,398.40
Oct-09	\$385,944.49	\$16,972.17	\$10,275.05	\$0.00	\$4,055.38	\$417,247.09	\$ 450,795.38	-7.4%	-\$33,548.29
Nov-09	\$291,654.82	\$15,207.74	\$7,550.34	\$918.86	\$4,427.86	\$319,759.62	\$ 310,209.41	3.1%	\$9,550.21
Dec-09	\$115,072.85	\$11,307.11	\$3,421.37	\$1,091.96	\$1,985.66	\$132,878.95	\$ 151,680.37	-12.4%	-\$18,801.42
Jan-10									
Feb-10									
Mar-10									
Apr-10									
May-10									
Jun-10									
FY 2010 Total	\$1,036,685.56	\$85,979.30	\$24,006.89	\$2,663.36	\$12,876.94	\$1,162,212.05	\$1,226,949.86	-5.28%	-\$64,737.81

5-7.01

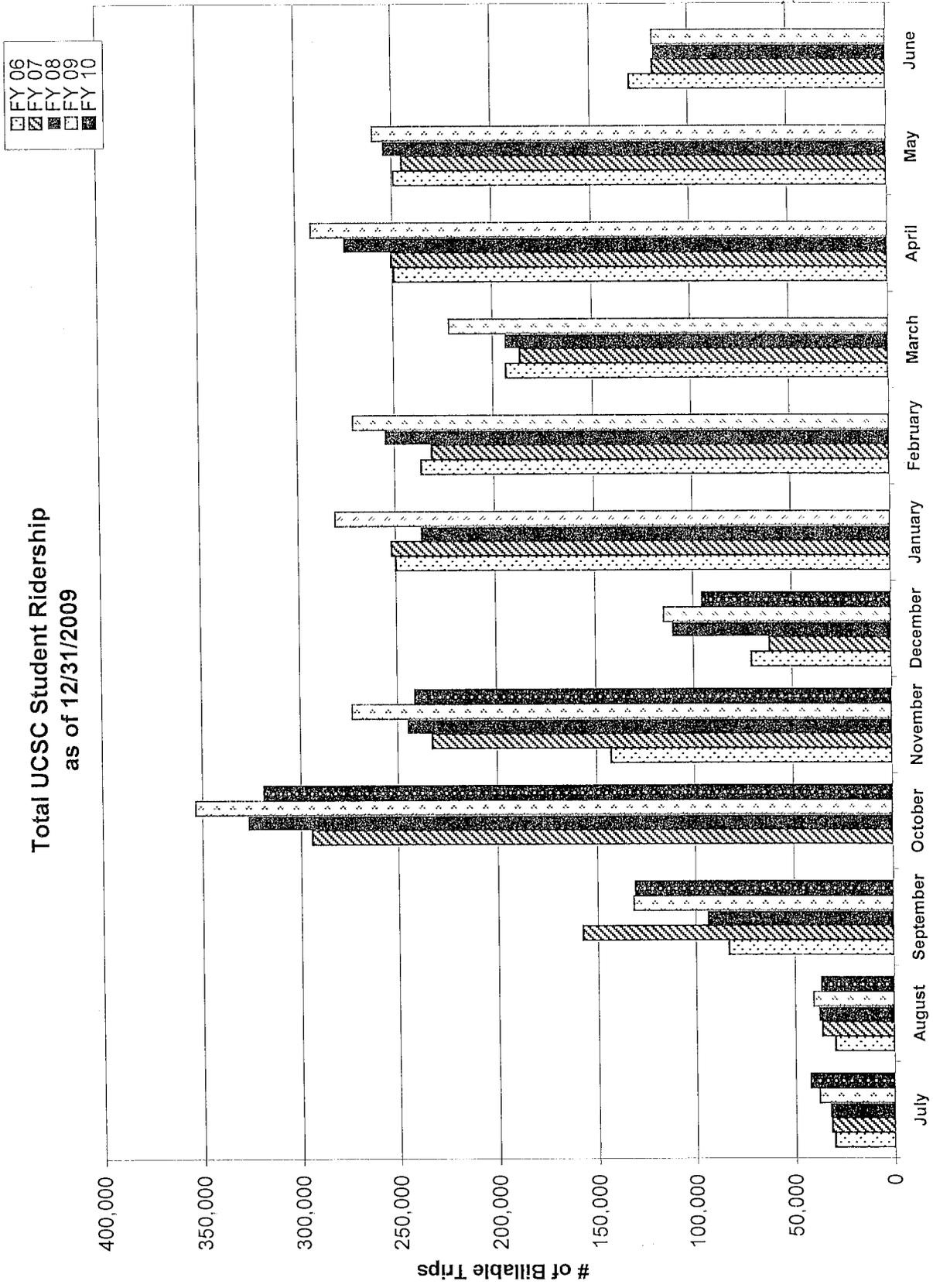
Attachment A

Monthly UCSC Ridership

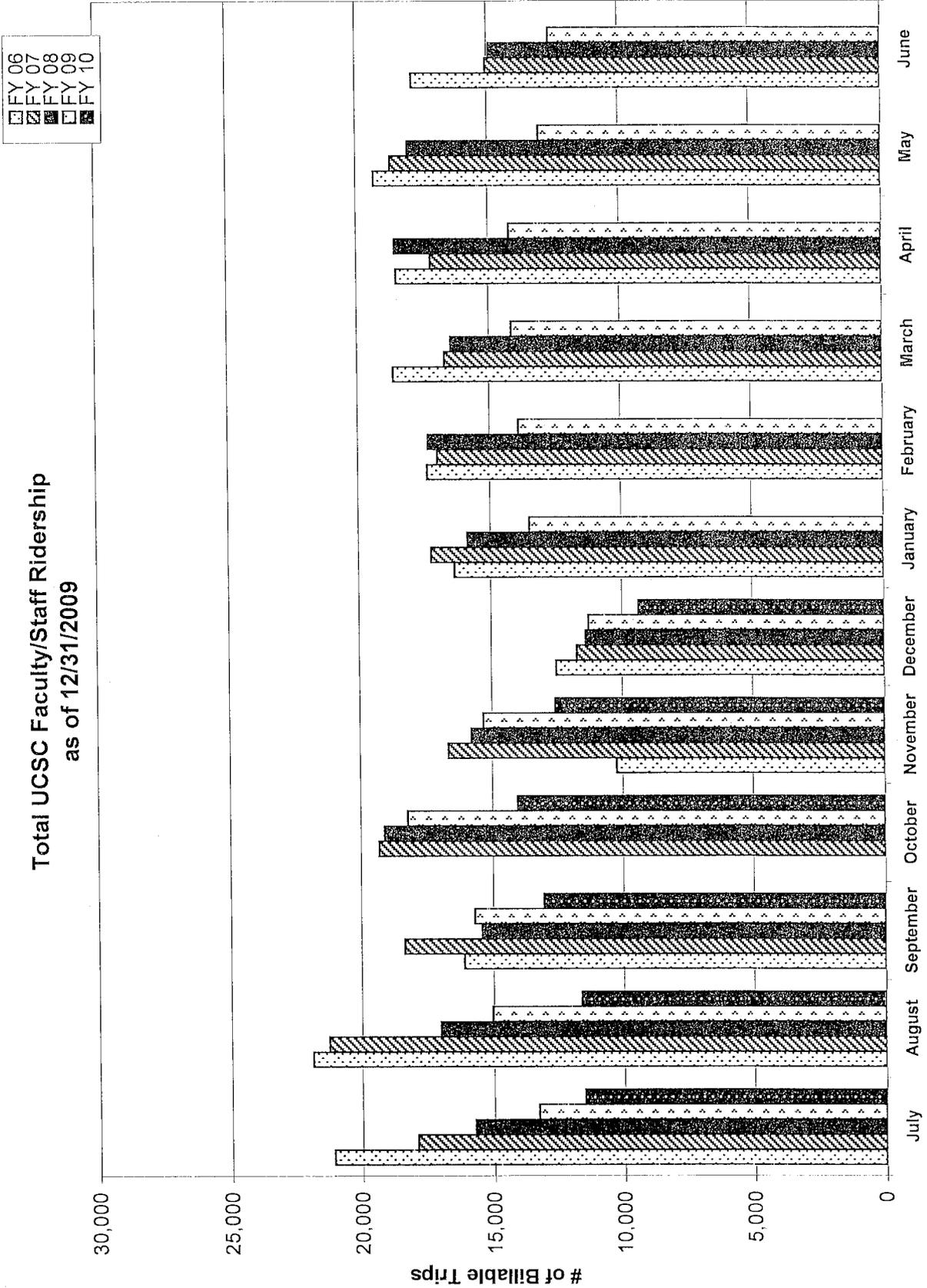
December 2009	Student Ridership			Faculty/ Staff Ridership			Average Student Ridership Per School Day			Average Faculty/Staff Ridership Per Weekday		
	FY 10	FY 09	%	FY 10	FY 09	%	FY 10	FY 09	%	FY 10	FY 09	%
Regular Service	89,591	108,307	-17.3%	9,037	10,915	-17.2%	9,758.0	10,609.3	-8.0%	410.8	474.6	-13.4%
Supplemental	2,581	2,991	-13.7%	176	155	13.5%	322.6	332.3	-2.9%	8.0	6.7	18.7%
Night Owl	1,233	1,401	-12.0%	9	17	-47.1%	154.1	155.7	-1.0%	0.4	0.7	-44.7%
27x	1,887	2,276	-17.1%	117	176	-33.5%	235.9	252.9	-6.7%	5.3	7.7	-30.5%
TOTAL	95,292	114,975	-17.1%	9,339	11,263	-17.1%	10,470.6	11,350.2	-7.7%	424.5	489.7	-13.3%

5-7.01

Attachment



5-7.d1



5-7.e1

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010
TO: Board of Directors
FROM: Frank L. Cheng, Project Manager
SUBJECT: CONSIDERATION OF METROBASE STATUS REPORT

I. RECOMMENDED ACTION

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

II. SUMMARY OF ISSUES

- Maintenance Building
 - West Bay is continuing with site work on 2nd half of site.
 - Painting
 - Offices
 - Equipment installation
 - Floor finish
- Operations Building
 - RNL has repackaged the Operations Building.
 - Invitation For Bids(IFB) is pending State release of Proposition 1B Bond Funds.
- Vernon Administration Building
 - On December 5, 2009, METRO relocated to 110 Vernon Street, Santa Cruz
 - Harris & Associates is assisting in closeout documents with DMC Construction.

III. DISCUSSION

West Bay Builders is continuing to work on second phase of the Maintenance Building. Current work includes painting, offices, equipment installation, and floor finish. The interior and exterior of the building are being painted. Drop-ceiling tiles were installed in the offices. Equipment on the main floor has been installed. Proposals for the floor finish have been requested and will be brought to the Board of Directors for review in the upcoming month. Construction meetings are held weekly to maintain current project schedule. West Bay has removed their trailer from the site is estimating completion of project in March 2010. Punchlist will be commencing soon. Due to the delay in completion of the Maintenance Building, construction administration services have been extended for RNL Design to complete the Maintenance Building.

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In regards to the Operations Building, RNL Design has completed the re-package of the Operations Building. The plans have been reviewed by the City of Santa Cruz, and plan checked by Bureau Veritas. Invitation for Bids is pending State release of Proposition 1B Bond Funds.

On December 5, 2009, METRO relocated to 110 Vernon Street, Santa Cruz. DMC Construction is continuing to work on punch list items. Few items are left and METRO will be closing out the project. Harris & Associates is assisting with the closeout with DMC Construction.

Information for the MetroBase Project can be viewed at <http://www.scmtd.com/metrobase>
Information on the project, contact information, and MetroBase Hotline number (831) 621-9568 can be viewed on the website.

Previous information regarding the MetroBase Project:

- A. Maintenance Building (IFB 06-01)
 - West Bay working on 2nd half site work, and punch-list items for 1st half.
 - IFB 06-01 Maintenance Building awarded to West Bay Builders.
 - Weekly Construction Meetings.
- B. Operations Building
 - RNL Design Operations Building re-package complete.
 - Invitation For Bids is pending State release of Proposition 1B Bond Funds.
- C. Vernon Administration Building (IFB 09-10)
 - Wald, Ruhnke & Dost Architects completed bid set.
 - Invitation For Bids 09-10 due March 24, 2009.
 - On April 24, 2009, the Board of Directors approved a contract with DMC Construction, Inc. for the construction remodel of the building located at 110 Vernon Street, Santa Cruz for an amount not to exceed \$1,833,141.
 - Notice-to-Proceed for Vernon project is May 6, 2009.
 - On December 5, 2009, METRO relocated to 110 Vernon Street, Santa Cruz, CA.

IV. FINANCIAL CONSIDERATIONS

Funds for the construction of the Maintenance Building, and Vernon Administration Building Components of the MetroBase Project are available within the funds the METRO has secured for the Project.

V. ATTACHMENTS

Attachment A: None

5-8.2

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Minutes- Board of Directors

December 18, 2009

A Regular Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Friday, December 18, 2009 at the Santa Cruz City Council Chambers, 809 Center Street, Santa Cruz, California.

Chair Bustichi called the meeting to order at 9:03 a.m.

SECTION 1: OPEN SESSION

1. ROLL CALL:

DIRECTORS PRESENT

Dene Bustichi
Ron Graves
Donald Hagen
Michelle Hinkle
Lynn Robinson
Mike Rotkin (arrived after roll call)
Pat Spence
Mark Stone (arrived after roll call)
Marcela Tavantzis

STAFF PRESENT

Ciro Aguirre, Operations Manager
Angela Aitken, Finance Manager / Acting AGM
Frank Cheng, MB Project Manager
Bob Cotter, Maintenance Manager
Mary Ferrick, Fixed Route Superintendent

DIRECTORS ABSENT

Emilio Martinez
Ellen Pirie
Ex-Officio Donna Blitzer

Margaret Gallagher, District Counsel
Debbie Kinslow, Asst Finance Manager
Robyn Slater, Human Resources Manager
Les White, General Manager

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

John Daugherty, SEA
Kimberly Lacrosse, United Way
Don Lane, SC City Councilmember
Marc Krovetz, Bus Operator
Steven Marcus, Bus Operator
Cynthia Matthews, SC City Councilmember
Uriel Mendoza, Bus Operator

Bonnie Morr, UTU
Arthur Muniz, Bus Operator
Peter S. Prince, Bus Operator
Will Regan, VMU
Mark Saunders, Bus Operator
Raymond F. Scargill, Super of Parts & Maint
Amy Weiss, Spanish Interpreter

5-9.1

2. ORAL AND WRITTEN COMMUNICATION TO THE BOARD OF DIRECTORS

Written:

- | | | | |
|----|---------------------------------|-----|-----------------------------|
| a. | Sandra Lipperd, UTU, Local 23 | Re: | ParaCruz Salary Tables |
| b. | Amy Weiss, Spanish Interpreter | Re: | Holiday Card |
| c. | Don Lane, SC City Councilmember | Re: | Project Homeless Bus Passes |

DIRECTOR ROTKIN ARRIVED

Oral:

None.

3. LABOR ORGANIZATION COMMUNICATIONS

John Daugherty, SEA, wished everyone Happy Holidays and spoke in remembrance of former METRO employees, Francisco DeVillires and Ray Mattos, and METRO passengers that he had personally known that passed away during 2009.

DIRECTOR STONE ARRIVED

Bonnie Morr, UTU, also wished everyone Happy Holidays and stated that she would like to “ditto” everything John Daugherty said and also wish the best of luck to METRO families struggling with health and medical issues and hope they are able to return to work soon.

Ms. Morr also expressed concern about disparaging comments towards UTU that were made by Chair Bustichi at a recent Board of Supervisors meeting. Ms. Morr stated that Chair Bustichi had been misinformed and requested that he confirm the accuracy of information prior to making comments about UTU going forward.

In response to Bonnie Morr, Chair Bustichi stated that he stands by his comments and that the comments had been made in support of Pat Spence.

4. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

None.

CONSENT AGENDA

- 5-1. APPROVE PRELIMINARILY APPROVED CLAIMS FOR THE MONTH OF OCTOBER 2009
- 5-2. ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR OCTOBER 2009
- 5-3. CONSIDERATION OF TORT CLAIMS: NONE
- 5-4. ACCEPT AND FILE MAC AGENDA FOR DECEMBER 16, 2009 AND MINUTES OF OCTOBER 21, 2009

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- 5-5. ACCEPT AND FILE PARACRUZ OPERATIONS STATUS REPORT FOR THE MONTH OF OCTOBER 2009
- 5-6. ACCEPT AND FILE RIDERSHIP AND PERFORMANCE REPORT FOR OCTOBER 2009
- 5-7. ACCEPT AND FILE HIGHWAY 17 STATUS REPORT FOR OCTOBER 2009
- 5-8. ACCEPT AND FILE UNIVERSITY OF CALIFORNIA, SANTA CRUZ MONTHLY SERVICE REPORT FOR OCTOBER 2009
- 5-9. ACCEPT AND FILE METROBASE PROJECT STATUS REPORT
- 5-10. APPROVE REGULAR BOARD MEETING MINUTES OF NOVEMBER 20, 2009
- 5-11. CONSIDERATION OF OWNED AND LEASED PROPERTY INVENTORIES TO DETERMINE IF THERE IS ANY PROPERTY IN EXCESS OF SANTA CRUZ METROPOLITAN TRANSIT DISTRICT'S FORESEEABLE NEEDS
- 5-12. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT RENEWAL WITH SC FUELS FOR PURCHASE AND DELIVERY OF CARB ULTRA-LOW SULFUR DIESEL FUEL FOR AN AMOUNT NOT TO EXCEED \$1,500,000
- 5-13. CONSIDERATION OF AMENDING THE PURCHASE ORDER WITH DEVCO OIL, INC. FOR GASOLINE FUEL IN AN AMOUNT NOT TO EXCEED \$47,000
- 5-14. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN AMENDMENT TO THE CONTRACT WITH RNL DESIGN, INC. IN THE AMOUNT OF \$21,734.10 FOR ENGINEERING SERVICES REQUESTED BY WEST BAY BUILDERS AND A DEDUCTIVE CHANGE ORDER TO WEST BAY BUILDERS' CONTRACT IN THE AMOUNT OF \$21,734.10 FOR THE MAINTENANCE BUILDING COMPONENT OF THE METROBASE PROJECT
- 5-15. NOTIFICATION OF ACTION TAKEN IN CLOSED SESSION REGARDING SETTLEMENT WITH JOSEPH BLAIR, CLAIM #09-0005
- 5-16. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT WITH SUE CLARKE FOR CONTINUING TO AUDIT THE TALKING BUSES EXTERNAL ANNOUNCEMENTS AT THE BART CAVALLARO TRANSIT CENTER

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR GRAVES

Approve the Consent Agenda.

Regarding Item #5-6, Director Hagen commented that he feels that the previous and future Route 79 service reductions are a disservice and disparaging attack on the seniors in south county because there are 11 routes that have fewer total riders and 12 routes that have fewer riders per mile.

Director Rotkin amended his motion to include Director Hagen's comments, which was accepted by Director Graves with the amended motion reading:

Approve the Consent Agenda. Regarding Item #5-6, Director Hagen commented that he feels that the previous and future Route 79 service reductions are a disservice and disparaging attack on the seniors in south county because there are 11 routes that have fewer total riders and 12 routes that have fewer riders per mile.

Motion passed unanimously with Directors Martinez and Pirie being absent.

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REGULAR AGENDA

6. PRESENTATION OF EMPLOYEE LONGEVITY AWARDS

The following employees were presented with longevity awards for their years of service:

TEN YEARS

Manny Garbez, Bus Operator
Martin Gilbert, Bus Operator
Marc Krovetz, Bus Operator
Steven Marcus, Bus Operator
Uriel Mendoza, Bus Operator
Arthur Muniz, Bus Operator
Martin Olander, Bus Operator

FIFTEEN YEARS

Michael T. Smith, Custodial Service Worker I

TWENTY-FIVE YEARS

Gilberto Limas, Bus Operator
Raymond F. Scargill, Supervisor of Parts & Maintenance – Fleet Maint.

THIRTY YEARS

Peter S. Prince, Bus Operator

Les White noted that Peter Prince's name would be added to METRO's 30-Year Employee plaque upon his retirement at the end of the month.

7. CONSIDERATION OF ADOPTION OF RESOLUTION OF APPRECIATION FOR THE SERVICES OF PAULA R. FLAGG AS ADMINISTRATIVE ASSISTANT FOR THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR ROBINSON

Continue this item to January 2010.

Motion passed unanimously with Directors Martinez and Pirie being absent.

8. CONSIDERATION OF ADOPTION OF RESOLUTION OF APPRECIATION FOR THE SERVICES OF RUTH JONES AS BUS OPERATOR FOR THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Bonnie Morr requested, on behalf of Ruth Jones, that this item be continued to next month.

5-9.4

ACTION: MOTION: DIRECTOR HAGEN SECOND: DIRECTOR ROTKIN

Continue this item to January 2010.

Motion passed unanimously with Directors Martinez and Pirie being absent.

9. CONSIDERATION OF ADOPTION OF RESOLUTION OF APPRECIATION FOR THE SERVICES OF RICHARD E. PRUDDEN AS BUS OPERATOR FOR THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR ROBINSON

Adopt Resolution of Appreciation for the services of Richard E. Prudden as Bus Operator for the Santa Cruz Metropolitan Transit District.

Motion passed unanimously with Directors Martinez and Pirie being absent.

10. CONSIDERATION OF ADOPTING A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO SUBMIT A GRANT APPLICATION AND SIGN NECESSARY AGREEMENTS FOR STATE FUNDING IN THE CALIFORNIA ENERGY COMMISSION'S ALTERNATIVE AND RENEWABLE FUEL AND VEHICLE PROGRAM'S ALTERNATIVE AND RENEWABLE FUEL INFRASTRUCTURE GRANTS PROGRAM

Summary:

Angela Aitken reported that the CEC funding under this proposal will fund up to 23% or \$300,000 of the total project cost estimated at \$1.3 million for a second CNG storage tank. The remaining funds are anticipated via future grants that METRO will be applying for and a 20% local match.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR ROBINSON

Adopt a resolution authorizing the General Manager to submit a grant application and sign necessary agreements for state funding in the California Energy Commission's Alternative and Renewable Fuel and Vehicle Program's Alternative and Renewable Fuel Infrastructure Grants Program

Motion passed unanimously with Directors Martinez and Pirie being absent.

11. CONSIDERATION OF ACCEPTING DONATION OF PROPERTY LOCATED ON HIGHWAY 9 IN BOULDER CREEK BY PROPERTY OWNER JOSE ORTEGA

Summary:

Les White reported that this property is an unbuildable parcel located on Highway 9 just north of Boulder Creek and a portion of the property is currently used by METRO as a bus stop. Staff recommends that the Board not accept the donation of the property due to the significant topographical issues as the maintenance cost, including erosion control and storm drainage, and

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potential liability outweigh the benefits of ownership. METRO will also be evaluating whether to retain the bus stop there at all.

ACTION: MOTION: DIRECTOR TAVANTZIS SECOND: DIRECTOR ROTKIN

Do not accept the donation of property located on Highway 9 in Boulder Creek by property owner Jose Ortega and direct staff to write a letter to the owner thanking him for his generosity, but declining the offer.

Motion passed unanimously with Directors Martinez and Pirie being absent.

12. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A THREE-YEAR LEASE WITH EXTENSIONS FOR KIOSK #5 AT THE WATSONVILLE TRANSIT CENTER WITH JOSE VILLA DBA LA MANCHA TO OPERATE A SANDWICH AND SMOOTHIE SHOP

Summary:

Margaret Gallagher reported that Jose Villa has been running his business successfully at the WTC since January 1, 2006. With the lease expiring on December 31, 2009, the space was advertised during the month of October and he was the only applicant. Staff is recommending that the lease be approved.

ACTION: MOTION: DIRECTOR TAVANTZIS SECOND: DIRECTOR ROTKIN

Authorize the General Manager to execute a three-year lease with extensions for Kiosk #5 at the Watsonville Transit Center with Jose Villa dba La Mancha to operate a sandwich and smoothie shop.

Motion passed unanimously with Directors Martinez and Pirie being absent.

13. CONSIDERATION OF APPROVING THE TITLE VI PROGRAM REGULATION AND COMPLAINT PROCEDURE

Summary:

Margaret Gallagher reported that METRO is required to comply with Title VI of the Civil Rights Act of 1964 as a recipient of Federal Transit Administration Funds. METRO staff reviewed the proposed regulation with E&D TAC and MAC and both committees provided recommendations which have been incorporated into the regulation. A Public Hearing was held on November 20, 2009 and METRO accepted and responded to all comments received through a 45-day comment period which ended on December 15, 2009.

Discussion:

Regarding Section 1.06 of the proposed policy on page #13.a1, Director Hagen stated that south county makes up the largest senior population with over 1100 homes and the fact that Route 79 is

5-9.6

on the block ready to be cut is not really a pro-active measure for the seniors in south county, but rather, it is another example of “dissing” the south county riders.

Les White responded that METRO applies a Title VI review to make sure that the distribution of transit benefits is applied according to the law whenever it looks at route adjustments.

Director Robinson thanked Director Spence for her review of the policy and suggestions she made at last month’s meeting and thanked staff for presenting a clear report and including all of the public comments received as listed on Attachment “C”.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR TAVANTZIS

Adopt the Title VI Program Regulation and Complaint Procedure.

Motion passed unanimously with Directors Martinez and Pirie being absent.

14. **CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT WITH DOC AUTO LLC AND SPECIALIZED AUTO AND FLEET SERVICES, INC FOR MAINTENANCE SERVICES FOR PARACRUZ VEHICLES FOR A TOTAL AMOUNT NOT TO EXCEED \$87,000**

Summary:

Ciro Aguirre reported that these contracts will allow the flexibility of having north-central and south county access for ParaCruz Department vehicle repair, maintenance and CHP required inspection services.

ACTION: MOTION: DIRECTOR ROBINSON SECOND: DIRECTOR HINKLE

Authorize the General Manager to execute a contract with Doc Auto LLC (\$47,000) and Specialized Auto and Fleet Services, Inc. (\$40,000) for vehicle maintenance services for METRO’s ParaCruz Department for a total amount not to exceed \$87,000.

Motion passed unanimously with Directors Martinez and Pirie being absent.

15. **CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT WITH ALWAYS UNDER PRESSURE FOR PURCHASE AND INSTALLATION OF THREE INDUSTRIAL GRADE, FRONT-LOAD, AUTOMATIC, AQUEOUS PARTS WASHERS FOR AN AMOUNT NOT TO EXCEED \$49,001.10**

Summary:

Bob Cotter reported that the Fleet Maintenance Department has a need for 3 industrial grade parts washers. Mr. Cotter explained that the current parts washers located in the shop on Dubois Street have a life expectancy ending in 2010 and that it would cost more to move them to the new Maintenance Facility than to replace them. Les White added that the funds to purchase these parts washers in included in the MetroBase budget.

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ACTION: MOTION: DIRECTOR ROBINSON SECOND: DIRECTOR HAGEN

Authorize the General Manager to execute a contract with Always Under Pressure for purchase and installation of three industrial grade, front-load, automatic, aqueous parts washers for an amount not to exceed \$49,001.10.

Motion passed unanimously with Directors Martinez and Pirie being absent.

16. CONSIDERATION OF APPROVAL OF 2010 FEDERAL LEGISLATIVE ADVOCACY PROGRAM

Summary:

Les White reported that staff anticipates that 2010 will be a very active year for METRO legislatively on both the State and Federal levels.

Mr. White detailed METRO's proposed Federal Goals listed on Attachment "A" and explained that the current Federal Authorization Bill expired on September 30, 2009 and staff recommends that METRO urge Members of Congress to enact a new Authorization Bill as soon as possible that embodies the recommendations developed by the APTA Authorization Task Force, included in Attachment "B".

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR ROBINSON

Adopt the proposed METRO 2010 Federal Legislative Advocacy Program and direct staff to prepare letters addressed to local City Mayors and the Chair of the County Board of Supervisors requesting their support of METRO's goals as a community-wide interest.

Motion passed unanimously with Directors Martinez and Pirie being absent.

17. CONSIDERATION OF APPROVAL OF 2010 STATE LEGISLATIVE ADVOCACY PROGRAM

Summary:

Les White reported that the dual priorities of METRO's proposed 2010 State Legislative Advocacy Program includes supporting legislation and litigation in the 2010 Legislative Session that would require the Governor to comply with the rulings of the Appellate Court that the diversion of transit funds was illegal and also to reinstate funding for the State Transit Assistance Account. The impact of the diversion on METRO has been a loss of approximately \$ 31 million in capital funds over the past three years and approximately \$45 million in funds over the next five years.

Mr. White detailed the key points included in METRO's proposed State Goals listed on Attachment "A" and added that there is an initiative currently being developed by California cities, counties, unions, and the California Transit Association as a local government protection measure that would stop the state from "borrowing" or "taking" funds from local governments in the future.

5-9.8

Discussion:

Director Stone pointed out that the first goal listed on Attachment “A” should be the *restoration* of funding rather than to *protect* funding.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR ROBINSON

Adopt the proposed METRO 2010 State Legislative Advocacy Program with a revision to improve Goal #1 by changing the word “protect” to “restore” and direct staff to prepare letters addressed to local jurisdictions requesting their support of METRO’s goals.

Motion passed unanimously with Directors Martinez and Pirie being absent.

18. CONSIDERATION OF REQUEST FOR FUNDING AND ADVERTISING SPACE FROM THE COMPLETE COUNT COMMITTEE

Summary:

Les White reported the Complete Count Committee has requested that METRO contribute \$5,000 in exterior bus advertising space and special one-day event bus passes to support the committee activities related to its 2010 Census Count event called Project Homeless Connect scheduled for March 30, 2010 at the Santa Cruz Civic Auditorium.

Mr. White stated that many state and federal programs use population counts in the formulation to distribute funds. However, funding for this request is not included in METRO’s budget and METRO’s current Advertising Policy restricts the sale or use of its bus advertising space to the commercial sale of products or services or information from METRO regarding its programs and services.

Discussion:

Director Tavantzis explained that this particular event does not benefit south county because the homeless population there are afraid to attend an event like this. The City of Watsonville is doing a separate, independently funded count by sending homeless advocates to the south county homeless in order to count them.

The following people spoke in favor of METRO’s support and participation in the Project Homeless Connect event: Cynthia Matthews and Don Lane, both Santa Cruz City Councilmembers involved in the event, Bonnie Morr of UTU, and John Daugherty and Will Regan of SEIU.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR GRAVES

- 1) Approve ads on the buses using language to comply with METRO’s Advertising Policy; and**
- 2) Approve \$5,000 donation to the county-wide effort and \$2,000 donation directly to Watsonville’s separate effort for a total donation of \$7,000; and**

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3) Approve the one-day special event passes, reducing the cash contribution by the value of the passes

Discussion:

Les White responded to questions of actual cost by stating that METRO anticipates approximately 400 passes would be needed at \$3 each, or \$1,200 total for just the passes, plus \$6,000 in bus advertising, plus the \$5,000 requested donation, plus \$2,000 extra for Watsonville proposed in the current motion. Mr. White added that in order for METRO's participation to benefit all parts of the county, he would prefer to leave the Santa Cruz event date off of any bus advertisements.

Chair Bustichi expressed concern that this is not budgeted and would not support it at this level, but perhaps at a lower level.

After more discussion, Director Rotkin proposed the following amended motion, which was accepted by Director Graves:

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR GRAVES

- 1) Approve up to \$6,000 for ads on the buses using language to comply with METRO's Advertising Policy. External ads are to be general 2010 Census ads. Ads posted inside of buses can be more specific including the date of the Santa Cruz event; and**
- 2) Approve up to 400 one-day special event passes valued at \$3 each (\$1,200)**

Director Spence pointed out that METRO's overall contribution would be \$7,200.

Motion passed unanimously with Directors Martinez and Pirie being absent.

19. CONSIDERATION OF REAPPOINTING NAOMI GUNTHER AND DENNIS PAPADOPULO TO THE METRO ADVISORY COMMITTEE (MAC) FOR TERMS OF OFFICE ENDING DECEMBER 31, 2011

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR STONE

Reappoint of Naomi Gunther and Dennis Papadopulo to the Metro Advisory Committee (MAC) for terms of office ending December 31, 2011

Motion passed unanimously with Directors Martinez and Pirie being absent.

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

Les White reported that the Board would have a conference with its Real Property Negotiators regarding property located at 425 Front Street, Santa Cruz.

In recognition of outgoing Director Pat Spence, Chair Bustichi invited all attendees to participate in the refreshments and took a brief Recess at 11:05 a.m. and reconvened to Open Session at 11:15 a.m.

5-9.10

21. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

None.

SECTION II: CLOSED SESSION

Chair Bustichi adjourned to Closed Session at 11:15 a.m. and reconvened to Open Session at 11:26 a.m.

SECTION III: RECONVENE TO OPEN SESSION

22. REPORT OF CLOSED SESSION

Les White stated that there was no reportable action taken in Closed Session.

ADJOURN

There being no further business, Chair Bustichi adjourned the meeting at 11:27 a.m.

Respectfully submitted,

CINDI THOMAS
Administrative Services Coordinator

5-9.11

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Minutes- Board of Directors

January 8, 2010

A Regular Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Friday, January 8, 2010 at the District's Administrative Office located at 110 Vernon Street in Santa Cruz, California.

Vice Chair Pirie called the meeting to order at 9:03 a.m.

SECTION 1: OPEN SESSION

1a. ROLL CALL:

DIRECTORS PRESENT

Dene Bustichi
Donald Hagen
Michelle Hinkle
John Leopold
Emilio Martinez
Ellen Pirie
Lynn Robinson
Mike Rotkin
Mark Stone
Ex-Officio Donna Blitzer

DIRECTORS ABSENT

Ron Graves
Marcela Tavantzis

STAFF PRESENT

Ciro Aguirre, Operations Manager
Angela Aitken, Finance Manager / Acting AGM
Bob Cotter, Maintenance Manager
Mary Ferrick, Fixed Route Superintendent
Margaret Gallagher, District Counsel

Debbie Kinslow, Asst Finance Manager
Pat Aviles, Asst Human Resources Manager
April Warnock, Paratransit Superintendent
Les White, General Manager

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

John Daugherty, SEA
Rick Longinotti, Transition Santa Cruz
Manny Martinez, PSA

Bonnie Morr, UTU
Will Regan, VMU
Jason Scott, UTU

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1b. CONSIDERATION OF:

- 1) NOMINATION OF DIRECTORS TO SERVE AS BOARD OFFICERS**
- 2) NOMINATIONS FOR APPOINTMENTS TO THE HIGHWAY 1 CONSTRUCTION AUTHORITY,**
- 3) NOMINATIONS FOR APPOINTMENTS TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION FOR 2010**

Chair Bustichi nominated Director Pirie for Board Chair; Director Robinson for Board Vice Chair; Director Tavantzis for HCA Representative; Director Rotkin for HCA Alternate; Directors Graves, Tavantzis and Bustichi for RTC Representative; Director Hagen for 1st RTC Alternate; Director Rotkin for 2nd RTC Alternate; and Director Hinkle for 3rd RTC Alternate. Director Rotkin nominated himself for RTC Representative. Director Leopold asked if losing nominees are eligible to be considered for the Alternate positions. Vice-Chair Pirie said that she thought the nomination must first be in place, and asked District Counsel for her opinion. Margaret Gallagher said that bylaws simply require that the nominations must be before the vote.

2. ORAL AND WRITTEN COMMUNICATION TO THE BOARD OF DIRECTORS

Written:

- | | | |
|----|-----------------|---------------------------------|
| a. | Paula Skiadas | Re: ParaCruz Service Compliment |
| b. | Rick Longinotti | Re: Sponsorship Request |

Oral:

None.

3. LABOR ORGANIZATION COMMUNICATIONS

John Daugherty, SEA, explained that the route #4 bus arrives at Vernon Street a few minutes after the hour, and that anyone riding the bus could be expected to arrive a few minutes late for any meeting that begins on the hour.

Mr. Daugherty said that he was told by a METRO manager that he was confused about article 19.1 of the MOU, and that there was an understanding with a previous chapter president to forego the "Notice of Intent to Discipline." Mr. Daugherty stated that he checked with a union organizer and that there was no such side agreement or understanding in place, so that every time management decides to skip the issuance of a "Notice of Intent to Discipline," there is a contract violation. Mr. Daugherty said that he understands, and that he is not confused.

Will Regan, VMU, and Manny Martinez, PSA greeted the Board, wished them a good year, and thanked them for their leadership.

Bonnie Morr, UTU, greeted the Board, welcomed new Director John Leopold, and said she hoped that everyone can find the ability to work together.

5-9.13

John Daugherty welcomed everyone and wished the Board a Happy New Year.

Chair Bustichi welcomed everyone to the new Admin facility and thanked and congratulated everyone who worked on the building.

4. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

None.

CONSENT AGENDA

5-1. CONSIDERATION OF EXTENSION OF PURCHASE ORDER/CONTRACT FOR EMPLOYMENT OF TEMPORARY HELP THROUGH ROBERT HALF INTERNATIONAL FOR TEMPORARY EMPLOYMENT STAFFING FOR THE GRANTS ANALYST POSITION THROUGH APRIL, 30, 2010 FOR A TOTAL AMOUNT NOT TO EXCEED \$104,000

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR HINKLE

Authorize the General Manager to extend purchase order/contract with Robert Half International for temporary employment staffing for the Grants Analyst position through April 30, 2010 for a total amount not to exceed \$104,000.00.

Motion passed unanimously with Directors Graves and Tavantzis being absent.

REGULAR AGENDA

6. CONSIDERATION OF REQUEST FROM RICK LONGINOTTI (TRANSITION SANTA CRUZ) FOR SPONSORSHIP, INCLUDING ADVERTISING SIGNS, OF THE "HOUSING WITHIN REACH" WORKSHOP

Summary:

Les White said that METRO's advertising policy is fairly narrow in order to limit the District's liability when groups that are rather distasteful approach the Board for advertising, and this eliminates the capability to post informational signs for things the Board might want to support. Mr. White said the policy does allow METRO to post signs that promote bus service and public transit, and he said that there is a nexus involving higher-density housing and bus ridership.

Discussion:

Rick Longinotti described the purpose of the workshop and said that it was a natural for METRO to support it because transit-oriented development goes hand-in-hand with transit and funding for transit is tied to how many people use it. Director Rotkin said that the District should co-sponsor the event in the interest of posting informational signs, but it should not divert transit money. Director Bustichi said that he did not see the nexus and that he was concerned that other non-profit organizations would follow suit. There was a discussion about the pros and cons of

5-9.14

approving the request. Les White stated that there was plenty of interior space for 11” by 17” posters. Margaret Gallagher expressed her concern that advertising should adhere to the METRO Regulations. Bonnie Morr said that she believed there is a nexus between transit and housing density.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR LEOPOLD

Approve the request from Transition Santa Cruz for co-sponsorship of the “Housing Within Reach” workshop

Motion failed with Directors Hinkle, Leopold, Rotkin, and Stone for; Directors Bustichi, Hagen, Martinez, Pirie and Robinson against; and Directors Graves and Tavantzis being absent.

7. **ORAL ANNOUNCEMENT: THE NEXT REGULARLY SCHEDULED BOARD MEETING WILL BE HELD FRIDAY, JANUARY 22, 2010 AT 9:00 A.M. – SANTA CRUZ CITY COUNCIL CHAMBERS, 809 CENTER ST, SANTA CRUZ**

Vice Chair Pirie announced that the January 22, 2010 Board meeting would be held at the Santa Cruz City Council Chambers.

8. **REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION**

Margaret Gallagher reported that there was no need for Closed Session today.

ADJOURN

There being no further business, Vice Chair Pirie adjourned the meeting at 9:40 a.m.

Respectfully submitted,

ANTHONY TAPIZ
Administrative Assistant

5-9.15

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Minutes- Board of Directors

January 22, 2010

A Regular Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Friday, January 22, 2010 at the Santa Cruz City Council Chambers, 809 Center Street, Santa Cruz, California.

Chair Bustichi called the meeting to order at 9:05 a.m.

SECTION 1: OPEN SESSION

1a. ROLL CALL:

DIRECTORS PRESENT

Dene Bustichi
Ron Graves
Donald Hagen
Michelle Hinkle
John Leopold
Emilio Martinez (arrived after roll call)
Ellen Pirie
Lynn Robinson
Mike Rotkin
Marcela Tavantzis

DIRECTORS ABSENT

Mark Stone
Ex-Officio Donna Blitzer

STAFF PRESENT

Ciro Aguirre, Operations Manager
Angela Aitken, Finance Manager / Acting AGM
Frank Cheng, MB Project Manager
Bob Cotter, Maintenance Manager
Mary Ferrick, Fixed Route Superintendent

Margaret Gallagher, District Counsel
Robyn Slater, Human Resources Manager
April Warnock, Paratransit Superintendent
Les White, General Manager

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

John Daugherty, SEA
Paula Flagg, Retiree
Family Members of Ruth Jones, Retiree
Steve Kelly, Harris & Associates
Manny Martinez, PSA

Bonnie Morr, UTU
Jeffrey A. North, Transit Supervisor
Peter S. Prince, Retiree
Amy Weiss, Spanish Interpreter

5-9.16

1b. **CONSIDERATION OF:**

- 1) **NOMINATION AND ELECTION OF DIRECTORS TO SERVE AS BOARD OFFICERS**
- 2) **NOMINATION AND ELECTION FOR APPOINTMENTS TO THE HIGHWAY 1 CONSTRUCTION AUTHORITY,**
- 3) **NOMINATION AND ELECTION FOR APPOINTMENTS TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION FOR 2010**

Chair Bustichi nominated Director Pirie for Board Chair and asked if there were any other nominations.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR HAGEN

Close the nominations and elect Director Pirie as Board Chair.

Motion passed unanimously with Directors Martinez and Stone being absent.

Newly elected Chair Pirie presided over the remainder of the meeting.

Chair Pirie referred to the Nominee list from the January 8, 2010 Board Meeting and asked if there were additional nominations for Board Vice Chair.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR HAGEN

Close the nominations and elect Director Robinson as Board Vice Chair.

Motion passed unanimously with Directors Martinez and Stone being absent.

Chair Pirie referred to the Nominee list from the January 8, 2010 Board Meeting and asked if there were additional nominations for HCA Representatives.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR GRAVES

Close the nominations and appoint Director Tavantzis as HCA Representative and Director Rotkin as the HCA Alternate

Motion passed unanimously with Directors Martinez and Stone being absent.

Chair Pirie referred to the Nominee list from the January 8, 2010 Board Meeting and asked if there were additional nominations for SCCRTC Representatives.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR HAGEN

Close the nominations for SCCRTC Representatives, without holding election yet.

5-9-17

Motion passed unanimously with Directors Martinez and Stone being absent.

Discussion:

Director Rotkin stated that he felt that any of the 4 people nominated (Directors Bustichi, Graves, Rotkin and Tavantzis) would be perfectly fine representing the Board and public transit interests on the SCCRTC. Director Rotkin referred to the article in today's *Sentinel Newspaper* about this election being a political issue in regard to it being a "conspiracy" to appoint representatives to the SCCRTC based on whether or not they support certain issues such as the Highway 1 HOV Lanes Project. Director Rotkin stated that although he supports the project because he believes it would reduce single-occupancy vehicles and benefit METRO, he does not support the Auxiliary Lane concept because he sees it as a short-term, expensive project that will result in even more single-occupancy traffic congestion in the long run.

DIRECTOR MARTINEZ ARRIVED

Director Leopold stated that he was prepared to support appointing Directors Graves, Rotkin and Tavantzis to have a balanced representation of METRO, which would include a representative from the City of Santa Cruz as they are a large part of METRO's ridership. Director Leopold expressed that he is disturbed by the rancor that Director Bustichi has brought to discussion about transportation, with his comments being second only to comments made during Oral Communications by members of the public on a number of "conspiracy theories" regarding Director Leopold's appointment to the METRO Board. Director Leopold stated that the METRO Board needs to be able to work together in meeting the transportation needs of the entire county, even if they disagree.

Director Hagen stated that although he agrees with Director Leopold stating that the City of Santa Cruz should be represented as should Watsonville, he takes exception to his statement of rancor, which he feels was out of place.

Director Martinez stated that he supports Director Tavantzis being appointed to represent Watsonville and that he also takes exception to Director Leopold's statement about rancor. Director Martinez stated that anybody on any Board needs to be able to voice their opinions without feeling intimidated and be free to create rancor by disagreeing or stating there is a conspiracy theory because to say there is no conspiracy in politics is ludicrous and working together does not mean not creating rancor.

Chair Pirie reminded the Board that METRO representatives appointed to the SCCRTC are there to represent METRO, not a particular city or area of the county.

Vice Chair Robinson agreed with Director Rotkin that all 4 nominees would serve METRO well, however, she feels that the Auxiliary Lanes project is very important for METRO to support and that would impact her vote.

Director Bustichi commented on his recent conversation with a *Sentinel Newspaper* reporter stating that while he does not think it is a "conspiracy", he thinks it is very open and obvious that there is a concern that people believe that the SCCRTC is moving too quickly on the Highway 1 Widening & Auxiliary Lanes and the members of the SCCRTC can be changed here at METRO,

5-9.18

which everyone here knows is true and it has definite weight on today's appointments. Director Bustichi said he also told the reporter that he feels Director Rotkin is the best METRO Board Member he has served with and he would do a fine job representing METRO on the SCCRTC. Director Bustichi also agreed with Chair Pirie's statement that METRO's representatives on the SCCRTC represent METRO, not individual areas or cities.

Director Rotkin withdrew his nomination as a representative while remaining a nominee as an alternate.

Chair Pirie referred to the Nominee list for SCCRTC Representatives from the January 8, 2010 Board Meeting, noting that Director Rotkin had withdrawn his nomination.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR ROBINSON

Appoint Directors Bustichi, Graves, and Tavantzis as SCCRTC Representatives

Motion passed with Directors Bustichi, Graves, Hagen, Hinkle, Martinez, Pirie, Robinson, Rotkin and Tavantzis voting yes, with Director Leopold voting no, and with Director Stone being absent.

Chair Pirie referred to the Nominee list from the January 8, 2010 Board Meeting asked if there were additional nominations for SCCRTC Alternates.

Director Bustichi clarified that he had nominated a slate of Alternates as Directors Hagen, Rotkin, and Hinkle as 1st, 2nd, and 3rd, but that they had been inadvertently listed differently on the Nominee list included in today's Agenda Packet.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR BUSTICHI

Close nominations and appoint Directors Hagen, Rotkin, and Hinkle as 1st, 2nd and 3rd SCCRTC Alternates, respectively

Motion passed unanimously with Director Stone being absent.

2. ORAL AND WRITTEN COMMUNICATION TO THE BOARD OF DIRECTORS

Written:

None.

Oral:

None.

5-9.19

3. LABOR ORGANIZATION COMMUNICATIONS

John Daugherty, SEA, followed up on his comments made at the January 8, 2010 Board Meeting regarding a his asking a METRO manager days before Christmas why an there was no “Notice of Intent to Discipline” as called for in article 19.1 of the MOU, and an SEIU member was being denied the appeal process prior to the implementation of disciplinary action. The manager responded by stating that there was past practice that the “Notice of Intent to Discipline” had been deleted and that there was an understanding with a previous chapter president. Mr. Daugherty stated that he checked with a union organizer, Gary Klemz who confirmed that there was no such side agreement or understanding in place with SEIU that that article was not in effect. Mr. Daugherty stated that the Union is currently discussing and working with METRO management on the issue.

Mr. Daugherty stated that he will be submitting a request in writing that public meetings held at the Administration Offices at 110 Vernon Street begin 15 minutes after the hour to allow bus riders to be present without being late. Director Rotkin requested that this issue be scheduled for discussion as soon as possible.

Bonnie Morr, UTU, requested that Item #8 be taken as soon as possible because Ruth Jones’ family members were present.

4. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

None.

CONSENT AGENDA

- 5-1. APPROVE PRELIMINARILY APPROVED CLAIMS FOR THE MONTH OF NOVEMBER 2009
- 5-2. ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR NOVEMBER 2009
- 5-3. CONSIDERATION OF TORT CLAIMS: NONE
- 5-4. ACCEPT AND FILE MAC AGENDA FOR JANUARY 20, 2010 AND MINUTES OF NOVEMBER 18, 2009
- 5-5. ACCEPT AND FILE PARACRUZ OPERATIONS STATUS REPORT FOR THE MONTH OF NOVEMBER 2009
- 5-6. ACCEPT AND FILE RIDERSHIP AND PERFORMANCE REPORT FOR NOVEMBER 2009
- 5-7. ACCEPT AND FILE HIGHWAY 17 STATUS REPORT FOR NOVEMBER 2009
- 5-8. ACCEPT AND FILE UNIVERSITY OF CALIFORNIA, SANTA CRUZ MONTHLY SERVICE REPORT FOR NOVEMBER 2009
- 5-9. ACCEPT AND FILE METROBASE PROJECT STATUS REPORT
- 5-10. ACCEPT AND FILE MINUTES REFLECTING VOTING RESULTS FROM APPOINTEES TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION FOR THE NOVEMBER 2009 MEETING(S)

5-9.20

- 5-11. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT RENEWAL WITH DIXON & SON TIRES, INC. FOR PURCHASE OF REVENUE AND NON-REVENUE TIRES
- 5-12. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT EXTENSION WITH JABICO ENTERPRISES, LLC FOR WEB SITE RE-DESIGN AND IMPLEMENTATION SERVICES
- 5-13. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXTEND THE CONTRACT WITH SEDGWICK CMS FOR THIRD PARTY ADMINISTRATION OF WORKERS COMPENSATION CLAIMS
- 5-14. CONSIDERATION OF REQUEST FROM GOOD TIMES PUBLICATION FOR DONATION OF EIGHT (8) REGULAR MONTHLY BUS PASSES TOTALING \$400, TO BE USED AS PRIZES IN EXCHANGE FOR ADVERTISING SPACE FOR SANTA CRUZ METRO IN THE FEBRUARY GOOD TIMES PUBLICATION PROMOTING GREEN, CLEAN ENERGY, AND EFFICIENT PUBLIC TRANSPORTATION IN SANTA CRUZ COUNTY

Regarding Item #5-2, Director Tavantzis requested a mid-year budget review. Les White replied that one was planned for February.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR GRAVES

Approve the Consent Agenda.

Motion passed unanimously with Director Stone being absent.

REGULAR AGENDA

6. PRESENTATION OF EMPLOYEE LONGEVITY AWARDS

The following employees were presented with longevity awards for their years of service:

TEN YEARS

Jaime Hernandez, Fleet Maintenance Mechanic III

TWENTY-FIVE YEARS

Jeffrey A. North, Transit Supervisor

THIRTY YEARS

Mary C. Ferrick, Fixed Route Superintendent

ITEM #8 WAS TAKEN OUT OF ORDER

- 8. CONSIDERATION OF ADOPTION OF RESOLUTION OF APPRECIATION FOR THE SERVICES OF RUTH JONES AS BUS OPERATOR FOR THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

5-9.21

Ruth Jones was unfortunately unable to attend today's meeting due to illness. Her family members were present to accept recognition by the Board for her nearly 30 years of service with METRO.

Bonnie Morr read part of a letter written by Ms. Jones regarding her retirement which stated that her experience as a Bus Operator has brought her a wonderful sense of joy and a great deal of pride, most of all she was grateful for the close personal and professional relationships that she had developed with many people over the many years she has been at METRO. She will always remember Santa Cruz METRO Transit District and she'll miss the work and the people she's worked with very much.

7. CONSIDERATION OF ADOPTION OF RESOLUTION OF APPRECIATION FOR THE SERVICES OF PAULA R. FLAGG AS ADMINISTRATIVE ASSISTANT FOR THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Chair Pirie presented Paula Flagg with a plaque and thanked her for her years of service. Ms. Flagg accepted the plaque and thanked METRO for her years of employment.

John Daugherty commented that Paula was a wonderful employee to work with and will be greatly missed.

ITEM #10 WAS TAKEN OUT OF ORDER

10. CONSIDERATION OF ADOPTION OF RESOLUTION OF APPRECIATION FOR THE SERVICES OF PETER PRINCE AS BUS OPERATOR FOR THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Chair Pirie presented Peter Prince with a plaque and thanked him for his 30 years of service and noted that his name had been added to METRO's 30-Year Employee plaque. Mr. Prince accepted the Resolution of Appreciation plaque, spoke about what it was like being hired by METRO back in 1979 and thanked METRO for his years of employment.

Director Hagen thanked Mr. Prince for his service and dedication and said he will be missed.

ITEM #9 WAS TAKEN OUT OF ORDER

9. CONSIDERATION OF ADOPTION OF RESOLUTION OF APPRECIATION FOR THE SERVICES OF ROBERT ALLEN AS BUS OPERATOR FOR THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Items #8, #7, #10 and #9 were adopted together in the following motion:

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR ROBINSON

Adopt Resolutions of Appreciation for Ruth Jones as Bus Operator, Paula Flagg as Administrative Assistant, Peter Prince as Bus Operator and Robert Allen as Bus Operator for the Santa Cruz Metropolitan Transit District.

5-9.22

Motion passed unanimously with Director Stone being absent.

- 11. CONSIDER AUTHORIZING THE GENERAL MANAGER TO EXECUTE A FIVE-YEAR LEASE WITH A FIVE-YEAR EXTENSION FOR KIOSK SPACE IN THE ISLAND CONCESSION AT PACIFIC STATION WITH LUCIANA ABREGO, DBA TAQUERIA EL DANDY**

Summary:

Margaret Gallagher reported that the current tenant has been running a Taqueria business successfully at Pacific Station since May 1, 2003. With the lease expiring on January 31, 2010, the space was advertised during the month of November and the tenant was the only applicant and offered to pay \$500 rather than the current \$703.69 per month. Staff is recommending that the lease be approved at this rate, as it was the best and only offer received.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR LEOPOLD

Authorize the General Manager to execute a five-year lease to Luciana Abrego dba Taqueria El Dandy, currently running a Taqueria at Pacific Station.

Motion passed unanimously with Director Stone being absent.

- 12. CONSIDERATION OF ADOPTING A RESOLUTION MODIFYING METRO'S BYLAWS TO REFLECT THE CHANGE TO METRO'S ADMINISTRATION OFFICE ADDRESS**

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR ROBINSON

Adopt a Resolution modifying METRO's Bylaws to reflect the change to METRO's Administration Office address. Suggest that staff not print out the Bylaws for distribution in Agenda Packets when being modified for such minor issues going forward.

Motion passed unanimously with Director Stone being absent.

- 13. CONSIDERATION OF ADOPTING METRO'S PROPOSED DISADVANTAGED BUSINESS ENTERPRISE (dbe) GOAL OF 1.73% FOR FISCAL YEAR 2010 (FY10) AND THE METHODOLOGY USED TO SET THE GOAL**

Summary:

Margaret Gallagher reported that as recipient of Federal Transit Administration (FTA) Funds, METRO is required implement a Disadvantaged Business Enterprise (DBE) program and annually set DBE participation goal. This year Caltrans indicated a new methodology that METRO has adopted, which calculated out to 1.73%.

5-9.23

METRO published it's goal in several publications, held a Public Hearing on November 20, 2009 and staff presented it to both MAC and E&D TAC.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR GRAVES

Adopt METRO's proposed Disadvantaged Business Enterprise (DBE) Goal of 1.73% for FY10 and the methodology used to set the goal.

Motion passed unanimously with Director Stone being absent.

14. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT AMENDMENT FOR A CHANGE ORDER IN THE AMOUNT OF NOT-TO-EXCEED \$35,020 FROM HARRIS & ASSOCIATES TO PROVIDE ADDITIONAL FUNDS TO THE CONSTRUCTION MANAGEMENT CONTRACT TO ACCOMMODATE COSTS RELATING TO VERNON ADMINISTRATION BUILDING SERVICES DURING CONSTRUCTION, AND SPECIALTY INSPECTION SERVICES FOR THE METROBASE PROJECT

Summary:

Frank Cheng reported that this change order is a result of unforeseen delays related to the construction of the Administration Building located at 110 Vernon Street and explained the specific issues outlined in Attachment "A".

Discussion:

There was a discussion about the Harris & Associates role in maintaining the construction schedule. Steve Kelly from Harris & Associates was present and explained that he had personally managed problems constantly throughout the construction period, saving METRO funds and shortening the duration of the project approximately three weeks allowing metro to move in on the target date of December 4, 2009. Mr. Kelly urged the Board to approve the change order today as funds being requested have already been spent.

Les White added that the construction contractor is being penalized liquidated damages of \$1,000 per day and that the project is still \$650,000 under budget.

ACTION: MOTION: DIRECTOR TAVANTZIS SECOND: DIRECTOR BUSTICHI

Authorize the General Manager to execute a contract amendment for a change order in the amount of Not-To-Exceed \$35,020 from Harris & Associates to provide additional funds to the Construction Management contract to accommodate costs relating to Vernon Administration Building Services during construction, and specialty inspection services for the MetroBase Project.

Motion passed unanimously with Director Stone being absent.

5-9.24

15. CONSIDERATION OF ADOPTION OF A RESOLUTION OF SUPPORT OF THE LOCAL TAXPAYER, PUBLIC SAFETY, AND TRANSPORTATION PROTECTION ACT OF 2010

Summary:

Les White reported that this Act has been designed to prevent future diversion or borrowing of tax revenues dedicated to local government services, including public transit and it is anticipated that it will be placed before the California voters in November 2010.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR BUSTICHI

Adopt the Resolution supporting the Local Taxpayer, Public Safety, and Transportation Protection Act of 2010.

Motion passed unanimously with Director Stone being absent.

16. ORAL ANNOUNCEMENT: NOTIFICATION OF MEETING LOCATION FOR FEBRUARY 26, 2010 – WATSONVILLE CITY COUNCIL CHAMBERS, 275 MAIN STREET, WATSONVILLE

Chair Pirie announced that the February 26, 2010 Board Meeting would be held at 9:00 a.m. at the Watsonville City Council Chambers, 275 Main Street, Watsonville.

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

Margaret Gallagher reported that the Board would have a conference with its Legal Counsel regarding the workers compensation claim of Rita Gentry and would conduct a Public Employee Performance Evaluation of District Counsel.

18. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

None.

SECTION II: CLOSED SESSION

Chair Pirie adjourned to Closed Session at 10:30 a.m. and reconvened to Open Session at 11:00 a.m.

SECTION III: RECONVENE TO OPEN SESSION

19. REPORT OF CLOSED SESSION

Chair Pirie reported that the Board continued Item #1 and completed Item #2.

5-9.25

ADJOURN

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

Respectfully submitted,

CINDI THOMAS
Administrative Services Coordinator

DRAFT

5-9.26

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010
TO: Board of Directors
FROM: Leslie R. White, 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 accepts and files 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

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

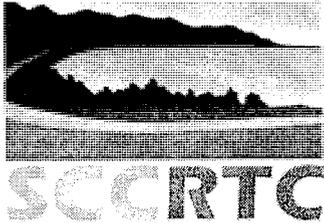
There is no cost impact from this action.

V. ATTACHMENTS

Attachment A: Minutes of the December 17, 2009 Transportation Policy Workshop

Prepared by Anthony Tapiz, Administrative Assistant, on February 19, 2010

5-10.1



**Santa Cruz County Regional
Transportation Commission
Transportation Policy Workshop**

MINUTES

Thursday December 17, 2009
9:00 a.m.

Watsonville City Council Chambers
275 Main St Watsonville CA

Commissioner Randy Johnson called the meeting to order at 9:08 am.

1. Introductions

A roll call vote was taken.

Commissioners present:

Andy Schiffrin (Alt)

Kirby Nicol

Dene Bustichi

Don Lane

Antonio Rivas

Randy Johnson

Marcela Tavantzis

Tony Campos

Donald Hagen (Alt)

John Leopold

Robin Musitelli (Alt)

David Murray (ex-officio Alt)

Commissioner absent:

Mark Stone

2. Oral communications

Jack Nelson asked the Commission to be proactive in addressing climate change in Santa Cruz County.

3. Additions or deletions to consent and regular agendas

Executive Director George Dondero said that there were add-on pages for Items 11 and 12 and a replacement page for Item 12.

CONSENT AGENDA (Rivas/Leopold) approved unanimously

Commissioner Leopold said that he appreciated the bike signage report.

4. Accepted information on the County-wide Bicycle Route Network Signage

5-10.a1

5. Approved Bicycle Committee recommendation regarding membership appointment
6. Review of items to be discussed in closed session

The Commission adjourned into closed session at 9:13 am.

CLOSED SESSION

7. 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

8. Report on closed session

The Commission reconvened into open session at 10:13 am.

REGULAR AGENDA

9. Election of 2010 SCCRTC chair and vice-chair

Commissioner Campos moved and Commission Alternate Schiffrin seconded to nominate Randy Johnson as Chair and Mark Stone as Vice-chair for 2010. The motion passed unanimously.

10. Santa Cruz Branch Rail Line Acquisition

Deputy Director Luis Mendez reported that most due diligence reports are complete. Once completed and negotiations finalized, the RTC will have the information needed to decide whether to purchase the Branch Line and will be able to release information to the public for review. Mr. Mendez said that Sierra Northern Railway was selected as the shortline operator and that a draft agreement between the RTC and Sierra Northern Railway will be presented to the RTC soon. A timeline shows completion of negotiations and due diligence work by the end of March.

Commissioners discussed the date for the review period and whether Coastal Conservancy funds will be needed to complete the purchase.

5-10.a²

Commission Alternate Schiffrin moved and Commissioner Rivas seconded to accept the status report on the Santa Cruz Branch Rail Line Acquisition.

The motion passed unanimously.

11. Draft 2010 state and federal legislative programs and legislative updates

Senior Planner Rachel Moriconi presented the staff report and asked for input from the Commission on the 2010 state and federal legislative program, saying that a major emphasis for the RTC in 2010 will be preserving funds dedicated to transportation and generating new, more stable revenue sources. Ms. Moriconi asked that the Commission direct staff to pursue a SAFE fee increase by one dollar per registered vehicle in Santa Cruz County in order to continue to fund SAFE programs and to modernize the SAFE statute language to address current transportation needs and technological advances. Staff will return to the RTC in January or February for specific action on this measure.

Ms. Moriconi noted that Santa Cruz County will receive \$400,000 for the Monterey Bay Scenic Sanctuary Trail from an earmark secured by Representative Sam Farr in the federal omnibus bill. Ms. Moriconi said that the county may receive between \$6-\$12million if the Senate approves a jobs and economic stimulus plan similar to the House bill. She referred to a list of projects to include in any special funding programs.

Commissioners discussed the proposed SAFE legislation and identified the following projects, in no particular order, for special funding opportunities: the Graham Hill Road safety project, backup ARRA projects and rail line infrastructure improvements.

Commission Alternate Schiffrin moved to approve the staff recommendations that the Regional Transportation Commission:

1. Review and provide comments on the Preliminary Draft 2009 State and Federal Legislative Programs;
2. Direct staff to pursue a SAFE fee increase in 2009 in order to fund Freeway Service Patrol, Safety Corridor Enforcement and Education, Traveler Information Systems and System Monitoring;
3. Receive information on State bills monitored by the RTC in 2009; and
4. Approve priorities for special Federal funding that may become available, possibly from a second economic stimulus package, federal appropriations bills, or federal earmarks,

with the added language to direct staff to pursue special funding opportunities.

Commissioner Nicol seconded and the motion passed unanimously.

5-10.a3

12. Highway 1 projects updates

Senior Planner Kim Shultz presented a review of the staff recommendations. He introduced Peter Hurley, North American Sustainable Transportation Council, who joined the meeting via telephone, to answer question regarding the Sustainable Transportation Access Rating System (STARS). Mr. Shultz referred to a handout that identified a current list of potential credits developed by STARS that could be used to rate a project.

Commissioner Johnson suggested that each of the staff recommendations be discussed individually.

Commissioners discussed the timeline and financing for the Auxiliary Lanes Project. It was noted that a delay could result in a loss of funding. Mr. Shultz assured Commissioners that any potential changes in the scope of work for the project would be brought before the Commission for approval.

Jack Nelson urged the Commission to consider not issuing the Notice to Proceed and spending money on final design work before the litigation is resolved.

Don Hoernschemeyer said that it would be misguided to proceed with the Notice to Proceed before resolving the lawsuit.

Commissioner Bustichi moved and Commissioner Campos seconded to approve the staff recommendation that the Regional Transportation Commission (RTC) authorize the Executive Director to issue a Notice To Proceed to Nolte Associates, Inc., consistent with the authorizing Resolution approved in January 2009, to complete the final design engineering phase of the Highway 1 Soquel/Morrissey Auxiliary Lanes project.

The motion passed unanimously.

Commissioners discussed the amendment to the Nolte contract needed to complete the draft environmental document for the Highway 1 HOV Lane project. It was noted that cost increases resulted from Caltrans requiring a 35% level of engineering for both project alternatives rather than the 10-15% level originally assumed and because of an increased number of review cycles required by Caltrans. Commissioners also discussed becoming a construction management authority for the project and the improved public process in the highway construction process.

Commissioner Rivas moved and Commissioner Bustichi seconded to approve the staff recommendations to approve a resolution authorizing Contract Amendment No. 5 with Nolte Associates to increase the existing contract value by \$985,000 for a total not to exceed \$8,985,000 with funds available in the FY 2009/2010 Budget for the purpose of completing the draft environmental

5-10.a4

document for the Highway 1 HOV Lane project and to extend the duration of the consultant contract to June 30, 2013.

The motion (Resolution 10-10) passed unanimously.

Commissioners discussed the STARS scope of work and the application of credits to the project. It was noted that it is important to focus on a manageable number of credits at this time. The Highway 1 HOV Lane project would be a pilot project with STARS and as such, the project would both earn credits and help develop the credit rating system with STARS.

Commissioners were assured that members of the public would sit on the steering committee which will assist the STARS team and the Project Development Team with recommendations to the RTC on the project and in determining which credits to pursue.

Responding to a question from Commissioner Leopold, Mr. Hurley identified foundational credits as being in the categories of integrative process, mobility access and climate and energy.

Jack Nelson said he supports the STARS concept if the process is transparent and the steering committee is balanced.

Commission Alternate Schiffrin moved to approve the staff recommendation to approve a resolution authorizing a contract with the North American Sustainable Transportation Council (NASTC) in the amount of \$85,400 and to amend the FY 2009/2010 Budget to allocate \$88,000 from contingency funds in the HOV Lane project for the Sustainable Transportation Access Rating System (STARS) analysis, with the added direction that staff return in January with recommendations for the membership of the steering committee to include members of the public and subsequently to return with recommendations on the 12 credits to focus on with more details regarding what work will be done.

Commissioner Rivas seconded and the motion (Resolution 11-10) passed unanimously.

13. Draft *2010 Regional Transportation Improvement Program (RTIP)*

Senior Planner Rachel Moriconi gave the staff report saying that the RTIP lists projects which are scheduled to receive funding and assigns new funding to projects. She said that revenues for transportation projects are not keeping pace with prior projects, resulting in funding shortfalls. The California Transportation Commission (CTC) has indicated that only \$1.1 million in new State Transportation Improvement Program Transportation Enhancement (STIP TE) funds for bicycle and pedestrian projects is anticipated to be available to Santa Cruz County at this time. Because of such a low amount of

5-10.25

funding, it is recommended that these funds be assigned to the Broadway-Brommer Multiuse Path.

Ms. Moriconi added that staff also recommends programming additional STIP funds for the Highway 1 HOV Lanes project, the Highway 1 Auxiliary Lanes project and the federally mandated planning, programming and monitoring activities performed by the RTC.

Jack Nelson said that he supports using STIP funds for the Arana Gulch path. He suggested waiting until 2011 to contract with the construction management firm.

Commissioner Johnson noted that staying on task is important for accessing funding.

Commissioner Leopold moved and Commissioner Nicol seconded to approve the staff recommendations that the Regional Transportation Commission (RTC):

1. Review and provide input on preliminary recommendations for the *2010 Regional Transportation Improvement Program (RTIP)*, which include recommendations for programming new funds and proposed amendments to other projects; and
2. Schedule a public hearing for the January 14, 2010 RTC meeting to receive public input on and adopt the 2010 RTIP.

The motion passed unanimously.

14. Next meetings

The meeting adjourned at 11:41 am.

The next SCCRTC meeting is scheduled for Thursday, January 14, 2010 at 9:00 a.m. at the Santa Cruz City Council Chambers, 809 Center St, Santa Cruz, CA.

There is no Transportation Policy Workshop scheduled for January 2010. The next Transportation Policy Workshop is scheduled for February 18, 2010 at 9:00 am at the SCCRTC Offices, 1523 Pacific Avenue, Santa Cruz, CA.

Respectfully submitted,

Gini Pineda, Staff

5-10.26

ATTENDEES

Peter Scott
Jack Nelson
Rahn Garcia
Cliff Walters
Don Hoernschemeyer

CFST

Sierra Railroad

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5-10.a.7

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

STAFF REPORT

DATE: February 26, 2010

TO: Board of Directors

FROM: Margaret Gallagher, District Counsel

SUBJECT: **CONSIDERATION OF APPROVAL OF AN AMENDED AND RESTATED GREAT WEST ELIGIBLE DEFERRED COMPENSATION PLAN FOR GOVERNMENTAL EMPLOYERS AND AMENDED ADOPTION AGREEMENT**

I. RECOMMENDED ACTION

Approve the amended and restated Great West Deferred Compensation Plan and Trust and Approve the Amended Great-West Adoption Agreement in order to update the Plan and incorporate IRS allowable changes

II. SUMMARY OF ISSUES

- The Santa Cruz Metropolitan Transit District (METRO) has two deferred compensation plans. The Great-West Plan, originally National Plan Coordinators (NPC), was established in 1982 and the California Public Employees Retirement System (CalPERS) Plan was established in 1996.
- In 1998, the Board of Directors amended and restated the NPC Plan in order to include statutory revisions made to the Internal Revenue Code Section 457 to provide for the security and benefit of METRO employees who are participants in the Plan.
- In 2002, METRO's trustee to the NPC Plan resigned and because new federal and state laws had changed relative to 457 plans and NPC had been purchased by Great-West, the Board of Directors restated and modified the Great West Deferred Compensation Plan, changed the trustee and incorporated the new changes in the law into the Plan documents so the participating employees could take advantage of the changes.
- METRO adopted the modification to its Great-West Plan in 2002, and followed IRS issued Revenue Procedure 2004-56 containing model amendments for governmental Section 457(b) plans to update its plan documents.
- In 2005 there were more modifications completed by the IRS related to the Economic Growth and Tax Relief and Reconciliation Act of 2001 (EGTRRA) laws. Besides fashioning model language for the Plan Document and the Adoption Agreement, the new guidelines also provided further guidance in certain areas that affected METRO's Great West Plan.
- At this juncture, Great-West has restated the sample Basic Plan Document for Section 457(b) Eligible Deferred Compensation Plans for recent changes in federal law as more specifically described below.

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III. DISCUSSION

The National Plan Coordinators (NPC) Deferred Compensation Plan and Trust was established in 1982 for METRO employees. Through this plan and the CalPERS Plan, a METRO employee may contribute up to the established maximum amount of compensation received from his/her METRO income into one or both deferred compensation plans for the purpose of deferring income taxes on his/her retirement benefits. In December 1998, the Board of Directors approved by Resolution an Amendment and Restatement of the NPC Deferred Compensation Plan and Trust. At that time Ronnie Nichols was named as trustee for the Plan and statutory revisions made to the Internal Revenue Code Section 457 were included to provide for the security and benefit of METRO employees who are participants in the Plan.

Thereafter, Great-West purchased NPC and The Economic Growth and Tax Relief and Reconciliation Act of 2001 (EGTRRA) was signed into law which allowed plan sponsors to amend their eligible 457 deferred compensation plans to provide valuable additional benefits to participants. State law changes brought California tax law into conformity with EGTRRA. EGTRRA placed governmental 457(b), 401(k) and 403(b) retirement plans on equal par with each other in terms of contribution limits and distribution options. It also gave people over 50 a chance to catch up on their retirement savings. Overall, the law offered major opportunities for people to increase retirement savings, making tax-deferred plans more attractive than ever. With these changes additional investment options became available for the participating employees. METRO incorporated many of these changes into the Great West Plan in 2002.

In December of 2005, Great-West again amended its Plan according to final regulations completed by the IRS related to the EGTRRA laws. Besides fashioning model language for the Plan Document and the Adoption Agreement, the new 2005 guidelines also provided further guidance in certain areas that affected METRO's Great West Plan. EGTRRA permitted the Plan to accept rollover contributions from other types of employer-sponsored plans, including 401(a), 401(k), 403(b), 408 plans and IRAs pursuant to the new regulations defining eligible retirement plan. This change allowed participants to consolidate assets from plans of previous employers and personal IRAs and allowed for greater account growth within the 457 Plan. Although in 2002, it was not recommended for adoption because of the increase administrative burden and cost to the Plan if the Great West Plan were to accept rollovers from other employers' plans. In 2005, Great-West pointed out that METRO's CalPERS 457 Plan accepted these incoming rollovers. Given that the CalPERS Plan allowed this flexibility and Great West assured METRO that the increased administrative burden was slight and easily handled, METRO's Board agreed with staff recommendations to modify METRO's Great West Plan.

According to Great-West Retirement Services in its November 2, 2009 correspondence to METRO, attached as Attachment A, Great-West has restated the sample Basic Plan Document for Section 457 (b) Eligible Deferred Compensation Plan for recent changes in federal law. Certain provisions of the Pension Protection Act of 2006, finalized Treasury Regulation §1.457-4, the Heroes Earnings Assistance and Relief Tax Act of 2008, and the Worker, Retiree, and Employer Recovery Act of 2008 resulted in changes to governmental employers' Deferred Compensation Plan Documents. These changes will require amendments to METRO's plan document.

5-11.2

According to Great-West, METRO should be operating its plan in compliance with each of the following provision as follows:

- rollover of eligible rollover distributions to a Roth IRA,
- allowance of an unforeseeable emergency for certain situations of the Participant's primary beneficiary,
- non-spousal beneficiary rollovers to an Inherited IRA,
- allowance of distributions requested by a qualified retired public safety officer to be made directly to a health or long-term care insurance provider,
- contributions of accrued bona fide sick, vacation or other leave pay that the Participant would have been otherwise eligible to use had he/she not severed employment may be contributed to the plan after severance so long as the amount is deferred by the later of 2 ½ months following severance or the end of the calendar year in which the Participant severs employment,
- Beneficiaries of deceased Participants who are killed while performing qualified military service are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan had the participant resumed employment and then terminated employment on account of death,
- Participants who are performing qualified military service are considered severed from employment and if such a participant receives a distribution due to severance after December 31, 2008, Participant deferrals are suspended for a period of six months following the date of the distribution and
- Differential wage payments made by the Employer to Participants performing qualified military service, are treated as compensation and are eligible for deferral into the Plan.
- Waiver of Required Minimum Distributions under Internal Revenue Code §401(a)99) for calendar year 2009.

Attachment B (Adoption Agreement) and Attachment C (Basic Plan Document) are attached and are recommended for approval by the Board of Directors in order to keep METRO's Great West Plan compliant with the law. The recommended changes discussed above are incorporated into these attachments.

IV. FINANCIAL CONSIDERATIONS

None.

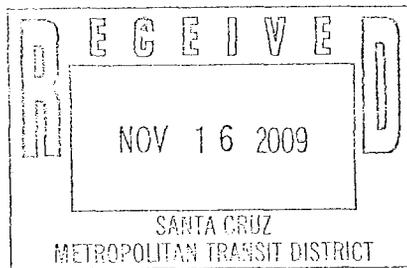
V. ATTACHMENTS

Attachment A: Correspondence dated November 2, 2009 from Great-West Retirement Services regarding Plan changes to be compliant with federal law.

Attachment B: Proposed Adoption Agreement with Great-West Retirement Services, Section 457(b), Eligible Deferred Compensation Plan for Governmental Employers, Adopted by METRO for its 457 Deferred Compensation Plan & Trust

Attachment C: Proposed Great-West Retirement Services Section 457(b) Eligible Deferred Compensation Plan for Governmental Employers Basic Plan Document

5-11.3



Securities offered through
GWFS Equities, Inc.
A Great-West Company

8515 East Orchard Road
Greenwood Village, CO 80111
(303) 737-3000 Tel
(800) 537-2033

November 2, 2009

Attachment A

Santa Cruz Metro Transit 457 Deferred Compensation Plan & Trust
Leslie R. White
370 Encinal St., Suite 100
Santa Cruz CA 95060

Dear Leslie R. White

Great-West has restated the sample Basic Plan Document for Section 457(b) Eligible Deferred Compensation Plan for recent changes in federal law. Certain provisions of the Pension Protection Act of 2006, finalized Treasury Regulation §1.457-4, the Heroes Earnings Assistance and Relief Tax Act of 2008, and the Worker, Retiree, and Employer Recovery Act of 2008 resulted in changes to governmental employers' Deferred Compensation Plan Documents. These changes will require amendment to your plan document.

Enclosed, please find the restated sample Basic Plan Document for Section 457(b) Eligible Deferred Compensation Plan and a partially completed Adoption Agreement that will need to be fully completed and signed by an authorized signor of your plan. Please review the Adoption Agreement in its entirety, note any changes, complete any incomplete sections and sign the Adoption Agreement and return it to the following address:

Great-West Retirement Services
Attn: PNP Plan Services
8515 E Orchard Road 5T2
Greenwood Village, CO 80112

In the meantime, you should be operating your plan in compliance with each of following provisions:

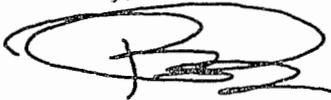
- rollover of eligible rollover distributions to a Roth IRA,
- allowance of an unforeseeable emergency for certain situations of the Participant's primary beneficiary,
- non-spousal beneficiary rollovers to an Inherited IRA,
- allowance of distributions requested by a qualified retired public safety officer to be made directly to a health or long-term care insurance provider,
- contributions of accrued bona fide sick, vacation or other leave pay that the Participant would have been otherwise eligible to use had he/she not severed employment may be contributed to the plan after severance so long as the amount is deferred by the later of 2 ½ months following severance or the end of the calendar year in which the Participant severs employment,
- Beneficiaries of deceased Participants who are killed while performing qualified military service are entitled to any additional benefits (other than

benefit accruals relating to the period of qualified military service) provided under the Plan had the Participant resumed employment and then terminated employment on account of death,

- Participants who are performing qualified military service are considered severed from employment and if such a Participant receives a distribution due to severance after December 31, 2008, Participant deferrals are suspended for a period of six months following the date of the distribution and
- Differential wage payments made by the Employer to Participants performing qualified military service, are treated as compensation and are eligible for deferral into the Plan.
- Waiver of Required Minimum Distributions under Internal Revenue Code § 401(a)(9) for calendar year 2009.

If you have any questions regarding these changes, Please contact your Account Manger or you may e-mail us at pnp_planservices@gwl.com, please reference the 457(b) Plan Document Adoption Agreement in your e-mail so we can properly identify your e-mail.

Sincerely,



Bruce Dale
Asst Vice President
PNP Plan Services
Great-West Retirement Services

Enclosure

5-11-a2

Attachment **B**

ADOPTION AGREEMENT

GREAT-WEST RETIREMENT SERVICES®

SECTION 457(b)

ELIGIBLE DEFERRED COMPENSATION PLAN

FOR GOVERNMENTAL EMPLOYERS

Adopted By: SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
Employer

SANTA CRUZ METRO TRANSIT 457 DEFERRED COMPENSATION PLAN & TRUST
Plan Name

5-11.61

**GREAT-WEST RETIREMENT SERVICES
SECTION 457(b)
ELIGIBLE DEFERRED COMPENSATION PLAN
FOR GOVERNMENTAL EMPLOYERS**

The Employer named below is a governmental "eligible employer" within the meaning of Code § 457(e)(1)(A) and hereby establishes (or, as applicable, amends and restates) a deferred compensation plan for eligible Employees as provided in this Adoption Agreement and the accompanying 2009 Great-West Retirement Services Section 457(b) Eligible Deferred Compensation Plan sample Basic Plan Document.

A. EMPLOYER INFORMATION.

1. EMPLOYER'S NAME AND ADDRESS:

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
370 ENCINAL ST., SUITE 100
SANTA CRUZ CA 95060

2. TELEPHONE NUMBER: 831-423-5583

3. TAX ID NUMBER: 942376658

4. NAME OF PLAN: SANTA CRUZ METRO TRANSIT 457 DEFERRED COMPENSATION PLAN & TRUST

5. NAME OF PLAN ADMINISTRATOR (the Employer unless another person(s) is appointed as set forth in Section 11.02 of the Plan):

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

B. EFFECTIVE DATE. (Check box 1 OR box 2 and fill in the blank(s).)

1. This is a new Plan having an effective date of the date the Employer executes this Adoption Agreement or, if later: _____.

2. This is an amended and restated Plan.

The effective date of the original Plan was April 16, 1982.

The effective date of the amended and restated Plan is the date the Employer executes this Adoption Agreement.

C. CUSTODY OF ASSETS. (Check each box that applies.)

Internal Revenue Code ("Code") § 457(g) shall be satisfied by setting aside Plan assets for the exclusive benefit of Participants and Beneficiaries, as follows:

1. in a Trust pursuant to the provisions of Article VII of the Plan. The Employer, or certain employees (or holders of certain positions with Employer) as named in this Adoption Agreement shall be the Trustee. *Note: if the Employer is the Trustee, it is the responsibility of the Employer to determine that it has the authority under applicable law to act as Trustee.*
2. in a Trust pursuant to a separate written trust agreement entered into between the Employer and the bank or trust company named in this Adoption Agreement.
3. in one or more annuity contracts meeting the requirements of Code § 401(f).
4. in a custodial account meeting the requirements of Code § 401(f), pursuant to a separate written agreement with the Custodian named in this Adoption Agreement.

D. ELIGIBLE EMPLOYEES. (Check each box that applies.)

"Employee" shall mean:

1. any full-time employee
2. any permanent part-time employee
3. any seasonal, temporary or similar part-time employee
4. any elected or appointed official
5. any independent contractor
6. other employees: _____

who performs services for and receives any type of compensation from the Employer (or any agency, department, subdivision or instrumentality of the Employer) for whom services are rendered. If Box D.4. is not checked, elected or appointed officials will not be treated as Employees and will not be eligible to participate in the Plan, without regard to whether they are treated as common-law employees or independent contractors for other purposes.

The following are the additional requirements or limitations, if any, for one or more of the specified class(es) of employees to be eligible to participate in the Plan:

E. PARTICIPANT LOANS. *(Check Box 1 OR Box 2.)*

1. The Administrator MAY direct the Trustee to make Participant loans in accordance with Article IV of the Plan.
2. The Administrator MAY NOT direct the Trustee to make Participant loans in accordance with Article IV of the Plan.

F. DISTRIBUTION OF SMALL ACCOUNT BALANCES. *(Check Box 1, 2, OR 3.)*

1. The Administrator SHALL direct the Trustee to distribute account balances of \$1,000 or less meeting the requirements of Section 5.03(b) of the Plan without Participant consent.
2. The Administrator SHALL direct the Trustee to distribute account balances in excess of \$1,000 but not exceeding \$5,000 meeting the requirements of Section 5.03(b) of the Plan without Participant consent.
3. The Administrator SHALL NOT direct the Trustee distribute any account balances without Participant consent.

G. IN-SERVICE DE MINIMIS DISTRIBUTIONS. *(Check Box 1, 2, 3, OR 4.)*

1. The Administrator SHALL direct the Trustee to distribute account balances of \$1,000 or less meeting the requirements of Section 5.04(b) of the Plan without Participant consent.
2. The Administrator SHALL direct the Trustee to distribute account balances in excess of \$1,000 but not exceeding \$5,000 meeting the requirements of Section 5.04(b) of the Plan without Participant consent.
3. The Administrator SHALL NOT direct the Trustee to distribute any account balances without Participant consent. Administrator directs the Trustee to distribution any account balances with Participant consent meeting the requirements of Section 5.04(a)
4. The Administrator SHALL NOT direct the Trustee to distribute any account balances meeting the requirements of Section 5.04(a) or 5.04(b).

H. ROLLOVERS. *(Check each box that applies.)*

1. Rollovers from eligible Code § 457(b) plans SHALL BE allowed pursuant to Section 6.01 of the Plan.
2. Rollovers from plans qualified under Code §§ 401(a), 401(k), 403(a) and 403(b) SHALL BE allowed pursuant to Section 6.01 of the Plan.

3. Rollovers from Individual Retirement Accounts and Annuities described in Code §§ 408(a) and (b) SHALL BE allowed pursuant to Section 6.01 of the Plan.

I. QUALIFIED DOMESTIC RELATIONS ORDERS. (Check Box 1 OR Box 2.)

1. The Plan SHALL accept qualified domestic relations orders as provided in Section 15.02 of the Plan.
2. The Plan SHALL NOT accept qualified domestic relations orders as provided in Section 15.02 of the Plan.

J. FICA REPLACEMENT ("3121") PLAN.

Check each box that applies if this Plan is a retirement system providing FICA replacement retirement benefits pursuant to regulations under Code § 3121(b)(7)(F).

NOT APPLICABLE

1. Eligible Employees (check each box that applies):
- a. full-time employees and/or
- b. part-time employees, and complete the following.
2. Contributions (check each box that applies and fill in the appropriate blank):
- a. The Employer shall make an annual contribution to each Participant's account equal to _____ percent of such Participant's Compensation.
- b. Each Participant is required to make an annual contribution of _____ percent of Compensation.

(Note: The total percentage of a and b must equal at least 7.5%.)

In the event that this Plan is a retirement system providing FICA replacement retirement benefits as described above, all references in the Plan Document to in-service distributions for De Minimis accounts, age 70 ½ and Unforeseeable Emergency distributions shall be null and void. In addition, Permissive Service Credit Transfers in Section 6.04 may not be made prior to Severance of Employment.

K. NONELECTIVE EMPLOYER CONTRIBUTIONS. (Note any Employer contribution will reduce, dollar for dollar, the amount a Participant can contribute.)
(Check Box 1 OR Box 2 AND complete Box 3.)

1. The Employer will not make any nonelective employer contributions to the Plan.
2. The Employer will make nonelective employer contributions to the Plan. Such contributions are vested at 100% upon contribution to the plan for the following Eligible Employees: (Complete Box a, b or c.)

- a. all Eligible Employees checked in Section D. above and for the following amount \$ _____.
- b. only the following class(es) of Eligible Employees and amounts set forth below:

- c. to Eligible Employees selected by the employer in its sole discretion and in such amounts as the Employer may determine at its sole discretion.

3. Employees designated as eligible to receive nonelective employer contributions are are not required to complete enrollment forms in order to receive such contributions.

L. AUTOMATIC ENROLLMENT. *(Check Box 1 OR Box 2.)*

- 1. Effective for Plan Years beginning on and after _____, this Plan will use an automatic enrollment feature.
- 2. This Plan will NOT use automatic enrollment.

This Adoption Agreement to the sample Basic Plan Document attached hereto is duly executed on behalf of the Employer by the undersigned authorized signors.

The Employer further understands and acknowledges that:

- The sample Basic Plan Document including this Adoption Agreement is a sample provided as a courtesy to the Employer and has not been approved by the Internal Revenue Service. Obtaining such approval, if desired by the Employer, is solely the responsibility of the Employer.
- Great-West Retirement Services is not a party to the Plan and shall not be responsible for any tax or legal aspects of the Plan. The Employer assumes responsibility for these matters.
- Employer has counseled to the extent necessary, with its own legal and tax advisors.
- Great-West Retirement Services will send courtesy amendments for changes in applicable law to Employer's adopting this sample Basic Plan Document until a restated sample Basic Plan Document is made available. We will cease providing amendments to prior versions of the sample Basic Plan Document and only those Employers adopting the restated sample Basic Plan Document will receive sample amendments.

EMPLOYER'S AUTHORIZED SIGNORS:

By: _____ By: _____
Title: _____ Title: _____
Date: _____ Date: _____

5-11.67

CUSTODIAN

[Complete this section only if box C.4. was checked.]

Employer has elected to meet the trust requirement of Code § 457(g) by setting Plan assets aside for the exclusive benefit of Participants and Beneficiaries in a custodial account meeting the requirements of Code § 401(f) and satisfying Code §457(g)(3). The bank or trust company custodian named below shall be the "deemed trustee" of Plan assets held pursuant to the custodial agreement.

Note: for a list of entities qualified to act as a custodian for this purpose, please refer to IRS Announcement 2007-47, or its successor.

A. Effective January 1, 2002, the following named bank or trust company is hereby appointed as custodian of all or a portion of the assets of the Employer's § 457(b) Deferred Compensation Plan:

Wells Fargo Bank, N.A.

B. INDIVIDUAL(S) AUTHORIZED TO ISSUE INSTRUCTIONS TO CUSTODIAN/TRUSTEE:

This appointment is duly signed on behalf of the Employer and the Custodian.

EMPLOYER

By: _____

[Signature]

[Title]

[Date]

CUSTODIAN

By: _____

[Signature]

[Title]

[Date]

Attachment C

GREAT-WEST RETIREMENT SERVICES[®]

SECTION 457(b)

ELIGIBLE DEFERRED COMPENSATION PLAN

FOR GOVERNMENTAL EMPLOYERS

BASIC PLAN DOCUMENT

5-11.01

INTRODUCTION TO GREAT-WEST
SECTION 457(b) ELIGIBLE DEFERRED COMPENSATION PLAN
FOR GOVERNMENTAL EMPLOYERS

The attached sample Basic Plan Document may be used together with the related Adoption Agreement by eligible governmental employers and their counsel as a model in preparing a deferred compensation plan document intended to satisfy § 457(b) of the Internal Revenue Code of 1986, as amended. In general, under a § 457(b) plan, which is also referred to as an "eligible deferred compensation plan," a participant may defer amounts of compensation (and income earned on those deferrals) and avoid federal income taxation until those amounts are paid to the participant.

The following types of governmental entities may establish eligible § 457(b) plans:

1. The 50 states of the United States and the District of Columbia;
2. A political subdivision of a state (for example, a county or municipality); and
3. Any agency or instrumentality of a state or a political subdivision of a state.

This sample Basic Plan Document contains provisions that may be included in an eligible governmental deferred compensation plan. No local, state or federal government has passed on the legal sufficiency (including the conformity with § 457) of this sample Basic Plan Document. It was prepared for your convenience and is not intended to provide you with legal or accounting advice, nor should it be implemented without regard to your particular needs or any applicable laws of your state or local jurisdiction. Great-West Retirement Services, a unit of Great-West Life & Annuity Insurance Company, nor any of its affiliated companies, (collectively referred to herein as "Great-West") assumes any liability to any person or entity with respect to the adequacy of this document for any purpose, or with respect to any tax, accounting or legal ramifications arising from its use. You and your counsel should review and, where appropriate, modify the provisions to meet your particular needs and applicable local laws. Alterations to the Adoption Agreement are permissible, but any such alteration that requires a Plan amendment must be set forth in a separate amendment attached to the front of the plan document.

Great-West is not a party to any plan which you may adopt, and Great-West has no responsibility, accountability, or liability to you, any employer, any participant or any beneficiary with regard to the operation or adequacy of this sample plan document, any § 457(b) plan prepared from this sample Basic Plan Document or any future amendments made to this sample Basic Plan Document including amendments to satisfy any changes in applicable law. You should consult with your legal counsel prior to adopting any plan document.

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SECTION 457(b) ELIGIBLE DEFERRED COMPENSATION PLAN

INTRODUCTION

In accordance with the provisions of § 457 of the Internal Revenue Code of 1986, as amended, the Employer named in the Adoption Agreement hereby establishes this § 457(b) Eligible Deferred Compensation Plan, hereinafter referred to as the "Plan." Nothing contained in this Plan shall be deemed to constitute an employment agreement between any Participant and Employer, and nothing contained herein shall be deemed to give a Participant any right to be retained in the employ of Employer.

I. DEFINITIONS

- 1.01 "Account Balance." The bookkeeping account maintained with respect to each Participant which reflects the value of the deferred Compensation credited to the Participant, including the Participant's Annual Deferrals, the earnings or loss of the Fund (net of Fund expenses) allocable to the Participant, any transfers for the Participant's benefit and any distribution made to the Participant or the Participant's Beneficiary. If a Participant has more than one Beneficiary at the time of the Participant's death, then each Beneficiary's share of the Account Balance shall be treated as a separate account for each Beneficiary. The Account Balance includes any account established under Article VI for rollover contributions and plan-to-plan transfers made for a Participant, the account established for a Beneficiary after a Participant's death, and any account or accounts established for an Alternate Payee (as defined in Code § 414(p)(8)).
- 1.02 "Administrator." Administrator means the person, persons or entity appointed by the Employer to administer the Plan as set forth in the Adoption Agreement. Administrator shall not include the recordkeeper or any company which issues policies, contracts or investment media to the Plan in respect of a Participant.
- 1.03 "Adoption Agreement." Adoption Agreement means the agreement which, together with this sample Basic Plan Document, constitutes the Plan.
- 1.04 "Alternate Payee." Alternate Payee means the spouse, former spouse, child or other dependent of a Participant who has acquired an interest in the Participant's account pursuant to a Qualified Domestic Relations Order (QDRO) pursuant to Section 15.02. Alternate Payees shall be treated as Beneficiaries for all purposes under the Plan except that Alternate Payees shall be allowed to request a distribution of all or a portion of their account balance at any time, subject to the terms of the QDRO.
- 1.05 "Annual Deferral." The amount of Compensation deferred in any taxable year. Any Voluntary Employee Contribution to a deemed IRA under Article IX or X shall not be considered an annual deferral.

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- 1.06 “Beneficiary.” The designated person (or, if none, the Participant’s surviving spouse, if any, and then the Participant’s estate) who is entitled to receive benefits under the Plan after the death of a Participant.
- 1.07 “Code.” The sections of the Internal Revenue Code of 1986, as now in effect or as hereafter amended or recodified. References herein to specific section numbers of the Code shall be deemed to include Treasury regulations and Internal Revenue Service guidance thereunder as in effect now, as amended or recodified in corresponding provisions of any future United States internal revenue law.
- 1.08 “Compensation.” All cash compensation for services to the Employer, including salary, wages, fees, commissions, bonuses and overtime pay, that is includible in the Employee’s gross income for the calendar year, plus amounts that would be cash compensation for services to the Employer includible in the Employee’s gross income for the calendar year but for a compensation reduction election under Code §§ 125, 132(f), 401(k), 403(b), or 457(b) (including an election to defer compensation under Article III). To the extent permitted by Treasury regulations or other similar guidance (including, without limitation, the requirements contained in Treasury Regulations §§ 1.457-4(d)(1) and 1.415-2(e)(3)(i)), accrued bona fide sick, vacation or other leave pay so long as the Participant would have been able to use the leave if employment had continued and it is paid within the longer of two and one-half (2 ½) months after the Participant’s severance from employment or the end of the calendar year in which the Participant severs employment with the Employer.

For Plan Years after December 31, 2008, to the extent permitted by the applicable Code provisions and Treasury regulations, Compensation shall include pay received by a Participant from the Employer while performing Qualified Military Service but only to the extent the pay does not exceed the amounts the Participant would have received if the Participant had continued to perform services for the employer rather than entering Qualified Military Service.

- 1.09 “Custodian.” The bank, trust company or other person, if any, selected by the Employer in the Adoption Agreement and who is authorized to hold Plan assets in a custodial account in accordance with regulations issued by the Secretary of the Treasury pursuant to Code § 401(f).
- 1.10 “Employee.” Each natural person (individual) who is employed by the Employer, either as a common law employee or an independent contractor, including elected or appointed individuals, as selected in the Adoption Agreement. Any employee who is included in a unit of employees covered by a collective bargaining agreement that does not specifically provide for participation in the Plan shall be excluded.
- 1.11 “Employer.” The eligible governmental entity sponsoring the Plan as named in the Adoption Agreement.

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- 1.12 “Includible Compensation.” An employee’s actual wages in Box 1 of Form W-2 for a year for services to the Employer, but subject to a maximum of \$200,000 (or such higher maximum as may apply under Code § 401(a)(17)) and increased (up to the applicable limit contained in Code § 401(a)(17)) by any compensation reduction election under Code §§ 125, 132(f), 401(k), 403(b), or 457(b) (including an election to defer Compensation under Article III).
- 1.13 “Nonelective Employer Contribution.” Nonelective Employer Contribution is a contribution made by an Employer for the Participant with respect to which the Participant does not have the choice to receive the contribution in cash or property. Such term may also include an employer matching contribution.
- 1.14 “Normal Retirement Age.” Normal Retirement Age means age 70½, unless the Participant has elected an alternate Normal Retirement Age and delivered such election to the Administrator prior to beginning Special § 457 Catch-up contributions as described in Section 3.03 of the Plan. Once a Participant has begun making Special § 457 Catch-up contributions, his Normal Retirement Age may not be changed.

For Participants eligible to receive benefits under the Employer’s basic defined benefit pension plan or a money purchase pension plan (herein collectively referred to as “pension plan”), a Participant’s alternate Normal Retirement Age may not be earlier than the earliest date the Participant has the right to retire and receive immediate retirement benefits under such pension plan, without actuarial or similar reduction because of retirement before some later specified age, and the date selected may not be later than age 70 ½.

If the Participant is not eligible to receive benefits under a basic defined benefit pension plan or money purchase pension plan, the Participant’s alternate Normal Retirement Age may not be earlier than age 65 nor later than age 70 ½.

A special rule shall apply to qualified police or firefighters under the Plan, if any. Any qualified police or firefighter, as defined under Code § 415(b)(2)(H)(ii)(I), who is participating in the Plan may choose a Normal Retirement Age that is not earlier than age 40 nor later than age 70 ½.

- 1.15 “Participant.” An individual who is currently deferring Compensation, or who has previously deferred Compensation under the Plan by salary reduction or received a Non-elective Employer Contribution and who has not received a distribution of his or her entire benefit under the Plan. Except for purposes of Articles II, IV, IX, X and XII, the term “Participant” shall include a former Participant. The Administrator, if he or she is otherwise eligible, may participate in the Plan.
- 1.16 “Participation Agreement.” The agreement entered into and filed by an Employee with the Employer pursuant to Article II, in which the Employee elects to become a Plan Participant.

- 1.17 “Plan.” The Plan named in the Adoption Agreement and consisting of the Adoption Agreement and this Sample Basic Plan Document.
- 1.18 “Plan Year.” The calendar year.
- 1.19 “Qualified Military Service.” Any service in the uniformed service (as defined in Chapter 43 of Title 38 of the United States Code as in effect as of December 12, 1994) by any individual if such individual is entitled to reemployment rights under such Chapter with respect to such service.
- 1.20 “Severance from Employment.” The date the Employee dies, retires, or otherwise has a severance from employment with the Employer, as determined by the Administrator (and taking into account guidance issued under the Code). An Employee whose employment is interrupted by Qualified Military Service under Code § 414(u) shall be deemed severed from employment until such time as he or she is reemployed following the term of duty. Effective for Plan Years after December 31, 2008, if a Participant called to Qualified Military Service receives a distribution from the Plan due to severance, the Participant’s deferrals to the Plan shall be suspended for six-months following the date of the distribution. All other Participants shall be deemed to have severed his employment with the Employer for purposes of this Plan when both parties consider the employment relationship to have terminated and neither party anticipates any future employment of the Participant by the Employer.
- In the case of a Participant who is an independent contractor, Severance from Employment shall be deemed to have occurred when the Participant’s contract for services has completely expired and terminated, there is no foreseeable possibility that the Employer shall renew the contract or enter into a new contract for services to be performed by the Participant, and it is not anticipated that the Participant shall become an Employee of the Employer.
- 1.21 “Trust or Custodial Agreement.” The written agreement (or declaration) made by and between the Employer and the Trustee under which the Trust Fund is maintained. Custodial accounts and annuity contracts described in Code § 401(f) may be treated as trusts under the rules described in Treasury Regulation § 1.457-8(a)(3).
- 1.22 “Trust Fund.” The trust fund created under and subject to the Trust Agreement or Custodial Agreement, as selected in the Adoption Agreement.
- 1.23 “Trustee.” The Trustee duly appointed and currently serving under the Trust Agreement if selected in the Adoption Agreement.
- 1.24 “Valuation Date.” Each business day.

II. PARTICIPATION AND CONTRIBUTIONS

- 2.01 Eligibility. Individuals performing services for the Employer, as selected in the Adoption Agreement, shall be eligible to participate in the Plan upon becoming employed by the Employer unless specifically restricted in the Adoption Agreement.
- 2.02 Election Required for Participation. An Employee may elect to become a Participant by executing a Participation Agreement to defer a portion of his or her Compensation (and have that amount contributed as an Annual Deferral on his or her behalf) and filing it in good order with the Administrator. In entering into the Participation Agreement, the Participant elects to participate in this Plan and consents to the deferral by the Employer of the amount specified in the Participation Agreement from the Participant's gross compensation for each payroll period and agrees to be bound by all the terms and conditions of the Plan. Such deferral shall continue in effect until modified, disallowed or revoked in accordance with the terms of this Plan or until the Participant ceases employment with the Employer.

Any prior Employee who was a Participant in the Plan and is rehired by Employer may resume participation in the Plan by entering into a Participation Agreement so long as any distributions being taken from this Plan are terminated prior to the resumption of deferrals under the Plan.

The Employer retains the right to establish minimum deferral amounts per payroll period, and to change such minimums from time to time and to limit the number and/or timing of enrollments into the Plan in the Participation Agreement. No adjustment in future deferrals shall be made if a periodic deferral is missed or is less than the amount elected. The Employer or Administrator shall have the right to modify or disallow the periodic deferral of Compensation elected by the Participant:

- (a) in excess of the limitations stated in Article III;
- (b) in excess of the Participant's net Compensation for any payroll period;
- (c) upon any change in the length of the payroll period utilized by Employer. In such case the periodic deferral shall be adjusted so that approximately the same percentage of pay shall be deferred on an annual basis;
- (d) in order to round periodic deferrals to the nearest whole dollar amount;
- (e) to reduce the future deferrals in the event that the amount actually deferred for any payroll period exceeds, for any reason whatsoever, the amount elected by the Participant. In the alternative, such amount of excess deferral may be refunded to the Participant; or
- (f) if the deferral elected for any payroll period is less than the minimum amount specified by the Employer or Administrator.

The participation election, or such other form as approved by the Administrator, shall include the Employee's designation of investment funds. Any such election shall remain in effect until a new election is filed. A change in the investment direction shall take effect as of the date provided by the Administrator on a uniform basis for all Employees.

The Participant may also designate a Beneficiary(ies) to receive any amounts that may be distributed in the event of death of the Participant prior to the complete distribution of benefits. A Participant may change the designated Beneficiary(ies) at any time by filing such change with the Administrator in a manner approved by the Administrator. A change in the Beneficiary designation shall take effect when the election is accepted by the Administrator. If no such designation is in effect on the Participant's death, the Beneficiary shall be the Participant's surviving spouse, if any, or if none, the Participant's estate.

2.03 Nonelective Employer Contributions. If selected in the Adoption Agreement, the Employer may make nonelective contributions to the Plan in the amounts and to the Employees designated under the Adoption Agreement.

2.04 Commencement of Participation.

- (a) Voluntary Enrollment. An Employee shall become a Participant as soon as administratively practicable following the date the Employee files a participation election pursuant to Section 2.02. Such election shall become effective no earlier than the calendar month following the month in which the election is made. A new Employee may defer compensation payable in the calendar month during which the Participant first becomes an Employee if an agreement providing for the deferral is entered into on or before the first day on which the Participant performs services for the Employer.
- (b) Automatic Enrollment. Notwithstanding Section 2.01 and Section 2.02, to the extent permitted by applicable law, the Administrator may establish procedures whereby, as a term or condition of employment, each employee is deemed to have elected to participate in the Plan and consents to the deferral by the Employer of a specified amount (or a uniform percentage of Compensation for an Eligible Automatic Contribution Arrangement intended to satisfy Code § 414(w)) for any payroll period for which a Participation Agreement is not in effect. If such procedures are in place, a Participant may elect a different deferral amount per payroll period, including zero, by entering into a Participation Agreement. This last sentence is not applicable to Participants in a Plan that is a retirement system providing FICA replacement retirement benefits pursuant to regulations under Code § 3121(b)(7)(F).

For Eligible Automatic Contribution Arrangements intended to satisfy Code § 414(w), in addition to the above, the Administrator shall provide to each Participant affected by this Section 2.04(b) with an annual notice that satisfies the

requirements contained in Code § 414(w) and any applicable guidance issued thereunder. These requirements include:

- (1) A description of the Participant's rights and obligations under the automatic arrangement that is sufficiently accurate to apprise the Participant of such rights and obligations;
- (2) ~~Satisfying the requirements for notice contained in Treasury Regulation § 1.401(k)-3(d)(2)(ii);~~
- (3) Describing the level of elective contributions that will be made on the Participant's behalf in the event the Participant does not make an affirmative election;
- (4) Describing the Participant's rights to not have automatic elective contributions made to the Plan on the Participant's behalf;
- (5) Describing how contributions will be invested absent the Participant's affirmative investment election;
- (6) Describing the Participant's right to make a permissive withdrawal of the automatic elective contributions and the applicable rules governing such withdrawals; and
- (7) Providing the notice to Participants within a reasonable period of time prior to each Plan Year (or in the year the Employee first becomes eligible to enroll in the Plan, within a reasonable period of time prior to becoming an Eligible Employee).

For automatic enrollment arrangements not intending to satisfy Code § 414(w), the Employer must satisfy the requirements of IRS Revenue Ruling 2000-33.

2.05 Information Provided by the Participant. Each Employee enrolling in the Plan should provide to the Administrator at the time of initial enrollment, and later if there are any changes, any information necessary or advisable, in the sole discretion of the Administrator, for the Administrator to administer the plan, including, without limitation, whether the Employee is a participant in any other eligible plan under Code § 457(b).

2.06 Contributions Made Promptly. Annual Deferrals by the Participant under the Plan shall be transferred to the Trust Fund within a period that is not longer than is reasonable for the proper administration of the Participant's Account Balance in a manner consistent with the requirements contained in Treasury Regulation § 1.457-8(a)(2)(ii). For this purpose, Annual Deferrals shall be treated as contributed within a period that is not longer than is reasonable for the proper administration if the contribution is made to the Trust Fund within 15 business days following the end of the month in which the amount would otherwise have been paid to the Participant.

- 2.07 Amendment of Annual Deferrals Election. Subject to other provisions of the Plan, a Participant may at any time revise his or her participation election, including a change of the amount of his or her Annual Deferrals. Unless the election specifies a later effective date, a change in the amount of the Annual Deferrals shall take effect as of the first day of the next following month or as soon as administratively practicable if later. A revocation of deferrals shall take effect as soon as administratively practicable under the Employer's payroll system. ~~Notwithstanding the above, if a negative election procedure has been implemented pursuant to Section 2.04(b), a Participant may enter into or modify a Participation Agreement at any time to provide for no deferral; provided that~~ Participants in a Plan that is a retirement system providing FICA replacement retirement benefits pursuant to regulations under Code § 3121(b)(7)(F) are not permitted to modify their Participation Agreement to provide for no deferrals or to revoke their Participation Agreement.
- 2.08 Leave of Absence. Unless an election is otherwise revised, if a Participant is absent from work by leave of absence, Annual Deferrals under the Plan shall continue to the extent that Compensation continues.
- 2.09 Disability. A disabled Participant may elect to make Annual Deferrals during any portion of the period of his or her disability to the extent that he or she has actual Compensation (not imputed Compensation and not disability benefits) from which to make contributions to the Plan and has not had a Severance from Employment.
- 2.10 Revocation of Deferrals. In addition to a Participant's ability to change or revoke an election as described in Section 2.07, a Participant's request for a distribution in the event of an Unforeseeable Emergency as defined in Section 5.05(b) shall in addition be treated as a request for revocation of deferrals as of a date determined by the Administrator for the period of time determined under Section 5.05(f). Revocation of deferrals is not a distributable event, however, and the Participant's Account may only be distributed as provided in Article V.
- 2.11 Re-Enrollment. A Participant who revokes the Participation Agreement may again become a Participant at the times and in the manner authorized by the Administrator, by entering into a new Participation Agreement to defer Compensation payable no earlier than the first payroll period after the first day of the month after such new Participation Agreement is entered into by the Participant and accepted by the Administrator.

III. LIMITATIONS ON AMOUNTS DEFERRED

- 3.01 Basic Annual Limitation Effective for Calendar Years On and After January 1, 2002. The maximum amount of the Annual Deferral under the Plan for any calendar year shall not exceed the lesser of (i) the Applicable Dollar Amount or (ii) the Participant's Includible Compensation for the calendar year. The Applicable Dollar Amount is the amount established under Code § 457(e)(15) applicable as follows:

\$11,000 for 2002;
\$12,000 for 2003;
\$13,000 for 2004;
\$14,000 for 2005; and
\$15,000 for 2006 and thereafter.

After 2006, the Applicable Dollar Amount is adjusted for cost-of-living under Code § 457(e)(15)(B). The Annual Deferral amount does not include any rollover amounts received by the Plan under Treasury Regulation § 1.457-10(e).

3.02 Age 50 Catch-up Annual Deferral Contributions. A Participant who will attain age 50 or older by the end of the calendar year is permitted to elect an additional amount of Annual Deferrals, up to the maximum age 50 catch-up Annual Deferrals for the year. The maximum dollar amount of the age 50 catch-up Annual Deferrals for a year is as follows:
\$1,000 for 2002;
\$2,000 for 2003;
\$3,000 for 2004;
\$4,000 for 2005;
\$5,000 for 2006 and thereafter. After 2006, the \$5,000 amount is adjusted for cost-of-living under Code § 414(v)(2)(C). Age 50 catch-up contributions are subject to the requirements of Code § 414(v).

3.03 Special § 457 Catch-up Limitations for Calendar Years Beginning On and After January 1, 2002. If the applicable year is one of a Participant's last three calendar years ending before the year in which the participant attains Normal Retirement Age and the amount determined under this Section exceeds the amount computed under Sections 3.01 and 3.02, then the Annual Deferral limit under this Section shall be the lesser of:

- (a) an amount equal to two times the Section 3.01 applicable dollar limit for such year; or
- (b) the sum of:
 - (1) An amount equal to the aggregate Section 3.01 limit for the current year plus each prior calendar year beginning after December 31, 2001, during which the Participant was an Employee under the Plan, minus the aggregate amount of Compensation that the Participant deferred under the Plan during such years, plus
 - (2) An amount equal to the aggregate limit referred to in Code § 457(b)(2) for each prior calendar year beginning after December 31, 1978, and before January 1, 2002, during which the Participant was an Employee (determined without regard to Sections 3.02 and 3.03), minus the aggregate contributions to Pre-2002 Coordination Plans for such years.

However, in no event can the deferred amount be more than the Participant's Compensation for such years unless the Employer is making non-elective Employer contributions.

3.04 Coordination of Age 50 Catch-up with Special § 457 Catch-up. The Age 50 Catch-up does not apply for any taxable year for which a higher limitation applies under the Special § 457 Catch-up described in Section 3.03. A Participant who is eligible for the Age 50 Catch-up for a Plan Year and for whom the Plan Year is also one of the Participant's last three taxable years ending before the Participant attains Normal Retirement Age is eligible for the larger of:

- (a) The basic annual limitation described in Section 3.01 and the Age 50 Catch-up described in Section 3.02, or
- (b) The basic annual limitation described in Section 3.01 and the Special § 457 Catch-up described in Section 3.03.

3.05 Special Rules. For purposes of this Article III, the following rules shall apply:

- (a) Participant Covered By More Than One Eligible Plan. If the Participant is or has been a participant in one or more other eligible plans within the meaning of Code § 457(b), then this Plan and all such other plans shall be considered as one plan for purposes of applying the foregoing limitations of this Article III. For this purpose, the Administrator shall take into account any other such eligible plan maintained by the Employer and shall also take into account any other such eligible plan for which the Administrator receives from the Participant sufficient information concerning his or her participation in such other plan.
- (b) Pre-Participation Years. In applying Section 3.03, a year shall be taken into account only if the Participant was eligible to participate in the Plan during all or a portion of the year and Compensation deferred, if any, under the Plan during the year was subject to the Basic Annual Limitation described in Section 3.01 or any other plan ceiling required by Code § 457(b).
- (c) Pre-2002 Coordination Years. For purposes of Section 3.03(b)(2), "contributions to Pre-2002 Coordination Plans" means any employer contribution, salary reduction or elective contribution under any other eligible Code § 457(b) plan, or a salary reduction or elective contribution under any Code § 401(k) qualified cash or deferred arrangement, Code § 402(h)(1)(B) simplified employee pension (SARSEP), Code § 403(b) annuity contract, and Code § 408(p) simple retirement account, or under any plan for which a deduction is allowed because of a contribution to an organization described in Code § 501(c)(18), including plans, arrangements or accounts maintained by the Employer or any employer for whom the Participant performed services. However, the contributions for any calendar year are only taken into account for purposes of Section 3.03(b)(2) to the extent

that the total of such contributions does not exceed the aggregate limit referred to in Code § 457(b)(2) for that year.

- (d) Disregard Excess Deferral. For purposes of Sections 3.01, 3.02 and 3.03, an individual is treated as not having deferred Compensation under a plan for a prior taxable year to the extent Excess Deferrals under the plan are distributed, as described in Section 3.06. To the extent that the combined deferrals for pre-2002 years exceeded the maximum deferral limitations, the amount is treated as an Excess Deferral for those prior years.

3.06 Correction of Excess Deferrals. If the Annual Deferral on behalf of a Participant for any calendar year exceeds the limitations described above, or the Annual Deferral on behalf of a Participant for any calendar year exceeds the limitations described above when combined with other amounts deferred by the Participant under another eligible deferred compensation plan under Code § 457(b) for which the Participant provides information that is accepted by the Administrator, then the Annual Deferral, to the extent in excess of the applicable limitation (adjusted for any income or loss in value, if any, allocable thereto in accordance with applicable guidance), shall be distributed to the Participant.

3.07 Protection of Persons Who Serve in a Uniformed Service. An Employee whose employment is interrupted by qualified military service under Code § 414(u) may elect to make additional Annual Deferrals upon resumption of employment with the Employer equal to the maximum Annual Deferrals that the Employee could have elected during that period if the Employee's employment with the Employer had continued (at the same level of Compensation) without the interruption or leave, reduced by the Annual Deferrals, if any, actually made for the Employee during the period of the interruption or leave. This right applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave).

IV. LOANS

If so specified in the Adoption Agreement, a Participant who is an Employee may apply for and receive a loan from his or her Account Balance as provided in this Article IV or pursuant to a loan policy executed by the Plan Administrator. Any such loan may not be for an amount less than the minimum amount specified by the Administrator. If not specified by the Administrator, the minimum loan amount shall be \$1,000.

Except as modified by the loan policy adopted by the Plan Administrator from time to time, the following rules shall apply to loans under the Plan. Any loans that are issued under the Plan shall be administered in a manner consistent with the requirements contained in Code § 72(p), Treasury Regulation § 1.72(p)-1 and any other applicable guidance issued thereunder.

4.01 Maximum Loan Amount. No loan to a Participant hereunder may exceed the lesser of:

- (a) \$50,000, reduced by the greater of (i) the outstanding balance on any loan from the Plan to the Participant on the date the loan is made or (ii) the highest outstanding balance on loans from the Plan to the Participant during the one-year period ending on the day before the date the loan is approved by the Administrator (not taking into account any payments made during such one-year period), or
- (b) one-half of the value of the Participant's vested Account Balance.

For purposes of this Section 4.02, any loan from any other plan maintained by the Employer shall be treated as if it were a loan made from this Plan, and the Participant's vested interest under any such other plan shall be considered a vested interest under this Plan; provided, however, that the provisions of this paragraph shall not be applied so as to allow the amount of a loan under this Section 4.02 to exceed the amount that would otherwise be permitted in the absence of this paragraph.

4.02 Loan Provisions. The terms of the loan shall:

- (a) require level amortization with payments not less frequently than quarterly throughout the repayment period, except that alternative arrangements for repayment may apply in the event that the borrower is on a bona fide unpaid leave of absence for a period not to exceed one year for leaves other than a qualified military leave within the meaning of Code § 414(u) or for the duration of an interruption of employment which is due to qualified military service;
- (b) require that the loan be repaid within five years unless the Participant certifies in writing to the Administrator that the loan is to be used to acquire any dwelling unit which within a reasonable time is to be used (determined at the time the loan is made) as a principal residence of the Participant; and
- (c) provide for a reasonable rate of interest to be fixed by the Administrator from time to time. The Administrator shall not discriminate among Participants in the matter of interest rates, but loans granted at different times may bear different interest rates based upon prevailing rates at the time.

A loan to a Participant shall be considered a directed investment option for such Participant's account balance.

4.03 Security for Loan; Default.

- (a) Security. Any loan to a Participant under the Plan shall be secured by the pledge of the portion of the Participant's interest in the Plan invested in such loan.
- (b) Default. In the event that a Participant fails to make a loan payment under this Article IV by the end of the calendar quarter following the calendar quarter in

which such payment was due, a default on the loan shall occur. In the event of such default;

- (1) all remaining payments on the loan shall be immediately due and payable;
- (2) interest will continue to accrue on the unpaid balance until the loan is repaid in full; and
- (3) the Participant shall be permanently ineligible for any future loans from the Plan unless, in the Administrator's sole discretion, the Participant is deemed to be credit worthy and agrees to repay the loan through payroll deduction.

In the case of any default on a loan to a Participant, the Administrator shall apply the portion of the Participant's interest in the Plan held as security for the loan in satisfaction of the loan on the date of Severance from Employment. In addition, the Administrator shall take any legal action it shall consider necessary or appropriate to enforce collection of the unpaid loan, with the costs of any legal proceeding or collection to be charged to the Account Balance of the Participant.

Notwithstanding anything elsewhere in the Plan to the contrary, in the event a loan is outstanding hereunder on the date of a Participant's death, his or her estate shall be his or her Beneficiary as to the portion of his or her interest in the Plan invested in such loan (with the Beneficiary or Beneficiaries as to the remainder of his or her interest in the Plan to be determined in accordance with otherwise applicable provisions of the Plan).

- 4.04 Repayment. The Participant shall be required, as a condition to receiving a loan, to enter into an irrevocable agreement authorizing Employer to make payroll deductions from his or her Compensation so long as the Participant is an Employee and to transfer such payroll deduction amounts to the Trustee in payment of such loan plus interest. Repayments of a loan shall be made by payroll deduction of equal amounts (comprised of both principal and interest) from each paycheck, with the first such deduction to be made as soon as practicable after the loan funds are disbursed; provided, however, a Participant may prepay the entire outstanding balance of his loan at any time; and provided, further, that if any payroll deductions cannot be made in full because a Participant is on an unpaid leave of absence or is no longer employed by the Employer or the Participant's paycheck is insufficient for any other reason, the Participant shall pay directly to the Plan the full amount that would have been deducted from the Participant's paycheck, with such payment to be made by the last business day of the calendar month in which the amount would have been deducted. Loan repayments are, at the Employer's election, suspended for Qualified Military Service as permitted by Code § 414(u)(4).

V. BENEFIT DISTRIBUTIONS

5.01 Distributions from the Trust. The payment of benefits from the Trust in accordance with the terms of the Plan may be made by the Trustee, or by any custodian or other person so authorized by the Employer to make such distribution. Neither the Administrator, the Trustee, the Custodian nor any other person shall be liable with respect to any distribution from the Trust made at the direction of the Employer or a person authorized by the Employer to give disbursement direction.

5.02 Conditions for Distributions.

- (a) § 457(b) Deferred Compensation. Payments from a Participant's § 457(b) Deferred Compensation account shall not be made to the Participant or Beneficiary earlier than:
- (1) the Participant's Severance from Employment or death pursuant to Sections 5.03 and 5.06;
 - (2) the Participant's account meets all of the requirements for an in-service de minimis distribution pursuant to Section 5.04(a) and/or (b);
 - (3) the Participant incurs an approved Unforeseeable Emergency pursuant to Section 5.05;
 - (4) the Participant at anytime elects to receive a distribution of all or any portion of the amount of rollover contributions held in the separate rollover account(s) pursuant to Section 5.04(c);
 - (5) the calendar year in which an in-service Participant attains age 70 ½ pursuant to Section 5.04(d); or
 - (6) Plan termination under Section 13.01.
- (b) Latest Distribution Date. To comply with Code § 401(a)(9) and the Treasury regulations issued thereunder, in no event, shall any distribution to a Participant under this Article V begin later than the April 1 of the year following the calendar year in which the participant attains age 70 ½ or April 1 of the year following the year in which the Participant retires or otherwise has a Severance from Employment, whichever is later. If the Participant delays the distribution due in the calendar year he turns age 70 ½ or severs employment, as applicable, to the following calendar year, a second required minimum distribution must be taken by the end of that calendar year. Such distributions must be made in accordance with Section 5.06.

5.03 Severance from Employment for Any Reason, Including Retirement.

- (a) Subject to Section 5.03(b), distributions to a Participant shall commence following Severance from Employment, on the regular distribution commencement date (as the Employer or Administrator may establish from time-to-time) elected by the Participant, in a form and manner determined pursuant to Sections 5.07, 5.08 and 5.09. If the Participant does not elect otherwise, the distribution shall be paid commencing on the Participant's Required Beginning Date under a payment method meeting the requirements of Code § 401(a)(9) and the regulations thereunder.
- (b) If, in the Adoption Agreement, the Plan elected mandatory distributions of Account Balances of \$1,000 or less and if the Participant does not elect to have such distribution paid directly to an eligible retirement plan specified by the Participant in a direct rollover or to receive the distribution directly, then the Administrator will pay the distribution in a lump sum to the Participant at the Participant's last known mailing address.

If, in the Adoption Agreement, the Plan elected mandatory distributions of amounts greater than \$1,000 but not greater than \$5,000, and if the Participant does not elect to have such distribution paid directly to an eligible retirement plan specified by the Participant in a direct rollover or to receive the distribution directly, then the Administrator will pay the distribution amount in excess of \$1,000 in a direct rollover to an individual retirement plan designated by the plan administrator.

5.04 In-Service Distributions.

- (a) Voluntary In-Service Distribution of De Minimis Accounts. A Participant who is an active Employee may elect to receive a distribution of the total amount payable to the Participant under the Plan if the following requirements are met:
- (1) the portion of the total amount payable to the Participant under the Plan does not exceed an amount specified from time to time by the Administrator (not in excess of \$5,000 or other applicable limit under the Code);
 - (2) the Participant has not previously received an in-service distribution of the total amount payable to the Participant under the Plan; and
 - (3) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the in-service distribution.
- (b) Involuntary In-Service Distribution of De Minimis Accounts. If so elected in the Adoption Agreement, the Administrator shall distribute the total amount payable under the Plan to a Participant who is an active Employee if the following requirements are met:

- (1) the Participant has not previously received an in-service distribution of the total amount payable to the Participant under the Plan;
 - (2) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the in-service distribution; and
-
- (3) the total amount payable to the Participant under the Plan, does not exceed the amount selected in the Adoption Agreement.

If, in the Adoption Agreement, the Plan elected mandatory distributions of \$1,000 or less, and if the Participant does not elect to have such distribution paid directly to an eligible retirement plan specified by the Participant in a direct rollover or to receive the distribution directly, then the Administrator will pay the distribution in a lump sum to the Participant at the Participant's last known mailing address.

If, in the Adoption Agreement, the Plan elected mandatory distributions greater than \$1,000 but not greater than \$5,000, and if the Participant does not elect to have such distribution paid directly to an eligible retirement plan specified by the Participant in a direct rollover or to receive the distribution directly, then the Administrator will pay the distribution in a direct rollover to an individual retirement plan designated by the plan administrator.

- (c) Rollovers. If a Participant has a separate account attributable to rollover contributions to the Plan, the Participant may, at any time, elect to receive a distribution of all or any portion of the amount held in the rollover account(s).
- (d) Calendar Year Participant Attains Age 70 ½. The Participant may request an in-service distribution in the calendar year the Participant will/has attained age 70 ½ or older,
- (e) FICA Replacement Plan Exception. As indicated in the Adoption Agreement, Participants in a Plan intended to qualify as a retirement system providing FICA replacement retirement benefits pursuant to regulations under Code § 3121(b)(7)(F) are not eligible for In-Service De Minimis or in-service age 70 ½ distributions prior to severance.

5.05 Unforeseeable Emergency Distributions.

- (a) Distribution. If the Participant or Beneficiary has an Unforeseeable Emergency before retirement or other Severance from Employment by Participant, the Participant may elect to receive a lump sum distribution equal to the amount requested or, if less, the maximum amount determined by the Administrator to be permitted to be distributed under this Section 5.05 and Treasury Regulation § 1.457-6(c).

- (b) Unforeseeable Emergency Defined. Pursuant to Treasury Regulation § 1.457-6(c)(2), An unforeseeable emergency must be defined in the plan as a severe financial hardship of the participant or beneficiary resulting from an illness or accident of the participant or beneficiary, the participant's or beneficiary's spouse, or the participant's or beneficiary's dependent (as defined in section 152, and, for taxable years beginning on or after January 1, 2005, without regard to section 152(b)(1), (b)(2), and (d)(1)(B)); loss of the participant's or beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, such as damage that is the result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant or the beneficiary. For example, the imminent foreclosure of or eviction from the participant's or beneficiary's primary residence may constitute an unforeseeable emergency. In addition, the need to pay for medical expenses, including non-refundable deductibles, as well as for the cost of prescription drug medication, may constitute an unforeseeable emergency. Finally, the need to pay for the funeral expenses of a spouse or a dependent (as defined in section 152, and, for taxable years beginning on or after January 1, 2005, without regard to section 152(b)(1), (b)(2), and (d)(1)(B)) of a participant or beneficiary may also constitute an unforeseeable emergency. Except as otherwise specifically provided in this paragraph (c)(2)(i) of Treasury Regulation § 1.457-6, the purchase of a home and the payment of college tuition are not unforeseeable emergencies under paragraph (c)(2)(i) of Treasury Regulation § 1.457-6.
- (c) Unforeseeable Emergency Distribution Standard. A distribution on account of Unforeseeable Emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or by cessation of deferrals under the Plan.
- (d) Distribution Necessary to Satisfy Emergency Need. Distributions because of an Unforeseeable Emergency may not exceed the amount reasonably necessary to satisfy the emergency need (which may include any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution).
- (e) The Administrator shall have the right to request and review all pertinent information necessary to assure that Unforeseeable Emergency withdrawal requests are consistent with the provisions of Code § 457.
- (f) The Employer or Administrator may suspend the Participant's salary deferral election during the pendency of the Participant's request for an Unforeseeable Emergency distribution. Payment of an Unforeseeable Emergency distribution shall result in mandatory suspension of deferrals for a minimum of six months

from the date of payment (or such other period as mandated in applicable Treasury regulations).

- (g) As indicated in the Adoption Agreement, Participants in a Plan that is a retirement system providing FICA replacement retirement benefits pursuant to regulations under Code § 3121(b)(7)(F) are not eligible for Unforeseeable Emergency distributions.

5.06 Death Benefit Distributions. Upon receipt of satisfactory proof of the Participant's death, the Participant's remaining Account Balance shall be paid under a method satisfying the required minimum distribution rules of Code § 401(a)(9) and the Treasury regulations thereunder. In the case of a Participant who dies while performing Qualified Military Service under Code § 414(u), the Beneficiaries of the Participant shall, to the extent required by Code § 401(a)(37), be entitled to any additional benefits (other than benefit accruals relating to the period of Qualified Military Service) that would be provided under the Plan had the Participant resumed and then terminated employment on account of death.

- (a) Death of Participant Before Participant's Required Beginning Date. If the Participant dies before the required beginning date, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

- (1) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, then, except as provided in Section 5.06(e) and unless the surviving spouse elects the five-year rule, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died or by December 31 of the calendar year in which the Participant would have attained age 70½, if later.

A Beneficiary is deemed to elect the five-year rule if distributions do not begin by the required beginning date provided in this Section.

- (2) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then, unless the Beneficiary elects the five-year rule, distributions to the designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

A Beneficiary is deemed to elect the five-year rule if distributions do not begin by the required beginning date provided in this Section.

- (3) If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire

interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

- (4) If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 5.06(a), other than Section 5.06(a)(1), will apply as if the surviving spouse were the Participant.

For purposes of this Section 5.06(a) and Section 5.06(e) unless Section 5.06(a)(4) applies, distributions are considered to begin on the Participant's required beginning date. If Section 5.06(a)(4) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Section 5.06(a)(1). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 5.06(a)(1)), the date distributions are considered to begin is the date distributions actually commence.

- (b) Forms of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Section 5.06. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code § 401(a)(9) and the Treasury regulations.
- (c) Amount of Required Minimum Distribution for Each Distribution Calendar Year During the Participant's Lifetime. During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:
- (1) the quotient obtained by dividing the Participant's Account Balance by the distribution period in the Uniform Lifetime Table set forth in Treasury Regulation § 1.401(a)(9)-9, using the Participant's age as of the Participant's birthday in the distribution calendar year; or
 - (2) if the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in Treasury Regulation § 1.401(a)(9)-9, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.
- (d) Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under

Sections 5.06(d) and (e) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

(e) Amount of Required Minimum Distribution Where Death Occurs On or After Participant's Required Beginning Date.

(1) Participant Survived by Designated Beneficiary. If the Participant dies on or after the Participant's required beginning date and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated Beneficiary, determined as follows:

- (i) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.
- (ii) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.
- (iii) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, the designated Beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(2) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the calendar year following the calendar year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

- (f) Amount of Required Minimum Distribution Where Death Occurs Before Participant's Required Beginning Date.
- (1) Participant Survived by Designated Beneficiary. If the Participant dies before the required beginning date and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the calendar year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in Section 5.06(e).
 - (2) No Designated Beneficiary. If the Participant dies before the required beginning date and there is no designated Beneficiary as of September 30 of the calendar year following the calendar year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
 - (3) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the required beginning date, the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 5.06(a)(1), this Section 5.06(f)(3) will apply as if the surviving spouse were the Participant.
- (g) Designated Beneficiary. The individual who is designated as the Beneficiary under the Plan and is the designated Beneficiary under Code § 401(a)(9) and Treasury Regulation § 1.401(a)(9)-1, Q&A-4.
- (h) Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under Section 5.06(a). The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, will be made on or before December 31 of that distribution calendar year.
- (i) Life Expectancy. Life expectancy as computed by use of the Single Life Table in Treasury Regulation § 1.401(a)(9)-9.

- (j) Participant's Account Balance. The Account Balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the Account Balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The Account Balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.
- (k) Required Beginning Date. The date specified under Code § 401(a)(9) when distributions are required to begin, which, for a Participant, is April 1 following the year the Participant attains age 70 ½ or retires and severs service with the Employer, whichever is later.

5.07 Payment Options. A payee's election of a payment option must be made prior to the date that the payment of benefits is to commence or such earlier date as may be permitted by the Plan. If a timely election of a payment option is not made, benefits shall be paid in accordance with Section 5.08. Subject to applicable law and the other provisions of this Plan, distributions may be made in accordance with one of the following payment options.

- (a) A single lump-sum payment of the entire Account Balance;
- (b) Installment payments for a period of years (payable on a monthly, quarterly, semi-annual, or annual basis) which extends no longer than the life expectancy of the payee as permitted under Code § 401(a)(9) using the Tables in Treasury Regulation § 1.401(a)(9)-9. The Account Balance for this calculation (other than the final installment payment) is the Account Balance as of the end of the year prior to the year for which the distribution is being calculated;
- (c) Partial lump-sum payment of a designated amount, with the balance payable in installment payments for a period of years, as described in subsection (b);
- (d) Annuity payments (payable on a monthly, quarterly or annual basis) for the lifetime of the payee or for the lifetimes of the payee and Beneficiary in compliance with Code § 401(a)(9);
- (e) Such other forms of installment payments as may be approved by the Employer consistent with the requirements of Code § 401(a)(9); or
- (f) A Participant who is an eligible retired public safety officer, as defined under Code § 402(l)(4)(B), may elect to have distributions made directly to an insurer to pay qualified health insurance premiums for coverage for the eligible retired public safety officer, his/her spouse and dependents, by an accident of health insurance plan or qualified long-term care insurance contract as defined in Code §

7703B(b). Any elections and distributions under this Section 5.07(f) shall be made in a manner consistent with the requirements and limits contained in Code § 402(l) and any applicable guidance issued thereunder.

5.08 Default Distribution Option. In the absence of an effective election by the Participant as to the commencement and/or form of benefits, distributions shall be made in accordance with the applicable requirements of Code §§ 401(a)(9) and 457(d), and final Treasury regulations thereunder. ~~In the absence of an effective election by the Beneficiary or Alternate Payee as to the commencement and/or form of benefits, distribution shall be made in a lump sum.~~

5.09 Limitations on Distribution Options. Notwithstanding any other provision of this Article V, Plan distributions shall satisfy the requirements of this Section 5.09.

- (a) No distribution option may be selected by a payee under this Article V unless it satisfies the applicable requirements of Code §§ 401(a)(9) and 457(d), and final Treasury regulations thereunder.
- (b) The terms of this Article V shall be construed in accordance with all applicable Code sections.

5.10 Eligible Rollover Distributions.

- (a) General. Notwithstanding any provision of the Plan to the contrary that would otherwise limit an election under this Section, a Participant, the surviving spouse of a Participant (or a Participant's former spouse who is the Alternate Payee under a qualified domestic relations order as defined in Code § 414(p)) (herein collectively called "distributee") may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan in a direct rollover. A non-spousal Beneficiary may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution paid in a direct rollover to an inherited IRA referred to in Code § 402(c)(11).
- (b) Definitions. For purposes of this Section, the following definitions shall apply.
 - (1) Eligible Rollover Distribution. An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee or the non-spousal Beneficiary, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated Beneficiary, or for a specified period of 10 years or more; any distribution to the extent such distribution is required under Code § 401(a)(9); any deemed distribution under the provisions of Code § 72(p); the portion of

any distribution that is not includable in gross income; any distribution of excess deferrals; and any distribution on account of an Unforeseeable Emergency.

- (2) Eligible Retirement Plan. An eligible retirement plan is any plan described in Code § 402(c)(8). An eligible retirement plan is described as an individual retirement account described in Code § 408(a), an individual retirement annuity described in Code § 408(b), a Roth IRA* described in Code § 408A, an annuity plan described in Code § 403(a), a qualified trust described in Code § 401(a) (including § 401(k)), a tax-sheltered annuity described in Code § 403(b) or another eligible deferred compensation plan described in Code § 457(b) that accepts the distributee's eligible rollover distribution. *Effective for distributions made on/after January 1, 2008, an eligible retirement plan includes a Roth IRA described in Code § 408A.
- (3) Distributee. A distributee includes an Employee or former Employee, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the Alternate Payee under a qualified domestic relations order, as defined in Code § 414(p), are distributees with regard to the interest of the spouse or former spouse.
- (4) Direct Rollover. A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee or to the inherited IRA specified by the non-spousal Beneficiary.

- 5.11 Elections. Elections under this Section shall be made in such form and manner as the Administrator may specify from time to time. To the extent permitted by and in accordance with the Code, any irrevocable elections as to the form or timing of distributions executed prior to January 1, 2002, are hereby revoked.
- 5.12 Practices and Procedures. The Employer or Plan Administrator may adopt practices and procedures applicable to existing and new distribution elections.
- 5.13 Taxation of Distributions. To the extent required by law, income and other taxes shall be withheld from each benefit payment and payments shall be reported to the appropriate governmental agency or agencies.
- 5.14 Required Minimum Distribution Waiver of 2009. Notwithstanding any other provisions of Article V. of the Plan, a Participant or Beneficiary who would have been required to receive required minimum distributions for 2009 but for the enactment of section 401(a)(9)(H) of the Code ("2009 RMDs"), and who would have satisfied that requirement by receiving distributions that are (1) equal to the 2009 RMDs or (2) one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the Participant's designated Beneficiary, or for a period of at least 10 years ("Extended 2009 RMDs"), will receive those distributions for 2009 unless the Participant or Beneficiary

chooses not to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to stop receiving the distributions described in the preceding sentence. If the Participant or Beneficiary has not elected to receive a 2009 RMD or Extended 2009 RMD then the Participant or Beneficiary will not receive a 2009 or Extended 2009 RMD unless the Participant elects to receive the distribution(s), notwithstanding 6.01

VI. ROLLOVERS AND TRANSFERS

6.01 Eligible Rollover Contributions to the Plan.

- (a) If so specified in the Adoption Agreement, and only to the extent so specified, a Participant who is an Employee and who is entitled to receive an eligible rollover distribution from another eligible retirement plan may request to have all or a portion of the eligible rollover distribution paid to the Plan. The Administrator may require such documentation from the distributing plan as it deems necessary to effectuate the rollover in accordance with Code § 402 and to confirm that such plan is an eligible retirement plan within the meaning of Code § 402(c)(8)(B).
- (b) For purposes of Section 6.01(a), an eligible rollover distribution means any distribution of all or any portion of a Participant's benefit under another eligible retirement plan, as defined in Section 5.10(b)(2), except that an eligible rollover distribution does not include:
 - (1) any installment payment for a period of 10 years or more,
 - (2) any distribution made as a result of an unforeseeable emergency or other distribution which is made upon hardship of the employee,
 - (3) any deemed distribution under the provisions of Code § 72(p),
 - (4) the portion of any distribution that is not includable in gross income,
 - (5) any distribution of excess deferrals or
 - (6) for any other distribution, the portion, if any, of the distribution that is a required minimum distribution under Code § 401(a)(9).
- (c) Notwithstanding any other provisions of Section 6.01 of the Plan, and solely for purposes of applying the rollover provisions of the Plan, 2009 RMDs and Extended 2009 RMDs, will be treated as eligible rollover distributions.
- (d) The Plan shall establish and maintain for the Participant a separate account for any eligible rollover distribution paid to the Plan from any eligible retirement plan that is not an eligible governmental plan under Code § 457(b). In addition, the

Plan shall establish and maintain for the Participant a separate account for any eligible rollover distribution paid to the Plan from any eligible governmental plan under Code § 457(b).

6.02 Plan-to-Plan Transfers to the Plan. At the direction of the Employer, the Administrator may permit a class of Participants who are participants in another eligible governmental plan under Code § 457(b) to transfer assets to the Plan as provided in this Section 6.02. Such a transfer is permitted only if the other plan provides for the direct transfer of each Participant's interest therein to the Plan. The Administrator may require in its sole discretion that the transfer be in cash or other property acceptable to the Administrator. The Administrator may require such documentation from the other plan as it deems necessary to effectuate the transfer in accordance with Code § 457(e)(10) and Treasury Regulation § 1.457-10(b) and to confirm that the other plan is an eligible governmental plan as defined in Treasury Regulation § 1.457-2(f). The amount so transferred shall be credited to the Participant's Account Balance and shall be held, accounted for, administered and otherwise treated in the same manner as an Annual Deferral by the Participant under the Plan, except that the transferred amount shall not be considered an Annual Deferral under the Plan in determining the maximum deferral under Article III.

6.03 Plan-to-Plan Transfers from the Plan.

- (a) At the direction of the Employer, the Administrator may permit a class of Participants and Beneficiaries to elect to have all or any portion of their Account Balance transferred to another eligible governmental plan within the meaning of Code § 457(b) and Treasury Regulation § 1.457-2(f). An in-service transfer is permitted under this Section only if the Participant is transferring to another eligible governmental plan maintained by Employer. In all other circumstances, a transfer is permitted under this Section 6.03(a) for a Participant only if the Participant has had a Severance from Employment with the Employer and is an Employee of the entity that maintains the other eligible governmental plan. Further, a transfer is permitted under this Section 6.03(a) only if the other eligible governmental plan provides for the acceptance of plan-to-plan transfers with respect to the Participants and Beneficiaries and for each Participant and Beneficiary to have an amount deferred under the other plan immediately after the transfer at least equal to the amount transferred.
- (b) Upon the transfer of assets under this Section 6.03, the Plan's liability to pay benefits to the Participant or Beneficiary under this Plan shall be discharged to the extent of the amount so transferred for the Participant or Beneficiary. The Administrator may require such documentation from the receiving plan as it deems appropriate or necessary to comply with this Section 6.03 (for example, to confirm that the receiving plan is an eligible governmental plan under paragraph (a) of this Section 6.03 and to assure that the transfer is permitted under the receiving plan) or to effectuate the transfer pursuant to Treasury Regulation § 1.457-10(b).

6.04 Permissive Service Credit Transfers.

- (a) If a Participant is also a participant in a tax-qualified defined benefit governmental plan (as defined in Code § 414(d)) that provides for the acceptance of plan-to-plan transfers with respect to the Participant, then the Participant may elect to have any portion of the Participant's Account Balance transferred to the defined benefit governmental plan. A transfer under this Section 6.04(a) may be made before the Participant has had a Severance from Employment.
- (b) A transfer may be made under Section 6.04(a) if the transfer is either for the purchase of permissive service credit (as defined in Code § 415(n)(3)(A)) under the receiving defined benefit governmental plan or a repayment to which Code § 415 does not apply by reason of Code § 415(k)(3) or as otherwise allowed by the Internal Revenue Service.
- (c) As indicated in the Adoption Agreement, Participants in a Plan that is a retirement system providing FICA replacement retirement benefits pursuant to regulations under Code § 3121(b)(7)(F) are not eligible for permissive service credit transfers prior to a Severance of Employment.

VII. CREATION OF TRUST AND TRUST FUND

7.01 Trust Fund. All amounts of Annual Deferrals, all property and rights purchased with such amounts and all income attributable to such amounts, property or rights shall be held and invested in the Trust Fund in accordance with this Plan and the Trust Agreement. Notwithstanding the preceding sentence, the assets held for the Plan pursuant to this Section shall not include any assets of a deemed IRA pursuant to Articles IX and X. The Trust Fund, and any sub trust established under the Plan, shall be established pursuant to a written agreement that constitutes a valid trust under applicable state law. The Trustee shall ensure that all investments, amounts, property and rights held under the Trust Fund are held for the exclusive benefit of Participants and their Beneficiaries. The Trust Fund shall be held in trust pursuant to the Trust Agreement for the exclusive benefit of Participants and their Beneficiaries and defraying reasonable expenses of the Plan and of the Trust Fund. It shall be impossible, prior to the satisfaction of all liabilities with respect to Participants and their Beneficiaries, for any part of the assets and income of the Trust Fund to be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries.

The trust requirement of Code § 457(g) may be satisfied by a trust agreement, a custodial agreement or the annuity contract, if any. The trust requirement shall be satisfied in the manner specified in the Adoption Agreement. If so elected in the Adoption Agreement, the Employer or certain Employees of (or holders of certain positions with) the Employer shall be named as Trustee in the Adoption Agreement and Plan assets shall be set aside in trust pursuant to this Article VII.

If the Employer does not elect to self-trustee the Plan, the Employer must elect one of the following options in the Adoption Agreement:

- (a) Plan assets will be set aside in trust pursuant to a separate written trust agreement entered into between the Employer and the bank or trust company named as Trustee named in the Adoption Agreement. The Employer shall enter into a separate written trust agreement with the Trustee.
- (b) Plan assets shall be set aside in one or more annuity contracts issued by an insurance company qualified to do business in the state where the contract is issued. The owner of the annuity contract is the "deemed trustee" of the assets invested under the contract for purposes of Code § 457(g).
- (c) Plan assets shall be set aside in one or more custodial accounts described in Code § 401(f) with the bank or trust company named in the Adoption Agreement as Custodian and "deemed trustee" for purposes of Code § 457(g). The Employer shall enter into a separate written custodial agreement with the Custodian.

7.02 Establishment of Trust. The Employer or named Employees of Employer (or certain holders of positions with the Employer) named in the Adoption Agreement shall serve as Trustee of a Trust hereby created to hold all of the assets of the Plan for the exclusive benefit of Participants and Beneficiaries. The Trust shall consist of all contributions made under the Plan and the investment earnings thereon. All contributions and the earnings thereon less payments made under the terms of the Plan, including fees and expenses, shall constitute the Trust. Except to the extent that the Employer enters into a separate written trust agreement with a bank or trust company Trustee, the assets in Trust shall be administered as provided in this sample Basic Plan Document.

7.03 Appointment and Termination of Trustee. A Trustee may be named by the Employer and may be a Participant. The Trustee shall remain in office at the will of the Employer and may be removed from office at any time by the Employer, with or without cause. Such removal shall be effective upon delivery of written notice to the Trustee or at such later time as may be designated in such notice; provided that any such notice of removal shall take effect no sooner than 30 days and no later than 60 days after the delivery thereof, unless such 30 or 60 day period shall be waived. The Trustee may resign at any time upon giving written notice to the Employer or at such later time as may be designated in the notice of resignation; provided that (a) any such notice of resignation shall take effect no sooner than 30 days and no later than 60 days after the delivery thereof, unless such 30 day or 60 day period shall be waived and (b) upon such resignation or removal the Employer shall have the power and the duty to designate and appoint a successor Trustee, and the actual appointment of a successor Trustee is a condition that must be fulfilled before the resignation or removal of the Trustee shall become effective.

Upon appointment, the successor Trustee shall have all the rights, powers, privileges, liabilities and duties of the predecessor Trustee. The Trustee so resigned or removed

shall take any and all action necessary to vest the rights, powers, privileges, liabilities and duties of the Administrator in his, her or its successor.

- 7.04 Acceptance. By signing the Adoption Agreement the Trustee accepts the Trust created under the Plan and agrees to perform the obligations imposed.
- 7.05 Control of Plan Assets. The assets of the Trust or evidence of ownership shall be held by the Trustee, under the terms of the Plan and under either this Article VII or under the separate written trust agreement with a bank or trust company. If the assets represent amounts transferred from a former plan, the Trustee shall not be responsible for the propriety of any investment under the former plan.
- 7.06 General Duties of the Trustee. The Employer or named individuals in the employ of the Employer named as Trustee(s) in the Adoption Agreement shall be responsible for the administration of investments held in the Plan. The Trustee's duties shall include:
- (a) receiving contributions under the terms of the Plan;
 - (b) making distributions from Plan assets held in Trust in accordance with written instructions received from an authorized representative of the Employer;
 - (c) keeping accurate records reflecting its administration of the Trust assets and making such records available to the Employer for review and audit. Within 90 days after each Plan Year, and within 90 days after its removal or resignation, the Trustee shall file with the Employer an accounting of its administration of the Trust assets during such year or from the end of the preceding Plan Year to the date of removal or resignation. Such accounting shall include a statement of cash receipts and disbursements since the date of its last accounting and shall contain an asset list showing the fair market value of investments held in the Trust as of the end of the Plan Year.

The value of marketable investments shall be determined using the most recent price quoted on a national securities exchange or over the counter market. The value of non-marketable investments shall be determined in the sole judgment of the Trustee which determination shall be binding and conclusive. The value of investments in securities or obligations of the Employer in which there is no market shall be determined in the sole judgment of the Employer and the Trustee shall have no responsibility with respect to the valuation of such assets. The Employer shall review the Trustee's accounting and notify the Trustee in the event of its disapproval of the report within 90 days, providing the Trustee with a written description of the items in question. The Trustee shall have 60 days to provide the Employer with a written explanation of the items in question; and

- (d) employing such agents, attorneys or other professionals as the Trustee may deem necessary or advisable in the performance of its duties.

The Trustee's duties shall be limited to those described above. The Employer shall be responsible for any other administrative duties required under the Plan or by applicable law.

7.07 Investment Powers of the Trustee. The Trustee shall implement an investment program based on the Employer's investment objectives. If either the Employer or the Participant fails to issue investment directions as provided in Sections 8.01 and 8.02, the Trustee shall have authority to invest the Trust assets in its sole discretion. In addition to powers given by law, the Trustee may:

- (a) invest the Trust assets in any form of property, including common and preferred stocks, exchange and trade put and call options, bonds, money market instruments, mutual funds (including Trust assets for which the Trustee or its affiliates serve as investment advisor), Treasury bills, deposits at reasonable rates of interest at banking institutions including but not limited to savings accounts and certificates of deposit, and other forms of securities or investment of any kind, class, or character whatsoever, or in any other property, real or personal, having a ready market;
- (b) invest and reinvest all or any part of the Trust assets in any insurance policies or other contracts with insurance companies including but not limited to individual or group annuity, deposit administration, and guaranteed interest contracts. Such contracts shall be held in the name of the Trustee;
- (c) transfer any assets of the Trust to any group or common, collective or commingled fund that is maintained by a bank or other institution that is established to permit the pooling of assets of separate Trusts so long as such fund is available to § 457(b) plans;
- (d) hold cash un-invested and deposit same with any banking or savings institution at reasonable interest;
- (e) deposit fees earned from revenue sharing, 12(b)(1) fees, any investment gains and any otherwise unallocated trust assets into an account to be invested in any employer-directed investment option available under the Plan;
- (f) join in or oppose the reorganization, recapitalization, consolidation, sale or merger of corporations or properties, including those in which it is interested as a Trustee, upon such terms as it deems wise;
- (g) hold investments in nominee or bearer form;
- (h) to vote or refrain from voting any stocks, bonds, or other securities held in the Trust, to exercise any other right appurtenant to any securities or other property held in the Trust, to vote or refrain from voting proxies;

- (i) exercise all ownership rights with respect to assets held in the Trust; and
- (j) do any and all other acts that may be deemed necessary in the performance of the Trustee's duties hereunder.

7.08 Trustee Fees and Expenses. All reasonable costs, charges and expenses incurred by the Trustee in connection with the administration of the Trust assets (including fees for legal services rendered to the Trustee) may be paid by the Employer, but if not paid by the Employer when due, shall be paid from the Trust. Such reasonable compensation to a bank or trust company Trustee as may be agreed upon from time to time between the Employer and the Trustee may be paid by the Employer, but if not paid by the Employer when due, shall be paid by the Trust. The Trustee shall have the right to liquidate Trust assets to cover its fees. Notwithstanding the foregoing, no compensation other than reimbursement for expenses shall be paid to a Trustee who is the Employer or a full-time Employee. In the event any part of the Trust assets become subject to tax, all taxes incurred shall be paid from the Trust unless the Administrator advises the Trustee not to pay such tax. If pursuant to 7.07(e) an account holding un-invested trust assets is in existence at anytime during the Plan Year, all amounts in the account shall be first used to offset any plan expenses and any amounts remaining shall be allocated to Participant's accounts no later than the end of the Plan Year.

7.09 Exclusive Benefit Rules. No part of the Trust assets shall be used for, or diverted to, purposes other than for the exclusive benefit of Participants, former Participants with an interest in the Plan and the Beneficiary or Beneficiaries of a deceased Participant having an interest in the Trust assets at the death of the Participant.

7.10 Trustee Actions. Every action taken by the Trustee shall be presumed to be a fair and reasonable exercise of the authority vested in or the duties imposed upon him, her or it. The Trustee shall be deemed to have exercised reasonable care, diligence and prudence and to have acted impartially as to all persons interested, unless the contrary be proven by affirmative evidence. The Trustee shall not be liable for amounts of Compensation deferred by Participants or for other amounts payable under the Plan.

7.11 Delegation. Subject to any applicable laws and any approvals required by the Employer, the Trustee may delegate any or all powers and duties hereunder to another person, persons or entity and may pay reasonable compensation for such services as an administrative expense of the Plan to the extent such compensation is not otherwise paid.

7.12 Division of Duties and Indemnification.

- (a) The Trustee shall have the authority and discretion to manage and govern the Trust assets to the extent provided in this instrument, but does not guarantee the Trust in any manner against investment loss or depreciation in asset value or guarantee the adequacy of the Trust assets to meet and discharge all or any liabilities of the Plan.

- (b) The Trustee shall not be liable for the making, retention or sale of any investment or reinvestment made by it, as herein provided, or for any loss to, or diminution of the Trust assets or for any other loss or damage which may result from the discharge of its duties hereunder except to the extent it is judicially determined that the Trustee has failed to exercise the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.
-
- (c) The Employer warrants that all directions issued to the Trustee by it or the Administrator shall be in accordance with the terms of the Plan and not contrary to the provisions of the Code.
- (d) The Trustee shall not be answerable for any action taken pursuant to any direction, consent, certificate or other paper or document on the belief that the same is genuine and signed by the proper person. All directions by the Employer or the Administrator shall be in writing from the authorized individual or individuals named in the Adoption Agreement.
- (e) The duties and obligations of the Trustee shall be limited to those expressly imposed upon it by this instrument or subsequently agreed upon by the parties. Responsibility for administrative duties required under the Plan or applicable law not expressly imposed upon or agreed to by the Trustee shall rest solely with the Employer.
- (f) The Trustee shall be indemnified and held harmless by the Employer from and against any and all liability to which the Trustee may be subjected, including all expenses reasonably incurred in its defense, for any action or failure to act resulting from compliance with the instructions of the Employer, the Employees or agents of the Employer, the Administrator, or any other fiduciary to the Plan, and for any liability arising from the actions or inactions of any predecessor Trustee, custodian or other fiduciaries of the Plan.
- (g) The Trustee shall not be responsible in any way for the application of any payments it is directed to make or for the adequacy of the Trust assets to meet and discharge any and all liabilities under the Plan.

VIII. INVESTMENTS

- 8.01 Investment Options. Employer shall have the sole discretion to select one or more investment options to be offered under the Plan. These investment options may include specified life insurance policies, annuity contracts or investment media issued by an insurance company. It shall be the sole responsibility of the Employer to ensure that all investment options offered under the Plan are appropriate and in compliance with any and all state laws pertaining to such investments.

8.02 Participant Investment Direction. If the Employer chooses to designate one or more investment options in which Participants may direct investment of their Account(s), Participants shall have the option to direct the investment of their Account(s) from among the investment options designated by the Employer. The Participant's right to transfer among or out of any such investment options shall be subject to any timing or other restrictions imposed upon Participants by the providers of the investment options chosen by the Participant, including, but not limited to market-timing restrictions, excessive trading restrictions and redemption fees. The Trustee or Custodian, as applicable, shall hold title to such investment options. A Participant's right to direct the investment of Account balances shall apply only to making selections among the options made available under the Plan and only to the extent specified by the Employer pursuant to uniform rules. The terms of this paragraph, including any trading restrictions or fees, shall also apply to Beneficiary and Alternate Payee accounts.

- (a) Each Participant shall designate on the form prescribed by the Administrator the one or more investment options in which he or she wishes to have his Account invested and may change such investment directions in accordance with and at the time or times specified under uniform rules established by the Administrator or the investment provider, as applicable. The Participant's Account shall be debited or credited as appropriate to reflect all gains or losses on such investments. If a Participant has the right to direct the investment of his Account but does not provide such direction pursuant to uniform rules established by Employer, the Participant's Account shall be invested in the investment option selected by the Plan.
- (b) Neither the Employer, the Administrator, the Trustee, the Custodian nor any other person shall be liable for any loss incurred by virtue of following the Participant's directions or by reason of any reasonable administrative delay in implementing such directions.
- (c) The Employer may from time to time change the investment options made available under the Plan pursuant to uniform rules established by the Administrator. If the Employer eliminates an investment option, all Participants who had chosen that investment option shall select another option. If the Participant does not select a new option, money remaining in the eliminated investment option shall be reinvested at the direction of the Employer. The Participants shall have no right to require the Employer to select or retain any investment option. Any change with respect to investment options made by the Employer or a Participant, however, shall be subject to the terms and conditions (including any rules or procedural requirements) of the affected investment options.

8.03 Employer Investment Direction.

- (a) To the extent the Employer chooses not to allow Participant direction of the investment of his or her Account, the Employer shall have the right to direct the Trustee or Custodian with respect to investments of the Trust assets, may appoint an investment manager to direct investments or may give the Trustee sole investment management responsibility. The Employer or investment manager shall make any investment directive in writing. Such instructions regarding the delegation of investment responsibility shall remain in force until revoked or amended in writing. The Trustee shall not be responsible for the propriety of any investment made at the direction of the Employer or an investment manager and shall not be required to consult with or advise the Employer regarding the investment quality of any directed investment held hereunder. In the absence of such written directive, the Trustee shall automatically invest the available cash in its discretion in an appropriate interim investment until specific investment directions are received.
- (b) If the Employer fails to direct the investment of Trust assets or name an investment manager and the Trustee or Custodian do not have investment authority, the Administrator shall have full investment authority.

8.04 Participant Accounts. The Administrator shall maintain or cause to be maintained one or more individual accounts for each Participant. Such accounts shall include separate accounts, as necessary, for Code § 457(b) Deferred Compensation, Code § 457(b) rollovers, IRA rollovers, other qualified plan and Code § 403(b) plan rollovers and such other accounts as may be appropriate from time to time for plan administration. At regular intervals established by the Administrator, each Participant's account(s) shall be credited with the amount of any Deferred Compensation paid into the Trust; debited with any applicable administrative or investment expense, including, but not limited to, fees charged to Participants, allocated on a reasonable and consistent basis; credited or debited with investment gain or loss, as appropriate; and debited with the amount of any distribution. Each Participant shall be notified in writing of the balance in his Account at least once a year.

IX. ADMINISTRATION

- 9.01 Administrator. Employer shall be the Administrator unless another person or persons is appointed by the Employer in the Adoption Agreement pursuant to Section 9.02.
- 9.02 Appointment and Termination of Administrator. An Administrator may be named in the Adoption Agreement by the Employer and may be a Participant. The Administrator shall remain in office at the will of the Employer and may be removed from office at any time by the Employer, with or without cause. Such removal shall be effective upon delivery of written notice to the Administrator or at such later time as may be designated in such notice; provided that any such notice of removal shall take effect no later than 60 days after the delivery thereof, unless such 60 day period shall be waived. The Administrator may resign at any time upon giving written notice to the Employer or at such later time as

may be designated in the notice of resignation provided that; (a) any such notice of resignation shall take effect no later than 60 days after the delivery thereof, unless such 60 day period shall be waived; and (b) upon such resignation or removal the Employer shall have the power and the duty to designate and appoint a successor Administrator, and the actual appointment of a successor Administrator is a condition that must be fulfilled before the resignation or removal of the Administrator shall become effective. Upon appointment, the successor Administrator shall have all the rights, powers, privileges, liabilities and duties of the predecessor Administrator. The Administrator so resigned or removed shall take any and all action necessary to vest the rights, powers, privileges, liabilities and duties of the Administrator in the successor.

- 9.03 Duties of Administrator. Subject to any applicable laws and any approvals required by the Employer, the Administrator shall have full power and authority to adopt rules, regulations and procedures for the administration of the Plan, and to interpret, alter, amend, or revoke any rules, regulations or procedures so adopted. The Administrator's duties shall include:
- (a) appointing the Plan's attorney, accountant, actuary, custodian or any other party needed to administer the Plan or the Plan assets;
 - (b) directing the Trustee or Custodian with respect to payments from the Plan assets held in Trust;
 - (c) communicating with Employees regarding their participation and benefits under the Plan, including the administration of all claims procedures;
 - (d) filing any returns and reports with the Internal Revenue Service or any other governmental agency;
 - (e) reviewing and approving any financial reports, investment reviews, or other reports prepared by any party appointed under paragraph (a);
 - (f) establishing a funding policy and investment objectives consistent with the purposes of the Plan; and
 - (g) construing and resolving any question of Plan interpretation. The Administrator's interpretation of Plan provisions including eligibility and benefits under the Plan is final.
- 9.04 Administrative Fees and Expenses. All reasonable costs, charges and expenses incurred by the Administrator in connection with the administration of the Plan (including fees for legal services rendered to the Administrator) may be paid by the Employer, but if not paid by the Employer when due, shall be paid from Plan assets. Such reasonable compensation to the Administrator as may be agreed upon from time to time between the Employer and Administrator may be paid by the Employer, but if not paid by the Employer when due shall be paid from Plan assets. Notwithstanding the foregoing, no

compensation other than reimbursement for expenses shall be paid to an administrator who is the Employer or a full-time Employee of the Employer. In the event any part of the assets in the Plan become subject to tax, all taxes incurred shall be paid from the Plan assets unless the Administrator instructs the Trustee or Custodian not to pay such tax.

- 9.05 Actions of Administrator. Every action taken by the Administrator shall be presumed to be a fair and reasonable exercise of the authority vested in or the duties imposed upon him, her or it. The Administrator shall be deemed to have exercised reasonable care, diligence and prudence and to have acted impartially as to all persons interested, unless the contrary be proven by affirmative evidence. The Administrator shall not be liable for amounts of Compensation deferred by Participants or for other amounts payable under the Plan.
- 9.06 Delegation. Subject to any applicable laws and any approvals required by the Employer, the Administrator may delegate any or all powers and duties hereunder to another person, persons or entity, and may pay reasonable compensation for such services as an administrative expense of the Plan to the extent such compensation is not otherwise paid.
- 9.07 Investment and Service Providers. Any company which issues policies, contracts or investment media to the Employer or in respect of a Participant is not a party to this Plan and such company shall have no responsibility, accountability or liability to the Employer, the Administrator, any Participant or any Beneficiary with regard to the operation or adequacy of this Plan, including any future amendments made thereto.

X. LEAVE OF ABSENCE

- 10.01 Paid Leave of Absence. If a Participant is on an approved leave of absence from the Employer with Compensation, or on approved leave of absence without Compensation that does not constitute a Severance from Employment, which under the Employer's current practices is generally a leave of absence without Compensation for a period of one year or less, said Participant's participation in the Plan may continue.
- 10.02 Unpaid Leave of Absence. If a Participant is on an approved leave of absence without Compensation and such leave of absence continues to such an extent that it becomes a Severance from Employment, said Participant shall have separated from service with the Employer for purposes of this Plan. Upon termination of leave without pay and return to active status, the Participant may enter into a new Participation Agreement to be effective when permitted by Section 2.11.

XI. AMENDMENT OR TERMINATION OF PLAN

- 11.01 Termination. The Employer may at any time terminate this Plan; provided, however, that no termination shall affect the amount of benefits, which at the time of such termination shall have accrued for Participants or Beneficiaries. Such accrued benefit shall include

any Compensation deferred before the time of the termination and income thereon accrued to the date of the termination. Such amount shall be calculated in accordance with Section 8.04 and the terms and conditions of the affected investment option. Upon such termination, each Participant in the Plan shall be deemed to have revoked his agreement to defer future Compensation as provided in Section 2.10 as of the date of such termination and Section 2.04(b) shall no longer be in effect. Each Participant's full Compensation on a nondeferred basis shall be restored. Upon plan termination, all amounts deferred will be distributed to Participants or Beneficiaries as soon as administratively practicable after the termination date.

- 11.02 Amendment. The Employer may amend the provisions of this Plan at any time; provided, however, that no amendment shall affect the amount of benefits which at the time of such amendment shall have accrued for Participants or Beneficiaries, to the extent of Compensation deferred before the time of the amendment and income thereon accrued to the date of the amendment, calculated in accordance with Section 8.04 and the terms and conditions of the investment options hereunder; and provided further, that no amendment shall affect the duties and responsibilities of the Trustee or Custodian unless executed by the Trustee or Custodian.

To the extent permitted by applicable law, the Employer delegates to the Administrator the authority to adopt rules, regulations or procedures from time to time as may be necessary or desirable to conform Plan provisions to, or to elaborate Plan provisions in light of, technical amendments to the Code, Treasury regulations or other guidance issued under the Code, and such rules, regulations or procedures are hereby ratified by the Employer as having the force and effect of Plan amendments.

- 11.03 Copies of Amendments. The Administrator shall provide a copy of any Plan amendment to any Trustee or custodian and to the issuers of any investment options selected pursuant to Section 8.01.

XII. TAX TREATMENT OF AMOUNTS CONTRIBUTED

It is intended that pursuant to Code § 457, the Amount Deferred shall not be considered current compensation for purposes of federal income taxation. This rule shall also apply to state income taxation unless applicable state laws provide otherwise. Such amounts shall, however, be included as compensation to the extent required under the Federal Insurance Contributions Act (FICA). Payments under this Plan shall supplement retirement and death benefits payable under the Employer's group insurance and retirement plans, if any.

XIII. NON-ASSIGNABILITY

- 13.01 Non-Assignability. Except as provided in Sections 13.02 and 13.03, the interests of each Participant or Beneficiary under the plan are not subject to the claims of the Participant's or Beneficiary's creditors, and neither the Participant nor any Beneficiary shall have any

right to sell, assign, transfer, or otherwise convey the right to receive any payments hereunder or any interest under the Plan, which payments and interest are expressly declared to be non-assignable and non-transferable.

13.02 Qualified Domestic Relations Orders. If so specified in the Adoption Agreement, domestic relations orders approved by the Administrator shall be administered as follows.

- (a) Notwithstanding Section 13.01, if a final judgment, decree, or order (including approval of a property settlement) that is related to the provision of child support, alimony payments, or the marital property rights of a spouse or former spouse, child, or other dependent of a Participant (herein called an Alternate Payee) is made pursuant to the domestic relations law of any State and meets the requirements of Code § 414(p), then such order shall be referred to as a Qualified Domestic Relations Order ("QDRO"). If a QDRO is duly filed upon the Administrator, then the amount of the Participant's Account Balance shall be paid to or set aside in a separate account for Alternate Payee(s) as elected by the Alternate Payee. Payments to the Alternate Payee shall be made without regard to whether the Participant is eligible for a distribution of benefits under the Plan. The Administrator shall establish reasonable procedures for determining the status of any such decree or order and for effectuating distribution pursuant to the QDRO and may charge the Participant and Alternate Payee a fee as established from time to time.

Where necessary to carry out the terms of such a QDRO, a separate account shall be established with respect to the Alternate Payee(s) and such person shall be entitled to make investment selections with respect thereto in the same manner as the Participant, except to the extent restricted by the employer or a specific investment option under the plan. All costs and charges incurred in carrying out the investment selection shall be deducted from the account created for the spouse, former spouse or child making the investment selection. The Alternate Payee may select from among the forms of payment available to Participants except a joint and survivor annuity naming the Alternate Payee and a subsequent spouse. Withholding and income tax reporting shall be done with respect to the Alternate Payee under the terms of the Code as amended from time to time.

- (b) The Employer's liability to pay benefits to a Participant shall be reduced to the extent that amounts have been paid or set aside for payment to a spouse, former spouse or child pursuant to this Section. No amount shall be paid or set aside unless the Employer, or its agents or assigns, has been provided with satisfactory evidence releasing them from any further claim by the Participant with respect to these amounts. The Participant shall be deemed to have released the Employer from any claim with respect to such amounts in any case in which the Employer has been notified of or otherwise joined in a proceeding relating to a QDRO which sets aside a portion of the Participant's account for a spouse, former spouse or child, and the Participant fails to obtain an order of the court in the proceeding relieving the Employer from the obligation to comply with the QDRO.

- (c) The Employer shall not be obligated to comply with any judgment, decree or order that attempts to require the Plan to violate any Plan provision or any provision of Code § 457. Neither the Employer nor its agents or assigns shall be obligated to defend against or set aside any judgment, decree, or order described herein or any legal order relating to the division of a Participant's benefits under the Plan unless the full expense of such legal action is borne by the Participant. In the event that the Participant's action (or inaction) nonetheless causes the Employer, its agents or assigns to incur such expense, the amount of the expense may be charged against the Participant's account and thereby reduce Employer's obligation to pay benefits to the Participant. In the course of any proceeding relating to divorce, separation, or child support, the Employer, its agents and assigns shall be authorized to disclose information relating to Participant's individual account to the Participant's spouse, former spouse or child (including the legal representatives of the spouse, former spouse or child), or to a court.

13.03 IRS Levy. Notwithstanding Section 13.01, the Administrator may pay from a Participant's or Beneficiary's Account Balance the amount that the Administrator finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary.

13.04 Mistaken Contributions. If any contribution (or any portion of a contribution) is made to the Plan by a good faith mistake of fact, then within one year after the payment of the contribution, and upon receipt in good order of a proper request approved by the Administrator, the amount of the mistaken contributions (adjusted for any income or loss in value, if any, allocable thereto) shall be returned directly to the Participant or, to the extent required or permitted by the Administrator, to the Employer.

If the Plan utilizes an Eligible Automatic Contribution Arrangement intended to satisfy Code § 414(w), the Participant may elect a return of their elective deferrals (as adjusted for applicable earnings and losses), if such election is made prior to the 91st day after the date of the first elective contribution is deducted from the employee's Compensation. Any employer contributions shall be forfeited. Any forfeitures arising under the Plan shall be subject to the provisions of Sections 7.07 and 7.08 applicable to unallocated trust assets.

13.05 Payments to Minors and Incompetents. To the extent the Employer or Administrator determines that the following procedure meets applicable state or local law, if a Participant or Beneficiary entitled to receive any benefits hereunder is a minor or is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, benefits will be paid to such person as the Administrator may designate for the benefit of such Participant or Beneficiary. Such payments shall be considered a payment to such Participant or Beneficiary and shall, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.

13.06 Procedure When Distributee Cannot Be Located. The Administrator shall make all reasonable attempts to determine the identity and address of a participant or a Participant's Beneficiary entitled to benefits under the Plan. For this purpose, a reasonable attempt means:

- (a) the mailing by certified mail of a notice to the last known address shown on the Employer's or Administrator's records,
- (b) notification sent to the Social Security Administration, Internal Revenue Service or the Pension Benefit Guaranty Corporation (under their program to identify payees under retirement plans) and
- (c) the payee has not responded within six months.

If the Administrator is unable to locate such a person entitled to benefits hereunder, or if there has been no claim made for such benefits, the trust fund shall continue to hold the benefits due such person until in the Employer's or Administrator's sole discretion, the Plan is required to take other action under applicable law except that if, in the Adoption Agreement, the Plan elected mandatory distributions greater than \$1,000, then the Administrator will pay the distribution for such person in a direct rollover to an individual retirement plan designated by the plan administrator.

XIV. DISCLAIMER

The Employer and the Administrator make no endorsement, guarantee or any other representation and shall not be liable to the Plan or to any Participant, Beneficiary or any other person with respect to:

- (a) the financial soundness, investment performance, fitness, or suitability (for meeting a Participant's objectives, future obligations under the Plan, or any other purpose) of any investment option offered pursuant to Section 8.01 or any investment vehicle in which amounts deferred under the Plan are actually invested or
- (b) the tax consequences of the Plan to any Participant, Beneficiary or any other person.

XV. EMPLOYER PARTICIPATION

Notwithstanding any other provisions of this Plan and if so specified in the Adoption Agreement, the Employer may contribute additional amounts into the Plan on behalf of any Participant, so long as the total amount contributed by the Employer when added to the Annual Deferral made by the Participant does not exceed the maximum deferral permitted by Article III for the calendar year. The amount of such Employer contribution and the Employees or

independent contractors eligible to receive such contributions shall be detailed in an amendment attached to this Plan document. Such Employer contributions shall be wages for services rendered by the Participant to the Employer during the payroll period contributed.

XVI. INTERPRETATION

- ~~16.01 Governing Law. This Plan shall be construed under the laws of the state in which the Employer is located.~~
- 16.02 Internal Revenue Code § 457. This Plan is intended to be an eligible deferred compensation plan within the meaning of Code § 457 and shall be interpreted so as to be consistent with such Section and all regulations promulgated thereunder.
- 16.03 Word Usage. Words used herein in the singular shall include the plural and the plural the singular where applicable, and one gender shall include the other genders where appropriate.
- 16.04 Headings. The headings of sections, sections or other subdivisions hereof are included solely for convenience of reference. If there is any conflict between such headings and the text of the Plan, the text shall control.
- 16.05 Entire Agreement. This Plan, the executed Adoption Agreement and any properly adopted amendment thereof, shall constitute the total agreement or contract between the Employer and the Participant regarding the Plan. No oral statement regarding the Plan may be relied upon by the Participant. This Plan and any properly adopted amendment shall be binding on the parties hereto and their respective heirs, administrators, Trustees, successors, assigns and on all designated Beneficiaries of the Participant.

5-11.046

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010
TO: Board of Directors
FROM: Angela Aitken, Finance Manager and Acting Assistant General Manager 
SUBJECT: ACCEPTANCE OF FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS REPORT FOR YEAR ENDING JUNE 30, 2009

I. RECOMMENDED ACTION

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, 2009.

II. SUMMARY OF ISSUES

- The financial statements and report of the independent certified public accountants (Attachment A) present Santa Cruz METRO's financial position at June 30, 2009, with a comparison to the position at June 30, 2008. The auditors have found that Santa Cruz METRO's financial statements present fairly, in all material aspects, the financial position of Santa Cruz METRO.
- The auditors found Santa Cruz METRO to be in compliance with the financial reporting requirements for grants and other financial assistance.
- In the Schedule of Findings and Questioned Costs on page 38 and 39, the auditors had no new findings.
- The "Required Communication to the Board of Directors in Accordance with Professional Standards" letter details information related to the conduct of the audit. (Attachment B)
- One prior year finding/recommendation is identified in the "Agreed Upon Conditions Designed to Increase Efficiency, Internal Controls, and/or Financial Reporting" letter (Attachment C), with current year recommendations and management response. This is also known as the Management Letter.
- The Independent Auditor's Compliance Report (Attachment D) is a "TDA Expanded Audit" and found Santa Cruz METRO to be in conformance with the applicable statutes, rules and regulations of the Transportation and Development Act (TDA).

5-12.1

III. DISCUSSION

Attachment A - Independent Auditors Report

The **Independent Auditors Report** is an “unqualified” opinion on Santa Cruz METRO’s financial statements based on an audit performed by the firm of Brown Armstrong, Certified Public Accountants (page 1). This type of opinion is the highest level of opinion, and indicates that the financial statements are consistent with Generally Accepted Accounting Principles (GAAP) for governments in all material respects.

While the financial statements describe Santa Cruz METRO’s financial position in detail, the section **Management’s Discussion and Analysis** (pages 3-6) present narrative highlights of the financial statements and is prepared by Santa Cruz METRO management. Santa Cruz METRO’s Total Net Assets are \$86,190,156 at June 30, 2009; an increase of \$5,914,443 or 21% from the prior year.

The Statements of Net Assets (pages 7-8) provide an overall summary of Santa Cruz METRO’s Total Assets and Total Liabilities and Net Assets. Total Assets increased by \$7,007,806 or 7% while Total Liabilities increased by \$1,093,363 or 4% from the prior year. Total Assets increased this year due to construction in progress and capital additions. Total Liabilities increased due to the implementation of Governmental Accounting Standards Board (GASB) accounting standards 43 and 45 related to "other post employment benefits" (OPEB's). See **Required Supplementary Information – Schedule of Funding Progress** (page 28) for more detail.

The Statement of Revenues and Expenses (page 9) indicates a net loss before capital contributions in the amount of \$8,328,068 for the year ending June 30, 2009. The loss is due to a new expense as a result of the implementation of Governmental Accounting Standards Board (GASB) accounting standards 43 and 45 related to "other post employment benefits" (OPEB's), and significantly reduced sales tax and Transportation Development Act (TDA) revenues due to less consumer discretionary spending and current adverse economic conditions.

The Statements of Cash Flows (page 10) shows how changes in balance sheet accounts and income affect cash and cash equivalents. Cash and cash equivalents increased by \$2,603,369 or 8% primarily due to an increase in net cash provided by capital activities.

Notes to Financial Statements (pages 11-27) are additional notes and information which are provided to help explain the computation of specific items in the financial statements as well as provide a more comprehensive assessment of Santa Cruz METRO’s financial condition. **Note 5 – Available Net Assets** (page 20) was developed by staff and the auditors to determine the amount of available net assets for cash flow, and funding available for capital projects for the next five years. At June 30, 2009, this schedule shows total available net assets of \$23,891,536 with designated assets of \$28,586,985. This leaves a deficit balance of \$5,695,449 in available net assets, which means the five-year capital improvement program is not fully funded. It should

be noted that state capital funding sources (specifically State Transit Assistance (STA) and PTMISEA) are on hold due to a variety of issues, including poor bond sales (PTMISEA) and the illegal "re-allocation or diversion" of STA funding by the Governor, which isn't expected to be restored until 2013 at the earliest.

Required Supplementary Information – Schedule of Funding Progress (page 28) is a schedule that provides the funding progress of Other Post Employment Benefits (OPEB's). This schedule is new and was required due to the implementation of Governmental Accounting Standards Board (GASB) accounting standards 43 and 45. Santa Cruz METRO's OPEB is currently underfunded. As revenue streams improve, funding will be applied towards the liability.

Supplementary Information - Statements of Operating Expenses (page 29) indicate that Santa Cruz METRO's total operating expenses increased by \$3,291,449 or 9% from the prior year. Operating Expenses increased due to the implementation of Governmental Accounting Standards Board (GASB) accounting standards 43 and 45 related to "other post employment benefits" (OPEB's) in the amount of \$2,561,254; increased depreciation on assets purchased with State Funded Grants in the amount of \$1,330,450, offset by reduced fuel costs, reduced material and supply costs and a liquidated damages (parts) credit from New Flyer of America in the amount of \$172,000.

Other Schedules and Reports:

In the **Schedule of Expenditures of Federal Awards** and **Notes to Schedule of Expenditures of Federal Awards** (pages 30-31) the activity of all federal financial assistance awards is presented.

In the **Report on Internal Control over Financial Reporting and on Compliance and Other Matters** (page 32-33) the auditors did not identify any deficiencies in internal control over financial reporting; and the results of their tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

In the **Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133** (page 34-35) and the **Report on Compliance with the California Transportation Development Act** (page 36-37), the auditors found Santa Cruz METRO to be in compliance with the financial reporting requirements for grants and other financial assistance.

In the **Schedule of Findings and Questioned Costs** (pages 38-39), the auditors had no Findings Relating to Financial Statements Required Under GAGAS.

Attachment B - Required Communication to the Board of Directors in Accordance with Professional Standards

The **Required Communication to the Board of Directors in Accordance with Professional Standards** is the letter from Brown Armstrong that they are required to prepare with information related to the conduct of the audit. This letter defines their responsibilities, significant accounting policies, accounting estimates, any significant audit adjustments, disagreements with management, consultations with other independent accountants, issues discussed prior to retention of independent auditors and any difficulties encountered in performing the audit.

Attachment C - Agreed Upon Conditions Designed to Increase Efficiency, Internal Controls, and/or Financial Reporting

The **Agreed Upon Conditions Designed to Increase Efficiency, Internal Controls, and/or Financial Reporting** is also known as the **Management Letter**. The purpose of the management letter is to detail the auditor's findings and make recommendations to increase efficiency, internal controls and/or financial reporting. It should be noted that the one (1) finding and recommendation listed as current year, is actually carried over from the prior year. **There are no new findings for FY09.** The remaining prior year finding and recommendation has been updated with a current year management response.

- Finding #1 – *The District (Santa Cruz METRO) should perform a ticket reconciliation semi-annually that provides assurance that tickets are properly safeguarded and sales are accurately reported.*
 - Management Response:
 - Finance management created reconciliations between tickets received, ticket sales, and revenue collected to assist in accurate reporting of ticket sales. However, the new policy and procedures for ticket reconciliation will not be implemented until late 2009 due to the ticket manager retiring from the District (Santa Cruz METRO) in October 2009. The replacement ticketing manager will be trained on the new reconciliation policies and procedures to ensure the process is accurately adopted.

Attachment D - Independent Auditor's Compliance Report

The **Independent Auditor's Compliance Report** is also known as the "TDA Expanded Audit." The TDA audit is the primary means to assure accountability for the use of public funds. During the fiscal year Santa Cruz METRO applied for and received funds from the State's PTMISEA account, and this letter states that these funds were expended in conformance with the applicable statutes, rules and regulations of the Transportation Development Act (TDA).

I would like to recognize Debbie Kinslow, Assistant Finance Manager, for her invaluable work with this year's audit. Debbie lead the audit and engaged the entire Finance department in supplying the auditors with what they needed in a timely manner.

IV. FINANCIAL CONSIDERATIONS

There is no fiscal impact with 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, (SCCRTC) the final audit must be submitted to the SCCRTC. The contract with Brown Armstrong for audit services is \$39,500 and this amount is included in the FY09&FY10 operating budgets.

V. ATTACHMENTS

- Attachment A:** Financial Statements and Reports of Independent Certified Public Accountants for the years ending June 30, 2009 and 2008
- Attachment B:** Required Communication to the Board of Directors in Accordance with Professional Standards letter from Brown Armstrong
- Attachment C:** Agreed Upon Conditions Designed to Increase Efficiency, Internal Controls, and/or Financial Reporting (Management Letter)
- Attachment D:** Independent Auditor's Compliance Report (TDA Expanded Audit)

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2009 AND 2008

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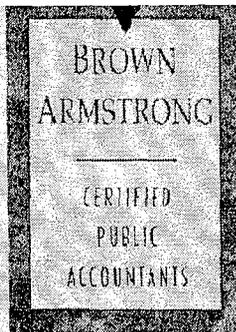
**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
JUNE 30, 2009 AND 2008**

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Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
Steven R. Starbuck, CPA
Chris M. Thornburgh, CPA
Eric H. Xin, CPA, MBA
Richard L. Halle, CPA, MST
Aileen K. Keeter, CPA



4200 Truxtun Ave., Suite 300
Bakersfield, California 93309
Tel 661.324.4971 Fax 661.324.4997
e-mail: info@bacpas.com

560 Central Avenue
Shafter, California 93263
Tel 661.746.2145 Fax 661.746.1218

8365 N. Fresno Street, Suite 440
Fresno, California 93720
Tel 559.476.3592 Fax 559.476.3593

INDEPENDENT AUDITOR'S REPORT

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 (Santa Cruz METRO), as of June 30, 2009 and 2008, 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

As discussed in the notes to the financial statements, Santa Cruz METRO adopted the provisions of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*.

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, 2009 and 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2009, on our consideration of the Santa Cruz Metropolitan Transit District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) and Required Supplementary Information (RSI), as listed in the Table of Contents, are not required parts of the basic financial statements but are 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 MD&A. However, we did not audit the MD&A and express no opinion on it. The RSI has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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
ACCOUNTANCY CORPORATION



Bakersfield, California
November 9, 2009

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009 AND 2008**

Introduction

This report provides a narrative and analytical overview of the financial activities of the Santa Cruz Metropolitan Transit District (Santa Cruz METRO) with selected comparative information for the years ended June 30, 2009 and 2008. 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.

Santa Cruz METRO 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. Santa Cruz METRO 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

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

The Condensed Statement of Net Assets present information on Santa Cruz METRO's assets and liabilities, with the difference between the two reported as net assets.

The Condensed Statement of Revenues, Expenses and Change in Fund Net Assets reports the *operating* revenues and expenses, *non-operating* revenues and expenses and *capital grant* contributions. *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 Condensed Statement of Cash Flows reports 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* acquisitions and disposals, and related *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

In February 2008 Santa Cruz METRO completed construction on the MetroBase Service and Fueling Facility located at 1200 B River Street, and continues with site work on the second half of the new Maintenance Building located at 138 Golf Club Drive, both in Santa Cruz. In August 2007 Santa Cruz METRO purchased the property at 110 Vernon as a replacement facility for the current leased Administration facility at 370 Encinal Street. Interior and exterior tenant improvements continue at 110 Vernon with final occupancy expected in December 2009. This is in alignment with Santa Cruz METRO's long-term strategy to replace leased facilities with owned facilities. The Consolidated MetroBase project will ultimately bring operations, maintenance, and administration into one cluster of close proximity buildings to provide the needed infrastructure to achieve service expansion goals. The MetroBase project is funded with local, state, and federal funds. Unfortunately, state capital funding sources (specifically PTMISEA and STA) are on hold due to a variety of issues, including poor bond sales (PTMISEA) and the illegal "re-allocation or diversion" of STA transit funding by the Governor, which isn't expected to be restored until 2013 at the earliest. Capital additions to the MetroBase project for the year totaled \$6,844,016.

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2009 AND 2008**

The MetroBase project is also a necessary component for providing Compressed Natural Gas (CNG) to Santa Cruz METRO's fleet. In January 2007 Caltrans executed a grant agreement with Santa Cruz METRO to convert up to forty (40) buses from diesel to CNG fuel engines. By June 2008, thirty-one (31) of the conversions had been completed and, by June 2009, all forty (40) buses had been converted. Fueling Santa Cruz METRO's fleet with CNG, a cleaner fuel source, will comply with the California Air Resource Board (CARB) requirements. Capital additions to the CNG Bus Conversion project for the year totaled \$1,382,989.

In October 2003 Culver CityBus entered into a contract with New Flyer of America for the manufacture, purchase and delivery of an indefinite quantity of 40-foot, low- and standard-floor CNG buses. The contract specifically authorized other public agencies to have the right to "piggy-back" onto the contract for CNG buses. Utilizing the "piggy-back" feature allowed by the Culver CityBus contract, Santa Cruz METRO executed an agreement with New Flyer of America for the purchase of thirteen (13) replacement buses. Santa Cruz METRO then entered into a grant agreement with Caltrans in February 2007 to replace eight (8) local fixed-route buses and five (5) buses for the Highway 17 Express service. The thirteen (13) replacement buses were funded with Federal, State and Local funds totaling \$5,925,254.

Condensed Statement of Net Assets:

	2009	2008	2007	2009 to 2008		2008 to 2007	
				Increase/(Decrease) Amount	%	Increase/(Decrease) Amount	%
Total Assets	\$ 112,044,106	\$ 105,036,300	\$ 85,616,653	\$ 7,007,806	18%	\$ 19,419,647	23%
Total Liabilities	\$ 25,853,950	\$ 24,760,587	\$ 22,262,083	\$ 1,093,363	10%	\$ 2,498,504	11%
Total Net Assets	\$ 86,190,156	\$ 80,275,713	\$ 63,354,570	\$ 5,914,443	21%	\$ 16,921,143	27%

Total Assets increased this year due to construction in progress and capital additions. Total Liabilities increased primarily due to the implementation of Governmental Accounting Standards Board (GASB) accounting standards 43 and 45 related to "other post employment benefits" (OPEB's) and the addition of restricted capital grant funds (Proposition 1B PTMISEA).

An increase or decrease in net assets is an indicator of the financial health of Santa Cruz METRO. For the fiscal year ended June 30, 2009, Santa Cruz METRO's net assets increased by \$5,914,443 due to capital additions related to on-going construction of the Consolidated MetroBase Project, and the purchase of thirteen (13) fixed route buses.

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

	2009	2008	2007	2009 to 2008		2008 to 2007	
				Increase/(Decrease) Amount	%	Increase/(Decrease) Amount	%
Operating Revenues	\$ 8,769,185	\$ 8,272,058	\$ 7,730,499	\$ 497,127	6%	\$ 541,559	7%
Operating Expenses	(41,975,092)	(38,683,643)	(31,952,451)	(3,291,449)	9%	(6,731,192)	21%
Operating Loss	(33,205,907)	(30,411,585)	(24,221,952)	(2,794,322)	9%	(6,189,633)	26%
Non-operating Revenues(Expenses)	24,877,839	28,164,895	33,133,407	(3,287,056)	-12%	(4,968,512)	-15%
Capital Grant Contributions	14,242,511	19,167,833	6,659,395	(4,925,322)	-26%	12,508,438	188%
Increase (Decrease) in Net Assets	\$ 5,914,443	\$ 16,921,143	\$ 15,570,850	\$ (11,006,700)	-65%	\$ 1,350,293	9%

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**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2009 AND 2008**

Operating Revenues increased by 6% due to increased ridership for UC Santa Cruz, Cabrillo College, and the Highway 17 Express.

Operating Expenses increased by 9% primarily due to the implementation of GASB accounting standards 43 and 45 related to "other post employment benefits" (OPEB's).

Non-operating Revenues decreased by 12% due to lower than anticipated sales tax revenue, Transportation Development Act (TDA) revenue, and a significant reduction in interest income.

Capital Contributions are capital grant funds received for facilities improvements and the purchase of capital equipment including revenue vehicles. Capital contributions decreased by 26% from the prior year due to the receipt of a non-recurring State funded grant (AB3090) received last year related to construction of the Consolidated MetroBase Project, and the continued diversion of State Transit Assistance Program (STA) funds this fiscal year.

**Supplemental Revenue, Expense and Performance Report:
(based on FTA account grouping guidelines)**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2009 to 2008 % Change</u>	<u>2008 to 2007 % Change</u>
Revenues					
Passenger Fares	\$ 8,769,184	\$ 8,272,058	\$ 7,730,499	6.0%	7.0%
Sales and Use Tax ⁽¹⁾	14,923,142	17,054,735	17,652,773	-12.5%	-3.4%
Non-Operating Revenues ⁽²⁾	642,744	1,558,759	2,032,515	-58.8%	-23.3%
TDA ⁽³⁾	5,969,249	6,313,334	6,165,834	-5.5%	2.4%
Federal Operating Assistance	3,615,707	3,375,281	3,338,212	7.1%	1.1%
Total Operating Revenue	\$ 34,651,934	\$ 36,574,167	\$ 36,919,833	-5.3%	-0.9%
Expenses					
Route Operation	\$ 21,752,897	\$ 20,834,142	\$ 19,872,415	4.4%	4.8%
Vehicle Maintenance	4,982,067	4,998,255	4,811,254	-0.3%	3.9%
Facilities Maintenance	1,667,389	1,333,439	1,281,359	25.0%	4.1%
General Administration ⁽⁴⁾	8,515,251	7,763,787	6,592,585	9.7%	17.8%
Total Operating Expense (excluding depreciation)	\$ 36,917,604	\$ 34,929,623	\$ 32,557,613	5.7%	7.3%
Performance Indicators					
Total Passengers	5,987,518	5,888,213	5,695,910	1.7%	3.4%
Revenue Hours	243,241	257,705	260,099	-5.6%	-0.9%
Revenue Miles	3,766,435	3,709,152	3,685,802	1.5%	0.6%
Farebox Recovery Ratio ⁽⁵⁾	23.8%	23.7%	23.7%	0.2%	0.0%
Cost/Passenger	\$ 6.17	\$ 5.93	\$ 5.72	4.0%	3.7%
Cost/Hour ⁽⁶⁾	\$ 151.77	\$ 135.54	\$ 125.17	12.0%	8.3%
Cost/Mile	\$ 9.80	\$ 9.41	\$ 8.83	4.2%	6.6%
Full Time Equivalent Employees	314	323	318	-2.8%	1.6%
Active Fleet - Fixed Route	112	112	115	0.0%	-2.6%
Active Fleet - Paratransit	38	38	34	0.0%	11.8%

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2009 AND 2008**

- (1) Sales Tax Revenues continue to decline as a result of the current economic recession and no job growth.
- (2) Non-Operating Revenues have decreased from last year due to a significant reduction in the interest rate paid on Santa Cruz METRO's deposits in the Santa Cruz County Pooled Investment Fund. In an effort to protect the safety of the principal of the pool, increase credit quality and liquidity, the County Treasurer increased the portion of the portfolio invested in US Treasuries and Government Sponsored Enterprises bonds (GSE's) which resulted in lower overall market rates and a lower yield on the portfolio.
- (3) Transportation Development Act (TDA) funding revenues fluctuate annually based on retail sales in the County and by the amount retained by the Santa Cruz County Regional Transportation Commission (SCCRTC) for other county-wide projects and overhead. Receipts continue to decline due to the current economic recession and the "no job growth" economy.
- (4) Total Operating Expenses increased this year due to the implementation and first time recognition of the accrued liability related to GASB accounting standards 43 and 45 as they pertain to "other post employment benefits" (OPEB's).
- (5) Farebox Recovery Ratio is a standard transit performance indicator that is calculated by dividing passenger fares by operating expenses and does not include depreciation.
- (6) Cost / Hour is calculated by dividing Total Operating Expenses by Revenue Hours. Cost / Hour increased as a result of the increase in total operating expenses this fiscal year.

Condensed Statement of Cash Flows:

	2009	2008	2007	2009 to 2008 Change	2008 to 2007 Change
Net Cash (Used) in Operating Activities	\$ (27,984,781)	\$ (25,145,487)	\$ (24,793,543)	\$ (2,839,294)	\$ (351,944)
Net Cash Provided by Non-Capital Financing Activities	25,012,481	27,045,524	32,400,938	(2,033,043)	(5,355,414)
Net Cash Provided by (Used) in Capital and Related Financing Activities	5,044,102	(5,206,123)	(4,919,921)	10,250,225	(286,202)
Net Cash Provided by Non-Transportation Activities	531,567	1,090,834	1,469,308	(559,267)	(378,474)
Net Increase (Decrease) in Cash and Cash Equivalents	2,603,369	(2,215,252)	4,156,782	4,818,621	(6,372,034)
Cash and Cash Equivalents, Beginning of Year	33,830,310	36,045,562	31,888,780	(2,215,252)	4,156,782
Cash and Cash Equivalents, End of Year	<u>\$ 36,433,679</u>	<u>\$ 33,830,310</u>	<u>\$ 36,045,562</u>	<u>\$ 2,603,369</u>	<u>\$ (2,215,252)</u>

Cash and cash equivalents held by Santa Cruz METRO increased by \$2,603,369 or 8% during the year.

Contacting Santa Cruz METRO's Financial Management

Santa Cruz METRO's financial report is designed to provide Santa Cruz METRO's Board of Directors, management, and the public with an overview of Santa Cruz METRO's finances. For additional information about this report, please contact Angela Aitken, Finance Manager and Acting Assistant General Manager, at 110 Vernon Street, Santa Cruz, CA 95060.

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
STATEMENTS OF NET ASSETS
JUNE 30, 2009 AND 2008**

	2009	2008
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 24,072,345	\$ 20,709,070
Sales Tax and Other Receivables	7,211,566	12,290,177
Inventory	806,099	946,561
Prepays	481,547	389,232
Total Current Assets	32,571,557	34,335,040
RESTRICTED ASSETS		
Cash and Cash Equivalents	12,361,334	13,121,240
CAPITAL ASSETS		
Building and Improvements	12,427,094	13,467,177
Revenue Vehicles	44,656,992	40,194,340
Operations Equipment	2,154,389	2,203,998
Other Equipment	1,500,624	1,489,053
Other Vehicles	1,218,674	1,217,023
Office Equipment	1,293,076	1,199,716
	63,250,849	59,771,307
Less Accumulated Depreciation	(35,479,687)	(34,516,865)
	27,771,162	25,254,442
Construction-in-Progress	30,175,183	23,160,708
Land	9,164,870	9,164,870
Total Property and Equipment	67,111,215	57,580,020
TOTAL ASSETS	\$ 112,044,106	\$ 105,036,300

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

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
STATEMENTS OF NET ASSETS (Continued)
JUNE 30, 2009 AND 2008

	2009	2008
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 2,185,549	\$ 2,804,010
Accrued Payroll and Employee Benefits	3,799,326	3,726,070
Workers' Compensation Liabilities	972,231	1,022,608
Other Accrued Liabilities	419,585	417,684
Security Deposit	15,684	17,684
Total Current Liabilities	7,392,375	7,988,056
LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Deferred Revenue - Settlement Agreement	3,092,552	6,612,064
Deferred Revenue - STA Grant	1,836,010	2,066,267
Deferred Revenue - PTMISEA	7,003,247	4,442,909
Deferred Revenue - OHS 1B	429,525	-
Other Post-Employment Benefit Liabilities	2,561,254	-
LONG-TERM LIABILITIES		
Workers' Compensation Liabilities	3,538,987	3,651,291
Total Liabilities	25,853,950	24,760,587
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	67,111,215	57,580,020
Unrestricted Net Assets	19,078,941	22,695,693
Total Net Assets	86,190,156	80,275,713
TOTAL LIABILITIES AND NET ASSETS	\$ 112,044,106	\$ 105,036,300

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

5-12.210

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	2009	2008
OPERATING REVENUES		
Passenger Fare	\$ 4,742,581	\$ 4,671,177
Special Transit Fare	4,026,604	3,600,881
Total Operating Revenues	8,769,185	8,272,058
OPERATING EXPENSES		
Wages, Salaries and Employee Benefits	30,373,279	26,900,557
Purchased Transportation Services	176,002	288,787
Material and Supplies	2,389,907	4,068,119
Other Expenses	3,978,416	3,672,161
Depreciation	5,057,488	3,754,019
Total Operating Expenses	41,975,092	38,683,643
Net Operating Loss	(33,205,907)	(30,411,585)
NON-OPERATING REVENUES (EXPENSES)		
Sales and Use Tax	14,923,139	17,054,735
Transportation Development Act Assistance	5,696,249	6,313,334
Section 8/5303 Planning Fund	27,799	54,609
Section 9/5307 Operating Assistance	3,426,293	3,153,552
Section 18/5307 Operating Assistance	161,615	167,120
Interest Income	391,808	942,456
Rental Income	139,759	148,378
Other Revenue	200,341	467,925
Loss on Sale and Disposal of Property, Equipment, and Inventory	(89,164)	(137,214)
Total Non-Operating Revenues	24,877,839	28,164,895
Net Gain (Loss) Before Capital Contributions	(8,328,068)	(2,246,690)
CAPITAL CONTRIBUTIONS		
Grants Restricted for Capital Expenditures	14,242,511	19,167,833
NET ASSETS		
Increase in Net Assets	5,914,443	16,921,143
Total Net Assets, Beginning of Year	80,275,713	63,354,570
Total Net Assets, End of Year	\$ 86,190,156	\$ 80,275,713

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

5-12.011

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts From Customers	\$ 9,594,562	\$ 8,210,333
Payments to Employees	(30,462,704)	(26,906,499)
Payments to Suppliers	(7,116,639)	(6,449,321)
	(27,984,781)	(25,145,487)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Grants Received, Including Sales and Use Tax	25,000,666	27,039,733
Other Nonoperating	11,815	5,791
	25,012,481	27,045,524
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds From Sale of Property and Equipment	-	1,265
Capital Grants Received	19,632,785	13,814,670
Capital Expenditures	(14,588,683)	(19,022,058)
	5,044,102	(5,206,123)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment and Rental Income Received	531,567	1,090,834
	531,567	1,090,834
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,603,369	(2,215,252)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	33,830,310	36,045,562
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 36,433,679	\$ 33,830,310
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Loss	\$ (33,205,907)	\$ (30,411,585)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	5,057,488	3,754,019
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	825,377	(61,725)
(Increase) in Inventory	140,462	47,989
(Increase) Decrease in Prepaid Expenses	(92,315)	12,246
Increase (Decrease) in Accounts Payable	(618,461)	1,519,711
Increase (Decrease) in Other Liabilities	(91,425)	(6,142)
	(27,984,781)	(25,145,487)
Net Cash Used in Operating Activities	\$ (27,984,781)	\$ (25,145,487)

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

5-12.2/2

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Santa Cruz Metropolitan Transit District (Santa Cruz METRO) 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. A Board of eleven directors, and one Ex-Officio director representing the University of California, Santa Cruz governs Santa Cruz METRO. At June 30, 2009, the directors were as follows:

Chairperson:	Dene Bustichi		
Vice Chair:	Ellen Pirie		
Members:	Ron Graves	Michelle Hinkle	Mark Stone
	Mike Rotkin	Pat Spence	Donald Hagen
	Lynn Robinson	Marcela Tavantzis	Emilio Martinez
Ex-Officio:	Donna Blitzer		

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

B. Reporting Entity

Santa Cruz METRO 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 Santa Cruz METRO. Accordingly, the financial activities of the Corporation have been included in the financial statements of Santa Cruz METRO. For the years ending June 30, 2009 and 2008, 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 Santa Cruz METRO for the construction and acquisition of major capital facilities.

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

Accountability:

1. Santa Cruz METRO's Board of Directors appointed the Corporation's Board of Directors.

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

B. Reporting Entity (Continued)

2. Santa Cruz METRO 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 Santa Cruz METRO.
 - Santa Cruz METRO exercises significant influence over operations of the Corporation as it is anticipated that Santa Cruz METRO will be the sole lessee of all facilities owned by the Corporation. Likewise, it is anticipated that Santa Cruz METRO'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 Santa Cruz METRO based upon the following:
 - Santa Cruz METRO has assumed a "moral obligation", and potentially a legal obligation, for any debt incurred by the Corporation.

C. Basis of Accounting and Presentation

Santa Cruz METRO 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.

Santa Cruz METRO 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:

Santa Cruz METRO 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*, Santa Cruz METRO 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 \$14,242,511 and \$19,167,833 for the fiscal years 2009 and 2008, 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.

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*, Santa Cruz METRO 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. Santa Cruz METRO 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 Santa Cruz METRO's operations.

Net Assets:

Net assets represent the residual interest in Santa Cruz METRO'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 Santa Cruz METRO's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Cash and Cash Equivalents

Santa Cruz METRO considers all highly liquid investments with a maturity date within three months of the date acquired to be cash equivalents. Santa Cruz METRO 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, Santa Cruz METRO 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 Santa Cruz METRO consists of spare bus parts and operating supplies that are consumed by Santa Cruz METRO 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, Proposition 1B PTMISEA Grant, and the Proposition 1B OHS CTSGP Grant are restricted for capital expenditures. Restricted assets at June 30, are as follows:

	2009	2008
Cash and Cash Equivalents		
Federal Transit Administration Grant	\$ 3,092,552	\$ 6,612,064
Proposition 1B PTMISEA Grant	7,003,247	4,442,909
Proposition 1B OHS CTSGP Grant	429,525	-
State Transit Assistance Grant	1,836,010	2,066,267
Total Restricted Assets	\$ 12,361,334	\$ 13,121,240

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.

Santa Cruz METRO 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 Santa Cruz METRO's funding sources for this project and has retained an interest in the property. The title to the property is retained by both Santa Cruz METRO 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 Santa Cruz METRO's financial statements.

H. Sales and Use Tax

Santa Cruz METRO 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, Santa Cruz METRO 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 (TDA).

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

Santa Cruz METRO is self-insured for the first \$250,000 of general and vehicular liability. For settlements in excess of \$250,000, Santa Cruz METRO has total coverage up to \$20,000,000 per occurrence. Additionally, Santa Cruz METRO is self insured up to \$350,000 for workers' compensation claims. Santa Cruz METRO 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 Santa Cruz METRO service.

L. Payroll

Santa Cruz METRO 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

Santa Cruz METRO implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)* effective for the year ended June 30, 2009. This statement improves the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. Note 16 shows the disclosures as required by GASB Statement No. 45.

In addition, Santa Cruz METRO also implemented the provisions of GASB Statements No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in AICPA Statements on Auditing Standards*. Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. Implementation of this statement did not cause any real changes to the preparation process of the financial statements and did not have a significant impact on the financial statements, thus the Board does not expect this statement will result in a change in current practice. Statement No. 56, incorporated into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' *Statements on Auditing Standards*, did not establish new accounting standards but rather incorporates the existing guidance (to the extent appropriate in a governmental environment) into the GASB standards. Thus, this provision did not cause any real changes to the preparation process of the financial statements and did not have a significant impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

Cash and cash equivalents consists of the following at June 30, 2009 and 2008:

	2009	2008
Cash on Hand	\$ 48,577	\$ 40,311
Demand Deposits	310,114	357,298
Deposits in Santa Cruz County Pooled Investment Fund	36,074,988	33,432,701
	<u>\$ 36,433,679</u>	<u>\$ 33,830,310</u>

Cash on Hand and Cash in Banks

Investments Authorized by the California Government Code and Santa Cruz METRO's Investment Policy

The table below identifies the **investment types** that are authorized for Santa Cruz METRO by the California Government Code (or Santa Cruz METRO's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or Santa Cruz METRO'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.

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NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash on Hand and Cash in Banks (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
County Investment Pool	\$ 36,074,988	\$ 36,074,988	\$ -	\$ -	\$ -

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

Santa Cruz METRO's investments were not considered to be highly sensitive to interest rate fluctuations as of June 30, 2009 or 2008.

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, Santa Cruz METRO'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	\$ 36,074,988	N/A	\$ -	\$ -	\$ -	\$ 36,074,988

Concentration of Credit Risk

The investment policy of Santa Cruz METRO contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Santa Cruz METRO did not have any Investments in any one issuer (other than external investment pools) that represent 5% or more of total Santa Cruz METRO's investments at June 30, 2009 or 2008.

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 Santa Cruz METRO'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.

5-12.219

NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash on Hand and Cash in Banks (Continued)

Custodial Credit Risk

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

Investment in County Investment Pool

Santa Cruz METRO is a voluntary participant in the Santa Cruz County Investment Fund. The fair value of Santa Cruz METRO's investment in this pool is reported in the accompanying financial statements at amounts based upon Santa Cruz METRO'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.

NOTE 3 – RECEIVABLES

Receivables at June 30, are as follows:

	<u>2009</u>	<u>2008</u>
Federal Grants	\$ 1,793,004	\$ 8,589
State Grants	2,835,132	8,170,973
Sales Tax Revenue	2,181,400	2,818,400
Local Grants	-	37,500
Other	402,030	1,254,715
	<u>\$ 7,211,566</u>	<u>\$ 12,290,177</u>

NOTE 4 – CHANGES IN CAPITAL ASSETS

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

June 30, 2009

	Balance July 1, 2008	Additions and Transfers	Retirements and Transfers	Balance June 30, 2009
Non Depreciated Assets				
Land	\$ 9,164,870	\$ -	\$ -	\$ 9,164,870
Construction-in-Progress	23,160,708	7,070,170	(55,695)	30,175,183
Total Non Depreciated Assets	32,325,578	7,070,170	(55,695)	39,340,053
Depreciated Assets				
Building and Improvements	13,467,177	17,607	(1,057,690)	12,427,094
Revenue Vehicles	40,194,340	7,463,295	(3,000,643)	44,656,992
Operations Equipment	2,203,998	53,059	(102,668)	2,154,389
Other Equipment	1,489,053	11,671	(100)	1,500,624
Other Vehicles	1,217,023	1,651	-	1,218,674
Office Equipment	1,199,716	138,596	(45,236)	1,293,076
Total Depreciated Assets	59,771,307	7,685,879	(4,206,337)	63,250,849
Less Accumulated Depreciation	(34,516,865)	(5,057,488)	4,094,666	(35,479,687)
Depreciated Assets Net of Accumulated Depreciation	25,254,442	2,628,391	(111,671)	27,771,162
Total	\$ 57,580,020	\$ 9,698,561	\$ (167,366)	\$ 67,111,215

Depreciation expense at June 30, 2009 was \$5,057,488.

June 30, 2008

	Balance July 1, 2007	Additions and Transfers	Retirements and Transfers	Balance June 30, 2008
Non Depreciated Assets				
Land	\$ 5,948,526	\$ 3,216,344	\$ -	\$ 9,164,870
Construction-in-Progress	15,952,697	11,607,432	(4,399,421)	23,160,708
Total Non Depreciated Assets	21,901,223	14,823,776	(4,399,421)	32,325,578
Depreciated Assets				
Building and Improvements	10,486,491	3,101,325	(120,639)	13,467,177
Revenue Vehicles	35,609,181	5,109,897	(524,738)	40,194,340
Operations Equipment	2,818,470	66,489	(680,961)	2,203,998
Other Equipment	1,285,123	203,930	-	1,489,053
Other Vehicles	1,153,348	188,979	(125,304)	1,217,023
Office Equipment	1,143,615	83,541	(27,440)	1,199,716
Total Depreciated Assets	52,496,228	8,754,161	(1,479,082)	59,771,307
Less Accumulated Depreciation	(32,084,205)	(3,754,019)	1,321,359	(34,516,865)
Depreciated Assets Net of Accumulated Depreciation	20,412,023	5,000,142	(157,723)	25,254,442
Total	\$ 42,313,246	\$ 19,823,918	\$ (4,557,144)	\$ 57,580,020

Depreciation expense at June 30, 2008 was \$3,754,019.

5-12.021

NOTE 5 – AVAILABLE NET ASSETS

An analysis of Santa Cruz METRO's available (undesignated) net assets at June 30, follows:

	<u>2009</u>	<u>2008</u>
Current Assets	\$ 32,571,557	\$ 33,286,737
Current Liabilities	<u>(7,392,375)</u>	<u>(7,988,056)</u>
Working Capital	25,179,182	25,298,681
Less:		
Inventory	(806,099)	(946,561)
Prepaid Expenses	<u>(481,547)</u>	<u>(389,232)</u>
Total Available Net Assets	<u>23,891,536</u>	<u>23,962,888</u>
Net Assets Designated for the Following:		
Cash Flow	(5,059,022)	(5,059,022)
Workers' Compensation Reserve	(2,091,581)	(2,091,581)
110 Vernon Purchase - Renovation	(2,400,000)	(2,962,139)
Insurance Reserve	(700,757)	(750,757)
Alternative Fuel Conversion Fund	-	(462,000)
Bus Stop Improvements Reserve	-	(400,000)
Carryover for Fiscal Year 2008-2009 Operating Budget	(2,155,738)	(2,951,178)
Net Assets Required to Offset Projected Operating Budget Shortfall for Fiscal Year 2010	(3,154,251)	-
Net Assets Required to Fund Transportation Improvement Programs for the Fiscal Years 2008-2012	<u>(14,025,636)</u>	<u>(13,625,636)</u>
Available Undesignated Net Assets (Deficits)	<u>\$ (5,695,449)</u>	<u>\$ (4,339,425)</u>

NOTE 6 – CAPITAL GRANTS

Santa Cruz METRO receives grants from the Federal Transit Administration (FTA), which provides financing for the acquisition of rolling stock and construction of facilities. Santa Cruz METRO also receives grants under the State Transportation Development Act 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>2009</u>	<u>2008</u>
Federal Grants	\$ 6,194,664	\$ 2,152,133
State Grants	8,047,847	16,980,757
Local Grants	<u>-</u>	<u>34,943</u>
Total Capital Assistance	<u>\$ 14,242,511</u>	<u>\$ 19,167,833</u>

NOTE 7 – COMMITMENTS

Santa Cruz METRO leases a number of its facilities under operating leases extending through 2012. For the years ended June 30, 2009 and 2008, rental expense relating to the leases was \$728,350 and \$697,925, respectively. Santa Cruz METRO 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>
2010	\$ 241,974	\$ 111,795	\$ 130,179
2011	123,829	30,692	93,137
2012	21,697	-	21,697
	<u>\$ 387,500</u>	<u>\$ 142,487</u>	<u>\$ 245,013</u>

NOTE 8 – JOINT VENTURES (Joint Powers Authority with CalTIP)

Santa Cruz METRO participates in a joint powers authority (JPA), the California Transit Insurance Pool (CalTIP). The relationship between Santa Cruz METRO and the JPA is such that the JPA is not a component unit of Santa Cruz METRO 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.

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

	<u>2009</u>	<u>2008</u>
Total Assets	\$ 25,860,459	\$ 22,411,570
Total Liabilities	<u>9,782,422</u>	<u>7,763,419</u>
Fund Balance	<u>\$ 16,078,037</u>	<u>\$ 14,648,151</u>
Total Revenues	\$ 7,915,686	\$ 9,055,989
Total Expenditures	<u>6,485,801</u>	<u>6,490,515</u>
Net Increase in Fund Balance	<u>\$ 1,429,885</u>	<u>\$ 2,565,474</u>

CalTIP has not calculated Santa Cruz METRO's share of year-end assets, liabilities, or fund balance.

NOTE 9 – WATSONVILLE FLEET MAINTENANCE FACILITY

Santa Cruz METRO'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.

NOTE 9 – WATSONVILLE FLEET MAINTENANCE FACILITY (Continued)

In addition, due to design and construction deficiencies by the design and building contractors involved in the original project, Santa Cruz METRO 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 Santa Cruz METRO during fiscal year 1996, representing damages less attorney fees. FTA Section 3/5309 restricts the use of these proceeds, and the interest earned thereon. Accordingly, the net restricted amount of \$3,092,552 and \$6,612,064 is reflected on the statements of net assets as deferred revenue at June 30, 2009 and 2008, respectively.

NOTE 10 – CONTINGENCIES

Santa Cruz METRO 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, Santa Cruz METRO believes that any required reimbursement will not be material.

Additionally, Santa Cruz METRO 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

Santa Cruz METRO'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. Santa Cruz METRO 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 314 active plan members in the Fund as of June 30, 2009, 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, Santa Cruz METRO agreed to pay a portion of the employee contribution, based on formulas negotiated in their labor agreements. Santa Cruz METRO 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, 2009 was 13.383%. 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.

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

Annual Pension Cost

For fiscal year ended June 30, 2009, Santa Cruz METRO's annual pension cost of \$2,215,058 was equal to Santa Cruz METRO's required and actual contributions. This includes Santa Cruz METRO's contribution to the employee contribution requirement. The required contribution for fiscal year ended June 30, 2009 was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administration expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members, and (c) 3.25% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.0%. 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 Santa Cruz METRO's participation in CalPERS is as follows:

<u>Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2007	\$ 1,791,125	100%	\$ -
6/30/2008	\$ 1,997,214	100%	\$ -
6/30/2009	\$ 2,215,058	100%	\$ -

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 Santa Cruz METRO is as follows:

<u>Valuation Date</u>	<u>Entry Age Actuarial 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>
6/30/2005	\$ 74,915,137	\$65,041,527	\$ 9,873,610	86.8%	\$14,935,163	66.1%
6/30/2006	\$ 82,885,847	\$71,312,490	\$ 11,573,357	86.0%	\$15,022,920	77.0%
6/30/2007	\$ 90,009,906	\$78,752,158	\$ 11,257,748	87.5%	\$15,491,039	72.7%

NOTE 12 – DEFERRED COMPENSATION PLAN

Santa Cruz METRO 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 Santa Cruz METRO 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. Santa Cruz METRO employees participate in two such plans, the Great-West Life and Annuity Insurance (Great-West) plan and the other through CalPERS.

At June 30, 2009, 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 13 – RISK MANAGEMENT

Santa Cruz METRO 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 Santa Cruz METRO carries commercial insurance. Santa Cruz METRO has established limited risk management programs for workers' compensation, and general and vehicular liability, as described in Note 1, as well.

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 12, 2007. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. Changes in the balances of claims liabilities are as follows:

	<u>2009</u>	<u>2008</u>
Unpaid Claims, Beginning of Fiscal Year	\$ 4,673,899	\$ 4,673,900
Incurred Claims (Including IBNR's)	(903,021)	(974,098)
Claim Payments	<u>740,340</u>	<u>974,097</u>
Unpaid Claims, End of Fiscal Year	<u>\$ 4,511,218</u>	<u>\$ 4,673,899</u>

NOTE 14 – TRANSPORTATION DEVELOPMENT ACT/CALIFORNIA ADMINISTRATIVE CODE

Santa Cruz METRO 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. Santa Cruz METRO 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. Santa Cruz METRO 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, Santa Cruz METRO is defined as an older operator and is not required to meet the fare box ratio requirement of the Act. Santa Cruz METRO has met the 50% expenditure limitation requirement.

NOTE 15 – PUBLIC TRANSPORTATION, MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)

In November 2006, California Voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 billion was set aside by the State as instructed by the statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement.

The audit of public transportation operator finances, pursuant to Section 99245 of the Public Utilities Code (PUC) and required under the Transportation Development Act (TDA), was expanded to include verification of receipt and appropriate expenditure of PTMISEA bond funds.

The Santa Cruz Regional Transportation Commission (SCCRTC) is responsible for allocating the Proposition 1B PUC Section 99313 funds in Santa Cruz County. In December 2007, the SCCRTC programmed 100% of its share of Section 99313 Proposition 1B PTMISEA funds (approximately \$2.1 million) to Santa Cruz METRO for the Consolidated MetroBase project. Funds audited include the SCCRTC share of PUC Section 99313 Proposition 1B Transit funds that have been passed-through to Santa Cruz METRO.

During the fiscal year ended June 30, 2009, Santa Cruz METRO applied for and received proceeds of \$2,560,338 including interest earned of \$79,428 from the State's PTMISEA account for construction funding for the Consolidated MetroBase Project. As of June 30, 2009, no qualifying expenditures were incurred and the entire proceeds of \$2,560,338 including accrued interest was deferred. Qualifying expenditures must be encumbered within three years from the date of the allocation and expended within three years from the date of the encumbrance.

**Schedule of PTMISEA Bond 1B Funds
For the Year Ended June 30, 2009**

	<u>2009</u>
Balance - beginning of the year	\$ 4,442,909
Receipts:	
Warrant No. 63-181418 - Deposited 7/15/2009	2,480,910
Interest accrued 7/1/2008 through 6/30/2009	79,428
Expenses:	
MetroBase Construction	<u>-</u>
Balance - end of year	<u>\$ 7,003,247</u>

**Schedule of PTMISEA Bond 1B Funds
For the Year Ended June 30, 2008**

	<u>2008</u>
Balance - beginning of the year	\$ -
Receipts:	
Warrant No. 61-495327 - Deposited 3/19/2008	4,404,019
Interest accrued thru 6/30/2008	38,890
Expenses:	
MetroBase Construction	<u>-</u>
Balance - end of year	<u>\$ 4,442,909</u>

5-12.027

NOTE 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

Santa Cruz METRO provides post-retirement CalPERS medical benefits to qualified retired employees age 50 and older (including eligible dependents) who have completed at least five years of CalPERS eligible service. Santa Cruz METRO pays medical premiums depending on bargaining union contract requirements. If the retiree has ten years of Santa Cruz METRO eligible service, Santa Cruz METRO provides post-retirement dental and vision benefits for qualified retirees (including eligible dependents), and life insurance for the retiree only, until the retiree reaches age 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 who retired prior to July 1, 2005. The costs of providing these benefits are recognized when paid. Santa Cruz METRO has recognized approximately \$1,557,326 and \$1,496,061 of expense for these benefits for the years ending June 30, 2009 and 2008, respectively.

Annual OPEB Cost and Net OPEB Obligation

The Santa Cruz METRO's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years. For fiscal year 2008-09, the Santa Cruz Metropolitan Transit District's annual OPEB cost was \$2,561,254. The Santa Cruz METRO's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2009, were as follows:

Annual required contribution	\$ 3,980,818
Interest on net OPEB obligation	-
Adjustments to annual required contribution	-
	<hr/>
Annual OPEB cost	3,980,818
Contributions made	1,419,564
	<hr/>
Change in net OPEB obligation (asset)	2,561,254
Net OPEB obligation (asset) - beginning of year	-
	<hr/>
Net OPEB obligation (asset) - end of year	<u>\$ 2,561,254</u>

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Ending OPEB Obligation (Asset)</u>
2009	\$ 3,980,818	\$ 1,419,564	35.66%	\$ 2,561,254

Funding Policy, Funded Status and Funding Progress

The Santa Cruz Metropolitan Transit District's required contribution is based on Pay-As-You-Go financing requirements. For fiscal year 2008-09, the Santa Cruz METRO contributed \$1,419,564 to the plan.

As of April 1, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$44,208,804, all of which was unfunded.

NOTE 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Funding Policy, Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and probability about the occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the annual required contributions of the Santa Cruz METRO are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, will present multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Because 2008-09 was the year of implementation of GASB Statement No. 45 and the Santa Cruz METRO elected to apply the statement prospectively, only one year is presented in the schedule at this time. In future years, required trend analysis will be presented.

Actuarial Methods and Assumptions

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

The actuarial assumptions used for rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding healthcare inflation and interest were based on a standard set of actuarial assumptions modified as appropriate for the Santa Cruz METRO. Turnover rates were taken from CalPERS actuarial table for miscellaneous employees, which closely matches Santa Cruz METRO turnover experience. Retirement rates were also based on Santa Cruz METRO experience. Healthcare inflation rates are based on actuarial analysis of recent Santa Cruz METRO experience and actuarial knowledge of the general healthcare environment. The actuarial assumption to determine the cost of covering early retirees (those under the age of 65) was an age-specific claims cost matrix fitted to the average estimated equivalent one-party premium for the current retiree group. Healthcare costs were assumed to increase by 3% per year of age for ages under 65.

REQUIRED SUPPLEMENTARY INFORMATION

5-12. a30

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS
JUNE 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
4/1/2008	\$ -	\$ 44,208,804	\$ 44,208,804	-	\$ 30,373,279	145.55%

5-12.a31

SUPPLEMENTARY INFORMATION

5-12.a32

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
STATEMENTS OF OPERATING EXPENSES
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Labor		
Operators' Salaries and Wages	\$ 7,571,893	\$ 7,430,732
Other Salaries and wages	6,161,034	5,866,496
Overtime	1,771,761	1,736,090
	<u>15,504,688</u>	<u>15,033,318</u>
Fringe Benefits		
Absence with pay	3,017,547	2,839,773
Pension plans	2,215,059	1,997,214
Vision, medical, and dental plans	5,934,447	5,509,822
Workers' compensation insurance	577,659	979,924
Disability insurance	388,509	335,963
Other fringe benefits	174,116	204,543
Other Post Employment Benefits	2,561,254	-
	<u>14,868,591</u>	<u>11,867,239</u>
Services		
Accounting	79,984	84,436
Administrative and banking	185,856	176,719
Professional and technical services	350,007	373,166
Security	358,207	341,087
Outside repairs	790,841	660,244
Other Services	163,844	157,632
	<u>1,928,739</u>	<u>1,793,284</u>
Materials and Supplies Consumed		
Fuels and Lubricants	1,454,579	2,697,309
Tires and Tubes	180,368	185,825
Vehicle parts	460,132	775,902
Other materials and supplies	294,828	409,083
	<u>2,389,907</u>	<u>4,068,119</u>
Utilities	431,353	434,011
Casualty and Liability Costs	685,475	511,863
Taxes and Licenses	43,847	35,364
Purchased Transportation Services		
Para transit	176,002	288,787
Miscellaneous Expenses	144,675	179,802
Equipment and Facility Lease	744,327	717,837
Depreciation		
Property Acquired with operator funds	442,630	471,919
Property acquired by federal, state, or TDA funds	4,614,858	3,282,100
	<u>7,283,167</u>	<u>5,921,683</u>
Total Operating Expenses	<u>\$ 41,975,092</u>	<u>\$ 38,683,643</u>

OTHER SCHEDULES AND REPORTS

5-12.a34

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

<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)			
Section 9/5307			
Metrobase Construction	20.507*	CA-90-Y663	\$ 752,084
Operating Assistance	20.507*	CA-90-Y663	3,426,293
WiFi Equipment	20.507*	CA-95-X066	<u>12,935</u>
			<u>4,191,312</u>
Section 18/5311			
Operating Assistance	20.509	647163	<u>161,615</u>
AMBAG - Short Range Transit Plan (SRTP)	20.505	5303	9,906
AMBAG - Transit Planning - Rotational Intern	20.515	5305	10,545
AMBAG - Transit Professional Development	20.515	5305	<u>7,348</u>
			<u>27,799</u>
Total Expenditures of Federal Awards			<u>\$ 4,380,726</u>

* Major federal financial assistance program.

See accompanying notes to schedule of federal financial assistance.

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

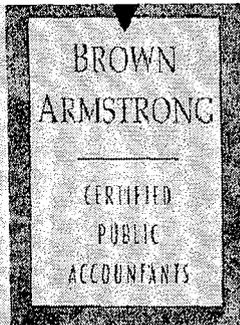
NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Santa Cruz Metropolitan Transit District (Santa Cruz METRO). 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.

Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
Steven R. Starbuck, CPA
Chris M. Thornburgh, CPA
Eric H. Xin, CPA, MBA
Richard L. Halle, CPA, MST
Aileen K. Keeter, CPA



4200 Truxtun Ave., Suite 300
Bakersfield, California 93309
Tel 661.324.4971 Fax 661.324.4997
e-mail: info@bacpas.com

560 Central Avenue
Shafter, California 93263
Tel 661.746.2145 Fax 661.746.1218

8365 N. Fresno Street, Suite 440
Fresno, California 93720
Tel 559.476.3592 Fax 559.476.3593

**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 CALIFORNIA TRANSPORTATION DEVELOPMENT ACT**

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

We have audited the basic financial statements of Santa Cruz Metropolitan Transit District, as of and for the year ended June 30, 2009, which collectively comprise Santa Cruz Metropolitan Transit District's basic financial statements and have issued our report thereon dated November 9, 2009. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Santa Cruz Metropolitan Transit District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Santa Cruz Metropolitan Transit District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Santa Cruz Metropolitan Transit District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Santa Cruz Metropolitan Transit District's financial statements that is more than inconsequential will not be prevented or detected by Santa Cruz Metropolitan Transit District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Santa Cruz Metropolitan Transit District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Cruz Metropolitan Transit District's 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*.

We noted certain matters that we reported to management of Santa Cruz Metropolitan Transit District in a separate letter dated November 9, 2009.

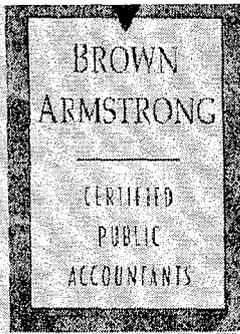
This report is intended solely for the information and use of management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
November 9, 2009

Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
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Richard L. Halle, CPA, MST
Aileen K. Keeter, CPA



4200 Truxtun Ave., Suite 300
Bakersfield, California 93309
Tel 661.324.4971 Fax 661.324.4997
e-mail: info@bacpas.com

560 Central Avenue
Shafter, California 93263
Tel 661.746.2145 Fax 661.746.1218

8365 N. Fresno Street, Suite 440
Fresno, California 93720
Tel 559.476.3592 Fax 559.476.3593

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

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 each of its major federal programs for the year ended June 30, 2009. Santa Cruz Metropolitan Transit District's major federal programs are 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 each of its major federal programs 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 of Santa Cruz Metropolitan Transit District's compliance with those requirements.

In our opinion, Santa Cruz Metropolitan Transit District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Santa Cruz Metropolitan Transit District's internal control over compliance.

5-12.a.39

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Santa Cruz Metropolitan Transit District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Santa Cruz Metropolitan Transit District's response and, accordingly, we express no opinion on it.

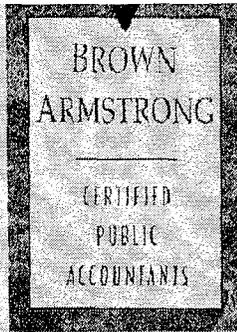
This report is intended for the information of management, the Board of Directors, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
November 9, 2009

Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
Steven R. Starbuck, CPA
Chris M. Thornburgh, CPA
Eric H. Xin, CPA, MBA
Richard L. Halle, CPA, MST
Aileen K. Keeter, CPA



4200 Truxtun Ave., Suite 300
Bakersfield, California 93309
Tel 661.324.4971 Fax 661.324.4997
e-mail: info@baepas.com

560 Central Avenue
Shafter, California 93263
Tel 661.746.2145 Fax 661.746.1218

8365 N. Fresno Street, Suite 440
Fresno, California 93720
Tel 559.476.3592 Fax 559.476.3593

REPORT ON COMPLIANCE WITH THE CALIFORNIA 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 (Santa Cruz METRO), as of and for the year ended June 30, 2009, and have issued our report thereon dated November 9, 2009.

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 Santa Cruz METRO is the responsibility of the management of Santa Cruz METRO. As part of obtaining reasonable assurance about whether the Santa Cruz METRO financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Additionally, we performed tests to determine that allocations made and expenditures paid by the Santa Cruz METRO were made in accordance with the allocation instructions and resolutions of the Santa Cruz County Regional Transportation Commission and in conformance with the California Transportation Development Act. Specifically, we performed each of the specific tasks identified in the California Code of Regulations Sections 6666 and 6667 that are applicable to the Santa Cruz METRO. In connection with our audit, nothing came to our attention that caused us to believe the Santa Cruz METRO failed to comply with the Statutes, Rules, and Regulations of the California Transportation Development Act and the allocation instructions and resolutions of the Transportation Commission. 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.

In November 2006, California Voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement.

During the fiscal year ended June 30, 2009, Santa Cruz METRO applied for and received \$2,560,338 from the State's PTMISEA account for the purpose of construction of the consolidated MetroBase project. As of June 30, 2009, PTMISEA funds received and expended were verified in the course of our audit as follows:

Schedule of PTMISEA Bond 1B Funds For the Year Ended June 30, 2009	
Description	Amount
Balance – beginning of the year	\$ 4,442,909
Proceeds received:	
PTMISEA	2,480,910
Interest earned	79,428
Expenditures incurred:	
MetroBase Construction	-
Balance – end of year	<u>\$ 7,003,247</u>

The results of our tests indicated that, with respect to the items tested, Santa Cruz METRO 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 Santa Cruz METRO 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
ACCOUNTANCY CORPORATION

Bakersfield, California
November 9, 2009

FINDINGS AND QUESTIONED COSTS SECTION

5-12.a43

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009**

I. Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:
 Material weakness identified? Yes No

Significant deficiencies identified? 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)

Name of Federal Program or Clusters

20.500
20.507

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

5-12.044

II. Findings Relating to Financial Statements Required Under GAGAS

None.

III. Federal Award Findings and Questioned Costs

None.

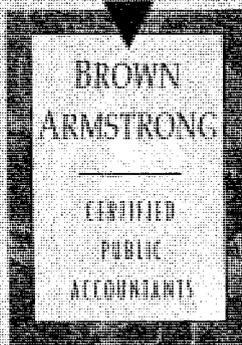
IV. State Award Findings and Questioned Costs

None.

V. A Summary of Prior Audit (all June 30, 2008) Findings and Current Year Status Follows

None.

Robert C. Brown, CPA
Barton H. Armstrong, CPA, ACFE
Andrew J. Paulson, CPA
Steven R. Garbuck, CPA
Chris M. Thorsburgh, CPA
Eric H. Kim, CPA, MBA
Richard L. Halls, CPA, ACFE
Allen K. Keefer, CPA



■ Main Office
4000 Mountain Ave., Suite 300
Hawthorne, California 92049
Tel 661-274-9971 Fax 661-274-8991
e-mail: info@brownarm.com

■ 560 Central Avenue
Shafter, California 93263
Tel 661-746-2145 Fax 661-746-0718

■ 8265 N. Fresno Street, Suite 940
Fresno, California 93710
Tel 559-476-9991 Fax 559-476-8991

Attachm B

REQUIRED COMMUNICATION TO THE BOARD OF DIRECTORS IN ACCORDANCE WITH PROFESSIONAL STANDARDS

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

We have audited the financial statements of Santa Cruz Metropolitan Transit District for the year ended June 30, 2009, and have issued our report thereon dated November 9, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated March 23, 2009, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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 an opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered 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.

As part of obtaining reasonable assurance about whether Santa Cruz Metropolitan Transit District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Santa Cruz Metropolitan Transit District's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on Santa Cruz Metropolitan Transit District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Santa Cruz Metropolitan Transit District's compliance with those requirements.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of 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.

5-12.61

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on March 23, 2009.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the 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 Santa Cruz Metropolitan Transit District are described in Note 1 to the financial statements. During the fiscal year 2008/09, Santa Cruz METRO adopted GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. We noted no transactions entered into by Santa Cruz METRO during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the accrued claims and depreciation expense is based on management's passed experience and expected useful life. We evaluated the key factors and assumptions used to develop the accrued claims and depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.
- Actuarial Assumptions and Methods Underlying OPEB Liability – Management's acceptance of various actuarial assumptions and methods underlying the calculation of Santa Cruz METRO's OPEB liability is based on the actuarial valuation prepared by Total Compensation Systems, Inc.

We evaluated the key factors and assumptions used to develop accounting estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. There were no sensitive disclosures, except for the depreciation expense, affecting the financial statements.

The disclosure of depreciation expense in Note 4 to the financial statements is based on management's assumption of the assets expected useful life.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We are pleased to report that no audit adjustments were made during the course of our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, 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.

5-12.62

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 9, 2009.

Management 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 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.

Other Audit Findings or Issues

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

This information is intended solely for the use of Board of Directors and management of Santa Cruz Metropolitan Transit District and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

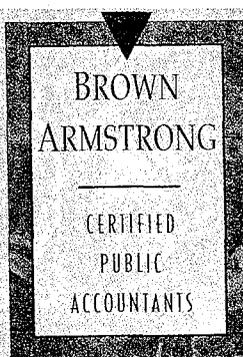


By: Steven R. Starbuck

Bakersfield, California
November 9, 2009

5-12.63

Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
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Chris M. Thornburgh, CPA
Eric H. Xin, CPA, MBA
Richard L. Halle, CPA, MST
Aileen K. Keeter, CPA



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

■ 560 Central Avenue
Shafter, California 93263
Tel: 661-746-2145 Fax: 661-746-1218

■ 8365 N. Fresno Street, Suite 440
Fresno, California 93720
Tel: 559-476-3592 Fax: 559-476-3593

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

Attachment C

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, 2009 and have issued our report thereon dated November 9, 2009. 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 one agreed-upon finding. This finding and recommendation, which has been discussed with the appropriate members of management, is intended to improve the internal control structure or result in other efficiencies and is summarized as follows:

Current Year Finding and Recommendation

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 Management created reconciliations between tickets received, ticket sales and revenue collected to assist in accurate reporting of ticket sales. However, the new policy and procedures for ticket reconciliation will not be implemented until late 2009 due to the ticketing manager retiring from the District in October. The replacement ticketing manager will be trained on the new reconciliation policies and procedures to ensure the process is accurately adopted.

5-12.01

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.

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

Meetings have been conducted with the ticketing staff at Metro Center, the Operations Management and the Finance Management. Groundwork and preliminary procedures, forms and policies have been created and tested to insure safeguarding of tickets beginning with receivership from the printing vendor through the sale of the ticket. A complete and comprehensive process is now in place.

Further discussions with auditors revealed that in addition to properly safeguarding the tickets, a reconciliation between tickets received, ticket sales and revenue collected needs to be performed, and a procedure needs to be in place. We anticipate this additional step to the process to be in place by Summer of 2009.

Current Year Status

Partially implemented. See current year Finding 1.

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
ACCOUNTANCY CORPORATION

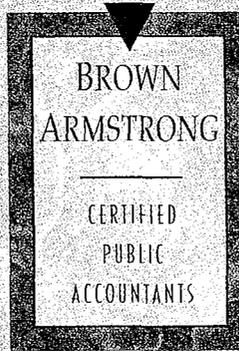


By: Steven R. Starbuck

Bakersfield, California
November 9, 2009

5-12.02

Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
Steven R. Starbuck, CPA
Chris M. Thornburgh, CPA
Eric H. Xiu, CPA, MBA
Richard J. Halle, CPA, MST
Aileen K. Keeter, CPA



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

■ 560 Central Avenue
Shafter, California 93263
Tel 661-746-2145 Fax 661-746-1218

■ 8365 N. Fresno Street, Suite 440
Fresno, California 93720
Tel 559-476-3592 Fax 559-476-3593

INDEPENDENT AUDITOR'S COMPLIANCE REPORT

Attachment D

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

We have audited the compliance of the Santa Cruz Metropolitan Transit District (Santa Cruz METRO) Transportation and Development Act Article III Funds (TDA Funds) with the types of compliance requirements described in Section 6666 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987* (the Act) and the allocation instructions and resolutions of the Santa Cruz Metropolitan Transit District. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the TDA funds is the responsibility of Santa Cruz METRO's management. Our responsibility is to express an opinion on Santa Cruz METRO's compliance based on our audit.

As part of the audit, we performed testing of the following program:

Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA)

In November 2006, California Voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement.

During the fiscal year ended June 30, 2009, Santa Cruz METRO applied for and received \$2,560,338 from the State's PTMISEA account for construction of the consolidated MetroBase project. As of June 30, 2009, PTMISEA funds received and expended were verified in the course of our audit as follows:

5-12.d1

Schedule of PTMISEA Bond 1B Funds For the Year Ended June 30, 2009	
Description	Amount
Balance – beginning of the year	\$ 4,442,909
Receipts:	
Warrant No. 63-181418 – Deposited 7/15/2009	2,480,910
Interest accrued 7/1/2008 through 6/30/2009	79,428
Expenses:	
MetroBase Construction	-
Balance – end of year	<u>\$ 7,003,247</u>

There were no expenditures incurred on these grant funds for the year ended June 30, 2009.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Audit 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the TDA Funds. An audit includes examining, on a test basis, evidence about Santa Cruz METRO'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 of Santa Cruz METRO's compliance with those requirements.

In our opinion, the TDA funds allocated to and received by Santa Cruz METRO pursuant to the Act were expended in conformance with the applicable statutes, rules and regulations of the Act and the allocation instructions and resolutions of Santa Cruz Metropolitan Transit District.

This report is intended solely for the information and use of the Board of Directors, management, the California Department of Transportation, and the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
November 9, 2009

5-12.d2

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010

TO: Board of Directors

FROM: Angela Aitken, Acting Assistant General Manager and Finance Manager 

SUBJECT: RENEW PROPERTY INSURANCE COVERAGE FOR 1200 B RIVER STREET AND ADD NEW PROPERTY INSURANCE COVERAGE FOR 138 GOLF CLUB DRIVE

I. RECOMMENDED ACTION

Staff recommends that the Board of Directors authorize the renewal of property insurance coverage for 1200 B River Street and add new property insurance coverage for 138 Golf Club Drive with Travelers Insurance Company in the amount of \$54,763.

II. SUMMARY OF ISSUES

- Santa Cruz METRO carries property insurance on all its owned facilities and on leased facilities in accordance with lease agreements, as well as on building contents.
- Santa Cruz METRO currently carries insurance with Travelers Indemnity for the Fueling and Service Facility located at 1200 B River Street.
- Santa Cruz METRO will be taking occupancy of the new Maintenance Facility located at 138 Golf Club Drive near the end of March 2010, and will require property insurance to be in place at that time.
- Santa Cruz METRO's property insurance broker contacted several insurance companies regarding property insurance for the 138 Golf Club location, including Beazley, Axis US, Zurich, Hartford, Chartis (formerly AIG) and Chubb but all declined to quote due to the type of exposure.
- Travelers Insurance provided a quote combining the properties at 1200 B River Street and 138 Golf Club Drive in the amount of \$54,763 with \$25,500,000 coverage for buildings and business personal property at both locations.

III. DISCUSSION

Santa Cruz METRO carries property insurance on all its owned facilities and on leased facilities in accordance with lease agreements, as well as on building contents.

Santa Cruz METRO currently carries Property and Crime insurance with Travelers Insurance, and Boiler and Equipment insurance with Travelers Indemnity for the Fueling and Service

5-13.1

Facility located at 1200 B River Street. The annual premium for 1200 B River Street with Travelers is \$25,827 with \$9,000,000 coverage for building and business personal property.

Santa Cruz METRO will be taking occupancy of the new Maintenance Facility located at 138 Golf Club Drive near the end of March 2010. This facility is currently insured through West Bay Builder's course of construction insurance policy with Hartford Fire Insurance Company.

In October 2009 staff contacted Saylor & Hill, Santa Cruz METRO's property insurance broker and asked them to combine both properties and solicit competitive quotes in an effort to secure the best coverage and pricing available. The broker contacted several insurance companies including Beazley, Axis US, Zurich, Hartford, Chartis (formerly AIG) and Chubb but all declined to quote due to the type of exposure.

Travelers Insurance provided a quote in the amount of \$54,763 with \$25,500,000 coverage for buildings and business personal property at both locations. This is all risk coverage, excluding earthquake and flood, and includes buildings and business personal property, including employee tools, and telephone equipment with a \$5,000 deductible.

The Travelers Insurance Company is rated A+ (Superior), XV (\$2 Billion or greater) by Best.

IV. FINANCIAL CONSIDERATIONS

The insurance cost of \$54,763 is included in the FY10 final budget.

V. ATTACHMENTS

None.

Prepared by: Debbie Kinslow, Assistant Finance Manager

5-13.2

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010

TO: Board of Directors

FROM: Robyn D. Slater, Human Resources Manager

**SUBJECT: CONSIDERATION OF APPROVAL OF CLASS SPECIFICATIONS,
WAGE SCALES AND SIDE AGREEMENT FOR THE NEWLY
CREATED TRANSPORTATION PLANNER SERIES**

I. RECOMMENDED ACTION

Staff recommends that the Board of Directors approve the Class Specifications and wage scales for the newly created Transportation Planner Series. Staff also recommends adopting the side agreement which corrects language in the Memorandum of Understanding to replace old Class Specification titles with the newly created positions and Class Specification titles.

II. SUMMARY OF ISSUES

- In April 2009 the incumbent to the Transit Planner Class Specification retired.
- The Finance Manager initiated a reclass that restructured two existing Class Specifications and developed additional positions to create a series.
- METRO met with the union and reached agreement on the new and changed Class Specifications.
- A wage survey was conducted using the new Class Specifications.
- In October when the original staff report was presented at a Board meeting staff was instructed by the Board to allow the union more time to review the Fair Labor Standards Act (FLSA) regarding the suggested exempt status of several of the positions.
- The union met with staff in February 2010 and agreed to the suggested exempt status for the Transportation Planner, Senior Transportation Planner and Transportation Planning Supervisor Class Specifications.
- The union and staff identified sections of the contract where the old Class Specification titles needed to be excised and the new Class Specification titles inserted. A side agreement was developed to address these issues.
- The side agreement also includes the changed wage scales for the suggested Class Specifications.

5-14.1

III. DISCUSSION

In April 2009 the Transit Planner for METRO retired after working in that Class Specification for approximately eight years. The Transit Planner function was transferred to Finance in November 2008. Upon review of the Transit Planner position, the Finance Manager worked with Human Resources to develop a series of Transit Planner positions of increasing responsibility. The new series allows METRO to hire at the level currently needed with an option to either add employees at different levels and/or provide for career enhancement opportunities within a specialized field.

The Class Specifications were provided to the Union in April 2009 and several meetings were held to review the Class Specifications and reach agreement. Attachment A provides the Class Specifications for all five positions in the series: Transportation Planning Aid, Junior Transportation Planner, Transportation Planner, Senior Transportation Planner and Transportation Planning Supervisor. The Class Specifications were reviewed to determine whether or not the specifications met the Fair Labor Standards Act requirements for exempt status (not eligible for overtime). Three of the five positions qualified as exempt, the Transportation Planner, Senior Transportation Planner and Transportation Planning Supervisor.

As part of the survey, the Class Specifications for the positions listed above were sent to 10 Transit Agencies throughout the state as well as the County and City of Santa Cruz. SEIU and METRO had previously agreed on these 12 agencies to be surveyed. The Class Specifications of the responding agencies were reviewed to determine if like positions were similar enough for the wage information to be included in the survey. If so, the wage scales were reviewed and ranked using the top step for comparison purposes.

As a result of the wage survey, wage scales were developed for all the Class Specifications. The separations between the wage scales mirrors the current SEIU represented Administrative series, which was recently adjusted (January 2007) and contains non-exempt and exempt Class Specifications.

Staff met with representatives of SEIU Local 521 and obtained concurrence of the Class Specifications and wage scales. SEIU did state they were surprised that three of the five positions are considered exempt. METRO provided SEIU with the website information used to determine exempt status. The SEIU Memorandum of Understanding specifies that exempt positions receive 40 hours of Administrative leave per fiscal year to compensate for additional work beyond 40 hours a week.

Staff proceeded to write and present a staff report at the October 23, 2009 Board meeting. At that time SEIU requested additional time to compare the Class Specifications to the FLSA standards for exempt employees. The Board agreed to allow SEIU additional time, directing staff to continue this item until SEIU completed the research.

SEIU and staff met in February 2010 at which time SEIU stated they agreed with staffs original proposal. At the meeting SEIU provided staff with information regarding areas of the MOU that

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needed to be changed as a result of the reclassification of the Transit Planner series. SEIU and staff created and signed a side agreement (attachment) to correct the wage scale and areas of the MOU that referenced the Transit Planner series.

IV. FINANCIAL CONSIDERATIONS

METRO intends to fund one position in the Transportation Planning series for FY09. There will be no fiscal impact since the existing Transit Planner position was funded at the top step and included a longevity bonus at the 15 year level (5% at 10 years of service an additional 5% at 15 years of service).

V. ATTACHMENTS

- Attachment A:** Revised Class Specifications
Attachment B: Side agreement with new wage schedule

Prepared By: Robyn D. Slater, Human Resources Manager
Date Prepared: February 18, 2010

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SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

TRANSPORTATION PLANNING AIDE

Attachment A

DEFINITION

Under close supervision, assists by gathering, assembling, organizing and analyzing planning data, acting as a resource for data used in related studies and assisting in the preparation and presentation of oral and written reports for policy development and implementation of service enhancement projects. May act as back-up for Transit Surveyor.

Distinguishing Characteristics

This is the first level Transportation Planner position. Incumbents work in support of the planning area and perform tasks of a defined scope. Work assignments are subject to detailed and frequent review. As incumbents' knowledge and skill increase, they may perform with some degree of independence, a full range of duties in relation to different transportation modes and their operational characteristics. Incumbents will gradually gain a thorough understanding of federal, state, regional and local planning practices as they relate to transportation. Over time incumbents will move towards demonstrating proficiency in performing and understanding state-of-the-art and emerging technologies, working as part of a team, and will eventually have responsibility for completing tasks on schedule and within budget. Incumbents receive detailed instruction and/or assistance as tasks are assigned and will become fully aware of operating procedures and policies.

Successful completion of tasks will require a person who is:

- An exceptional problem-solver; ready to identify a course of action and steps to meet expectations
- Focused on developing substantive materials and information.
- A good communicator: capable of working closely with team members expressing thoughts, identifying issues and solutions, and preparing written materials
- Flexible/adaptable: willing to tackle new subject areas conceptualize new solutions and/or methodologies to achieve results

EXAMPLES OF DUTIES/FUNCTIONS:

Duties/functions may include, but are not limited to, the following:

- Works with staff in collecting, analyzing, and evaluating factual data as it relates to the preparation of a variety of transit planning and service delivery studies covering a small geographic or limited service area including documentation of service performance, service analyses, recommendations for service enhancements and discussion of pertinent issues
- Extracts planning information from environmental impact documents, land use maps, aerial photographs and other planning records to conduct transportation and service delivery studies, including boarding and alighting, safety, and cost analysis
- Gathers and works towards analysis of technical, demographic, economic, and financial data used for assessing route and schedule changes, as well as related service enhancements

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- Assists in providing knowledge to the Grants division to develop capital funding strategies and assists in the preparation of a variety of written reports and required materials
- Assists in identifying potential areas for study and may participate in the preparation of cost analysis through tracking and preparation of maps, charts, tables, photographs, illustrations and other graphics for display or inclusion in reports
- Collects data, may develop and implement survey techniques and processes; may participate in field studies.
- Makes mathematical and statistical calculations for statistical charts, maps and other documents to accompany studies, reports and presentations
- Updates and maintains planning databases and directories
- Provides documents and other information for use in developing recommendations on development applications related to transportation service
- Collects information related to the development of consultants' scope of services and proposals for planning
- May perform the functions of the Transit Surveyor position and participate in field investigations
- Assists in the preparation of plans and projections of future transit, transportation, economic or demographic conditions and trends
- Analyzes and makes recommendations using transportation planning and statistical methods, modeling and budgeting and financial analyses
- Assists in the development of work plans and budget estimates for studies
- Assists in the development of capital programs and grant applications for transportation funds
- Gathers information and performs GIS work including data manipulation/conversion, spatial and statistical analysis, map-making, documentation, technical support and application development
- Assists in the data gathering and development of regional and jurisdictional service plans and cost proposals
- May analyze route and service performance to determine areas where transit service can be improved in terms of efficiency, productivity, and effectiveness
- Assists in the preparation of ridership, on-time performance, productivity, and other route and service measurement reports to the General Manager, Board of Directors and others as requested
- Provides data and other materials to assist in planning number of stops, length of route and runs per shift for routes according to union/management procedures and cost per mile/hour
- Assists in the preparation of written evaluations of proposed route, service, and schedule changes
- As part of the outreach team, gathers information for members of the public and representatives of community organizations regarding pending and evaluations of pending changes to routes and service changes.
- As a team member, answers inquiries and disseminates information for transportation planning reports, forecasts and related issues to the transportation system
- Assists in developing and responding orally and in writing to requests from the public, staff, governmental agencies, advisory committees and community groups for information regarding existing services and funding, suggested service adjustments and long-range planning issues
- Works with staff and provides information to prepare written and graphical information for oral presentations on transit and service-related issues to the Board of Directors, staff, service users, governmental agencies, advisory committees and community groups

- Performs related duties as required

EMPLOYMENT STANDARDS

Knowledge of:

- Basic aims, concepts, and principles of arithmetic
- Basic principles, practices and techniques of data collection, evaluation, surveying, transmitting and presenting information
- Basic map reading
- Report writing and proper Business English
- Cost analysis and modeling
- Research principles and techniques, data collection techniques and statistical principles and methods
- Basic budgeting and financial analysis concepts and practices
- Operation of common office equipment including personal computers and computer software common to the planning function (i.e., word processing, spreadsheet, modeling, mapping)
- Office procedures including maintenance of records

Ability to:

- Prepare documentation material in a clear and concise manner
- Communicate, both orally and in writing, in a clear, concise, persuasive, and tactful manner to a wide variety of audiences
- Establish contacts and participate in a variety of outreach activities
- Effectively advocate and promote the use of public transit
- Establish and maintain effective working relationships with METRO staff, governmental officials, advisory committees and community groups using principles of good customer service
- Speak and write effectively
- Learn how to write letters, memorandums, board memorandums, planning and technical reports and fact sheets designed to be understood by all audiences, including the general public
- Collect, tabulate, read, analyze, understand and interpret scientific and technical journals, financial reports and legal documents
- Supply information to formulate an initial response to inquiries or complaints from customers, regulatory agencies, local government representatives, citizen groups or members of the business community
- Gather information to analyze transportation, budget and funding issues for immediate, short- and long-range service enhancements and capital requirements
- Prepare support data for written and oral discussion on the design and implementation of service changes
- Prepare and interpret maps and legal descriptions
- Learn how to prioritize projects based on specific established criteria
- Meet deadlines
- Learn the basic principles and practices of planning and zoning administration
- Learn applicable transportation planning software programs
- Design graphics/maps for publication studies using computer/drawing software
- Collect, organize and prepare planning data for presentations

- Collect and analyze issues and numerical measures associated with transportation planning projects, including estimates derived from computer models, engineering estimates of costs and benefits and public input
- Accurately perform simple computations
- Learn how to perform analysis and make recommendations based on findings in studies, field observation and public contacts
- Creatively develop and carry out research projects when specific instructions are given
- Keep abreast of current trends in the field

Training and Experience

Education equivalent to a Bachelor's Degree from an accredited college or university with major coursework in City and Regional Planning, Urban Studies, Geography, Geographic Information Systems (GIS), Public Administration, Political Science, Business, Finance, Economics, or a closely related field.

OR

Three (3) years of recent, progressive and verifiable experience working with raw data files and ESRI GIS software to create and analyze spatial data, create high-quality maps and develop GIS based solutions/scheduling applications, Hastus and/or CAD/AVL.

Special Requirements

Possession of a valid California driver's license or the ability to obtain one prior to employment. May need to work a flexible schedule during time periods when a back-up for the Transit Surveyor is needed.

Physical Requirement

While performing the duties of this job the employee is frequently required to sit, talk or hear, both in person and by telephone; use hands to finger, handle or feel objects or controls or drive a METRO vehicle; reach with hands and arms. The employee is regularly required to stand, walk, bend and twist, rotate and bend at the neck. Occasional lifting and overhead reaching is required; use of feet to apply pressure to pedals for driving. Visual abilities required include close vision, distance vision, and the ability to adjust focus.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

JR. TRANSPORTATION PLANNER

DEFINITION

Under close supervision, assists in preparing policy development and implementation of service enhancement projects by participating in transit planning and service delivery studies by identifying issues, collecting, analyzing, and reporting data, acting as a resource for data used in related studies and assisting in the preparation and presentation of oral and written reports. May act as back-up for Transit Surveyor.

Distinguishing Characteristics

This is an entry level Transportation Planner position. Incumbents may initially perform work in a training capacity, and as the incumbents knowledge and skill increase, may perform with some degree of independence, a full range of duties in relation to different transportation modes and their operational characteristics. Incumbents will gradually gain a thorough understanding of federal, state, regional and local planning practices, as they relate to transportation. Over time incumbents will move towards demonstrating proficiency performing and understanding of state-of-the-art and emerging technologies, working as part of a team, and will eventually have responsibility for completing tasks on schedule and within budget. Incumbents receive instruction or assistance as new and unusual situations arise and will become fully aware of operating procedures and policies.

Successful completion of tasks will require a person who is:

- An exceptional problem-solver; ready to identify a course of action and steps to meet expectations
- Focused on developing substantive materials and information.
- A good communicator: capable of working closely with team members in expressing thoughts, identifying issues and solutions and preparing written materials
- Flexible/adaptable: willing to tackle new subject areas and conceptualize new solutions and/or methodologies to achieve results

EXAMPLES OF DUTIES/FUNCTIONS:

Duties/functions may include, but are not limited to, the following:

- Assists in the preparation of a variety of transit planning and service delivery studies covering a small geographic or limited service area, including documentation of service performance, service analyses, recommendations for service enhancements and discussion of pertinent issues
- Participates in conducting transportation and service delivery studies, including boarding and alighting, safety and cost analyses
- Gathers and analyzes technical, demographic, economic, and financial data used for assessing route and schedule changes, as well as related service enhancements
- Assists in providing knowledge to the Grants division to develop capital funding strategies and assists in the preparation of a variety of written reports

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- Monitors current service levels and assists in identifying potential areas for study; may participate in the preparation of cost analyses
- Collects data, may develop and implement survey techniques and processes; may participate in field studies
- Prepares statistical charts, maps, and other documents to accompany studies, reports and presentations
- Prepares planning reports, forecasts, and recommendations related to transportation system improvements, as a team member, or may individually perform portions under close supervision
- Monitors transit work or transportation policy
- Updates and maintains planning databases and directories
- Reviews and makes recommendations on development applications related to transportation service
- Participates in the development of consultants' scope of services and proposals for planning
- May perform the functions of the Transit Surveyor position and make field investigations
- Assists in the preparation of plans and projections of future transit, transportation, economic or demographic conditions and trends
- Analyzes and makes recommendations using transportation planning and statistical methods, modeling and budgeting and financial analyses
- Assists in the development of work plans and budget estimates for studies
- Assists in the development of capital programs and grant applications for transportation funds
- Gathers information and performs GIS work including data manipulation/conversion, spatial and statistical analysis, map-making, documentation, technical support and application development
- Assists in the development of regional and jurisdictional service plans and cost proposals
- Analyzes route and service performance to determine areas where transit service can be improved in terms of efficiency, productivity and effectiveness
- Assists in the preparation of ridership, on-time performance, productivity, and other route and service measurement reports to the General Manager, Board of Directors, and other as requested
- Assists in planning number of stops, length of route and runs per shift for routes according to union/management procedures and cost per mile/hour
- Assists in the preparation of written evaluations of proposed route, service and schedule changes
- As part of the outreach team, gathers information for members of the public and representatives of community organizations regarding pending and evaluations of pending changes to routes and service changes.
- Assists in developing and responding orally and in writing to requests from the public, staff, governmental agencies, advisory committees and community groups for information

regarding existing services and funding, suggested service adjustments and long-range planning issues

- Answers inquiries and disseminates information regarding issues related to transportation planning
- Prepares written and graphical information for oral presentations on transit and service-related issues to the Board of Directors, staff, service users, governmental agencies, advisory committees and community groups
- May act as METRO's liaison with cities, other local/regional agencies and community groups regarding transportation issues
- Performs related duties as required

EMPLOYMENT STANDARDS

Knowledge of:

- Basic aims, concepts, and principles of transportation planning and capital funding
- Basic principles, practices and techniques of data collection, evaluation, surveying, transmitting and presenting information
- Report writing and proper Business English
- Basic principles of traffic demand management
- Basic knowledge of attractions and locations that generate patronage
- Cost analysis and modeling
- Basic measures of transit effectiveness used to assess route performance
- How to survey
- Research and statistical methods
- Budgeting and financial analysis concepts and practices
- Computer software common to the planning function (i.e., word processing, spreadsheet, modeling, mapping)

Ability to:

- Formulate an initial response to inquiries or complaints from customers, regulatory agencies, local government representatives, citizen groups or members of the business community
- Participate in the written and oral discussion on the design and implementation of service changes
- Prepare written technical reports and documentation material in a clear and concise manner
- Communicate, both orally and in writing, in a clear, concise, persuasive, and tactful manner to a wide variety of audiences
- Establish contacts and participate in a variety of outreach activities
- Effectively advocate and promote the use of public transit
- Organize and prepare presentations
- Establish and maintain effective working relationships with METRO staff, governmental officials, advisory committees and community groups using principles of good customer service

- Write letters, board, planning and technical reports and fact sheets designed to be understood by all audiences, including the general public
- Collect, tabulate, read, analyze, understand and interpret scientific and technical journals, financial reports and legal documents
- Collect and analyze issues and numerical measures associated with transportation planning projects, including estimates derived from computer models, engineering estimates of costs and benefits and public input
- Analyze transportation, budget, cost/benefit and funding issues and make initial oral and written recommendations for immediate, short- and long-range service enhancements and other related technical analysis for their impact on capital requirements
- Learn how to prioritize projects based on specific established criteria
- Creatively develop and carry out projects when specific concepts are provided
- Meet deadlines
- Design graphics/maps using computer/drawing software for publication studies
- Keep abreast of current trends in the field
- Perform analyses and make recommendations based on findings in studies, field observation and public contacts

Training and Experience

Education equivalent to a Bachelor's Degree from an accredited college or university with major coursework in City and Regional Planning, Urban Studies, Geography, Geographic Information Systems (GIS), Public Administration, Political Science, Business, Finance, Economics, or a closely related field **and** recent, progressive and verifiable professional experience in a professional capacity working with raw data files, ESRI GIS software to create and analyze spatial data, create high-quality maps and develop GIS based solutions/scheduling applications, Hastus and/or CAD/AVL.

Special Requirements

Possession of a valid California driver's license or the ability to obtain one prior to employment. May need to work a flexible schedule during time periods when a back-up for the Transit Surveyor is needed.

Physical Requirement

While performing the duties of this job the employee is frequently required to sit, talk or hear, both in person and by telephone; use hands to finger, handle or feel objects or controls or drive a METRO vehicle; reach with hands and arms. The employee is regularly required to stand, walk, bend and twist, rotate and bend at the neck. Occasional lifting and overhead reaching is required; use of feet to apply pressure to pedals for driving. Visual abilities required include close vision, distance vision, and the ability to adjust focus.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

TRANSPORTATION PLANNER

DEFINITION

Under supervision, prepares policy development and implementation of service enhancement projects by participating in transit planning and service delivery studies that include the identification of issues, collection, analysis, and reporting of data, acting as a knowledge resource for planning data used in related studies and participating the preparation and presentation of oral and written reports. May act as back-up for Transit Surveyor.

Distinguishing Characteristics

This is a journey level Transportation Planner. Incumbents must be able to perform a full range of duties in relation to different transportation modes and their operational characteristics and have a thorough understanding of federal, state, regional and local planning practices as they relate to transportation. This position requires an understanding of state-of-the-art and emerging technologies, working as part of a team and will have responsibility for completing tasks on schedule and within budget. Incumbents receive only occasional instruction or assistance as new and unusual situations arise and are fully aware of operating procedures and policies. Incumbents at this level may provide training and lead direction over other support staff. Successful completion of tasks will require a person who is:

- An exceptional problem-solver; ready to identify a course of action and steps to meet expectations
- Focused on developing substantive materials and information
- A good communicator: capable of working closely with team members expressing thoughts, identifying issues and solutions, and preparing written materials
- Flexible/adaptable: willing to tackle new subject areas and conceptualize new solutions and/or methodologies to achieve results

EXAMPLES OF DUTIES/FUNCTIONS:

Duties/functions may include, but are not limited to, the following:

- Prepares a variety of transit planning and service delivery studies covering a small geographic or limited service area, including documentation of service performance, service analyses, recommendations for service enhancements and discussion of pertinent issues
- Conducts transportation and service delivery studies, including boarding and alighting, safety and cost analysis
- Analyzes technical, demographic, economic, and financial data used for assessing route and schedule changes, as well as related service enhancements
- Provides knowledge to the Grants division to develop capital funding strategies and prepares a variety of written reports

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- Monitors current service levels and identifies potential areas for study; may prepare cost analyses
- Collects data, develops and implements survey techniques and processes; may participate in field studies
- Prepares statistical charts, maps, and other documents to accompany studies, reports and presentations
- Prepares planning reports, forecasts, and recommendations related to transportation system improvements
- Develops, interprets, monitors and writes transit documents or transportation policy
- Reviews and makes recommendations on development applications related to transportation service
- May perform the functions of the Transit Surveyor position and make field investigations
- Prepares plans and projections of future transit, transportation, economic or demographic conditions and trends
- May function as a project lead with other professional staff and consultants
- Develops work plans and budget estimates for studies
- Assists in the development of capital programs and grant applications for transportation funds
- Performs GIS work including data manipulation/conversion, spatial and statistical analysis, map-making, documentation, technical support and application development
- Assists in the development of regional and jurisdictional service plans and cost proposals
- Analyzes route and service performance to determine areas where transit service can be improved in terms of efficiency, productivity and effectiveness
- Prepares ridership, on-time performance, productivity, and other route and service measurement reports for the General Manager, Board of Directors and others as requested
- Assists in planning numbers of stops, length of route and runs per shift for routes according to union/management procedures and cost per mile/hour
- Prepares written evaluations of proposed route, service, and schedule changes
- As part of an outreach team, briefs members of the public and representatives of community organizations regarding pending and evaluations of and pending changes to routes and service changes as part of an outreach team
- Responds orally and in writing to requests from the public, staff, governmental agencies, advisory committees and community groups for information regarding existing services and funding, suggested service adjustments and long-range planning issues
- Prepares written and graphical information and may make oral presentations on transit and service related issues to the Board of Directors, staff, service users, governmental agencies, advisory committees and community groups
- Analyzes and makes recommendations using transportation planning and statistical methods, modeling, and budgeting and financial analyses

- May act as METRO's liaison with cities, other local/regional agencies and community groups regarding transportation issues
- Performs related duties as required

EMPLOYMENT STANDARDS

Knowledge of:

- Principles, concepts, goals and technical aspects of transportation planning and capital funding including traffic demand requirements
- Principles and practices of data collection and presentation
- Research and statistical methods
- Report writing and proper Business English
- Federal and State transportation funding program sources, processes and data reporting requirements
- Principles of traffic demand management
- Potential service enhancements
- Measures of transit effectiveness used to assess route performance
- Applicable federal, state and local laws governing transit operations including funding programs and data reporting requirements
- Physical, environmental, economic, aesthetic and social implications involved in transportation planning and transit-oriented development
-
- Techniques for gathering, surveying, evaluating, and transmitting information
- Budgeting and financial analysis concepts and practices, including cost analysis and modeling
- Community interrelationships
- Computer software common to the planning function (i.e., word processing, spreadsheet, modeling, mapping) at the intermediate level
- Project management methods and techniques
- Working knowledge of attractions and locations that generate patronage

Ability to:

- Formulate a response to inquiries or complaints from customers, regulatory agencies, local government representatives, citizen groups or members of the business community
- Prepare written technical reports and performance documentation material
- Communicate, both orally and in writing, in a clear, concise, persuasive, and tactful manner to a wide variety of audiences
- Effectively participate in a variety of outreach activities
- Effectively advocate and promote the use of public transit
- Establish and maintain effective working relationships with METRO staff, governmental officials, advisory committees and community groups using principles of good customer service
-
- Write letters, memorandums, board, planning and technical reports and fact sheets designed to be understood by all audiences, including the general public

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- Read, analyze, understand and interpret complex scientific and technical journals, financial reports and legal documents
- Analyze issues and numerical measures associated with transportation planning projects, including estimates derived from computer models, engineering estimates of costs and benefits and public input
- Analyze transportation, budget, and funding issues and make oral and written recommendations for immediate, short, and long-range service enhancements and capital requirements
- Conduct cost/benefit, impact and other related technical analyses
- Meet deadlines
- Design graphics/maps using computer/drawing software for publication studies
- Keep abreast of current trends in the field
- Perform analysis and make recommendations based on findings in studies, field observation and public contacts
- Design and implement service changes
- Prioritize projects based on established criteria
- Creatively develop and carry out projects when only general concepts are provided

Training and Experience

Education equivalent to a Bachelor's Degree from an accredited college or university with major coursework in City and Regional Planning, Urban Studies, Geography, Geographic Information Systems (GIS), Public Administration, Political Science, Business, Finance, Economics, or a closely related field **and** two (2) years of increasingly responsible experience in Transportation Planning or systems analysis in a public transportation system **plus** a minimum of two (2) years of recent, progressive and verifiable professional experience in a professional capacity working with raw data files and ESRI GIS software to create and analyze spatial data, create high-quality maps and develop GIS based solutions/scheduling applications, Hastus and/or CAD/AVL.

Master's degree and American Institute of Certified Planners (AICP) or Professional Transportation Planner (PTP) certification desired.

Special Requirements

Possession of a valid California driver's license or the ability to obtain one prior to employment. May need to work a flexible schedule during time periods when a back-up for the Transit Surveyor is needed.

Physical Requirement

While performing the duties of this job the employee is frequently required to sit, talk or hear, both in person and by telephone; use hands to finger, handle or feel objects or controls or drive a METRO vehicle; reach with hands and arms. The employee is regularly required to stand, walk, bend and twist, rotate and bend at the neck. Occasional lifting and overhead reaching is required; use of feet to apply pressure to pedals for driving. Visual abilities required include close vision, distance vision, and the ability to adjust focus.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

SR. TRANSPORTATION PLANNER

DEFINITION

Under general supervision, participates in policy development and implementation of service enhancement projects by conducting transit planning and service delivery studies that include the identification of issues, collection, analysis, and reporting of data and the preparation and presentation of oral and written reports. May act as back-up for Transit Surveyor.

Distinguishing Characteristics

This is an advanced journey level Transportation Planner. Incumbents must have familiarity with a range of transportation modes and their operational characteristics, a thorough understanding of federal, state, regional and local planning practices as they relate to transportation; an understanding of state-of-the-art and emerging technologies; and possess specialized, technical, or functional expertise within the area of assignment. The Sr. Transportation Planner works as part of a team; has responsibility for completing tasks on schedule and within budget and may exercise supervision over assigned subordinate staff. Incumbents are typically assigned significant responsibility and often exercise independent judgment in the performance of all duties. Successful completion of tasks will require a person who is:

- An exceptional problem-solver; ready to identify a course of action and steps required to meet expectations
- Focused on developing substantive materials and information
- A good communicator: capable of working closely with team members in expressing thoughts, identifying issues and solutions and preparing written materials
- Flexible/adaptable: willing to tackle new subject areas and conceptualize new solutions and/or methodologies to achieve results

EXAMPLES OF DUTIES/FUNCTIONS:

Duties/functions may include, but are not limited to, the following:

- Prepares a variety of transit planning and service delivery studies covering a small geographic or limited service area, including documentation of service performance, service analyses, recommendations for service enhancements and discussion of pertinent issues
- Conducts transportation and service delivery studies including boarding and alighting, safety and cost analysis
- Analyzes technical, demographic, economic, and financial data used to assess route and schedule changes, as well as related service enhancements; and provides expertise to staff in the development of recommendations for change
- Provides expertise to the Grants division to develop capital funding strategies and prepares a variety of written reports

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- Monitors current service levels and identifies potential areas for study; may prepare cost analyses
- Collects and/or supervises the collection of data, develops and implements survey techniques and processes and may supervise and participate in field studies
- Prepares statistical charts, maps, and other documents to accompany studies, reports, and presentations
- Develops, interprets, coordinates and monitors transit or transportation policy and planning work, including completion of complex written documents and reports
- Reviews and makes recommendations on development applications regarding bicycle, pedestrian, roadway and transit facilities
- Develops and evaluates consultants' scope of services and proposals for planning
- Prepares plans and projections of future transit, transportation, economic or demographic conditions and trends
- Analyzes and makes recommendations using advanced transportation planning and statistical methods, modeling and budgeting and financial analyses
- Develops work plans and budget estimates for studies
- Assists in the development of capital programs and grant applications for transportation funds
- Performs the full scope of GIS work, including data manipulation/conversion, complex spatial and statistical analysis, map-making, documentation, technical support and application development
- Assists in the development of regional and jurisdictional service plans and cost proposals
- Analyzes route and service performance to determine areas where transit service can be improved in terms of efficiency, productivity and effectiveness
- Prepares ridership, on-time performance, productivity and other route and service measurement reports for the General Manager, Board of Directors and others as requested
- Assists in planning numbers of stops, length of route and runs per shift for routes according to union/management procedures and cost per mile/hour
- May perform the functions of the Transit Surveyor position and make field investigations
- Responds orally and in writing to requests from the public, staff, governmental agencies, advisory committees and community groups for information regarding existing services and funding, suggested service adjustments, and long-range planning issues
- Makes oral presentations on transit and service-related issues to the Board of Directors, staff, service users, governmental agencies, advisory committees and community groups
- Provides liaison with cities, other local/regional agencies and community groups regarding transportation issues
- Prepares written evaluations of proposed route, service, and schedule changes
- As part of the outreach team, briefs members of the public and representatives of community organizations regarding pending and evaluations of pending changes to routes and service changes
- May provide work direction to staff and consultants on small contracts and monitor consultant contracts

- Functions as a project lead with other professional staff and consultants
- Performs related duties as required

EMPLOYMENT STANDARDS

Knowledge of:

- Principles, concepts, techniques and legal aspects of transportation planning, capital funding and traffic demand management
- Principles and practices of data collection and presentation
- Report writing and proper Business English
-
- Potential service enhancements
- Measures of transit effectiveness used to assess route performance
- Applicable federal, state and local laws governing transit operations including funding sources and processes and program data reporting requirements
- Survey techniques
- Research and statistical methods
- Budgeting and financial analysis concepts and practices, including cost analysis and modeling
- Community interrelationships
- Computer software common to the planning function (i.e., word processing, spreadsheet, modeling) at the intermediate level
- Project management methods and techniques
- Working knowledge of attractions and locations that generate patronage

Ability to:

- Respond to inquiries or complaints from customers, regulatory agencies, local government representatives, citizen groups or members of the business community
- Prepare written technical reports and performance documentation materials
- Communicate, both orally and in writing, in a clear, concise, persuasive, and tactful manner to a wide variety of audiences
- Effectively participate in a variety of outreach activities
- Effectively advocate and promote the use of public transit
- Establish and maintain effective working relationships with METRO staff, governmental officials, advisory committees and community groups, using principles of good customer service
- Write letters, memorandums, board, planning and technical reports, and fact sheets designed to be understood by all audiences, including the general public
- Read, analyze, and interpret scientific and technical journals, financial reports and legal documents
- Analyze transportation, budget, and funding issues and make oral and written recommendations for immediate, short- and long-range service enhancements and capital requirements
- Design and implement service changes
- Conduct cost/benefit, impact and other related technical analyses
- Meet deadlines

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- Analyze issues and numerical measures associated with transportation planning projects, including estimates derived from computer models, engineering estimates of costs and benefits, and public input
- Keep abreast of current trends in the field
- Assist in estimating and administering budgets for studies and in managing planning projects
- Perform analysis and make recommendations based on findings in studies, field observation, and public contacts

Training and Experience

Education equivalent to a Bachelor's Degree from an accredited college or university with major coursework in City and Regional Planning, Urban Studies, Geography, Geographic Information Systems (GIS), Public Administration, Political Science, Business, Finance, Economics, or a closely related field **and** Three (3) years of increasingly responsible experience in Transportation Planning or systems analysis in a public transportation system **plus** a minimum of two (2) years of recent, progressive and verifiable professional experience in a professional capacity working with raw data files and ESRI GIS software to create and analyze spatial data, create high-quality maps and develop GIS based solutions/scheduling applications, Hastus and/or CAD/AVL.

Master's degree and American Institute of Certified Planners (AICP) or Professional Transportation Planner (PTP) certification are desired.

Special Requirements

Possession of a valid California driver's license or the ability to obtain one prior to employment. May need to work a flexible schedule during time periods when a back-up for the Transit Surveyor is needed.

Physical Requirement

While performing the duties of this job the employee is frequently required to sit, talk or hear, both in person and by telephone; use hands to finger, handle or feel objects or controls or drive a METRO vehicle; reach with hands and arms. The employee is regularly required to stand, walk, bend and twist, rotate and bend at the neck. Occasional lifting and overhead reaching is required; use of feet to apply pressure to pedals for driving. Visual abilities required include close vision, distance vision, and the ability to adjust focus.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

TRANSPORTATION PLANNING SUPERVISOR

DEFINITION

Under general direction, plans, organizes, directs, and coordinates the activities and staff of the planning area in policy development and implementation of service enhancement projects by supervising and conducting transit planning and service delivery studies that include the identification of issues, collection, analysis, and reporting of data, and the preparation and presentation of oral and written reports. May act as back-up for Transit Surveyor.

Distinguishing Characteristics

This position has full supervisory authority over the planning area. This position requires a familiarity with a range of transportation modes and their operational characteristics; a thorough understanding of federal, state, regional and local planning practices as they relate to transportation; an understanding of state-of-the-art and emerging technologies; and specialized, technical, or functional expertise within the area of transit planning. The position is responsible for supervision of the planning function; incumbent will have supervisory responsibility for completing tasks on schedule and within budget and will exercise supervision over assigned subordinate staff. Incumbent must exercise substantial judgment and initiative for planning and funding recommendations, is typically assigned significant responsibility and often exercises independent judgment in the performance of all duties. Successful completion of tasks will require a person who is:

- Able to supervise personnel and build and nurture solution-oriented employees
- An exceptional team player and problem-solver; ready to identify a course of action and steps required to meet expectations
- Focused on developing substantive materials and information
- An excellent communicator: capable of working closely with team members, expressing thoughts, identifying issues and solutions and preparing written materials
- Flexible/adaptable: willing to tackle new subject areas and conceptualize new solutions and/or methodologies to achieve results

EXAMPLES OF DUTIES/FUNCTIONS:

Duties/functions may include, but are not limited to, the following:

- Supervises and directs personnel to prepare a variety of transit planning and service delivery studies covering a small geographic or limited service area including documentation of service performance, service analyses, recommendations for service enhancements, and discussion of pertinent issues
- Supervises the planning of the numbers of stops, length of route, and runs per shift for routes according to union/management procedures and cost per mile/hour
- Functions as a project lead with other professional staff and consultants. Supervises, trains, motivates, assigns, evaluates, counsels and disciplines staff

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- Supervises transportation and service delivery studies including boarding and alighting, safety and cost analysis
- Provides work direction to staff and consultants on small contracts and monitors consultant contracts
- Directs technical, demographic, economic and financial data used for assessing route and schedule changes, as well as related service enhancements; provides expertise to staff in the development of recommendations for change
- Supervises the collection of data, develops and implements survey techniques and processes; may supervise and participate in field studies
- Provides expertise to the Grants division to develop capital funding strategies and reviews a variety of written reports
- Reviews and comments on statistical charts, maps, and other documents to accompany studies, reports and presentations
- Reviews and monitors transit or transportation policy and planning work including completion of complex written documents and reports
- Reviews and makes recommendations on development applications regarding bicycle, pedestrian, roadway and transit facilities
- Develops and evaluates consultants' scope of services and proposals for planning
- Supervises the preparation of plans and projections of future transit, transportation, economic or demographic conditions and trends
- Supervises and assists in the development of capital programs and grant applications for transportation funds
- Supervises, but is also able to perform the full scope of GIS work including data manipulation/conversion, complex spatial and statistical analysis, map-making, documentation, technical support and application development
- Participates in the development of regional and jurisdictional service plans and cost proposals
- Reviews and may present written and/or oral analysis on route and service performance to determine areas where transit service can be improved in terms of efficiency, productivity, and effectiveness. Reviews and may prepare written evaluations of proposed route, service, and schedule changes.
- Responds to and may be involved in field investigations.
- Reviews Federal, State and regional statutes, proposed legislation and regulations pertaining to area of responsibility
- Coordinates and provides oversight for the activities of individual projects
- Responds orally and in writing to requests from the public, staff, governmental agencies, advisory committees and community groups for information regarding existing services and funding, suggested service adjustments and long-range planning issues
- Makes oral presentations on transit and service-related issues to the Board of Directors, staff, service users, governmental agencies, advisory committees and community groups
- Provides liaison with cities, other local/regional agencies and community groups regarding transportation issues
- As part of the outreach team, briefs members of the public and representatives of community organizations regarding pending and evaluations of pending changes to routes and service changes
- Reviews and may present written and/or oral ridership, on-time performance, productivity, and other route and service measurement reports to the General Manager, Board of Directors and others as requested.
- Performs related duties as required

EMPLOYMENT STANDARDS

Knowledge of:

- Principles, legal aspects, techniques and concepts of transportation planning and capital funding
- Principles and practices of data collection and presentation
- Report writing and proper Business English
- Principles of traffic demand management
- Interdisciplinary practices and trends affecting transportation planning and analysis
- Potential service enhancements
- Measures of transit effectiveness used to assess route performance
- Applicable federal, state and local laws governing transit operations
- Survey techniques
- Research and statistical methods
- Budgeting and financial analysis concepts and practices including cost analysis and modeling
- Community interrelationships
- Principles and practices of organization, administration, fiscal and personnel management
- Computer software common to the planning function (i.e., word processing, spreadsheet, modeling) at the intermediate level
- Project management methods and techniques
- Transportation funding sources and processes
- Working knowledge of Federal and State transportation funding program data reporting requirements, planning principles, processes, procedures and regulations
- Working knowledge of attractions and locations that generate patronage

Ability to:

- Prepare and present written technical reports and performance documentation materials
- Communicate, both orally and in writing, in a clear, concise, persuasive and tactful manner to a wide variety of audiences
- Effectively participate in a variety of outreach activities
- Effectively advocate and promote the use of public transit
- Establish and maintain effective working relationships with METRO staff, governmental officials, advisory committees and community groups. using principles of good customer service
- Establish and maintain cooperative working relationships with those contacted in the course of work
- Write letters, board, planning and technical reports and fact sheets designed to be understood by all audiences, including the general public
- Respond to inquiries or complaints from customers, regulatory agencies, local government representatives, citizen groups or members of the business community
- Analyze transportation, budget and funding issues and make oral and written recommendations for immediate, short- and long-range service enhancements and capital requirements
- Read, analyze, and interpret scientific and technical journals, financial reports and legal documents

- Assist in estimating and administering budgets for studies and managing planning projects
- Plan, direct, select, supervise, train, motivate and evaluate the work of professional and technical personnel
- Evaluate and monitor consultant performance
- Oversee and conduct cost/benefit, impact and other related technical analyses
- Meet deadlines
- Prepare and coordinate budgets and schedules
- Execute major management program decisions in working with staff, consultants and member agency technical representatives
- Supervise the design and implementation of service changes
- Allocate and balance resources
- Successfully supervise multiple complex projects with aggressive schedules within various functional areas
- Interpret and apply laws, rules, regulations and labor contract provisions
- Keep abreast of current trends in the field
- Coordinate and analyze issues and numerical measures associated with transportation planning projects, including estimates derived from computer models, engineering estimates of costs and benefits and public input
- Supervise and perform analyses and make recommendations based on findings in studies, field observation and public contacts

Training and Experience

Education equivalent to a Bachelor's Degree from an accredited college or university with major coursework in City and Regional Planning, Urban Studies, Geography, Geographic Information Systems (GIS), Public Administration, Political Science, Business, Finance, Economics, or a closely related field **and** six (6) years of progressively responsible professional experience in Transportation Planning or systems analysis in a public transportation system **plus** a minimum of three (3) years of recent, progressive and verifiable demonstrated supervisory experience in a professional capacity working with raw data files and ESRI GIS software to create and analyze spatial data, create high-quality maps and develop GIS-based solutions/scheduling applications, Hastus and/or CAD/AVL.

Master's degree and American Institute of Certified Planners (AICP) or Professional Transportation Planner (PTP) certification are desired.

Special Requirements

Possession of a valid California driver's license or the ability to obtain one prior to employment.

Physical Requirement

While performing the duties of this job, the employee is frequently required to sit, talk or hear, both in person and by telephone; use hands to finger, handle or feel objects or controls or drive a METRO vehicle; or reach with hands and arms. The employee is regularly required to stand, walk, bend and twist, rotate and bend at the neck. Occasional lifting and overhead reaching is required; use of feet to apply pressure to pedals for driving. Visual abilities required include close vision, distance vision, and the ability to adjust focus.

SIDE AGREEMENT BETWEEN
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
AND
SERVICE EMPLOYEES INTERNATIONAL UNION LOCAL 521

1. On January 28, 2010 representatives of SEIU Local 521 met with Santa Cruz Metropolitan Transit District (Santa Cruz METRO) management and agreed to the class specification language and wage structure of the revised and newly created Transportation Planner series.

2. The agreement included new positions, the creation of a new wage structure in which three (3) of the five (5) positions are exempt. This change affects several areas of the current Memorandum of Understanding (MOU). Listed below are the affected sections of the MOU and the agreed to changes:

Section 8.5.1 Promotion

Suggested change: Remove: "Transit Planner/Service Planning Supervisor"
Add: "Transportation Planning Aid/Junior Transportation Planner/Transportation Planner/Senior Transportation Planner/Transportation Planning Supervisor"

Section 10.4.5 Overtime

Suggested Change: Remove: "Service Planning Supervisor"
Add: "Transportation Planner/Senior Transportation Planner/Transportation Planning Supervisor"

Section 17.13.4 Classification series

Suggested Change: Remove: "Transit Planner/Service Planning Supervisor"
Add: "Transportation Planning Aid/Junior Transportation Planner/Transportation Planner/Senior Transportation Planner/Transportation Planning Supervisor"

SEA salary schedule

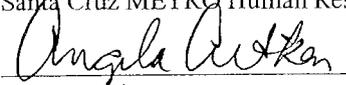
Suggested change: Remove: "Transit Planner" wage scale
Add: "Transportation Planning Aid, Junior Transportation Planner, Transportation Planner, Senior Transportation Planner" wage scales

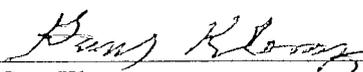
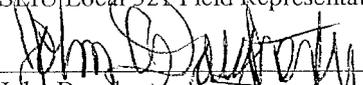
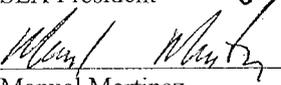
PSA salary schedule

Suggested change: Remove: "Service Planning Supervisor"
Add: "Transportation Planning Supervisor"

3. The undersigned have reviewed this side agreement and agree that this is the full and final agreement of the parties regarding these articles. The parties agree that further modifications to the current MOU must be approved in writing by Santa Cruz METRO and SEIU.

This side agreement remains in effect through June 30, 2012.

 2/17/10
Robyn D. Slater Date
Santa Cruz METRO Human Resources Manager
 2/17/10
Angela Aitken Date
Santa Cruz METRO
Acting Assistant General Manager and Finance Manager

 2-16-10
Gary Klemz Date
SEIU Local 521 Field Representative
 2-16-10
John Daugherty Date
SEA President
 2/16/10
Manuel Martinez Date
PSA President

5-14.61

TRANSPORTATION PLANNING AIDE (SEA)

October 2009

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	5% long	5% long
19.80	20.79	21.83	22.92	24.07	25.27	26.53	27.86

June 24,2010

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	5% long	5% long
20.39	21.41	22.48	23.61	24.79	26.03	27.33	28.70

June 23,2011

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	5% long	5% long
21.00	22.05	23.15	24.32	25.53	26.81	28.15	29.56

JUNIOR TRANSPORTATION PLANNER (SEA)

October 2009

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	5% long	5% long
20.79	21.83	22.92	24.07	25.27	26.53	27.86	29.25

June 24,2010

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	5% long	5% long
21.41	22.48	23.61	24.79	26.03	27.33	28.70	30.13

June 23,2011

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	5% long	5% long
22.05	23.15	24.32	25.53	26.81	28.15	29.56	31.03

TRANSPORTATION PLANNER (SEA) Exempt

October 2009

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	5% long	5% long
26.46	27.78	29.17	30.63	32.16	33.77	35.46	37.23

June 24,2010

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	5% long	5% long
27.25	28.61	30.05	31.55	33.12	34.78	36.52	38.35

June 23,2011

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	5% long	5% long
28.07	29.47	30.95	32.50	34.11	35.82	37.62	39.50

SENIOR TRANSPORTATION PLANNER (SEA) Exempt

October 2009

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	5% long	5% long
27.78	29.17	30.63	32.16	33.77	35.46	37.23	39.09

June 24, 2010

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	5% long	5% long
28.61	30.05	31.55	33.12	34.78	36.52	38.35	40.26

June 23, 2011

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	5% long	5% long
29.47	30.95	32.50	34.11	35.82	37.62	39.50	41.47

TRANSPORTATION PLANNING SUPERVISOR (PSA) Exempt

October 2009

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	5% long	5% long
29.17	30.63	32.16	33.77	35.46	37.23	39.09	41.04

June 24, 2010

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	5% long	5% long
30.05	31.55	33.12	34.78	36.52	38.35	40.26	42.27

June 23, 2011

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	5% long	5% long
30.95	32.50	34.11	35.82	37.62	39.50	41.47	43.54

The undersigned agree to the salary schedule, exempt status and SEIU chapter affiliation specified in this document.

For METRO

Robyn D Slater 1/28/10

Robyn D Slater
HR Manager

Angela Aitken 1/28/10

Angela Aitken
Finance Manager
Acct. Asst GM

For SEIU

Gary Garglemz 1/28/10

Manuel Martinez 1/28/10

Manuel Martinez

John Daugherty 2-9-10

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010
TO: Board of Directors
FROM: Harlan Glatt, Senior. Database Administrator
SUBJECT: CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO SET UP AN AUTHORIZE.NET PAYMENT GATEWAY ACCOUNT TO ESTABLISH THE INFRASTRUCTURE NECESSARY TO ALLOW METRO TO ACCEPT CREDIT CARD PAYMENTS AT ITS WEBSITE

I. RECOMMENDED ACTION

Authorize the General Manager to Set Up an Authorize.Net Payment Gateway Account to establish the Necessary Infrastructure to Allow METRO to Accept Credit Card Payments at its Website

II. SUMMARY OF ISSUES

- Santa Cruz Metropolitan Transit District (METRO) will be launching its new website on March 18, 2010, which will allow the public to purchase bus passes online.
- In order to facilitate the purchase of bus passes via its website, METRO needs the assistance of a payment gateway that will allow METRO to accept credit card payments quickly and affordably.
- Authorize.Net enables merchants to accept payments through the Internet safely, securely and easily.
- METRO staff has reviewed the other available businesses that provide this service and have determined that Authorize.Net is easier to access, less expensive and provides the necessary security functions.
- While the financial obligation to be incurred through execution of the documents set forth in Attachment A are well within the authority of the General Manager, METRO staff's practice is to bring contracts to the Board of Directors if they include Indemnification Provisions, which would create potential liability for METRO. This Agreement contains such a provision.

III. DISCUSSION

Authorize.Net provides the necessary infrastructure that will enable METRO to authorize, settle and manage credit card via its website for the purchase of bus passes. The Authorize.Net Payment Gateway also provides tools and solutions that help METRO manually submit transactions, protect it and its customers from fraud, and secure online access to transaction records so METRO can track sales.

It will capture METRO's customers' payment data and securely communicate with the appropriate financial institution to process and deposit proceeds into METRO's own Wells Fargo Merchant Account. METRO will implement Option A if the Board of Directors approves this recommendation. METRO will also be including the Fraud Detection Suite Application and the Automated Recurring Billing Application.

Authorize.Net will utilize METRO's current Wells Fargo Account to deposit monies collected through this process. This bank account is used specifically for the purpose of collecting proceeds from bank account and credit card payments transactions. Through execution of the documents set forth in Attachment A METRO is authorizing Authorize.Net to share information contained in these setup forms with its service partners, Authorize.Net Payment Gateway Account to bill METRO in the amounts set forth in the documentation and METRO is agreeing to be bound by the terms and conditions of the Agreement.

The terms and conditions that METRO staff wanted to bring to the Board of Director's attention include the Indemnification (Section 6.1) and the Confidential Information (8.1) provisions. In summary, the Indemnification clause provides that METRO will defend, indemnify and hold Authorize.Net, its affiliates and its parent company harmless from any of the following:

- 1.) Any card transaction that does not conform to the requirements of the Agreement, the Documentation or the Rules;
- 2.) Any card transaction or any act or omission of METRO in connection with a cardholder;
- 3.) METRO's breach or alleged breach or default of or under any term, covenant, condition or warranty in the Agreement, laws, rules or regulations applicable to METRO or in any Agreement with the cardholder or a service provider;
- 4.) The rescission, cancellation or avoidance of any card transaction,
- 5.) Any claim, dispute or defense brought against third parties by METRO,
- 6.) Damages, including for death or injury caused by the good or service purchased with the credit card; or
- 7.) For web-based, Internet or electronic commerce transactions, including merchant's insecure transmission of card transaction data and/or storage of cardholder information.

Additionally, the Agreement requires that "for purpose of this Agreement, including the foregoing indemnifies, METRO is responsible and liable for the acts and omissions of its employees, agents and representatives (whether or not acting with the scope of their duties)".

5-15.2

METRO staff have reviewed and considered the potential risks associated with allowing the use of credit cards through METRO's website and believe that the primary risk would be the possible compromise of confidential information received from an individual using their credit card to purchase the passes. METRO's website will not be a depository or storage container for this confidential information. Rather the information will be passed through the infrastructure established by Authorize.Net in order to complete the transaction. METRO staff believes that it has sufficient safeguards in place in order to be able to manage the risks involved.

Section 8.1 addresses the issue of "Confidential Information". The agreement requires that METRO hold the other party's confidential information in strict confidence and take reasonable precautions to protect such confidential information from disclosure. METRO staff also do not believe that this will become an issue of consequence as its understanding is that Authorize.Net will not be providing METRO with any of their confidential information.

The flow of payment information and funds from METRO's website to its bank account will be as follows:

Step One: A customer submits a credit card or electronic check transaction to the Authorize.Net Payment Gateway via a secure connection from METRO's website.

Step Two: Authorize.Net receives the secure transaction information and passes it via a secure connection to METRO's bank's processor (a financial partner that provides credit card processing on behalf of the credit card associations, for example, Visa or Master Card).

Step Three: METRO's bank's processor submits the transaction to the Credit Card Interchange (a network of financial entities that communicate to manage the processing, clearing, and settlement of credit card transactions).

Step Four: The Credit Card Interchange routes the transaction to your customer's Credit Card Issuer.

Step Five: The Credit Card Issuer approves or declines the transaction based on the customer's available funds and passes the transaction results, and if approved, the appropriate funds, back through the Credit Card Interchange.

Step Six: The Credit Card Interchange relays the transaction results to METRO's bank processor.

Step Seven: METRO's bank processor relays the transaction results to Authorize. Net.

Step Eight: Authorize.Net stores the transaction results and sends them to METRO and/or the customer.

Step Nine: The Credit Card Interchange passes the appropriate funds for the transaction to METRO's bank, which then deposits funds into METRO's merchant bank account

5-15-3

IV. FINANCIAL CONSIDERATIONS

Authorize.Net Payment Gateway Account Fees: Non-Refundable Setup Fee: \$99.00
Monthly Gateway Fee: \$17.95
Per-Transaction Fee: \$0.10

Fraud Detection Suite Application: Monthly Service Fee: \$5.00
Automated Recurring Billing Application Monthly Service Fee: \$10.00

V. ATTACHMENTS

Attachment A: Authorize.Net: Payment Gateway Account and Merchant Account Setup
Forms

5-15.4

PAYMENT GATEWAY ACCOUNT AND MERCHANT ACCOUNT SETUP FORMS

Welcome to Authorize.Net, and thank you for choosing us for your e-Commerce transaction needs. Depending on what you require, you have two options:

Option A

If you need an Authorize.Net Payment Gateway Account* and you already have a Merchant Account**, complete and fax the following pages:

- Payment Gateway Account Setup Form (Page 2)
- Authorization for Single Direct Payment (Page 3)
- Appendix A: Merchant Account Configuration Form

Option B:

If you need both a Merchant Account** and an Authorize.Net Payment Gateway account*, complete and fax the following pages:

- Payment Gateway Account Setup Form (Page 2)
- Authorization for Single Direct Payment (Page 3)
- Appendix B: Merchant Account Setup Form

* **An Authorize.Net Payment Gateway Account** is the communication tool that enables you to authorize, settle and manage credit card and electronic check payments.

** **A Merchant Account** is a bank account that is used specifically for the purpose of collecting proceeds from bank account and credit card payment transactions. A Card Not Present (CNP) merchant account is used by merchants who receive payments electronically or in situations where payment is not physically presented to the merchant by the consumer at the time of the transaction. A Card Present (CP) merchant account is used by merchants who receive payments in a physical location, where payment is physically presented to the merchant by the customer at the time of the transaction.

Questions?

If you need help determining if you already have a Merchant Account or have any other questions:

Call Lisa Millar at 801-492-6507.

Or visit the "How it Works" diagram at <http://www.authorize.net/resources/howitworksdiagram>.

PAYMENT GATEWAY ACCOUNT SETUP FORM

ATTENTION: Lisa Millar

Phone Number: 801-492-6507, Fax Number: 801-492-6546, E-mail Address: LMillar@authorize.net

Instructions: Please fax the completed setup form to 801-492-6546.

STEP 1: COMPANY INFORMATION

Company Name: _____

Company Officer / Owner / Principal Name: _____

Title: _____ Company Tax ID (Sole Prop. Can use SS#): _____

Company Address (No P.O. Boxes): _____

City: _____ State: _____ ZIP Code: _____

Company Phone Number: _____ Company Fax Number: _____

E-Mail Address (The address that setup information will be sent to): _____

Business Type (select one): Corporation Non-Profit Corporation (must send copy of 501c3) LLC Sole Proprietorship LLP

Market Type (select one): Card Not Present (CNP)/E-commerce Mail Order/Telephone Order (MOTO) Card Present (CP)/Retail

Company Web Address (URL) (If you have one): _____

Detailed Description of Products or Services Sold (please be specific): _____

STEP 2: PAYMENT AND ACCOUNT INFORMATION

Authorize.Net Payment Gateway Account Fees: **Non-Refundable Setup Fee*: \$99.00**

Monthly Gateway Fee: \$17.95**

Per-Transaction Fee: \$0.10**

***Non-Refundable Setup Fee:** Company agrees to pay to Authorize.Net a one-time non-refundable fee in the amount written above for the setup of Company's payment gateway account and access to Authorize.Net Services pursuant to the attached Authorization for Single Direct Payment (ACH Debit) form.

IMPORTANT: You must also complete the "AUTHORIZATION FOR SINGLE DIRECT PAYMENT" form on Page 3.

****Monthly Gateway & Per-Transaction Fee.** Authorize.Net shall charge Company a Monthly Gateway Fee and Per-Transaction Fee in the amounts provided above. Billing shall commence upon the creation of the account. Such fees will be billed automatically on a monthly basis to the bank account provided on Page 3.

Authorization. By signing below, the individual signing this application ("Applicant") certifies, acknowledges and agrees that: (i) Applicant is an authorized principal, partner, officer, or other authorized representative of Company that is authorized to bind Company to contractual obligations; (ii) Authorize.Net may share information contained in these setup forms with its service partners for the purpose of establishing a Merchant Account, if applicable; (iii) billing for the Authorize.Net Payment Gateway Account in the amounts set forth above shall commence upon Applicant's execution below; and (iv) Company agrees to be bound by the terms and conditions of the Authorize.Net Payment Gateway Merchant Service Agreement incorporated herein by reference and located at the following Web address: http://www.authorizenet.com/files/Authorize_Net_Service_Agreement.pdf.

Company Name: _____ Signature: _____

Print Name: _____ Print Title: _____ Date: _____

5-15.02

AUTHORIZATION FOR SINGLE DIRECT PAYMENT (ACH DEBIT)

The Company listed below hereby authorizes Authorize Net LLC to initiate a debit entry to Company's account at the depository financial institution named below and to debit the same to such account for the amount listed below. Company acknowledges that the origination of ACH transactions to Company's account must comply with the provisions of U.S. law.

PAYMENT AND ACCOUNT INFORMATION

Bank Name: _____ Branch City: _____ Routing Number (9 digits): _____ Amount: The amount of the Non-Refundable Setup Fee set forth on the Payment Gateway Account Setup Form.	Account Type (circle one): <i>Checking</i> <i>Savings</i> Branch State: _____ Zip Code: _____ Account Number: _____ Effective Date: The date that Authorize.Net receives Company's completed Account Setup Form and Authorization for Single Direct Payment (ACH Debit).
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Note: See the example below if you need help finding your routing or account number.

This authorization is to remain in full force and effect for this transaction only, or until such time that my indebtedness to Authorize.Net for the amount listed above is fully satisfied.

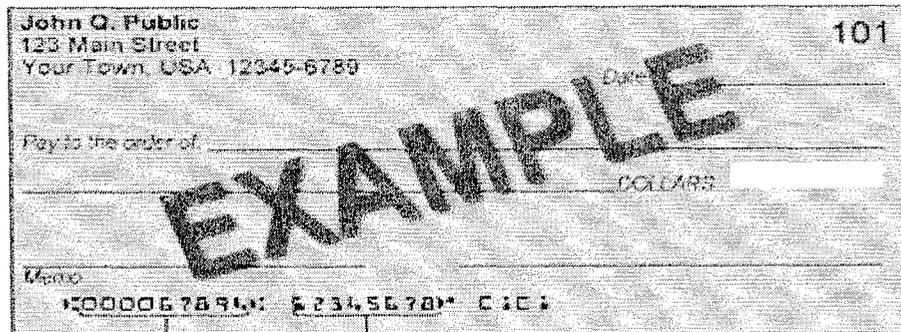
Print Company Name: _____

Print Corporate Employee Name: _____

Signature: _____

Date: _____

A.B.A Routing Numbers Example



Routing/Transit
Number

Account
Number

5-15.a3

FRAUD DETECTION SUITE™ APPLICATION

Please fill out completely and fax back to (801) 492-6546 Attn: Lisa Millar

Our Fraud Detection Suite (FDS) is a set of customizable, rules-based filters and tools that identify, manage, and prevent suspicious and potentially costly fraudulent transactions. You can customize FDS filters and tools to match your business needs and control how suspicious transactions are handled, including the ability to approve, decline or hold transactions for manual review.

Credit card fraud exposes Web merchants to potentially significant and ongoing costs. Here's how Fraud Detection Suite can help.

- **Reduce Costs** - Minimize and prevent authorization and chargeback fees as well as possible inventory loss resulting from fraudulent transactions.
- **Protect Profits** - Maximize legitimate transactions, rather than refusing business due to a fear of potential fraud.
- **Maximize Flexibility** - Customize filter settings according to your unique business needs.
- **Improve Intelligence** - Restrict transaction activity from specific Internet Protocol (IP) addresses using powerful IP tools.
- **Easy to use** - A setup wizard guides you through the configuration process.

FDS includes multiple filters and tools that work together to evaluate transactions for indicators of fraud. Their combined logic provides a powerful and highly effective defense against fraudulent transactions.

Fraud Detection Suite Filters:

- **Amount Filter** - Set lower and upper transaction amount thresholds to restrict high-risk transactions often used to test the validity of credit card numbers.
- **Velocity Filter** - Limit the total number of transactions received per hour, preventing high-volume attacks common with fraudulent transactions.
- **Shipping-Billing Mismatch Filter** - Identify high-risk transactions with different shipping and billing addresses, potentially indicating purchases made using a stolen credit card.
- **Transaction IP Velocity Filter** - Isolate suspicious activity from a single source by identifying excessive transactions received from the same IP address.
- **Suspicious Transaction Filter** - Reviews highly suspicious transactions using proprietary criteria identified by Authorize.Net's dedicated Fraud Management Team.
- **Authorized AIM IP Addresses** - Allows merchant submitting Advanced Integration Method (AIM) transactions to designate specific server IP addresses that are authorized to submit transactions.
- **IP Address Blocking** - Block transactions from IP addresses known to be used for fraudulent activity.

Terms and Conditions; Fees. FDS is a value-adding service designed for your Authorize.Net Payment Gateway account. Additional fees, terms and conditions apply.

Fraud Detection Suite (FDS) Pricing

One-Time Setup Fee:	\$0.00
Monthly Service Fee:	\$5.00

By signing below, I reaffirm my acceptance of the terms and conditions applicable to FDS set forth in Appendix C, Value-Adding Services, of the Authorize.Net Payment Gateway Agreement.

MERCHANT:

Signature: _____

Print Name: _____

Business Name: _____

AUTOMATED RECURRING BILLING™ APPLICATION

Please fill out completely and fax back to (801) 492-6546 Attn: Lisa Millar

Our Automated Recurring Billing (ARB) is an ideal solution if you provide subscription-based products or services, or would like to provide your customers with an installment-based payment option for high ticket purchases.

ARB allows you to create a "subscription" or recurring transaction on the payment gateway. Simply provide the customer's payment information, a payment schedule and the subscription duration, and ARB does the rest for you—generating subsequent transactions automatically.

Highlights of the ARB service include:

- Flexible billing intervals, from weekly to annually and anything in between.
- Create upfront trial periods and pricing.
- Multiple methods for creating ARB subscriptions manually in the Merchant Interface.
 - Enter subscription information into a form (similar to Virtual Terminal).
 - Create a subscription based on a previous transaction.
 - Upload a file of subscription records.
- Ability for Advance Integration Method (AIM) merchants to create and manage subscriptions automatically using the ARB application programming interface (API).
 - Expedites the creation and management of large volume subscriptions.
 - Provides your customers with subscription or installment-based payment options on your Web site payment form.
 - Easily integrates with proprietary solutions, eliminating the need to update or cancel subscriptions manually.

In addition, with ARB, your customers' payment information is safely stored in our highly secure data center, which complies with the Payment Card Industry (PCI) Data Security Standard.

Terms and Conditions; Fees. ARB is a value-adding service designed for your Authorize.Net Payment Gateway account. Additional fees, terms and conditions apply.

Automated Recurring Billing (ARB) Pricing

One-Time Setup Fee:	\$0.00
Monthly Service Fee:	\$10.00

By signing below, I reaffirm my acceptance of the terms and conditions applicable to ARB set forth in Appendix C, Value-Adding Services, of the Authorize.Net Payment Gateway Agreement.

MERCHANT:

Signature: _____

Print Name: _____

Business Name: _____

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APPENDIX A: MERCHANT ACCOUNT CONFIGURATION FORM

IMPORTANT: Appendix A must be completed by merchants with active Merchant Accounts. If you DO NOT yet have a Merchant Account, you need to complete Appendix B.

Company Name: _____

STEP 1: Credit Card Types that your Merchant Account is Currently Configured to Accept

Accepted Cards (select all that apply): Visa/MasterCard American Express Discover Diner's Club JCB Enroute

STEP 2: Merchant Account Processor Configuration Information

Instructions: Please provide the requested information for the processor that is associated with your merchant account. You need only provide information for ONE processor. If you do not know this information, please contact your Merchant Service Provider, or for further assistance please call your Authorize.Net representative, Lisa Millar, at 801-492-6507.

Chase Paymentech - Tampa Platform

Client (4 digits): _____ Merchant # (Gensar #) (12 digits): _____ Terminal # (TID) (3 digits): _____

FDMS Concord EFSNet

BuyPass / Terminal # (TID) (6 digits): _____ Merchant ID (MID) (2 digits): _____

First Data Merchant Services (FDMS) - Nashville Platform

Merchant ID (MID) (6-7 digits): _____ Terminal ID (TID) (6-7 digits): _____

First Data Merchant Services (FDMS) - Omaha Platform

Merchant ID (MID) (15 or 16 digits): _____

Global Payments - East Platform

Acquirer Inst. ID (Bank ID) (6 digits): _____ Merchant ID (MID) (Usually 16 digits): _____

Elavon (formerly Nova)

Bank # / Term BIN (6 digits): _____ Terminal ID (TID) (16 digits): _____

Pay By Touch (formerly CardSystems)

Acquirer BIN (6 digits): _____ Terminal ID (TID) (10 digits): _____

RBS Lynk (formerly LynkSystems)

Acquirer BIN (6 digits): _____ Store # (4 digits): _____ Terminal # (TID) (4 digits): _____ Merchant # (12 digits): _____ Merchant Category Code (4 digits): _____ Market Type (select one): E-Commerce MOTO Retail

TSYS Acquiring Solutions (formerly Vital)

Acquirer BIN (6 digits): _____ Agent Bank # (6 digits): _____ Agent Chain # (6 digits): _____ Category Code (4 digits): _____ Terminal # (TID) (4 digits): _____ Store # (4 digits): _____ Merchant # (12 digits): _____

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APPENDIX B: MERCHANT ACCOUNT APPLICATION

IMPORTANT: Appendix B must be completed by merchants in need of a Merchant Account. If you already have a Merchant Account, you do not need to complete Appendix B.

STEP 1: MERCHANT ACCOUNT APPLICATION

Important Instructions: Fax the completed application to Lisa Millar at 801-492-6546.

Authorize.Net has relationships with leading companies in the payment processing industry, including our parent company CyberSource Corporation, to assist you in obtaining an Internet/Card Not Present Merchant Account. Upon submission of your application, we will review the information provided and match your application to the Merchant Account provider best suited to serve your particular business.

Please note that this is an application. There may be additional signatures and/or information requested by the account provider "underwriting" your Merchant Account application.

Authorize.Net will contact you with your Login ID and password for your payment gateway account. Once your Merchant Account is approved, Authorize.Net will also work with the Underwriting Department of the Merchant Account provider to obtain the information needed to allow your Authorize.Net account to process "Live" transactions.

STEP 2: COMPANY OFFICER / OWNER / PRINCIPAL INFORMATION – All fields required regardless of corporate structure of business

Company Name: _____

Public company (Y/N): _____, If "Yes", Ticker Symbol: _____

Company Officer / Owner / Principal Name: _____

Title: _____

Home Address: _____

City: _____ State: _____ ZIP Code: _____

Home Phone Number: _____

Mobile Number: _____

SS Number: _____

Driver's License Number: _____

Driver's License State: _____

Owner Since: _____

What is your ownership percentage? _____ (majority ownership – at least 51% – is required.)

If your ownership does not represent a majority – at least 51% – please list additional owners below.

Name	% Ownership	Owner Since	Residence Address	City	State	Zip	SS Number

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STEP 3: COMPANY INFORMATION

How long has your company been in business? Years: _____ Months: _____

Number of years in current location: _____ | Is the business home based? Yes No

Do you sell services? Yes No

If you sell services, what is your billing frequency?

One time before delivery One time after delivery Monthly Recurring Quarterly Recurring Semi Annually Other

URL (Web site address) or eBay Seller ID: _____

Are your customers required to pay a deposit when ordering? Yes No

Do you currently accept credit cards? Yes No | If yes, Name of Processor: _____

If you do not now, have you ever accepted credit cards? Yes No

If yes, Name of Processor: _____ | Reason for Cancellation: _____

Would you like to apply to accept: American Express? Yes No | Discover? Yes No

If you currently accept American Express, what is your 10 digit account number? _____

If you currently accept Discover, what is your 15 digit account number? _____

What is your typical time frame until product/service is delivered? _____

What is your refund/exchange/cancellation policy? (select one): All Sales Final Exchange Only Other

Is your refund policy on your Web site? Yes No | Number of days you will issue a full refund? _____

What is your warranty policy? (select one): In-House Manufacturer Only Don't Have One

Number of days that the product or service is under full warranty? _____

What is your Customer Support phone number? _____

Are you certified for PCI compliance? Yes No

For more information on PCI compliance, please visit: <https://www.pcisecuritystandards.org/tech>

The following three questions are required to "underwrite" your Merchant Account:

1. The average dollar amount you expect to process per transaction: _____

2. The maximum dollar amount you expect to process per transaction: _____

3. The maximum dollar amount per month you expect to process*: _____

* Estimate the realistic maximum total dollar amount your company will process with us in a given month, based on your monthly sales projections for the first/next six months. Please do not give us the total of your six months' projected sales.

Please include any additional comments you may have about your company, such as shipping, fulfillment, return or warranty policies that may help the bank underwrite your merchant account. If your Web site is not complete, please provide a completion time estimate.

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Your Signature below is required to process your application.

STEP 4. AUTHORIZATION & PERSONAL GUARANTY – Owner's Signature Required

The individual ("Applicant") signing this application certifies, acknowledges and agrees that:

- I. Applicant is an authorized principal, partner, officer, or other authorized representative of Company that is authorized to bind Company to contractual obligations, and is authorized to provide the information contained in this Application;
- II. All information and documentation submitted in connection with this application is complete and correct in all material respects;
- III. Authorize.Net and CyberSource may share information contained in the Authorize.Net Payment Gateway Account & Merchant Account Setup Forms with its service partners and affiliates for the purpose of establishing a Merchant Account and to use such information as reasonably necessary during the course of providing the services contemplated hereunder;
- IV. Authorize.Net, CyberSource, their affiliates and partners, may obtain consumer reports, credit checks and/or other personal or credit information about Applicant and its principals, partners, and officers to verify the information contained in this Application and Applicant's personal information will be retained in a fraud detection database;
- V. This application for Merchant Account services is subject to the approval of a Merchant Account provider. If this application is submitted to and approved by CyberSource Corporation, Applicant agrees to be bound by the terms and conditions of the CyberSource Merchant Service Agreement and any attachments thereto, including the Fee Schedule (collectively the "CyberSource Agreement"), attached hereto and incorporated herein by reference. If CyberSource does not approve your application, you will not be bound the CyberSource Agreement and Authorize.Net may send your application to another partner. In such event and if your application is approved, you will be provided with another Merchant Account agreement and fee schedule which you must agree to obtain a merchant account; and
- VI. Applicant has read, and agrees to all of the terms and conditions of the Guaranty for Merchant Account Services ("Guaranty"), attached and incorporated herein by reference. Applicant authorizes Authorize.Net, CyberSource and their partners and affiliates to obtain and verify, and to continue to obtain and verify, any information regarding Applicant that is reasonably related to Applicant's obligations hereunder and the Guaranty, including, without limitation, financial credit reports. In any event, submission of card transactions by Company to Harris, N.A. (Bank) for processing constitutes agreement by Applicant to the terms and conditions of the Guaranty. If CyberSource does not approve your application, you will not be bound the CyberSource Guaranty.
- VII. Applicant has read, acknowledges and understands the terms and conditions of the Disclosure Page, attached hereto and incorporated herein by reference. Merchant understands that CyberSource is a Registered ISO of Harris Trust and Savings Bank.

YOU AGREE AND ACKNOWLEDGE THAT CYBERSOURCE, AUTHORIZE.NET, ITS AFFILIATES AND PARTNERS RESERVE THE RIGHT IN THEIR SOLE DISCRETION TO REJECT YOUR APPLICATION FOR THE SERVICES WITHOUT ANY FURTHER OBLIGATION TO YOU.

Company Name: _____

Owner's Signature: _____

Print Name: _____

Date: _____

STEP 5 (Optional). ECHECK.NET® - Sign up for Authorize.Net's electronic check service

If your application for a Merchant Account is approved by CyberSource Corporation, you will also be eligible for Authorize.Net's exclusive, fully integrated electronic check payment method, eCheck.Net®. Using eCheck.Net, you can accept and process payments from consumer and corporate bank accounts directly from your Web site or through the Authorize.Net Virtual Terminal. By accepting electronic checks, you expand the payment options available to new and existing customers, enhancing customer loyalty and potentially increasing sales.

- **Lower Fees** — Lower rates than credit cards or PayPal.
- **More Efficient** — eCheck.Net does everything online, eliminating the cost and inconvenience of manually processing paper checks and waiting for checks in the mail.
- **Fully Integrated Solution** — No third-party integration required—implementing eCheck.Net is easy if you're already using the Authorize.Net Payment Gateway.
- **Integrated Reporting** — Provides a combined view of all eCheck.Net and credit card payment transactions. Reconcile payment and billing activity using online reports and statements.
- **Security** — Authorize.Net uses the latest 128-bit Secure Socket Layer (SSL) technology for secure Internet Protocol (IP) transactions.

IMPORTANT: If you choose to enroll in the eCheck.Net service, you will be charged the eCheck.Net service fees in the amounts provided below. The eCheck.Net service is governed by the eCheck.Net Service Agreement.

eCheck.Net Pricing

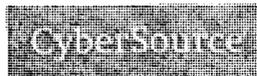
eCheck.Net One-Time Setup Fee:	\$0.00	
eCheck.Net Minimum Monthly Fee:	\$10.00	
eCheck.Net Chargeback Fee:	\$25.00	
eCheck.Net Returned Item Fee:	\$3.00	
eCheck.Net Batch Fee:	\$0.30	
eCheck.Net Per-Transaction Fee:	\$0.35	
eCheck.Net Discount Rate (Cumulative Tier):		
\$0-\$4,999.99	Charge Transaction Dollar Volume	0.75%
\$5,000-\$49,999.99	Charge Transaction Dollar Volume	0.70%
\$50,000-\$199,999.99	Charge Transaction Dollar Volume	0.60%
\$200,000 or more	Charge Transaction Dollar Volume	0.55%

Authorization. By signing below, the individual signing this application ("Applicant") certifies, acknowledges and agrees that: (i) Applicant is an authorized principal, partner, officer, or other authorized representative of Company that is authorized to bind Company to contractual obligations; (ii) Authorize.Net may share information contained in these setup forms with its service partners for the purpose of establishing a Merchant Account, if applicable; (iii) billing for the eCheck.Net account in the amounts set forth above shall commence upon Applicant's execution below; and (iv) Company agrees to be bound by the terms and conditions of the Authorize.Net eCheck.Net Service Agreement incorporated herein by reference and located at the following Web address: <http://www.authorize.net/files/echecknetstandardterms.pdf>.

Company Name: _____ **Signature:** _____

Print Name: _____ **Print Title:** _____ **Date:** _____

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CyberSource Merchant Services Agreement

This CyberSource Merchant Services Agreement (the "Agreement") is entered into by and between CyberSource Corporation, a Delaware corporation with its principal office at 1295 Charleston Road, Mountain View, California 94043 ("CyberSource"), the undersigned Merchant indicated on the CyberSource Merchant Account Application ("Merchant"), and Harris N.A. ("Bank"). Bank and CyberSource may hereinafter be referred to individually as a "Servicer" or collectively as "Servicers."

ARTICLE I: DEFINITIONS AND INTERPRETATION

SECTION 1.1 DEFINED TERMS Unless the context requires otherwise, capitalized terms in this Agreement shall have the following meanings.

- a. "Card" shall mean any valid credit card or debit card issued by a member of Visa, MasterCard, or any other association or card issuing organization and bearing its respective trade names, trademarks, and/or trade symbols, that Merchant is approved to accept under this Agreement as payment for the sale of its products and services.
- b. "Card Association" shall mean Visa, MasterCard, or any other card associations or the issuer of any other card of any association or network.
- c. "Card Not Present" or "CNP" transactions shall mean any instance where a Card transaction is initiated by a Cardholder where a physical Card is not presented to the Merchant, as in the case of mail orders ("MO"), telephone orders ("TO"), orders via the Internet ("IO"), pre-authorized orders ("PO")
- d. "Card Present Transaction" shall mean any instance where a Card transaction is initiated by a Cardholder by presenting a physical Card to the Merchant.
- e. "Cardholder" shall mean the individual whose name is embossed on a valid Card and any authorized user of such Card.
- f. "Cardholder Data" shall mean any and all information related to a Cardholder that is obtained by Merchant during the course of effecting a Card transaction, which information includes, without limitation, Cardholder names, addresses, and telephone numbers, Card account numbers, wherever such information may be located or stored, such as copies of imprinted Sales Records and Credit Records, mailing lists, or tapes or other media obtained in connection with a Sales Record or Credit Record.
- g. "Chargeback" shall mean the procedure by which a Sales Record is returned to Bank after such Sales Record was settled in accordance with the Rules, which return is based on a failure to comply with the Rules or a dispute initiated by the cardholder.
- h. "Confidential Information" shall mean any data or information, oral or written, treated as confidential that relates to either party's (or, if either party is bound to protect the confidentiality of any third party's information, such third party's) past, present, or future research, development or business activities, including any unannounced products and services, any information relating to services, developments, inventions, processes, plans, financial information, revenue, transaction volume, forecasts, projections, and the financial terms of this Agreement. Notwithstanding the foregoing, Confidential Information shall not be deemed to include information if (i) it was already known to the receiving party prior to the Effective Date of this Agreement, as established by documentary evidence; (ii) it is in or has entered the public domain through no breach of this Agreement or other wrongful act of the receiving party, (iii) it has been rightfully received by the receiving party from a third party and without breach of any obligation of confidentiality of such third party to the owner of the Confidential Information; (iv) it has been approved for release by written authorization of the owner of the Confidential Information; or, (v) it has been independently developed by a party without access to or use of the Confidential Information of the other party.
- i. "Credit Record" shall mean all documents, whether in hard copy or electronic form, used to evidence any refund or price adjustment given by Merchant to a Cardholder for a previous sales transaction, which must conform to the Rules. The format for each Credit Record must be approved by Servicers.
- j. "Debit Card" shall mean a Visa or MasterCard card that accesses a Cardholder's asset account within fourteen (14) days after purchase, including, but not limited to, stored value, prepaid, payroll, EBT, gift, and Visa consumer check cards.
- k. "Discount Fee" shall mean an amount charged to Merchant for processing its daily Card transactions, which fee is computed as a percentage of the gross amount of Merchant's Sales Records (and Credit Records if applicable)
- l. "Documentation" shall mean, collectively, the operating instructions, user manuals, help files, and other information and material, including, without limitation, the "CyberSource Merchant Account Instruction Manual," in written or electronic form made available to Merchant by CyberSource and that are intended for use in connection with the Merchant Services, as may be amended by CyberSource from time to time
- m. "Interchange Fee" shall mean the fee which is paid daily by Bank to the Card Associations for entering Sales Records and Credit Records into their respective settlement networks.

- n. "Issuing Bank" shall mean the financial institution that issued the Card to a Cardholder.
- o. "MasterCard" shall mean MasterCard International, Inc
- p. "Member" shall mean an acquiring member of Visa and MasterCard.
- q. "Merchant Account Application" shall mean the application completed by Merchant for the purpose of seeking approval by CyberSource and Bank to use the Merchant Services hereunder. The Merchant Account Application is a part of this Agreement and is incorporated into this Agreement by reference.
- r. "Merchant Account Number" shall mean the unique numerical identifier assigned and issued by Servicers to Merchant if, and only if, Merchant is approved and this Agreement is accepted by Servicers, and which number is used to identify Merchant to Processor, Bank, and CyberSource for accounting, billing, customer service, and other related purposes in connection with the Merchant Services.
- s. "Merchant Services" shall mean the collective activities undertaken by Bank, Processor, and CyberSource (including by or through authorized third party service providers) to process and settle U.S. denominated Visa and MasterCard Card transactions initiated by Cardholders at Merchant's location in the United States and all other activities necessary for Processor, Bank, and CyberSource to perform functions required by this Agreement for all other Cards, if any, that may be covered by this Agreement, but not including gateway services that may be provided by CyberSource pursuant to a separate agreement between CyberSource and Merchant that governs the use of gateway services
- t. "Processor" shall mean any entity contractually obligated to CyberSource to provide electronic data capture and other services on behalf of CyberSource and Bank in connection with the Merchant Services provided under this Agreement
- u. "Reserve Account" shall have the meaning set forth in Section 4.1 below.
- v. "Rules" shall mean the written rules and regulations, system manuals, procedures and requirements, releases and interpretations thereof and other requirements (whether contractual or otherwise) imposed or adopted by any Card Association as the same may be amended from time to time.
- w. "Sales Record" shall mean all documents, whether in hard copy or electronic form, used to evidence the sale of Merchant's goods and/or services through the use of Cards. The format for each Sales Record must be approved by Servicers.
- x. "Settlement Account" shall mean a demand deposit account established at a financial institution capable of receiving credits and debits from the Automated Clearing House ("ACH") systems operated by the U.S. Federal Reserve Bank for the limited purpose of debiting or crediting Merchant for Card transactions under this Agreement.
- y. "Visa" shall mean Visa, U.S.A., Inc.

SECTION 1.2 ELECTRONIC AGREEMENT: This Section 1.2 shall apply in the event Merchant executes this Agreement online on CyberSource's website and clicks the "Submit," "Accept," or equivalent indicator.

- a. Each party hereby agrees that this Agreement shall be effected by electronic means and understands that all electronic documents related hereto are legally binding in the same manner as are written documents when the information contained therein is sent or delivered in an electronic record capable of retention by the recipient at the time of receipt. An electronic record is not "capable of retention by the recipient" if the sender or its information processing system inhibits the ability of the recipient to print or store the electronic record. This Agreement shall be governed by the provisions of the California Uniform Electronic Transaction Act.
- b. Merchant understands that a contract may be executed by the interaction of an individual, acting on his or her own behalf or for another person, with an electronic agent (such as this website and the computer program or programs operating in conjunction with it), so long as the individual knows or has reason to know his or her actions will cause the electronic agent to complete the transaction or performance. In the event, however, that Merchant has unintentionally submitted an online application because of an error made by Merchant in dealing with this website, and Merchant promptly notifies CyberSource of such error and informs CyberSource that Merchant does not intend to be bound hereby, CyberSource agrees that the online application erroneously submitted will be deemed null and void provided that Merchant has not used any Merchant Services hereunder. It is understood and agreed that any use by Merchant of any Merchant Services hereunder shall bind Merchant to this Agreement, whether or not Merchant claims the online application was submitted in error. If any

Last revised: 2/9/2009

©2009 Authorize Net, a CyberSource solution - Attn: Lisa Miller

AR ID: 13234

AR Name: Jabico Enterprises LLC

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provision of this paragraph should be held to conflict with California Civil Code §1633.10, the provisions of §1633.10 shall control.

SECTION 1.3 INTERPRETATION

References to Articles, Sections and Exhibits are to be construed as references to the Articles or Sections of, and Exhibits to, this Agreement, unless otherwise indicated, and terms such as "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to this entire Agreement rather than any particular part of the same

ARTICLE II: MERCHANT OBLIGATIONS

SECTION 2.1 HONORING CARDS

a. With respect to acceptance of Card transactions, Merchant agrees to follow the procedures set forth in this Agreement, the Rules, and applicable laws. Without limiting the foregoing, merchant: (i) shall honor without discrimination all valid Cards when properly presented as payment by a bona fide Cardholder for a bona fide transaction; (ii) shall not establish procedures that discourage, favor, or discriminate against the use of any particular Card; (iii) shall not require the Cardholder to pay a surcharge as a condition for tendering payment using a Card (provided that this shall not be construed to prevent Merchant from offering discounts from the standard price to induce a person to pay by cash, check, or some other form of payment not involving a Card); (iv) shall include any applicable sales tax in the total transaction amount and shall not collect such sales tax separately in cash nor process such sales tax as an additional transaction; (v) shall not establish any minimum or maximum transaction amounts as a condition for accepting Cards; and, (vi) except as otherwise permitted under the Rules or applicable laws or as instructed to do so by the entity authorizing the Card transaction, shall not require a Cardholder to provide personal information, such as a home or business telephone number, home or business address, or driver's license, as a condition of honoring Cards.

b. In the event that Merchant does not deal with the public at large, as in the instance of a private club, Merchant will be deemed to have complied with subpart 2.1a(i) above if it does not discriminate in honoring Cards of Cardholders that have purchasing privileges with Merchant.

c. The restriction in subpart 2.1a(vi) above shall not be construed to prevent Merchant from obtaining personal information to the extent obtaining such information is incidental to the order acceptance process that is applicable regardless of the form of payment used, as in the case of telephone orders, online orders, orders requiring delivery, or as necessary for the purpose of utilizing "AVS".

SECTION 2.2 VERIFICATION

a. Generally, in accepting any Card, Merchant shall exercise due diligence to verify that the Card presented is valid and that the individual presenting the Card is the authorized Cardholder or otherwise authorized to use the Card.

b. CNP transactions Merchant acknowledges and understands that CNP transactions are difficult to defend against Chargebacks and will exercise appropriate precautions to minimize Chargebacks. Such precautions may include, without limitation, the following: (i) using one or more industry-standard fraud screening systems; (ii) delivering merchandise only to the Cardholder's billing address on record with the Issuing Bank; (iii) using a delivery service that maintains logs of deliveries and that requires signatures for acceptance of deliveries; (iv) only accepting orders with a full AVS match; (v) obtaining CVV2 or similar verification from the Issuing Bank; (vi) obtaining the expiration date; and, (vii) not permitting a change of delivery addresses after the order has been placed and the Card transaction authorized.

c. Card Present Transactions For Card Present transactions, at the point of sale Merchant must: (i) carefully examine security features such as the hologram; (ii) verify the signature in the signature panel against the signature on the Sales Record; (iii) check the date on which the Card becomes valid and the date on which the Card expires; and, (iv) verify that the Card number read from the magnetic stripe is identical to the number embossed on the Card. Merchant agrees that it shall not honor any Card that is not yet valid or that has expired and must verify that such Card is not stolen, fraudulent, or counterfeit.

d. Blank Signature Panels For Card Present Transactions when a signature panel for a Visa Card is blank, in addition to requesting a Card authorization, Merchant shall (i) review official government issued identification document bearing the Cardholder's signature (such as a valid passport or valid driver's license); (ii) indicate the positive identification, including any serial number and expiration date, on the Sales Record; and, (iii) require the Cardholder to sign the signature panel prior to completing the transaction. When a signature panel for a MasterCard Card is blank, Merchant shall request two forms of valid identification (e.g., a driver's license and another bank card) and require the Cardholder to sign the signature panel of the MasterCard Card in Merchant's presence. In the event the Cardholder refuses to sign the MasterCard Card, Merchant shall not accept such Card for the transaction. For the purposes of

this paragraph, a signature panel bearing the phrase "See ID" or "Check ID", or other similar designation, shall be considered a blank signature panel.

e. Suspicious Transactions With respect to either Visa or MasterCard Cards, if identification is uncertain or if Merchant otherwise questions or has other suspicions regarding the validity of a presented Card, Merchant shall contact the Bank's designated authorization center for instructions. If Merchant is directed by the authorization center to retain the Card, or if Merchant has reasonable grounds, information or reason to believe that the present Card is lost, stolen, fraudulent or counterfeit, Merchant shall exercise best efforts to retain the Card by peaceful means and to notify the appropriate authorities of the facts known to Merchant related thereto. Merchant agrees not to commit any breach of the peace or to cause any injury to persons and/or property in its efforts to retain any such Card. Merchant further acknowledges and understands that nothing in this paragraph 2.2 e or elsewhere in this Agreement shall be construed to create a duty of physical confrontation or risk of harm in order to retain a Card.

SECTION 2.3 TRANSACTION REQUIREMENTS

a. Generally Each Card transaction, regardless of type, must be evidenced by a Sales Record or Credit Record drawn by Merchant or the Cardholder in favor of the Issuing Bank, the forms of which shall be subject to approval by Servicers. Except as otherwise expressly set forth in this Agreement, for all Card transactions, Merchant shall: (i) use a point of sale ("POS") terminal or device approved by Servicers that is properly installed and programmed to transmit all Card transaction data hereunder; (ii) obtain a physical imprint containing all data embossed on the Card and the Merchant's imprinter plate, provided that in the event Merchant uses a POS device that generates a printout containing all required data and captures the Card information by swiping the magnetic stripe of the Card through the POS device, or in the event of CNP transactions, Merchant shall not be required to obtain a physical imprint; (iii) obtain an authorization pursuant to Section 2.5 below, and, (iv) record in each Sales Record the entire purchase amount of all items, goods, and services purchased, including applicable sales tax and other charges, for the Card transaction, the date of the sale, the Card number truncated to show no more than the last four digits, the expiration date, the Cardholder's name, the authorization number, Merchant's unique name, the Merchant ID issued by Servicers to Merchant, and a brief description of the goods or services purchased.

b. Card Not Present Transactions

i. Merchant acknowledges and understands that CNP transactions involve greater risks of Cardholder disputes and Chargebacks. To accept such CNP transactions, Merchant agrees to comply with the requirements set forth in this Section 2.3, in addition to the requirements set forth elsewhere in this Agreement, the Rules, and Documentation. Merchant acknowledges and agrees that any failure to comply with the requirements set forth in this Section 2.3 (a) may result in a Card transaction being downgraded to a non-qualified transaction; (b) shall constitute a waiver by Merchant of any right to dispute Chargebacks resulting from such failure to comply; and, (c) may subject Merchant to penalties by Card Associations.

ii. With respect to each CNP transaction, Merchant (a) shall obtain the expiration date of the Card and forward the expiration date of the Card as part of the authorization request; (b) shall obtain a Card authorization; (c) assumes all responsibility for identification of the Cardholder and validity of the Card information; (d) shall not present a Sales Record for payment until the goods are shipped or the services rendered; (e) assumes responsibility for Chargebacks if the Cardholder refuses to pay for any reason; (f) shall perform an Address Verification Service ("AVS") inquiry and provide the AVS indicator and the order number in the Sales Record. Merchant understands and agrees that performing an AVS on a Card transaction does not relieve its obligations to verify the identity of the Cardholder. In addition to the foregoing, Merchant shall ensure that Sales Records are completed and marked "MO", "IO", "TO" or "PO", as applicable, whether such indicator is performed by Merchant itself or by a gateway services provider on behalf of merchant, provided, however, that, as between Servicers and Merchant, Merchant shall bear full responsibility for compliance with the foregoing requirements. In the event of any CNP transaction where a written Sales Record will be generated, the appropriate indicator shall be marked on the signature line of the Sales Record.

iii. Electronic Commerce (Internet) Transactions With respect to electronic commerce transactions and the website through which Merchant conducts such Card transactions, Merchant shall: (i) conspicuously post its privacy policy which includes, without limitation, Merchant's practices with respect to the treatment of Cardholder information; (ii) conspicuously post its security policy which includes, without limitation, a description of the processes Merchant has implemented to prevent unauthorized access to Cardholder information; (iii) conspicuously post its policy regarding returns, exchanges, and refunds; (iv) shall conspicuously post its policy regarding delivery; (v) disclose any applicable export or other

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legal restrictions; (vi) include a mechanism for the Cardholder to affirmatively accept the terms of the foregoing policies and disclosures, (vii) include a complete description of goods and services offered, (viii) provide customer service contact information including, without limitation, telephone numbers and/or e-mail address; and, (ix) disclose that all transactions will be conducted in U.S. dollars. Furthermore, Merchant shall include the electronic commerce indicator ("ECI") in the Card authorization request and settlement request.

iv. Recurring Transactions and Pre-authorized Orders. If Merchant agrees to accept a Recurring Transaction from a Cardholder for the purchase of goods or services which are to be delivered or performed periodically, the Cardholder shall complete and deliver to Merchant a written request, whether in hard copy or electronic form, for such goods or services to be charged to the Card periodically. Each of the following provisions shall apply to all Recurring Transactions: (a) the Cardholder's written authorization, whether in hard copy or electronic form, must be retained for the duration of the recurring charges and provided promptly in response to a Cardholder's or any Servicer's request for a copy, (b) Merchant must not complete an initial or subsequent Recurring Transaction after receiving a cancellation notice from the Cardholder, Servicers, or any Member, (c) in the case of a Card transaction evidenced by a physical written Sales Record, Merchant shall type or print legibly, on the signature line of the Sales Record for Recurring Transactions, the words "Recurring Transaction" for Visa Cards and "PO" for MasterCard cards, (d) in the case of a Card transaction evidenced by an electronic Sales Record, Merchant shall ensure that such Sales Record contains the appropriate indicator, (e) the Cardholder's written authorization must include the amount of the transaction, frequency of charge, and the duration of time for which Cardholder's permission is granted, (f) if the Cardholder elects to renew a Recurring Transaction, the Cardholder must complete and deliver to Merchant a new written Recurring Transaction request, (g) Merchant must perform an AVS inquiry for at least the first transaction and then annually thereafter, if applicable, (h) Merchant must provide both an order number and the appropriate "Recurring Transaction" indicator ("PO" for MasterCard transactions) with the authorization record and settlement records, (i) Merchant must obtain a valid authorization if a previous authorization attempt was declined. Regardless of the terms and conditions of any written preauthorization agreement between Merchant and Cardholder, the Sales Record amount of any lodging or vehicle rental transaction that has been preauthorized shall include only that portion of the transaction amount, including any applicable taxes, evidencing a bona fide rental of real or personal property by Merchant to Cardholder, and shall not include any consequential charges. If Merchant violates this provision, it does so at its own risk and waives any right to dispute Chargebacks arising therefrom. Nothing herein is intended to restrict Merchant from legally enforcing the terms and conditions of its preauthorization and/or recurring billing agreement through means other than a Card transaction.

c. Card Present Transactions. If the Card is present at the time of the transaction, Merchant shall deliver to the Cardholder a true and completed copy of the Sales Record or Credit Record, as the case may be. Merchant shall not complete any Card transaction unless the Card is presented to the Merchant. Merchant shall (i) record each Card transaction by swiping the card through the correctly programmed POS device; (ii) manually enter the Card number and expiration date in the event the Card's magnetic stripe cannot be electronically read by the POS device, (iii) require the Cardholder to sign the Sales Record in Merchant's presence, (iv) not alter any information on the Sales Records at anytime after the transaction has been completed and signed with the understanding that any stray marks or alterations may make the Sales Record illegible therefore resulting in a Chargeback to Merchant; and, (v) in the event of a malfunction or other unavailability of the POS device, (a) contact customer service for assistance, (b) manually imprint each Sales Record with all data embossed on the Card and Merchant's imprinter plate, (c) call the authorization center for a voice authorization, (d) obtain Cardholder's signature on the Sales Record, and (e) manually enter the Card transaction data into the POS device as soon as the POS device becomes operational.

d. Multiple Sales Records and Partial Payments. Merchant shall include all items of goods and services purchased in a single transaction in one total amount on a single Sales Record, except in the case of purchases in separate departments of a multiple department store, or in a partial payment, delayed delivery or advanced deposit as described below. Merchant may only effect a transaction with only a portion of the amount due included on a single Sales Draft: (i) when the balance of the amount due is paid by the Cardholder at the time of sale in cash or by check or both, or, (ii) when the Cardholder executes two separate Sales Records in a delayed delivery sale, where a deposit is made by completion of one Sales Record and payment of the balance is tendered by completion of a second Sales Record conditioned upon delivery of goods or services. Separate authorizations are required for both Sales Records and Merchant shall note on each Sales Record the word

"deposit" or "balance," as applicable. A Sales Record labeled "balance" shall not be presented until the goods or services are delivered.

SECTION 2.4 RESTRICTIONS

a. With respect to any Card transaction, Merchant shall not honor any Card (i) that is not yet effective or that has expired, or, (ii) that is listed in the latest "Electronic Combined Warning Bulletin," a list of MasterCard and Visa account numbers for Cards that have been lost, stolen, fraudulently used, or are otherwise invalid.

b. In addition to any other requirements or restrictions set forth in this Agreement and the Rules, Merchant shall NOT (i) present Sales Records or Credit Records that Merchant knows, or reasonably should know, to be fraudulent or otherwise not authorized by the Cardholder, (ii) divide a single Card transaction into two or more Sales Records, (iii) attempt multiple authorizations on a single Card for the same Card transaction, (iv) submit to Servicers any Sales Records or Credit Records for Cards issued to Merchant, its principals, or guarantors, (v) utilize the credit available on any Card to provide cash advances to Cardholders, (vi) use POS devices located at one Merchant location to submit Card transactions for another Merchant location, (vii) process Card transactions of other entities, person, or merchants; or, (viii) force authorizations by reducing the sale amount until an approved amount is determined.

c. Any violation of the restrictions set forth in this Section 2.4 will be grounds for immediate termination of this Agreement and all funds of Merchant, including any funds in other Merchant/Guarantor accounts, may be garnered by Servicers and placed on hold.

SECTION 2.5 AUTHORIZATION

a. Merchant shall obtain an authorization from Bank's designated authorization center for each Card transaction prior to completion, which authorization shall apply only to the Card transaction for which such authorization was obtained. Merchant acknowledges and agrees that failure to obtain a Card authorization with respect to a Card transaction may result in Chargebacks to Merchant. A Card transaction involving an expired Card shall be invalid whether or not an authorization was obtained for such Card. In the event a Card transaction is declined by the authorization center, Merchant shall not attempt to obtain another authorization on the same Card transaction on the same business day.

b. Merchant acknowledges and agrees that an authorization only confirms the availability of Cardholder's credit at the time of authorization. In no event will an authorization be deemed to validate the identity of the presenter of the Card as the authorized Cardholder, nor will any authorization constitute an unconditional promise, guarantee, or other representation by Bank, CyberSource, Processor, or authorization center that the Card transaction is valid and not subject to dispute or Chargeback.

SECTION 2.6 CREDIT RECORDS

Merchant understands that every Credit Record issued may be subject on a daily basis to a transaction fee and discount fee and there will be no refund of any fees or charges associated with the original Sales Record. Merchant shall submit all Credit Records to Servicers within one (1) calendar day of the date the credit was issued to the Cardholder by Merchant. Merchant shall sign, whether physically or electronically, and date each Credit Record and include therein a brief description of the goods returned, services terminated or canceled or refunded, or adjustment made, together with the amount of credit in sufficient detail to identify the transaction. Merchant shall imprint or legibly reproduce on each Credit Record, the embossed data from the Card. Merchant shall deliver to the Cardholder a true and completed copy of the Credit Record. No Credit Record amount shall exceed the amount of the originating Sales Record. If Merchant maintains a policy of permitting refunds, exchanges, returns or adjustments for cash customers, Merchant shall maintain the same policy for persons making purchases using a Card. Merchant may restrict its refund or return policy as to any Card transaction, provided that Merchant discloses its policy at the time of the transaction by printing an appropriate notice (such as "No Refunds or Exchanges") on all copies of the Sales Records in close proximity to the space provided for the Cardholder's signature, or, in the case of Internet Order, a hyperlink to Merchant's refund/exchange/return policy, which link shall be conspicuously displayed on the order page in close proximity to where the Cardholder submits an order. Merchant understands that regardless of proper disclosure of refund policy restrictions, such restrictions may be unenforceable if Cardholder initiates a dispute under applicable Federal, State or local laws. If Merchant accepts any goods for return, or any services are terminated or canceled, or Merchant allows any price adjustment on a sale that was originally consummated using a Card, then Merchant must effect such refund using a Credit Record with the same Card account used on the original Sales Record. Merchant may not issue a credit to a Card for a transaction that was paid by cash or check. In conjunction with each Credit Record submitted to Servicers, Merchant shall have sufficient funds available in Merchant's Settlement Account or sufficient Sales Records in the same batch, to cover the total amount of Credit Records plus any related fees. Merchant understands that a batch consisting solely of Credit Records,

or a batch where the total amount of Credit Records exceeds the total amount of Sales Records, will result in a debit to its Settlement Account

SECTION 2.7 SETTLEMENT ACCOUNT

a. Merchant shall designate and maintain a Settlement Account with a balance of available funds sufficient to accommodate Merchant's obligations under this Agreement, which Settlement Account shall be maintained with Bank or at an institution acceptable to Bank. Processor and Bank will debit the Settlement Account daily for the Discount Fees. Merchant agrees to work with Processor, Bank, and CyberSource to help resolve any problems in crediting/debiting the Settlement Account. Merchant agrees to be bound by the terms of the operating rules of the National Automated Clearing House Association, as may be amended from time to time. Merchant hereby authorizes Processor, Bank, and CyberSource to access information from the Settlement Account and to initiate credit and/or debit entries and adjustments to the Settlement Account, by bank wire or ACH transfer and/or through direct instructions to the financial institution where the Settlement Account is held, for amounts due under this Agreement as well as for any credit entries in error. Merchant hereby authorizes the financial institution where the Settlement Account is maintained to effect all such debits and credits to the Settlement Account. This authorization is without respect to the source of any funds in the Settlement Account, is irrevocable, and is coupled with a security interest, and shall remain in full force and effect until either Bank or CyberSource has given written notice to the financial institution where the Settlement Account is maintained that all monies due under this Agreement have been fully satisfied. All settlements for Visa and MasterCard Card transactions shall be net of credits/refunds, Applicable Discount Fees, Transaction fees, Chargebacks, or any other amounts due from Merchant will be debited automatically by ACH from Merchant's Settlement Account when due. All credits to the Settlement Account or other payments to Merchant are provisional and are subject to, among other things, final audit by Bank and/or CyberSource, Chargebacks, fees, assessments, and fines imposed by the Card Associations. Merchant agrees that Bank and/or CyberSource may debit or credit the Settlement Account for any deficiencies, overages, fees, lines, charges, and pending Chargebacks, or may deduct such amounts from settlement funds due to Merchant. Alternatively, Servicers may elect to invoice Merchant for any such amounts, which amounts shall be payable within thirty (30) calendar days of the date of such invoice or on such earlier date as may be specified by Servicers.

b. Merchant acknowledges and understands that, due to the nature of ACH and the electronic networks utilized for the movement of funds, and the fact that not all banks belong to the ACH network, payment to Merchant may be delayed. Neither Servicers nor Processor will be liable for any delays in transfer of settlement funds or errors in debit and credit entries caused by third parties, by Processor, Bank, and/or CyberSource, including, without limitation, to any Association or Merchant's financial institution. Servicers reserve the right to divert and hold all funds when Servicers are investigating any breach of warranty, covenant, representation, or agreement by Merchant or has reasonable cause to believe that Merchant may have violated a provision of this Agreement or the Rules or is engaged in illegal or fraudulent activity. While transfer of settlement funds is normally conducted by ACH, Bank may be required to effect the transfers by bank wire transfer for reasons beyond the control of Servicers, in which event Merchant will be assessed a wire transfer fee for each such transfer.

SECTION 2.8 DEPOSIT OF SALES AND CREDIT RECORDS

a. Except as otherwise agreed to in writing by CyberSource, Merchant shall present each Sales Record to Servicers within one (1) business day after the date of the transaction to which such Sales Record applies, except that Merchant shall not present a Sales Record until the goods have been shipped or the services have been performed and Merchant has otherwise performed all of its principal obligations to the Cardholder in connection with the transaction. Merchant may not present directly or indirectly any Sales Record that was not originated as a result of an act between the Cardholder and Merchant. Upon delivery to Servicers of a Sales Record and subject to the provisions of any warranties of Merchant hereunder and of any chargeback provisions, Servicers will give Merchant provisional credit for the face amount of such Sales Records. Such credit may be given by credit to Merchant's Settlement Account. Applicable fees, based on the rates specified in Article III, and any applicable additional fees provided for in this Agreement may be imposed on the daily total of Sales Records and Credit Records presented by Merchant to Servicers.

b. If Servicers reasonably believe that a chargeback or credit is likely with respect to any Card transaction or Sales Records Servicers have accepted, Servicers may withhold payments due Merchant under this Agreement until such time that: (i) Servicers are charged back by the Issuing Bank, in which event, Servicers shall retain the funds; (ii) the period of time for which the Cardholder may dispute the Sales Record and the Issuing Bank may exercise its chargeback rights has expired, and/or (iii) Servicers determine that a chargeback on the Sales Records will not occur.

c. Merchant shall close any open batches at least once per day, except on days when Merchant's place of business may be closed. Merchant understands that

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transactions are not transmitted to Servicers until the batch is closed. Furthermore, Merchant acknowledges that open batches of transactions that are not properly closed and transmitted to Servicers within thirty (30) days shall be automatically purged and erased from the processing system, and are not recoverable. Merchant shall indemnify and hold Servicers harmless for any and all loss sustained by Merchant for said purged transactions. It is Merchant's responsibility to close, balance, and reconcile batches daily, and to detect discrepancies between transactions processed by Servicers and transactions submitted by Merchant. Merchant understands that minor discrepancies may occur in the normal course of business and that Servicers will exercise all reasonable efforts to correct such discrepancies upon receiving notification from Merchant. It is the Merchant's responsibility to monitor and reconcile the Settlement Account in order to detect discrepancies in a timely manner. Merchant understands that Servicers have no ability to detect discrepancies. Merchant agrees that, upon termination of this Agreement, Servicers may withhold payments to Merchant for such period of time as necessary to establish a reserve to cover any potential Chargebacks, credits and/or uncollected discounts or fees.

SECTION 2.9 RETRIEVAL AND STORAGE OF TRANSACTION RECORDS

Merchant shall establish a system to store and maintain Sales Records and Credit Records in a manner that enables Merchant to retrieve and present such documentation to Servicers within ten (10) calendar days of request. Merchant understands and acknowledges that Merchant's failure to comply with this Section 2.9 is a violation of the Rules and may result in Chargebacks, assessment of Chargeback fees, and an increase in the Reserve Account requirement. Merchant shall preserve all records pertaining to Sales and Credit Records for no less than two (2) years for Visa Card transactions, two (2) years for Interchange Information Documents related to MasterCard transactions, and for three (3) years for all other records related to MasterCard transactions. All media containing Card account numbers must be stored for eighteen (18) months in an area limited to select personnel, and must be destroyed thereafter in a manner that will render the data unreadable and unrecoverable.

SECTION 2.10 PROTECTION OF CARDHOLDER INFORMATION

Merchant acknowledges that the sale or disclosure of Cardholder Data is strictly prohibited by the Rules, as well as federal and state laws. Unless Merchant obtains written consents from Servicers, each applicable Card Association, Issuing Bank, and Cardholder, Merchant must not use, disclose, sell, or otherwise disseminate any Cardholder Data to any third parties except as necessary to use the Merchant Services hereunder, resolve Chargebacks, complete retrieval requests, or as required by subpoena or order by a court or other governmental agency. Merchant shall use proper controls to restrict access to all records containing Card Data. Merchant may not retain or store magnetic stripe data after a Transaction has been authorized. If Merchant stores any electronically captured signatures of a Cardholder, Merchant may not reproduce such signature except upon the specific request of Bank or CyberSource. Merchant shall store all media containing Cardholder Data (including Sales Records, Credit Records, rental agreements, etc.) in an area limited to selected personnel, and, prior to discarding any such media destroy the media in a manner that renders the data unreadable and unrecoverable. In addition to the foregoing, Merchant shall comply with the applicable requirements of the Visa Cardholder Information Security Program, which requirements can be found at www.visa.com/cisip.

SECTION 2.11 LOGO USAGE

Merchant shall prominently display any advertising or promotional materials provided or required by Servicers to inform the public that Visa and MasterCard Cards will be honored at Merchant's place of business. Such displays, however, are not required if Merchant is prohibited from doing so by government regulation or to the extent expressly exempted by MasterCard or VISA, as applicable. The MasterCard and Visa logos shall be displayed with equal prominence. In no event will Merchant advertise or display any promotional material containing the name or symbol of CyberSource, Bank, Visa or MasterCard in a manner that states or implies that only Cards issued by Bank will be honored by Merchant. Additionally, Merchant shall not indicate or imply that Servicers, Visa, or MasterCard endorse Merchant's goods or services. Nothing herein is intended to restrict Merchant from honoring other credit cards or from entering into any other transaction with its customers. Merchant may display and advertise any other credit card or credit plan. All advertising media and displays supplied to Merchant by Servicers are the property of each respective Servicer, and upon termination of this Agreement, Merchant shall return all such materials to Servicers. Merchant shall have the right to use and display the proprietary Visa and MasterCard names and symbols only while this Agreement is in effect or until Merchant is notified by Servicers, Visa, or MasterCard to cease such usage, and then only in compliance with applicable Visa and MasterCard rules and regulations concerning such usage. Merchant shall have no right to use the proprietary name and/or symbol of either Servicer unless the materials containing such marks are provided to Merchant by, and/or are approved in advance by, Servicers.

SECTION 2.12 PROVISION OF BUSINESS RECORDS. At all times during the term of this Agreement, upon CyberSource's request, Merchant shall provide all AR ID: 13234

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documentation evidencing Merchant's financial condition as well as other documentation deemed reasonably necessary by CyberSource to verify the information contained in the Merchant Account Application. All financial statements of Merchant that are provided to CyberSource shall be prepared in accordance with generally accepted accounting principles. Merchant agrees to provide such documentation within thirty (30) days of CyberSource's request. In the event Merchant fails to provide the requested Documentation, CyberSource shall be entitled to terminate this Agreement immediately pursuant to Section 7.1 c. below.

ARTICLE III: FEES AND FINES

SECTION 3.1 SERVICE FEES

a. Merchant shall be charged the fees for the Merchant Services as such fees shall be calculated pursuant to the Fees Schedule, attached hereto and incorporated into this Agreement by reference. Merchant acknowledges and understands that the Discount Rate quoted in the Fees Schedule is applicable to Card transactions that meet the "Qualified" criteria set forth in the "CyberSource Merchant Account Instruction Manual." If any Card transaction fails to meet the criteria for a qualified transaction, Merchant will be charged the fees applicable to non-qualified transactions. The fees for Merchant Services set forth in this Agreement are based upon assumptions associated with, among other things, the goods and services offered by Merchant, Merchant's business model and policies, anticipated annual and monthly sales volume, number of transactions, and average ticket price. If the actual annual and/or monthly sales volume, transaction volume, or average ticket price materially differs from anticipated levels or Merchant's business model and policies change significantly, CyberSource may adjust the fees accordingly. The fees for Merchant Services may be adjusted to reflect increases or decreases by Card Associations in Interchange Fees, assessments, and other Card Association fees. Furthermore, the fees may be adjusted to pass through increases charged by third parties, such as telecommunications fees.

b. Fees due hereunder for Merchant Services will be collected by Servicers by way of ACH debit from Merchant's Settlement Account when due. In the event that the funds contained in the Settlement Account are insufficient to cover any ACH debit, CyberSource will remit an invoice to Merchant, which shall be due and payable within ten (10) days of the date of such invoice. In the event that Merchant does not remit to CyberSource the full amount due under the invoice within the ten (10) day period, CyberSource shall be entitled to terminate this Agreement immediately with written notice to Merchant and take all other actions necessary to collect any amounts owing, including deduction of such amount from the Reserve Account. Merchant shall be liable to CyberSource for any costs incurred by CyberSource, including attorneys' fees, in collecting past due amounts.

c. Merchant shall also be responsible to pay for any fines or penalties imposed on Bank or CyberSource by any Card Association as a result of Merchant's activities, acts, or omissions as well as for Chargebacks and any other fees or fines imposed by a Card Association related to Merchant hereunder. Collection of any such fines or penalties may be effected by deduction from any settlement amounts due to Merchant, ACH debit to Merchant's Settlement Account, or deduction from the Reserve Account.

d. CyberSource shall be entitled to revise any fees hereunder, effective as of the commencement of the next Renewal Term, provided that CyberSource provides the Merchant with no less than sixty (60) calendar days written notice.

SECTION 3.2 CHARGEBACKS

CyberSource shall have the right, at any time and without notice, to charge back to Merchant, and deduct, divert, withdraw or set-off from payments due Merchant from Card transactions, or from the Settlement Account, the Reserve Account, any other account or amounts due Merchant the full amount of any Card transactions designated by Bank or a Card Association or Card Issuing Bank or which fails to meet the requirements of this Agreement. Merchant agrees to be liable for and pay CyberSource for all Chargebacks. Merchant agrees to pay (i) the amount of any Chargeback, including any fine or fee associated therewith, and (ii) the costs and expenses of CyberSource and Bank (including, without limitation, administrative charges, investigations, retrieval and legal fees and costs) related to any item subject to (a) legal process (including reproduction of records), (b) a bankruptcy or insolvency proceedings, or (c) Chargebacks. If Servicers or any Card Association determines or suspects any Card transaction to be questionable, such transaction may be subject to Chargeback. Servicers shall retain any fee related to a Chargeback transaction. If any of the Card Associations assess a fine in connection with Merchant's activities, including without limitation, due to Chargebacks or credits/returns that exceed the industry standards or constitute excessive Chargebacks, Merchant agrees to pay CyberSource fees associated with the administration of such fines, in addition to the applicable discount rates, fees and charges applicable to the Card transactions.

ARTICLE IV: RESERVE ACCOUNT AND SECURITY

SECTION 4.1 RESERVE ACCOUNT

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At any time and for any reason (including, without limitation, notice of termination or actual termination of this Agreement, change in transaction volume, change in business model, unauthorized transactions, cessation of business, insolvency, excessive Chargebacks, suspected or actual fraud, or competing claims regarding funds generated via Merchant's processing activities), CyberSource or Bank may require Merchant to transfer funds to Servicers, which funds shall serve as collateral to protect Servicers against actual or contingent liabilities or losses that might be incurred by Servicers in the event Merchant is unable or fails to pay Chargebacks, adjustments, fees, and other charges and obligations due or anticipated to become due to Servicers hereunder ("Reserve Account"). At anytime, Servicers shall be entitled to require Merchant to increase funds in the Reserve Account, in the event of which CyberSource shall notify Merchant in writing of increased funding requirement, except in the event of notice of termination or actual termination of this Agreement, unauthorized transactions, cessation of business, suspected or actual breach or default, or cessation of processing under this Agreement. If notice is required, Servicers may notify Merchant either before or after the establishment or increased funding requirement of the Reserve Account, but not later than five (5) business days after the establishment or increased funding requirement of the Reserve Account. CyberSource shall specify in its notice, at CyberSource's sole discretion, the amounts to be funded and the timing for establishment or increased funding of such Reserve Account, provided, however, that CyberSource may require that such Reserve Account be funded immediately (including, without limitation, in instances of unauthorized transactions, suspected or actual fraud or termination for cause). Merchant acknowledges and agrees that such funds will be deposited into a non-interest bearing account maintained at Bank. Servicers may, without notice, fund the Reserve Account (whether initially or due to increased funding requirements) with deductions from payments due Merchant from Card transactions or by a charge against the Settlement Account or any other available account of Merchant. Servicers will hold or be entitled to hold the funds in the Reserve Account until such time as Servicers are satisfied that Merchant has no further obligations to Servicers under this Agreement. Merchant's failure to fund the Reserve Account (whether initially or due to increased funding requirements) will result in immediate termination of this Agreement.

SECTION 4.2 SECURITY INTEREST

MERCHANT GRANTS SERVICERS A LIEN AND SECURITY INTEREST IN THE SETTLEMENT ACCOUNT, THE RESERVE ACCOUNT, ALL CARD TRANSACTIONS (INCLUDING FUTURE CARD TRANSACTIONS), ANY RIGHTS TO RECEIVE CREDITS OR PAYMENTS UNDER THIS AGREEMENT, AND ALL DEPOSITS AND OTHER PROPERTY OF MERCHANT THAT SERVICERS OR ITS AFFILIATES POSSESS OR MAINTAIN (INCLUDING ALL PROCEEDS OF THE FOREGOING), AND MERCHANT SHALL EXECUTE, DELIVER AND PAY THE FEES FOR ANY DOCUMENTS SERVICERS REQUEST TO CREATE, PERFECT, MAINTAIN AND ENFORCE THIS SECURITY INTEREST TO THE EXTENT PERMITTED BY LAW. MERCHANT IRREVOCABLY AUTHORIZES SERVICERS TO EXECUTE ANY FINANCING STATEMENTS OR OTHER DOCUMENTS NECESSARY RELATED TO THIS SECURITY INTEREST. Servicers shall also be the beneficiary of any insurance, surety bond or similar indemnity or guaranty (whether voluntary or required by law) of Merchant or for the benefit of Merchant's customers, and Merchant hereby assigns to Servicers the rights to make claims or receive the benefits thereof with respect to Card transactions hereunder. Merchant represents and warrants that no other person or entity has a security interest in the property described herein and that this security interest is a first lien security interest and secures Merchant's obligations to Servicers under this Agreement. Servicers shall have all rights of a secured party and Merchant must obtain the prior written consent of Servicers before granting any subsequent security interest in the property described herein. Merchant agrees that it is Merchant's intent that these accounts and secured property shall to the extent allowed by applicable law not be subject to any preference, claim, or stay by reason of any bankruptcy or insolvency law. Merchant agrees to act consistently with the understanding that said accounts and secured property under this Agreement are free of all such preferences, claims or stays by reason of and as allowed by any such law.

ARTICLE V: WARRANTIES; DISCLAIMERS

SECTION 5.1 MERCHANT WARRANTIES

Merchant warrants to CyberSource and Bank all of the following: (i) that all representations and statements in the Merchant Account Application, or in any other document relating hereto, made by Merchant or on Merchant's behalf are true, accurate and complete in all material respects, (ii) that Merchant is engaged in the lawful business shown on the Merchant Account Application, which includes the sale of goods and/or services, and is duly licensed to conduct such business under the laws of the state, county and city in which Merchant is located, and, further, that Merchant will not process Card transactions for any other type of business, (iii) that Merchant has not been terminated from settlement of Card transactions by any financial institution or determined to be in violation of any Rules except as specifically disclosed in the Merchant Account Application, (iv) that Merchant has the authority to

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enter into this Agreement and that the person(s) signing for or on behalf of Merchant is/are specifically authorized and directed to do so by Merchant; (v) that all of Merchant's sales locations engage in the same or substantially similar business activity as that listed on the Merchant Account Application; (vi) that Merchant will not change the nature of its business as indicated in the Merchant Account Application or to modify the ownership of the business without the prior written consent of Servicers; (vii) that Merchant will notify CyberSource no less than thirty (30) days prior to changing addresses or relocating the business; (viii) that it will not use on its POS device any personal Card issued to Merchant, or any guarantor of Merchant, or any Card that Merchant or any guarantor is authorized to use; (ix) that as to each transaction presented to Servicers for payment (a) the Sales Record is valid in form and has been completed with all applicable requirements, (b) the goods or services described on the Sales Record have been delivered or completed in accordance with Merchant's agreement with the Cardholder, (c) the Cardholder has no defense, right of setoff or counterclaim against Merchant in connection with the purchase of the goods or services, (d) the transaction was placed by the Cardholder or other authorized user of the Card, and (e) the transaction was not previously charged back or declined; (x) that at all times during the term of this Agreement, Merchant does and will comply with all applicable federal, state, and local laws, rules, and regulations, and the Rules, and (xi) that at all times, in the implementation and operation of its website through which Card transactions will be conducted, Merchant does and will not infringe on any intellectual property rights of any third party

SECTION 5.2 DISCLAIMERS

THE SERVICES PROVIDED HEREUNDER ARE PROVIDED "AS IS" WITH ALL FAULTS AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES. THE ENTIRE RISK AS TO SATISFACTORY QUALITY, PERFORMANCE, ACCURACY, AND EFFORT IS WITH MERCHANT. THIS DISCLAIMER OF WARRANTY EXTENDS TO MERCHANT AND ALL USERS OF MERCHANT'S GOODS AND SERVICES AND IS IN LIEU OF ALL WARRANTIES AND CONDITIONS WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE, TITLE, AND NONINFRINGEMENT WITH RESPECT TO THE PRODUCTS AND SERVICES, AND ANY IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE.

ARTICLE VI: INDEMNIFICATION AND LIMITATION OF LIABILITY

SECTION 6.1 INDEMNIFICATION

In addition to any other indemnities in this Agreement, Merchant agrees to indemnify, defend and hold Servicers and Servicers' parent companies, subsidiaries and affiliates, (including, without limitation, the respective officers, directors, employees, attorneys, shareholders, representatives and agents of all of the foregoing) harmless from and against any and all liabilities, judgments, arbitration awards, settlements, actions, suits, claims, demands, losses, damages, costs (including, but not limited to, court costs and out-of-pocket costs and expenses), expenses of any and every type, litigation expenses, and attorneys' fees, including, but not limited to, attorneys' fees incurred in any and every type of suit, proceeding, or action, including but not limited to, bankruptcy proceedings, in connection with, by virtue of, or arising from, either directly or indirectly: (a) a Card transaction that does not conform to the requirements of this Agreement, the Documentation, or the Rules; (b) any Card transaction or any act or omission of Merchant in connection with a Cardholder; (c) Merchant's breach or default or an alleged breach or default of or under any term, covenant, condition, representation, warranty, obligation, undertaking, promise or agreement contained in this Agreement or in any agreement (whether oral or written) with any cardholder, any agreement with any Card Association, or in any other agreement with Servicers (including, without limitation, Merchant's application to Bank made in connection with this Agreement); any breach or threatened breach by Merchant of laws, rules and regulations applicable to Merchant; (d) the rescission, cancellation or avoidance of any Card transaction, by operation of law, adjudication or otherwise; (e) any claim, counterclaim, complaint, dispute or defense, including, without limitation claims brought against third parties by Merchant, whether or not well-founded, with respect to this Agreement or a Card transaction; (f) damages, including, without limitation, those for death or injury caused by the good or service purchased with the Card; or (g) for all web based, Internet or electronic commerce transactions, including Merchant's insecure transmission of Card transaction data and/or storage of cardholder information. For purposes of this Agreement, including the foregoing indemnities, Merchant is responsible and liable for the acts and omissions of its employees, agents and representatives (whether or not acting within the scope of their duties)

SECTION 6.2 LIMITATION OF LIABILITY

UNDER NO CIRCUMSTANCES (i) SHALL SERVICERS OR PROCESSOR BE LIABLE TO MERCHANT FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY DAMAGES (EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES), SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE, PROFITS OR BUSINESS, COSTS OF DELAY, COSTS OF LOST OR DAMAGED

Last revised: 2/9/2009

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DATA OR DOCUMENTATION, OR MERCHANT'S LIABILITIES TO THIRD PARTIES ARISING FROM ANY SOURCE, OR (ii) SHALL THE ENTIRE LIABILITY OF SERVICERS TO MERCHANT UNDER THIS AGREEMENT, WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY, EXCEED THE FEES PAID BY MERCHANT TO CYBERSOURCE HEREUNDER DURING THE THREE MONTH PERIOD IMMEDIATELY PRIOR TO THE DATE THE CAUSE OF ACTION AROSE.

ARTICLE VII: TERM AND TERMINATION

SECTION 7.1 TERM AND TERMINATION OF AGREEMENT

a. The initial term ("Initial Term") of this Agreement shall be two (2) year beginning from the date Merchant receives written notification from CyberSource that this Agreement has been approved by Servicers and that a Merchant Account Number has been issued ("Effective Date"). Thereafter, this Agreement will renew automatically for additional terms of two (2) years (each a "Renewal Term") unless either party provides written notice to the other party, at least thirty (30) days prior to the commencement of any Renewal Term, that the Agreement shall not so renew

b. Merchant shall be entitled to terminate this Agreement in the event of a material breach by CyberSource that remains uncured more than thirty (30) days after CyberSource's receipt of written notice of such breach

c. In addition to any rights to terminate this Agreement that CyberSource may have elsewhere in this Agreement, CyberSource shall be entitled to terminate this Agreement at any time with written notice to Merchant in the event that Merchant is in breach of any provisions of this Agreement. For the purposes of this Section 7.1.c, examples of breach include, without limitation, non-payment of fees due hereunder, any breach of warranty, and non-compliance with the Rules or applicable laws.

d. The Agreement may be terminated by CyberSource effective immediately and without any requirement of notice, in the event that (i) CyberSource's review of Merchant's records indicate that Merchant is insolvent or is likely to be insolvent within ninety (90) days, (ii) Merchant files a petition, in bankruptcy, seeking any reorganization, arrangement, composition, or similar relief under any law regarding insolvency or relief for debtors, or makes an assignment for the benefit of creditors, (iii) a receiver, trustee, or similar officer is appointed for the business or property of Merchant; (iv) any involuntary petition or proceeding, under bankruptcy or insolvency laws, is instituted against Merchant and not stayed, enjoined, or discharged within thirty (30) days; or (v) Merchant adopts a resolution for discontinuance of its business or for dissolution.

e. Notwithstanding any provision in this Agreement to the contrary, CyberSource shall be entitled to suspend provision of any and all services hereunder, without the requirement of notice, in the event that CyberSource has reasonable belief that any of the following situations has occurred, is occurring, or is likely to occur: (1) Merchant is not compliant with any applicable Rules or requirements under this Agreement; (2) Merchant is violating any restrictions set forth in this Agreement; (3) information submitted in the Merchant Account Application cannot be verified or is no longer valid; (4) fraud is occurring on Merchant's account; (5) there are excessive Chargebacks on Merchant's account; (6) Merchant is violating applicable laws; (7) Merchant is transmitting inaccurate or incomplete information to CyberSource; or, (8) any conduct by Merchant that poses a threat to CyberSource's systems, equipment, processes, Intellectual Property, or business generally.

f. Notwithstanding any provision in this Agreement to the contrary, CyberSource shall be entitled to terminate this Agreement at any time, without cause, with thirty (30) days prior written notice to Merchant.

ARTICLE VIII: GENERAL TERMS

SECTION 8.1 Confidential Information

a. Each Party (the "Receiving Party") hereby agrees (i) to hold the other party's (the "Disclosing Party") Confidential Information in strict confidence and to take reasonable precautions to protect such Confidential Information (including, without limitation, all precautions the Receiving Party employs with respect to its own confidential materials); (ii) not to divulge any such Confidential Information or any information derived therefrom to any third person; (iii) not to make any use whatsoever at any time of such Confidential Information except as contemplated hereunder; (iv) not to remove or export from the United States or re-export any such Confidential Information or any direct product thereof, except in compliance with, and with all licenses and approvals required under, applicable U.S. and foreign export laws and regulations, including, without limitation, those of the U.S. Department of Commerce; (v) not to copy or reverse engineer any such Confidential Information; and (vi) that any employee, subcontractor, or agent given access to any such Confidential Information must have a legitimate "need to know" and shall be bound in writing to comply with the Receiving Party's confidentiality obligations, whether generally or specific to this Agreement.

AR ID: 13234

AR Name: Jabico Enterprises LLC

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5-15.017

including counterparty transmitted by facsimile, each of which shall be deemed an original, and all such counterparts shall constitute one and the same agreement.

SECTION 8.9 Counterparts. This Agreement may be executed in counterparts, including counterparts transmitted by facsimile, each of which shall be deemed an original, and all such counterparts shall constitute one and the same agreement.

SECTION 8.8 Modifications, Amendments, and Waivers. This Agreement may not be modified or amended, including by custom, usage of trade, or course of dealing, except by an instrument in writing signed by duly authorized employees of both of the parties hereto. The waiver by either party of a breach of any provision contained herein shall be in writing and shall in no way be construed as a waiver of any subsequent breach of such provision or the waiver of the provision itself.

SECTION 8.7 Entire Agreement. This Agreement, including the Merchant Account Application, Fee Schedules, Documentation, and Guaranty, constitutes and contains the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior oral or written agreements. Each party acknowledges and agrees that the other has not made any representations, warranties or agreements of any kind, except as expressly set forth herein.

SECTION 8.6 Force Majeure. Neither party hereto shall be responsible for any failure to perform its obligations under this Agreement if such failure is caused by acts of God, natural disasters, war, acts of terrorism, strikes, revolutions, lack or failure of transportation facilities, lack or failure of public utilities, laws or governmental regulations or other causes that are beyond the reasonable control of such party. Obligations hereunder, however, shall in no event be excused but shall be suspended only until the cessation of any cause of such failure. In the event that such force majeure should obstruct performance of this Agreement for more than ten (10) business days, the parties hereto shall consult with each other to determine whether this Agreement should be modified or terminated. The party facing an event of force majeure shall use commercially reasonable efforts to remedy that situation as well as to minimize its effects. A case of force majeure shall be notified to the other party by any of the methods described in the Notices section below within five (5) days after occurrence of the event of force majeure.

SECTION 8.5 Assignment. This Agreement may not be transferred or assigned by Merchant without the prior written consent of CyberSource, which consent shall be at the absolute discretion of CyberSource. Any attempt by Merchant to assign any of its rights or delegate any of its duties hereunder without the prior written consent of CyberSource shall be null and void.

SECTION 8.4 Governing Law, Consent to Jurisdiction. This Agreement will be deemed entered into in California and will be governed by and interpreted in accordance with the laws of the State of California, excluding (i) that body of law known as conflicts of law and (ii) the United Nations Convention on Contracts for the International Sale of Goods. The parties agree that any dispute arising under this Agreement will be resolved in the state or federal courts in Santa Clara County, California, and the parties hereby expressly consent to jurisdiction therein.

SECTION 8.3 Relationship of Parties. The parties shall perform all of their duties under this Agreement as independent contractors. Nothing in this Agreement shall be construed to give either party the power to direct or control the daily activities of the other party, or to constitute the parties as principal and agent, employer and employee, franchisor and franchisee, partners, joint venturers, co-owners, or otherwise as participants in a joint undertaking. The parties understand and agree that, except as specifically provided in this Agreement, neither party grants the other party the power or authority to make or give any agreement, representation, warranty, or other commitment on behalf of the other party, or to enter into any contract or otherwise incur any liability or obligation, express or implied, on behalf of the other party, or to transfer, release, or waive any right, title, or interest of such other party.

SECTION 8.2 Audit. During the term of this Agreement and for two (2) years thereafter, CyberSource shall have the right to examine Merchant's records, books, systems, controls, processes and procedures ("Records") for the purpose of verifying Merchant's compliance with the terms and conditions of this Agreement ("Audit"). Merchant shall provide to the auditors and personnel of CyberSource ("Auditors") reasonable access to Records and shall cooperate and provide to such Auditors, in a timely manner, all such assistance as they may reasonably require in connection with any such Audit. Except in the event that CyberSource has reasonable basis to believe that Merchant is in violation of any Rules or laws, or in breach of any warranties, CyberSource will provide Merchant no less than five (5) days written notice prior to the date of an Audit. The Audit will be conducted during Merchant's normal business hours, and Audits shall occur no more than twice in any calendar year.

SECTION 8.1 Severability. If any provision of this Agreement shall be held illegal or unenforceable, that provision shall be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect and enforceable.

SECTION 8.12 Headings. The headings in this Agreement are intended for convenience or reference and shall not affect the Agreement's interpretation or construction.

SECTION 8.13 Notices. Unless otherwise expressly set forth in this Agreement, any legal notice required under this Agreement shall be given in writing at the address set forth below, as may be amended in writing from time to time, and shall be deemed to have been delivered and given for all purposes (i) on the delivery date, if delivered by hand courier to the party to whom such notice is directed, (ii) two (2) business days after deposit with a commercial overnight carrier, (iii) five (5) business days when mailed by United States mail, and, (iv) upon completion of transmission, if sent via facsimile with a confirmation of successful transmission.

SECTION 8.10 Survival. The provisions of this Agreement relating to payment of any fees or other amounts owed, payment of any interest on unpaid fees, confidentiality, disclaimer, warranties, limitation of liability, indemnification, governing law, severability, headings, and this paragraph shall survive any termination or expiration of this Agreement.

SECTION 8.11 If any provision of this Agreement shall be held illegal or unenforceable, that provision shall be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect and enforceable.

SECTION 8.12 The headings in this Agreement are intended for convenience or reference and shall not affect the Agreement's interpretation or construction.

SECTION 8.13 Notices. Unless otherwise expressly set forth in this Agreement, any legal notice required under this Agreement shall be given in writing at the address set forth below, as may be amended in writing from time to time, and shall be deemed to have been delivered and given for all purposes (i) on the delivery date, if delivered by hand courier to the party to whom such notice is directed, (ii) two (2) business days after deposit with a commercial overnight carrier, (iii) five (5) business days when mailed by United States mail, and, (iv) upon completion of transmission, if sent via facsimile with a confirmation of successful transmission.

II to Merchant.

The name and address set forth in the Merchant Account Application.

II to CyberSource.

CyberSource Corporation
1295 Charleston Road
Mountain View, CA 94043
Fax 650-625-4408
ATTN: Legal Department

GUARANTY FOR MERCHANT ACCOUNT SERVICES

This Guaranty for Merchant Account Services ("Guaranty") supplements CyberSource Merchant Services Agreement entered into by CyberSource and Merchant. In consideration of the provision of Services by CyberSource and Bank ("Servicers") to Merchant, pursuant to the terms and conditions of the Merchant Services Agreement and the benefits to the undersigned derived therefrom, the undersigned individual completing this Application ("Guarantor"), guaranties and promises to pay to Servicers any and all Obligations and further agrees as follows.

1. The term "Obligation" is used herein in its most comprehensive sense and includes any and all charges made by Cardholders for purchases of goods and/or services supplied by Merchant and presented to Bank for payment, as set forth in the Agreement, now, or hereafter made, incurred or created, whether voluntary or involuntary and however arising, whether direct or acquired by Bank by assignment or succession, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether Merchant may be liable individually or jointly with others, or whether recovery upon any Obligation may be or hereafter becomes barred by any statute of limitations or whether any Obligation may be or hereafter becomes otherwise enforceable.
2. The Guarantor unconditionally guarantees the payment of the Obligations, whether or not due or payable by the Merchant, upon: (a) the dissolution, insolvency or business failure of, or any assignment for benefit of creditors by, or commencement of any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceedings by or against, the Merchant or the Guarantor, or (b) the appointment of a receiver for, or the attachment, restraint of or making or levying of any order of court or legal process affecting, the property of the Merchant or the Guarantor, and unconditionally promises to pay such Obligations to the CyberSource or Bank, or order, on demand, in lawful money of the United States.
3. The liability of the Guarantor hereunder is exclusive and independent of any security for or other guaranty of the Obligations, whether executed by the Guarantor or by any other party, and the liability of the Guarantor hereunder is not affected or impaired by (a) any direction of application of payment by the Merchant or by any other party, or (b) any other guaranty, undertaking or maximum liability of the Guarantor or of any other party as to the Obligations, or (c) any payment on or in reduction of any such other guaranty or undertaking, or (d) any revocation or release of any obligations of any other guarantor of the Obligations, or (e) any dissolution, termination or increase, decrease or change in personnel of the Guarantor, or (f) any payment made to the CyberSource or Bank on the Obligations which the CyberSource or Bank repays to the Merchant pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and the Guarantor waives any right to the deferral or modification of the Guarantor's obligations hereunder by reason of any such proceeding.
4. The obligations of the Guarantor hereunder are independent of the Obligations of the Merchant, and a separate action or actions may be brought and prosecuted against the Guarantor whether or not action is brought against the Merchant and whether or not the Merchant be joined in any such action or actions. The Guarantor waives, to the fullest extent permitted by law, the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by the Merchant or other circumstance which operates to toll any statute of limitations as to the Merchant shall operate to toll the statute of limitations as to the Guarantor.
5. The Guarantor authorizes the CyberSource or Bank (whether or not after termination of this Guaranty), without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, from time to time to (a) renew, compromise, extend, increase, accelerate or otherwise change the time for payment of, or otherwise change the terms of Obligations or any part thereof, including increase or decrease of the rate of interest thereon; (b) take and hold security for the payment of this Guaranty or the Obligations and exchange, enforce, waive and release any such security; (c) apply such security and direct the order or manner of sale thereof as the CyberSource or Bank in its discretion may determine; and (d) release or substitute any one or more endorsers, guarantors, the Merchant or other obligors. The CyberSource or Bank may, without notice to or the further consent of the Merchant or the Guarantor, assign this Guaranty in whole or in part to any person acquiring an interest in the Obligations.
6. The Guarantor waives any right to require the CyberSource or Bank to (a) proceed against the Merchant or any other party, (b) proceed against or exhaust any security held from the Merchant, or (c) pursue any other remedy in the CyberSource or Bank's power whatsoever. The Guarantor waives any personal defense based on or arising out of any personal defense of the Merchant other than payment in full of the Obligations, including, without limitation, any defense based on or arising out of the disability of the Merchant, or the unenforceability of the Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Merchant other than payment in full of the Obligations. The CyberSource or Bank may, at its election, foreclose on any security held for the Obligations by one or more judicial or nonjudicial sales, or exercise any other right or remedy the CyberSource or Bank may have against the Merchant, or any security, without affecting or impairing in any way the liability of the Guarantor hereunder except to the extent the Obligations have been paid.
7. The Guarantor hereby waives any claim or other rights which the Guarantor may now have or may hereafter acquire against the Merchant or any other guarantor of all or any of the Obligations that arise from the existence or performance of the Guarantor's obligations under this Guaranty or any other of the Documents (any such claims and rights being referred to as the "Guarantor's Conditional Rights"), including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, or indemnification, any right to participate in any claim or remedy which CyberSource or Bank has against the Merchant or any collateral which the CyberSource or Bank now has or hereafter acquires for the Obligations, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, by any payment made hereunder or otherwise, including, without limitation, the right to take or receive from the Merchant, directly or indirectly, in cash or other property or by setoff or in any other manner, payment or security on account of such claim or other rights until such time as the Obligations have been paid and performed in full and the period of time has expired during which any payment made by the Merchant or the Guarantor to the CyberSource or Bank may be determined to be a preferential payment.
8. The Guarantor waives all presentments, demands for performance, protests and notices, including, without limitation, notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new or additional Obligations. The Guarantor assumes all responsibility for being and keeping itself informed of the Merchant's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Obligations and the nature, scope and extent of the risks which the Guarantor assumes and incurs hereunder, and agrees that CyberSource or Bank shall have no duty to advise the Guarantor of information known to it regarding such circumstances or risks.

5-15.218

Disclosure Page

Member Bank (Acquirer) Information

Acquirer Name: Harris Trust and Savings Bank

Acquirer Address: Buffalo Grove, IL

Acquirer Phone: 1-866-319-7450

Important Member Bank (Acquirer) Responsibilities

1. A Visa / MasterCard Member is the only entity approved to extend acceptance of Visa / MasterCard products directly to a Merchant.
2. A Visa / MasterCard Member must be a principal (signer) to the Merchant Agreement.
3. The Visa / MasterCard Member is responsible for educating Merchant on pertinent Visa / MasterCard Operating Regulations with which Merchant must comply.
4. The Visa / MasterCard Member is responsible for and must provide settlement funds to the Merchant.
5. The Visa / MasterCard Member is responsible for all funds held in reserve that are derived from settlement.

Important Merchant Responsibilities

1. Ensure compliance with cardholder data security and storage requirements.
2. Maintain fraud and chargebacks below thresholds.
3. Review and understand the terms of the Merchant Services Agreement.
4. Comply with Visa / MasterCard Operating Regulations.

The responsibilities listed above do not supersede terms of the Merchant Services Agreement and are provided to ensure the Merchant understands some important obligations of each party and that the Visa / MasterCard Member (Acquirer) is the ultimate authority should the Merchant have any problems.

Authorize.Net

a CyberSource solution

Fee Schedule for Internet Merchant Account

These Merchant Account fees are in addition to the Payment Gateway fees quoted on page 2

Merchant Account Setup Fee:	\$0.00
Monthly Fee:	\$9.95
Authorization Fee:	\$0.25
Visa/MasterCard Qualified Discount Rate:	2.19%
Visa/MasterCard Mid-Qualified Surcharge:	0.70%
Visa/MasterCard Non-Qualified Surcharge:	1.20%
Minimum Discount:	\$25.00
Chargeback Fee:	\$19.00
ACH Return Fee:	\$20.00
Batch Fee:	\$0.25
Online Reporting Fee:	\$0.00
Verbal Authorization Fee:	\$1.20
Early Termination Fee:	Waived

Note:
If you use CyberSource products or services not indicated above, you will be charged the applicable fees in effect at the time for the products or services that you do use.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010
TO: Board of Directors
FROM: Ciro Aguirre, Manager of Operations
SUBJECT: CONSIDERATION OF AGREEMENT WITH THE SANTA CRUZ SEASIDE COMPANY FOR THE PROVISION OF LATE-NIGHT SERVICE

I. RECOMMENDED ACTION

That the Board authorize the General Manager to enter into an agreement with the Santa Cruz Seaside Company to subsidize the operation of Late-Night Service on Route 71.

II. SUMMARY OF ISSUES

- METRO has operated a late-night trip on Route 71 that has been subsidized by the Seaside Company (Boardwalk).
- The Boardwalk agrees to pay the costs of the extra service that will operate from the Boardwalk.
- The service has been extremely successful and the Boardwalk is again interested in having METRO provide the service for the Summer commencing June 10, 2010.

III. DISCUSSION

The Seaside Company (Boardwalk) has requested METRO to extend the starting point for the last Route 71 trip to include the Boardwalk for the Summer of 2010. Their interest is due to the fact that a large number of their employees are young students living in Watsonville, and the Metro bus service ends before the end of their employees evening shift. The Seaside Company has assured that METRO would not incur costs by agreeing to fund the cost of the route extension.

The service has been provided in previous years during Summer, and again, would be provided through the entire Summer bid. The service will operate for 97 days, from June 10 to September 16, 2009. The Boardwalk requires the late service for less than that period, but they have agreed to fully underwrite the cost of the service extension to the Beach area for the entire bid.

The total cost for the service is estimated at approximately \$2,000.

5-16.1

IV. FINANCIAL CONSIDERATIONS

There is no financial impact on METRO as the Boardwalk is picking up the full cost of the extension for the entire bid.

V. ATTACHMENTS

Attachment A: February 05, 2010 Letter from Santa Cruz Seaside Company

5-16.2



Attachment A

February 5, 2010

Ciro Aguirre
Manager of Operations
Santa Cruz Metropolitan Transit District
370 Encinal Street Suite 100
Santa Cruz, CA 95060

RE: 2010 Request for Late Night Transit Service on route 71 to Watsonville for the Summer

Dear Ciro;

Please take the Santa Cruz Seaside Company request for late night service to Watsonville for the summer of 2010 to the Santa Cruz Metropolitan Transit District Board. The Santa Cruz Seaside Company will sign another Agreement for Transit Service, between the Santa Cruz Metropolitan Transit District (SCMTD) and the Santa Cruz Seaside Company, for summer bus service to connect our employees to the Metro Center for late night service on route 71.

We understand that the contract will be set at \$2,000 for the 2010 summer season. Our employees use the service as do other beach area business employees. We appreciate the Transit District responding to our company and other beach area employer's needs.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jo Anne Dlott".

Jo Anne Dlott
Vice President Human Resources

5-16.a1

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010
TO: Board of Directors
FROM: Robyn Slater, Human Resources Manager
SUBJECT: PRESENTATION OF EMPLOYEE LONGEVITY AWARDS

I. RECOMMENDED ACTION

Staff recommends that the Board of Directors recognize the anniversaries of those District employees named on the attached list and that the Board Chair present them with awards.

II. SUMMARY OF ISSUES

- None.

III. DISCUSSION

Many employees have provided dedicated and valuable years to the Santa Cruz Metropolitan Transit District. In order to recognize these employees, anniversary awards are presented at five-year increments beginning with the tenth year. In an effort to accommodate those employees that are to be recognized, they will be invited to attend the Board meetings to receive their awards.

IV. FINANCIAL CONSIDERATIONS

None.

V. ATTACHMENTS

Attachment A: Employee Recognition List

Prepared by: Cindi Thomas, Administrative Services Coordinator
Date Prepared: February 3, 2010

6.1

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
EMPLOYEE RECOGNITION**

TEN YEARS

None

FIFTEEN YEARS

None

TWENTY YEARS

Terry Gale, Information Technology Manager

TWENTY-FIVE YEARS

None

THIRTY YEARS

None

6.21

**BEFORE THE BOARD OF DIRECTORS OF THE
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT**

Resolution No. _____
On the Motion of Director: _____
Duly Seconded by Director: _____
The Following Resolution is Adopted:

**RESOLUTION OF APPRECIATION
FOR THE SERVICES OF PAT SPENCE AS A MEMBER OF THE
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT BOARD OF DIRECTORS**

WHEREAS, the Santa Cruz Metropolitan Transit District was formed to provide public transportation to all of the residents of Santa Cruz County; and

WHEREAS, Santa Cruz County, requiring strong representation, appointed Pat Spence as a member of the Board of Directors of the Santa Cruz Metropolitan Transit District; and

WHEREAS, Pat Spence served as a member of the Board of Directors from January 2002 through December 2009; and

WHEREAS, Pat Spence provided the Santa Cruz Metropolitan Transit District with strong leadership and insightful guidance during her term in the office, including representing the Transit District on the Santa Cruz County Regional Transportation Commission; and

WHEREAS, during the time that Pat Spence served on the Board of Directors, METRO replaced a portion of the fixed route fleet, converted 40 buses from diesel to CNG, opened a new service/fueling facility, opened the first portion of the new fleet maintenance facility, opened a new administration/facilities maintenance facility, received federal stimulus funds for new ParaCruz vans, improved the ParaCruz service, implemented wifi on the Highway 17 service, participated in the Transportation Funding Task Force, acquired funding for major capital improvements, and responded to a severe economic downturn; and

WHEREAS, the quality of public transit service in Santa Cruz County was improved dramatically as a result of the dedication, commitment and efforts of Pat Spence, especially through her development of the "Living the Paratransit Experience" program; and

WHEREAS, Pat Spence completed her term as a Member of the Board of Directors in December 2009.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Santa Cruz Metropolitan Transit District does hereby commend Pat Spence for her efforts in the advancement of public transportation service in Santa Cruz County and expresses appreciation on behalf of itself, Santa Cruz Metropolitan Transit District staff and all of the residents of Santa Cruz County.

7.1

BE IT FURTHER RESOLVED, that a copy of this resolution be sent to Pat Spence and that a copy of this resolution be entered into the official records of the Santa Cruz Metropolitan Transit District.

PASSED AND ADOPTED this 26th day of February 2010 by the following vote:

AYES: Directors -

NOES: Directors -

ABSTAIN: Directors -

ABSENT: Directors -

APPROVED _____
ELLEN PIRIE
Board Chair

ATTEST _____
LESLIE R. WHITE
General Manager

APPROVED AS TO FORM:

MARGARET GALLAGHER
District Counsel

7.2

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010
TO: Board of Directors
FROM: Angela Aitken, Finance Manager and Acting Assistant General Manager 
**SUBJECT: CONSIDERATION OF INCREASING HIGHWAY 17 EXPRESS FARES
IN ORDER TO INCREASE REVENUES BY MAINTAINING AN
OPTIMAL FAREBOX RECOVERY RATIO**

I. RECOMMENDED ACTION

This report introduces the first reading of the Fare Ordinance to adjust the fare structure on the Highway 17 Express.

II. SUMMARY OF ISSUES

- The last time Highway 17 Express fares were increased was July 2004.
- Operating Costs Per Passenger for the Highway 17 Express has increased 7.6% while Total Fare Revenue and the Farebox Recovery Ratio have decreased 0.7% and 1.4% from FY09 to FY10 respectively.
- Declining route productivity (6.6% decrease in total ridership and 9.2% decrease in passengers per hour) will continue to negatively effect Total Fare Revenues and the Farebox Recovery Ratio.
- In order to be proactive against the decline in Total Fare Revenues and the Farebox Recovery Ratio as well as increasing Operating Costs, a 25% (\$1.00) increase to the Adult Base Fare (with similar increases to other fares) is proposed.

III. DISCUSSION

Fares on the Highway 17 Express have remained the same for over five years. In that time CPI has increased 13.6%. More recently with the economic downturn and the fall of record high gas prices, ridership has decreased 6.6% YTD and passengers per hour has decreased 9.2%. This loss in route productivity has lead to a decrease of 0.7% in Total Fare Revenues and further more an emerging trend of decreasing Farebox Recovery Ratio. Attachment B shows the current Revenue and Expenses Summary as of December 31, 2009.

The Farebox Recovery Ratio is a vital measure of the success or letdown of a particular aspect of transit service. It is defined as: the average fare per rider multiplied by ridership per hour all divided by operating costs per hour. This ratio is a direct link to passenger revenues as they pertain to the productivity (ridership) of service and the costs of that service. Most importantly this ratio dictates the proportion of Total Fare Revenue and the amount of Sales Tax, Contract Payments, TDA Funding, FTA Funding, and other non-fare revenues needed to cover the Total Cost of providing transit service.

As stated above, the decreased ridership over FYTD10 has lead to a small but very significant decreasing trend in the Farebox Recovery Ratio. Currently the Highway 17 Express has an respectable 59.0% Farebox Recovery Ratio, yet this is a decrease from 59.9% a year ago. These figures are not to be confused with Cost Recovery figures which are derived by including additional revenue sources from San Jose State and AMTRAK. Santa Cruz METRO Planning Staff anticipates a continuation of decreasing ridership on the Highway 17 Express, which would logically lead to a continuation of decreasing Farebox Recovery Ratio. Please see Attachment C for analysis of the decreasing Farebox Recovery Ratio. In addition, decreases in the Farebox Recovery Ratio would be even more dismal if not for Santa Cruz METRO's Operations Department making an extended effort to crackdown on counterfeit passes on the Highway 17 Express.

These anticipated decreases in Farebox Recovery Ratio and subsequent decreases in Total Fare Revenue will put further pressure on other non-fare revenue sources such as sales tax, and FTA funding to cover the increasing costs of Highway 17 Express service. It is well documented that the current level of non-fare revenue sources are already inadequate in covering all operating costs without the use of reserve funds. Therefore maintaining and/or enhancing the Farebox Recovery Ratio on the Highway 17 Express by increasing fares is vital and necessary.

Santa Cruz METRO Planning Staff recommends consideration of the following Highway 17 Express fare adjustments:

Fare Type	Current Rate	Proposed Rate
Cash Single Ride	\$4.00	\$5.00
Discounted Senior/Disabled Ride	\$2.00	\$2.50
Regular Day Pass	\$8.00	\$10.00
Regular Day Pass with METRO Day Pass	\$3.50	\$4.00
Regular Day Pass with VTA Day Pass	\$3.50	\$4.00
Regular Day Pass with 2 Zone (min) Cal Train Pass	\$3.50	\$4.00
Regular Day Pass With VTA Express Pass	\$1.50	\$1.75
Monthly Pass	\$90.00	\$113.00

Please see Attachment A for the complete chart of Highway 17 Express fare increases and their anticipated effects.

These recommendations are made based on four (4) criteria:

1. That the Highway 17 Express fares should assist in maintaining a standard Farebox Recovery Ratio of 60-65% to offset the recent losses in non-fare revenue.
2. That increases in Highway 17 Express Single Ride Fares should be made in \$1.00 increments for efficient operation of the Farebox as well as loading and unloading of passengers and to maintain schedule adherence.
3. That the funding partners of the Highway 17 Express including the Santa Clara Valley Transportation Authority, California Department of Transportation, and the AMTRAK

Capitol Corridor Joint Powers Authority have met, discussed, and conferred that these recommendations are both wanted and necessary. (Attachments E-G)

4. That the current trend of decreasing ridership and simultaneous increases in operating expenses may result in Total Highway 17 fares under performing up to 4.2% under budget.

A Public Hearing will be held at next month's Board of Directors meeting. Signs will be posted in buses, advertisements in newspapers, and information will be provided on-line notifying the public of the propose changes.

IV. FINANCIAL CONSIDERATIONS.

The net effect of increasing Highway 17 fares would raise the Average Fare per Passenger 21%, from \$3.45 per passenger to \$4.14 (see Attachment D). Concurrently Santa Cruz METRO Planning staff anticipates an acceleration in the decrease in passengers per hour of 6% on top of the current 11% decrease, resulting in 15.5 passengers per hour. The Operating Cost per Hour is anticipated to increase 3% to \$98.70 per hour in FY11. When calculated together, increasing Highway 17 fares to the proposed levels, along with the net effects of the increase, will most likely result in a 64.9% Farebox Recovery Ratio.

In terms of Total Farebox Revenue for FY11, the proposed increase in Highway 17 fares would generate \$166,000 in one year. Without this increase, the net effect of current ridership and operating costs trends may lead to the Highway 17 Fares collecting under budget by as much as 2.8%. If Highway 17 Fares are left alone, the Farebox Recovery Ratio will decline to roughly 55.9% which would lead to a Total Fare Revenue of about \$1,040,000; which would be 2.8% below budget. Attachment D details the proposed Highway 17 Express Fare Increases and the analysis of anticipated effects.

V. ATTACHMENTS

- Attachment A: Draft of Revised Fare Ordinance**
- Attachment B: Highway 17 Express Revenue & Expenses Summary**
- Attachment C: Highway 17 Express Farebox Recovery Ratio Analysis**
- Attachment D: Highway 17 Express Proposed Fares and Anticipated Effects**
- Attachment E: Letter of Support from Santa Clara Valley Transportation Authority**
- Attachment F: Letter of Support from Capitol Corridor Joint Powers Authority**
- Attachment G: Letter of Support from California Department of Transportation**

Prepared by: Erich R. Friedrich, Provisional Transit Planner. February 10, 2010

AN ORDINANCE OF THE
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
ESTABLISHING SCHEDULE FOR BUS FARES

Be it enacted by the Board of Directors of the Santa Cruz Metropolitan Transit District as follows:

SECTION I: FARE SCHEDULE - SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

A. Fixed Route Service

Regular Bus Fare	1.50
Discount Bus Fare - Senior Passenger/Individual with Disability *	.75
Regular Day Pass	4.50
Discount Day Pass - Senior Passenger/Individual with Disability *	2.25
Regular Convenience Card	22.00
Discount Convenience Card - Senior Passenger/Individual with Disability *	11.25
Regular Monthly Pass	50.00
Discount Monthly Pass - Senior Passenger/Individual with Disability *	25.00
Student Monthly Pass	35.00
School Student Field Trip Rate	25.00

* To obtain Discount Fare passenger must produce District Photo I.D. Card or other approved identification.

B. Highway 17 Express Bus Service Options

Regular Express Bus Fare (One Way)	4.00	5.00
Discount Bus Fare-Senior Passenger/Individual with Disability	2.00	2.50
Regular Day Pass	8.00	10.00
Regular Day Pass with surrender of SCMTD Day Pass	3.50	4.00
Regular Day Pass with surrender of VTA Day Pass	3.50	4.00
Regular Day Pass with Cal Train Monthly Ticket & Peninsula Pass	3.50	4.00
Regular Day Pass with VTA Express Pass	1.50	1.75
Monthly Pass	90.00	113.00

C. Paratransit Service

Regular Paratransit Fare (One Way)	3.00
------------------------------------	------

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A

D. Group Pass Contract Rate

Fares for individuals of the group are determined through negotiations between the group and the District and are set forth in the contract.

E. Service Charge on Return Checks

The service charge on returned checks is \$15.00.

Ordinance No. 84-2-1 of the Santa Cruz Metropolitan Transit District is hereby amended and shall become effective on April 1, 2010.

Passed and adopted by the Board of Directors on this 26^h day of March 2010, by the following vote:

AYES: Directors -

NOES: Directors -

ABSENT: Directors -

ABSTAIN: Directors -

DRAFT

ATTEST: _____

LESLIE R. WHITE
Secretary/General Manager

APPROVED: _____

ELLEN PIRIE
Chairperson

APPROVED AS TO FORM:

MARGARET GALLAGHER
District Counsel

8.a2

**HIGHWAY 17 EXPRESS
REVENUE & EXPENDITURE SUMMARY
FISCAL YEAR 2010**

PERIOD	TOTAL COST *	REVENUE								RATIOS				VTA COST SUMMARY			JPA COST SUMMARY	
		PASSENGER FARE REVENUE					ADDITIONAL FUNDS		TOTAL REVENUE	Ridership	Average Fare per Rider	Total Cost per Rider	Cost Recovery	Billed to VTA	VTA Fare Revenue	VTA Net Cost	TOTAL JPA Cost	JPA Cost per Rider
		FAREBOX	SCMTD Pass Sales	VTA Pass Sales	VTA EcoPass	Total Fare Revenue	SJSU** Funded	AMTRAK Funded										
Jul '09	\$155,343.40	\$54,362.61	\$14,362.50	\$9,810.00	\$1,120.00	\$79,675.11		\$10,361.00	\$90,036.11	23,566	\$3.38	\$6.59	58.0%	\$43,583.65	\$10,930.00	\$32,653.65	\$65,307.29	\$2.77
Aug '09	\$148,122.32	\$57,058.06	\$15,222.50	\$9,360.00	\$940.00	\$82,580.56	\$279.28	\$10,361.00	\$93,220.84	24,127	\$3.42	\$6.14	62.9%	\$37,750.74	\$10,300.00	\$27,450.74	\$54,901.48	\$2.28
Sep '09	\$145,713.48	\$56,350.07	\$17,092.50	\$17,460.00	\$828.00	\$91,730.57	\$2,117.96	\$10,348.15	\$104,196.68	26,172	\$3.50	\$5.57	71.5%	\$39,046.40	\$18,288.00	\$20,758.40	\$41,516.80	\$1.59
Oct '09	\$152,325.81	\$63,785.70	\$18,733.50	\$15,750.00	\$924.00	\$99,193.20	\$2,489.96	\$10,460.59	\$112,143.75	29,411	\$3.37	\$5.18	73.6%	\$36,765.03	\$16,674.00	\$20,091.03	\$40,182.06	\$1.37
Nov '09	\$141,545.21	\$67,168.82	\$17,159.50	\$15,930.00	\$716.00	\$100,974.32	\$2,198.20	\$10,870.85	\$114,043.37	27,204	\$3.71	\$5.20	80.6%	\$30,396.92	\$16,646.00	\$13,750.92	\$27,501.84	\$1.01
Dec '09	\$151,732.86	\$49,562.08	\$14,356.00	\$9,630.00	\$460.00	\$74,028.08	\$1,726.56	\$10,371.00	\$86,125.64	19,484	\$3.80	\$7.79	56.8%	\$42,913.61	\$10,110.00	\$32,803.61	\$65,607.22	\$3.37
FYTD 2010	\$894,783.07	\$348,307.34	\$96,926.50	\$77,940.00	\$5,008.00	\$528,181.84	\$8,811.96	\$62,772.59	\$599,766.39	149,964	\$3.52	\$5.97	67.0%	\$230,456.35	\$82,948.00	\$147,508.35	\$295,016.68	\$1.97
FYTD 2009	\$889,982.01	\$329,680.89	\$96,091.50	\$101,160.00	\$6,480.00	\$533,412.39	\$9,339.84	\$61,149.80	\$603,902.03	160,482	\$3.32	\$5.55	67.9%	\$250,680.00	\$107,640.00	\$143,040.00	\$286,079.98	\$1.78
Percent Change	0.5%	5.6%	0.9%	-23.0%	-22.7%	-1.0%	-5.7%	2.7%	-0.7%	-6.6%	6.0%	7.6%	-1.2%	-8.1%	-22.9%	3.1%	3.1%	10.4%

FYTD 2009 Percent of Passenger Fare Revenues	65.9%	18.4%	14.8%	0.9%
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Abbreviations: SCMTD = Santa Cruz Metropolitan Transit District
SJSU = San Jose State University

- * SCMTD Invoice
- ** Expenses for SJSU blocks less farebox for SJSU blocks

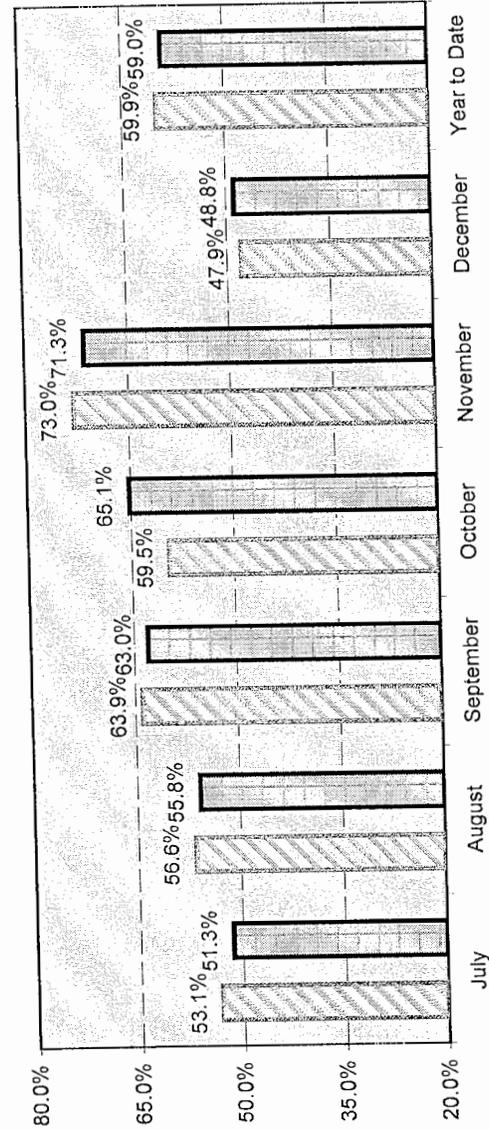
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Attachment 2

Highway 17 Express Farebox Recovery Ratio Analysis

	FY09					FY10					Change From Previous Year		
	Avg. Fare per Passenger	Ridership	Operating Costs	Operating Hours	Avg. Fare per Passenger	Ridership	Operating Costs	Operating Hours	Passengers Per Hour	Fare Box Recovery Ratio		Cost Per Hour	Fare Box Recovery Ratio
July	\$3.11	25,909	\$151,858.56	1,484.50	\$3.38	23,566	\$155,343.40	1,617.98	14.57	51.3%	\$96.01	51.3%	-1.8%
August	\$3.20	26,183	\$148,056.38	1,451.07	\$3.42	24,127	\$148,122.32	1,552.32	15.54	55.8%	\$95.42	55.8%	-0.8%
September	\$3.33	27,827	\$145,287.07	1,467.92	\$3.50	26,172	\$145,713.48	1,524.48	17.17	63.0%	\$95.58	63.0%	-0.9%
October	\$2.94	31,536	\$155,940.96	1,633.17	\$3.37	29,411	\$152,325.81	1,585.15	18.55	65.1%	\$96.10	65.1%	5.7%
November	\$3.58	28,009	\$137,438.78	1,455.77	\$3.71	27,204	\$141,545.21	1,482.00	18.36	71.3%	\$95.51	71.3%	-1.7%
December	\$3.45	21,008	\$151,400.26	1,591.86	\$3.80	19,484	\$151,732.86	1,585.21	12.29	48.8%	\$95.72	48.8%	0.9%
Year to Date	\$3.32	160,472	\$889,982.01	9,084.29	\$3.52	149,964	\$894,783.08	9,347.14	16.04	59.0%	\$95.73	59.0%	-0.9%

Farebox Recovery Ratios



Highway 17 Express Proposed Fares and Anticipated Effects

Current Fares	
Cash Single Ride	\$4.00
Senior/Disabled	\$2.00
Single Day Pass	\$8.00
Monthly Pass	\$90.00
Current Day Passes	
With Santa Cruz Metro Day Pass	\$3.50
With VTA Day Pass	\$3.50
With Cal Train Ticket	\$3.50
VTA Express Pass	\$1.50

Proposed Fares	
Cash Single Ride	\$5.00
Senior/Disabled	\$2.50
Single Day Pass	\$10.00
Monthly Pass	\$113.00
Proposed Day Passes	
With Santa Cruz Metro Day Pass	\$4.00
With VTA Day Pass	\$4.00
With Cal Train Ticket	\$4.00
VTA Express Pass	\$1.75

Percentage Increase	
	25.0%
	25.0%
	25.0%
	25.6%
	14.3%
	14.3%
	14.3%
	16.7%

Average Percentage Increase

21.9%

FY11

Currently Anticipated Farebox Recovery Ratio	
Average Fare per Passenger	\$3.45
Passengers per Hour	16
Cost per Hour **	98.7
Anticipated Farebox Recovery Ratio	55.9%
Annual Cost of Operation	\$1,860,495.00
Anticipated Total Farebox Revenue	\$1,040,520.00

FY11

Proposed Fare's Effect on Farebox Recovery Ratio	
Average Fare per Passenger	\$4.14
Passengers per Hour *	15.5
Cost per Hour **	98.7
Proposed Farebox Recovery Ratio	64.9%
Annual Cost of Operation	\$1,860,495.00
Anticipated Total Farebox Revenue	\$1,206,762.16

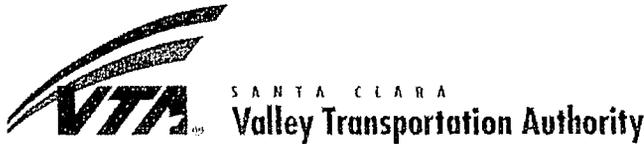
Anticipated Revenue Increase
\$166,242.16

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Attachment D

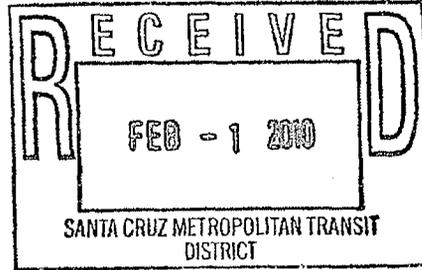
* Based off an accelerated decrease in ridership of 6%.

** Based on a proportion of the budgeted 3.5% increase in Operating Expenses.



February 1, 2010

Santa Cruz Metropolitan Transit District
Board of Directors
110 Vernon St.
Santa Cruz, CA 95060



Dear Board of Directors:

The Santa Clara Valley Transportation Authority (VTA) has partnered with Santa Cruz Metro since 1991 to provide the Highway 17 Express service. VTA and Santa Cruz Metro are parties to a Joint Powers Authority that governs the service and in 2004 the California Department of Transportation and the Capitol Corridor Joint Powers Authority became funding partners through a Memorandum of Understanding.

Quarterly meetings of the four agencies are held to discuss the finances, planning, and operating performance of the Highway 17 Express service. Over the past several meetings discussions have been held on the possibility of raising the price of fares and passes for the service. The proposal to increase fares addresses rising operating expenses, reduces subsidies and brings the Highway 17 Express fares more in line with other regional bus services. Also, it has been quite some time since fares were last increased in April 2004.

After much discussion, VTA recommends the following twenty five (25%) fare increase for the Highway 17 Express:

- Increase the Adult Single Ride from \$4.00 to \$5.00
- Increase the Adult Day pass from \$8.00 to \$10.00
- Increase the Adult Monthly Pass from \$90.00 to \$113.00
- Increase the Senior/Disabled Single Ride from \$2.00 to \$2.50

We understand the other agency partners for the Highway 17 Express service will also express their support for the proposed fare increase. With the anticipation that this fare increase will undergo the appropriate level of public review and input, VTA appreciates the Santa Cruz METRO Board of Directors' positive consideration of the proposal. Please do not hesitate to contact me at 408-321-7032 if further information is needed.

Sincerely,

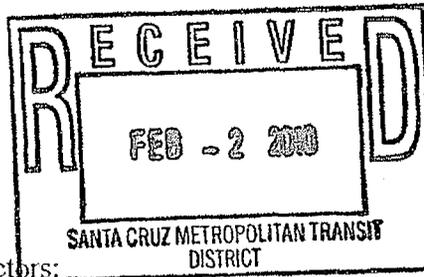
James B. Unites
Deputy Director, Operations
Service & Operations Planning

- C:
- A. Aitken, Acting Assistant General Manager, Santa Cruz Metro
 - M. Burns, General Manager
 - D. Smith, Chief Operating Officer



February 2, 2010

Santa Cruz Metropolitan Transit District
Board of Directors
110 Vernon St.
Santa Cruz, CA 95060



BOARD OF DIRECTORS

Dear Santa Cruz METRO Board of Directors:

PLACER COUNTY
TRANSPORTATION
PLANNING AGENCY
Jim Holmes, Chair
Keith Nesbitt
Gina Garbolino (alt)

The JPA meets on a quarterly basis to discuss the finances, planning, and operating performance of the Highway 17 Express. One of the main topics of discussion for the past several years has been the possibility of raising the value of fares and passes on the Highway 17 Express as a way to combat rising operating expenses. Each of the member agencies have raised on each of their individual train or bus services to offset rising operating expenses. After much discussion, the JPA is unanimously recommending the following twenty percent (20%) fare increase on the Highway 17 Express route:

SACRAMENTO REGIONAL
TRANSIT DISTRICT
Steve Cohn
Roger Dickinson
Bonnie Pannell (alt)

- Raise the Adult Single Ride from \$4.00 to \$5.00
- Raise the Adult Day pass from \$8.00 to \$10.00
- Raise the Adult Monthly Pass from \$90.00 to \$113.00

SAN FRANCISCO BAY AREA
RAPID TRANSIT DISTRICT
Thomas Blalock
James Fang
Bob Franklin, Vice Chair
Joel Keller
Gail Murray
Lynette Sweet
John McPartland (alt)

We, the individual agencies that embody the Highway 17 Express Joint Powers Authority (JPA), fully support the proposed increases to the Highway 17 Express fares and passes.

SANTA CLARA VALLEY
TRANSPORTATION
AUTHORITY
Rose Herrera
Ash Kalra

SOLANO TRANSPORTATION
AUTHORITY
Len Augustine
James P. Spering
Jack Batchelor, Jr. (alt)

The JPA greatly appreciates the Santa Cruz METRO Board of Directors' consideration of the proposed Highway 17 Express fare increase.

YOLO COUNTY
TRANSPORTATION
DISTRICT
Christopher Cabaldon
Stephen Souza
Mike McGowan (alt)

Sincerely,

Member Agencies of the Highway 17 Express Joint Powers Authority:

Capitol Corridor Joint Powers Authority

EXECUTIVE OFFICERS

Dorothy W. Dugger
Executive Director

David B. Kutrosky
Managing Director

By: _____

Designee - Managing Director

- cc: Angela Aitken, Santa Cruz Metro
James Unites, Santa Clara VTA
Pat Merrill, Caltrans Division of Rail
Lee Goldenberg, Caltrans Division of Rail
Carlos Ruiz, Caltrans Division of Rail
Jim Allison, CCJPA

**CAPITOL CORRIDOR
JOINT POWERS AUTHORITY**
300 LAKESIDE DRIVE
14TH FLOOR EAST
OAKLAND, CA 94612
(V) 510.464.6995
(F) 510.464.6901
www.capitolcorridor.org

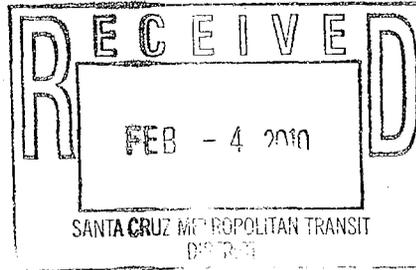
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DEPARTMENT OF TRANSPORTATION

DIVISION OF RAIL
 1120 N STREET
 P. O. BOX 942874 – MS 74
 SACRAMENTO, CA 94274-0001
 PHONE (916) 654-6542
 FAX (916) 653-4565
 TTY 711



*Flex your power!
 Be energy efficient!*



February 1, 2010

Attachment **G**

Santa Cruz Metropolitan Transit District
 Board of Directors
 110 Vernon St.
 Santa Cruz, CA 95060

Dear Santa Cruz METRO Board of Directors:

The JPA meets on a quarterly basis to discuss the finances, planning, and operating performance of the Highway 17 Express. One of the main topics of discussion for the past several meetings has been the possibility of raising the value of fares and passes on the Highway 17 Express as a way to combat rising operating expenses. After much discussion, the JPA is unanimously recommending the following twenty percent (20%) fare increase on the Highway 17 Express route:

- Raise the Adult Single Ride to \$5.00
- Raise the Adult Day pass to \$10.00
- Raise the Adult Monthly Pass to \$113

We, the individual agencies that embody the Highway 17 Express Joint Powers Authority (JPA), fully support the proposed increases to the Highway 17 Express fares and passes.

The JPA greatly appreciates the Santa Cruz METRO Board of Directors' consideration of the proposed Highway 17 Express fare increase.

Sincerely,

Member Agencies of the Highway 17 Express Joint Powers Authority:

California Department of Transportation

By: _____

Patricia Maxwell
 Designee

Sincerely,



PATRICK MERRILL
Rail Transportation Manager II
Division of Rail

c: Angela Aitken, SCMTD

bc: Lee Goldenberg, Rail
Carlos Ruiz, Rail
James Allison, CCJPA
James Unites, VTA

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010
TO: Board of Directors
FROM: Angela Aitken, Finance Manager & Acting Assistant General Manager 

SUBJECT: CONSIDERATION OF ADOPTING A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO SUBMIT A GRANT APPLICATION AND SIGN NECESSARY AGREEMENTS FOR FEDERAL FUNDING IN THE SECTION 5304 CALTRANS-ADMINISTERED FY10 TRANSPORTATION PLANNING TRANSIT PLANNING STUDENT INTERNSHIPS GRANTS PROGRAM

I. RECOMMENDED ACTION

That the Board of Directors adopt a resolution authorizing the General Manager to submit applications to Caltrans and to execute necessary agreements for federal funding in the Section 5304 Caltrans-administered FY10 Transportation Planning Transit Planning Student Internships Grants Program.

II. SUMMARY OF ISSUES

- Caltrans is inviting applications for the FY10 Transportation Planning Grants Program, which is federally funded through Section 5304.
- Transportation Planning Grants are intended to promote a balanced, comprehensive multi-modal transportation system, with a framework of the federal and state goals of increased safety, security, accessibility, connectivity and efficiency.
- By providing paid transit planning student internships, Santa Cruz METRO, in collaboration with the Santa Cruz County Regional Transportation Commission (RTC), will foster the educations of 2-4 interns pursuing transit planning careers.
- Santa Cruz METRO and RTC propose to submit an application for \$50,000 over two years, with a local sales tax match of \$16,400 (21.4%) and a local in-kind match of \$10,200 (13.3%) in related supervisory salaries, to provide transit planning internships. The proposal is for the period 10/1/10-9/30/12.
- Adopting the attached resolution would authorize the General Manager to submit applications and execute necessary agreements for grant funds from the federally funded Caltrans-administered Section 5304 FY10 Transportation Planning Transit Planning Student Internships Grants Program.

III. DISCUSSION

Caltrans has been administering the federal Section 5304 Transportation Planning Grants program for eight years. This year's program offers six different opportunities for

applications, among them the Transit Planning Student Internships Program. This program encourages collaborative applications from organizations who are committed to sharing an internship program that provides local student interns with a comprehensive experience in the transit planning field. Santa Cruz METRO will partner with the Santa Cruz County Regional Transportation Commission on the Santa Cruz METRO/RTC Transit Planning Internship Program.

The Santa Cruz METRO/RTC Transit Planning Internship Program first addresses the need of college students to obtain both internship and employment experience in order to pursue careers in planning. During these difficult times, college students with little job experience often find it impossible to get a foot in the door, let alone a paid internship. This program offers compensated opportunities in Santa Cruz County, a uniquely beautiful, highly desirable and economically disadvantaged community.

The Santa Cruz METRO and RTC staff are stretched thin by current work demands. This program meets the need for increased planning support at both agencies which are feeling the current economic crunch with tight budgetary constraints. Through the employment of student interns, an additional 1,400 hours of work per year will support essential county-wide transportation and transit planning activities which are currently not getting done and which will reach targeted under-represented populations such as seniors, the disabled and residents of Watsonville, which is officially designated as an economically disadvantaged enterprise zone.

The Santa Cruz METRO/RTC Transit Planning Internship Program will include the following planning activities: researching/preparing for regional planning processes (such as Blueprint planning), recommending accessibility improvements to pedestrian facilities near bus stops, providing outreach to the senior and disabled populations to assess their barriers to transit use, promoting green transportation alternatives through inclusive community events like "Dump the Pump" and "Rideshare Week" outreach and PR, transit surveying, mapping, data collecting, state budget monitoring and reporting, and researching grants that support planning activities.

Specifically, the program proposes that each organization add approximately 60 hours per month (120 hours total/month for both) of staff support via either a single shared intern or two interns working approximately 15 hours a week at each agency (.75 FTE total internship hours) each year, for a total of 2-4 interns over a two-year grant period. The intern(s) will be supervised by each agency's Planning and/or Grants departments, with supervision provided by the Finance Manager at Santa Cruz METRO and the Deputy Director at RTC.

Applications for the Transit Planning Internships Grants are due by March 1, 2010. The Transit Planning Internship Grant Program funds at 88.53%, with a required 11.47% local match, which is easily exceeded, as noted above, with a match of staff time needed to supervise the intern. Staff recommends submitting a grant application for the FY10 funding.

Adopting the attached resolution authorizes the General Manager to submit applications, sign required Certifications and Assurances and execute agreements necessary to implement projects in the federally funded Caltrans-administered Section 5304 FY10 Transportation Planning Grants Transit Planning Internships Grants Program.

9.2

V. FINANCIAL CONSIDERATIONS

If approved for grant funding, Santa Cruz METRO will receive up to \$25,000 per year for two years in Section 5304 Transportation Planning Grants funds for the cost of staff interns and their supervision. Matching cash funds of \$8,200 per year for the program (a total of \$16,400 over two years) and an in-kind match of other staff time of \$5,100 per year (a total of \$10,200 over two years) will be available in the FY11 and FY12 operating budgets, for a total program cost of \$76,600 over two years.

VI. ATTACHMENTS

Attachment A: Resolution Authorizing Submission of Applications and Execution of Agreements for Section 5304 Transportation Planning Grants funds.

BEFORE THE BOARD OF DIRECTORS OF THE
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Attachment

A

Resolution No. _____

On the Motion of Director: _____

Duly Seconded by Director: _____

The Following Resolution is Adopted:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
AUTHORIZING APPLICATIONS TO THE CALIFORNIA DEPARTMENT OF
TRANSPORTATION AND EXECUTION OF AGREEMENTS
FOR FUNDING FROM THE FY10-11 TRANSPORTATION PLANNING
TRANSIT PLANNING STUDENT INTERNSHIPS GRANTS PROGRAM**

WHEREAS, the President signed into law the Safe, Accountable Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU) on August 10, 2005, which is now expired and operating under a Continuing Resolution which is set to expire on February 28, 2010; and,

WHEREAS, SAFETEA-LU established the Metropolitan and Statewide Planning Programs, 49 USC §5304 within the Federal Transit Administration to be administered by the California Department of Transportation (Caltrans), to provide funding for planning activities;

WHEREAS, the Santa Cruz Metropolitan Transit District proposes to use §5304 Transportation Planning Transit Planning Student Internship funds allocated to the State of California, along with matching funds from local sales tax revenue and in partnership with the Santa Cruz County Regional Transportation Commission (RTC), for the Santa Cruz METRO/RTC Transit Planning Internship Program;

WHEREAS, the Santa Cruz METRO/RTC Transit Planning Internship Program proposes \$50,000 in §5304 funding and \$26,600 in matching and in-kind funds over two years, from 10/1/10-9/30/12, for the supervised employment of between 2-4 student interns at 30 hours per week to be shared between agencies in order to support regional planning activities and assist with outreach to targeted under-represented, underserved communities such as the elderly, disabled and low-income individuals;

NOW, THEREFORE, BE IT RESOLVED, that the General Manager of the Santa Cruz Metropolitan Transit District is authorized to submit applications, provide certifications and assurances and execute for and on behalf of the Santa Cruz Metropolitan Transit District any and all agreements necessary to obtain financial assistance through the California Department of Transportation for projects implementing the goals and objectives of 49 USC § 5304.

9. a 1

Resolution No. _____

Page 2

PASSED AND ADOPTED this 26th Day of February, 2010 by the following vote:

AYES: Directors -

NOES: Directors -

ABSTAIN: Directors -

ABSENT: Directors -

APPROVED _____

ELLEN PIRIE
Board Chair

ATTEST _____

LESLIE R. WHITE
General Manager

APPROVED AS TO FORM:

MARGARET GALLAGHER
District Counsel

9.02

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010

TO: Board of Directors

FROM: Angela Aitken, Finance Manager & Acting Assistant General Manager 

SUBJECT: CONSIDERATION OF ADOPTING A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO SUBMIT A GRANT APPLICATION AND SIGN NECESSARY AGREEMENTS FOR FEDERAL FUNDING IN THE SECTION 5304 CALTRANS-ADMINISTERED FY11 TRANSPORTATION PLANNING RURAL OR SMALL URBAN TRANSIT PLANNING STUDIES GRANTS PROGRAM

I. RECOMMENDED ACTION

That the Board of Directors adopt a resolution authorizing the General Manager to submit applications to Caltrans and to execute necessary agreements for federal funding in the Section 5304 Caltrans-Administered FY11 Transportation Planning Rural or Small Urban Transit Planning Studies Grants Program.

II. SUMMARY OF ISSUES

- Caltrans is inviting applications for the FY11 Transportation Planning Grants program, which is federally funded through Section 5304.
- Transportation Planning Grants are intended to promote a balanced, comprehensive multi-modal transportation system, with federal and state goals—increased safety, security, accessibility, connectivity and efficiency—providing the framework.
- Santa Cruz METRO has not done a service and/or planning study of the Watsonville service area for approximately 25 years.
- Santa Cruz METRO proposes to submit an application of up to \$100,000 in §5304 funding with \$13,000 in matching local sales tax funds for the 18-month period from October 1, 2010 to March 31, 2012, for the hiring of a consultant to perform surveys of ridership data, and outreach to targeted stakeholders in the underserved, economically disadvantaged enterprise zone of Watsonville in order to produce a final report and recommendations to the Santa Cruz METRO Board of Directors' for approval.
- Adopting the attached resolution would authorize the General Manager to submit applications and execute necessary agreements for grant funds from the federally funded Caltrans-administered Section 5304 FY11 Transportation Planning Rural or Small Urban Transit Planning Studies Grants Program.

III. DISCUSSION

Caltrans has been administering the federal Section 5304 Transportation Planning Grants program for eight years. The FY11 program offers six different opportunities for applications, among them the Transit Planning Rural or Small Urban Transit Planning Studies grants.

Santa Cruz METRO proposes to prepare an IFB for a consultant to study ridership data and survey selected samples of transit service and facilities in Watsonville, an area of the county that has not been subject to a planning study in over 25 years. Once the data is analyzed and put into a report, Santa Cruz METRO will review and submit changes for a final version, which will include recommendations to be presented to the Board of Directors. It is estimated that this will take 18 months, commencing at 10/1/10 and to be presented to the Board of Directors for approval by March 31, 2012.

Applications for the Transit Planning Rural or Small Urban Transit Planning Grants are due by March 1, 2010. The program funds at 88.53%, with a required 11.47% local match, which is easily met with a match of staff time needed to work with the consultant. The program period will be from October 1, 2010 to March 31, 2012.

Staff recommends submitting a grant application for the FY11 funding. The grant application will request up to \$100,000 over 18 months to fund a transit planning study of the economically disadvantaged area of Watsonville. Supervisory staff time funded by local sales tax and valued at \$13,000 will serve as the cash match for the project.

Adopting the attached resolution authorizes the General Manager to submit applications, sign required Certifications and Assurances and execute agreements necessary to implement projects in the federally funded Caltrans-administered Section 5304 FY11 Transportation Planning Rural or Small Urban Transit Planning Grants Program.

V. FINANCIAL CONSIDERATIONS

If approved for grant funding, Santa Cruz METRO will receive up to \$100,000 in Section 5304 Transportation Planning Grants funds over 18 months for the retention of a consultant to perform a transit planning study in the Watsonville area and to produce an analysis, report and recommendations to the Board of Directors by March 31, 2012. Matching funds of \$13,000 in supervisory and other staff salaries will be available in the FY11 and FY12 operating budgets.

VI. ATTACHMENTS

Attachment A: Resolution Authorizing Submission of Applications and Execution of Agreements for Section 5304 Transportation Planning Grants funds.

BEFORE THE BOARD OF DIRECTORS OF THE
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Attachment **A**

Resolution No. _____

On the Motion of Director: _____

Duly Seconded by Director: _____

The Following Resolution is Adopted:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
AUTHORIZING APPLICATIONS TO THE CALIFORNIA DEPARTMENT OF
TRANSPORTATION AND EXECUTION OF AGREEMENTS
FOR FUNDING FROM THE FY11 TRANSPORTATION PLANNING RURAL
OR SMALL URBAN TRANSIT PLANNING STUDIES GRANTS PROGRAM**

WHEREAS, the President signed into law the Safe, Accountable Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU) on August 10, 2005, which is now expired and operating under a Continuing Resolution which is set to expire on February 28, 2010; and

WHEREAS, SAFETEA-LU established the Metropolitan and Statewide Planning Programs, 49 USC §5304 within the Federal Transit Administration to be administered by the California Department of Transportation (Caltrans), to provide funding for planning activities; and

WHEREAS, the Santa Cruz Metropolitan Transit District proposes to use FY11 §5304 Transportation Planning Rural or Small Urban Transit Planning Studies Grants Program funds allocated to the State of California, with matching funds from local sales tax revenue, for the Santa Cruz METRO Watsonville Service and Planning Study; and

WHEREAS, the Santa Cruz METRO Watsonville Service and Planning Study proposes \$100,000 in §5304 funding and \$13,000 in matching and in-kind funds over 18 months, from October 1, 2010 to March 31, 2012, for the hiring of a consultant to perform surveys of data and ridership and outreach to targeted stakeholders in the underserved, economically disadvantaged enterprise zone of Watsonville in order to produce a final report with recommendations for service improvement to the Santa Cruz METRO Board of Directors' approval by March 31, 2012;

NOW, THEREFORE, BE IT RESOLVED, that the General Manager of the Santa Cruz Metropolitan Transit District is authorized to submit applications, provide certifications and assurances and execute for and on behalf of the Santa Cruz Metropolitan Transit District any and all agreements necessary to obtain financial assistance through the California Department of Transportation for projects implementing the goals and objectives of 49 USC § 5304.

10.a.1

PASSED AND ADOPTED this 26th Day of February, 2010 by the following vote:

AYES: Directors -

NOES: Directors -

ABSTAIN: Directors -

ABSENT: Directors -

APPROVED _____
ELLEN PIRIE
Board Chair

ATTEST _____
LESLIE R. WHITE
General Manager

APPROVED AS TO FORM:

MARGARET GALLAGHER
District Counsel

10.02

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010

TO: Board of Directors

FROM: Angela Aitken, Finance Manager and Acting Assistant General Manager 

SUBJECT: **CONSIDERATION OF ADOPTING A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO SUBMIT A GRANT APPLICATION AND SIGN NECESSARY AGREEMENTS TO OBTAIN FINANCIAL ASSISTANCE FROM THE CALIFORNIA EMERGENCY MANAGEMENT AGENCY'S FY10 CALIFORNIA TRANSIT SYSTEM SAFETY, SECURITY AND DISASTER RESPONSE GRANT PROGRAM**

I. RECOMMENDED ACTION

That the Board of Directors adopt a resolution authorizing the General Manager to submit an application and sign necessary agreements to obtain financial assistance from the California Emergency Management Agency's FY10 California Transit Safety, Security and Disaster Response Program.

II. SUMMARY OF ISSUES

- In November 2006, Proposition 1B established \$1 billion for the California Transit Security Grant Program (CTSGP) within the California Transit Assistance Fund for eligible projects, including capital projects increasing transit system safety and security;
- For FY10, the State Controller's Office has allocated \$440,505 in CTSGP funds to Santa Cruz METRO and the Santa Cruz County Regional Transportation Commission;
- Santa Cruz METRO proposes to submit an application for a comprehensive transit security project which will enhance safety and security at METRO facilities, upgrade interoperable communication among emergency responders and facilitate the move and installation of an emergency generator;
- Applications for the FY10 allocation are due to the California Emergency Management Agency by March 8, 2010.
- Adopting the attached resolution authorizes Staff to submit an application through the Santa Cruz Regional Transportation Commission to the California Emergency Management Agency and to execute necessary agreements to obtain CTSGP funds for Santa Cruz METRO security projects.

III. DISCUSSION

On November 7, 2006, California voters approved the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006 (Proposition 1B) to finance public transportation infrastructure projects in California. Proposition 1B and its implementing legislation, SB 88, established the Transit System Safety, Security and Disaster Response Account with \$1 billion to fund the California Transit Security Grant Program (CTSGP) for transit system security projects. In FY10, \$60 million in CTSGP funds have been appropriated to eligible agencies and transit operators.

The State Controller's Office determines the amount of CTSGP funds available to eligible Regional Transportation Planning Agencies and Public Transit Operators using the formula used to allocate State Transit Assistance (STA) funds. For FY10, the State Controller's Office allocated \$440,505 to Santa Cruz County, with \$212,337 available to the SCCRTC and \$228,168 to Santa Cruz METRO.

Last year, the SCCRTC designated its share of CTSGP funds to Santa Cruz METRO for the current ongoing and comprehensive security project. This year, Santa Cruz METRO will request that the SCCRTC designate its share of CTSGP funds for the same and to facilitate the move and installation of an emergency generator at the 110 Vernon Street office building from its location at 370 Encinal Street.

Santa Cruz METRO has a need to continue security enhancements begun last year. If approved, Santa Cruz METRO staff will submit an application for the same comprehensive transit security project, in addition to budgeting for the generator move. This project will also fund continuing consultant design and implementation of security enhancements including facilities surveillance, upgrade of interoperable radio communications and an emergency alert system.

The California Emergency Management Agency (Cal-EMA) administers the CTSGP. CTSGP Guidelines designate the Santa Cruz County Regional Transportation Commission to approve and submit project applications from eligible agencies for the FY10 allocation. In accordance with the Guidelines, Santa Cruz METRO will submit an Investment Justification to the SCCRTC for approval and transmission to Cal-EMA.

Adopting the attached resolution will authorize the submission of an application for Santa Cruz METRO's security projects through the SCCRTC and to execute necessary contracts with the California Emergency Management Agency to receive program funds. The Authorized Agent Form (Attachment B) must be signed by the Board Chair and submitted with the application.

IV. FINANCIAL CONSIDERATIONS

CTSGP grant funds would provide Santa Cruz METRO with \$440,505 for security projects in FY10.

11.2

V. ATTACHMENTS

Attachment A: Resolution Authorizing Submission of Applications and Execution of Agreements for CTSGP funds

Attachment B: Authorized Agent Form

BEFORE THE BOARD OF DIRECTORS OF THE
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Attachment **A**

Resolution No. _____

On the Motion of Director: _____

Duly Seconded by Director: _____

The Following Resolution is Adopted:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
AUTHORIZING APPLICATIONS TO THE CALIFORNIA EMERGENCY
MANAGEMENT AGENCY'S FY10 TRANSIT SYSTEM SAFETY, SECURITY
AND DISASTER RESPONSE ACCOUNT PROGRAM**

WHEREAS, California voters approved Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act in November 2006; and

WHEREAS, Proposition 1B and its implementing legislation in Senate Bill 88 created the California Transit Security Grant Program (CTSGP) within the Transit System Safety, Security & Disaster Response Account to be funded with \$1 billion from the sale of bonds; and

WHEREAS, the State Controller's Office is authorized under Sections 8879.55 and 8879.56 of the Government Code to allocate CTSGP funds to eligible regional transportation planning agencies and public transit operators; and

WHEREAS, in accordance with Sections 99313 and 99314 of the Public Utilities Code, the Santa Cruz County Regional Transportation Commission and the Santa Cruz Metropolitan Transit District are eligible recipients of CTSGP funds; and

WHEREAS, CTSGP funds are allocated to eligible agencies for projects to increase protection from security and safety threats against public transit stations, facilities and equipment; and

WHEREAS, the Santa Cruz Metropolitan Transit District requests that the Santa Cruz County Regional Transportation Commission designate its allocation of CTGSP funds for the Santa Cruz Metropolitan Transit District's transit security projects; and

WHEREAS, the Santa Cruz Metropolitan Transit District proposes to use CTSGP funds allocated in Grant FY 2009-10 Proposition 1B 6261-0002 for transit security projects in conformance with the CTSGP Guidelines.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager of the Santa Cruz Metropolitan Transit District is authorized to submit applications, provide

11.a1

Resolution No. _____

Page 2

certifications and assurances and execute for and on behalf of the Santa Cruz Metropolitan Transit District any and all agreements necessary to obtain financial assistance provided to Santa Cruz County by the California Emergency Management Agency through the FY10 CTS GP Program.

PASSED AND ADOPTED this 26th Day of February, 2010 by the following vote:

AYES: Directors -

NOES: Directors -

ABSTAIN: Directors -

ABSENT: Directors -

APPROVED _____

ELLEN PIRIE
Board Chair

ATTEST _____

LESLIE R. WHITE
General Manager

APPROVED AS TO FORM:

MARGARET GALLAGHER
District Counsel

11.a2

APPENDIX D – Authorized Agent Form

FY 2009-10 Transit System Safety, Security and
Disaster Response Account Program

Attachment **B**

AS THE BOARD CHAIR
(Chief Executive Officer / Director / President / Secretary)

OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
(Name of State Organization)

I hereby authorize the following individual(s) to execute for and on behalf of the named state organization, any actions necessary for the purpose of obtaining state financial assistance provided by the California Emergency Management Agency.

LESLIE R. WHITE, GENERAL MANAGER, OR
(Name or Title of Authorized Agent)

FINANCE MANAGER AND
ANGELA AITKEN, ACTING ASSISTANT GENERAL MANAGER, OR
(Name or Title of Authorized Agent)

(Name or Title of Authorized Agent)

Signed and approved this 26th day of February, 2010

(Signature)

11.61

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010

TO: Board of Directors

FROM: Ciro Aguirre, Operations Manager
April Warnock, Paratransit Superintendent

SUBJECT: CONSIDERATION OF AWARD OF CONTRACT FOR PARACRUZ VEHICLE WASHING SERVICES WITH MASTER CAR WASH FOR AN AMOUNT NOT TO EXCEED \$25,000 AND CONSIDERATION OF AWARD OF CONTRACT FOR PARACRUZ VEHICLE FUELING SERVICES WITH DEVCO OIL INC. FOR AN AMOUNT NOT TO EXCEED \$185,000

I. RECOMMENDED ACTION

That the Board of Directors authorize the General Manager to execute contracts with Master Car Wash for ParaCruz vehicle washing services for an amount not to exceed \$25,000 and with Devco Oil, Inc. for ParaCruz fueling services for an amount not to exceed \$185,000.

II. SUMMARY OF ISSUES

- Santa Cruz METRO issued a Request for Proposals for ParaCruz vehicle fueling and washing services.
- Four firms submitted proposals for Santa Cruz METRO's review.
- Santa Cruz METRO staff reviewed and evaluated the proposals.

III. DISCUSSION

Santa Cruz METRO requested proposals from qualified firms to provide fuel and vehicle washing services for Santa Cruz METRO's ADA Paratransit transportation services (ParaCruz). Proposals were requested for: fueling services only; washing services only; or both fuel and wash services for ParaCruz vehicles.

On December 18, 2009, Santa Cruz METRO Request for Proposal No. 10-16 was mailed to seventeen firms, was legally advertised, and a notice was posted on Santa Cruz METRO's web site. On January 29, 2010, proposals were received and opened from four firms. A list of these firms is provided in Attachment A. Santa Cruz METRO staff have reviewed and evaluated the proposals.

The proposal received from Devco Oil, Inc. offered the lowest cost for fueling of ParaCruz vehicles. The proposal received from Master Car Wash offered the lowest cost for vehicle washing services for ParaCruz vehicles. The evaluation committee is recommending that contracts be established for ParaCruz vehicle washing services with Master Car Wash for an amount not to exceed \$25,000 and for ParaCruz vehicle fueling services with Devco Oil Inc. for an amount not to exceed \$185,000. Both Contractors will provide all services meeting all Santa Cruz METRO specifications and requirements.

IV. FINANCIAL CONSIDERATIONS

Funds to support these contracts are included in the ParaCruz FY10 operating budget.

V. ATTACHMENTS

- Attachment A:** List of firms that submitted a proposal
- Attachment B:** Contract with Master Car Wash
- Attachment C:** Contract with Devco Oil, Inc.

Prepared By: Lloyd Longnecker, Purchasing Agent
Date Prepared: February 4, 2010

Note: The RFP along with its Exhibits and any Addendum(s) are available for review at the Administration Office of Santa Cruz METRO or online at www.scmtfd.com

12.2

**LIST OF FIRMS THAT SUBMITTED A PROPOSAL IN RESPONSE
TO SANTA CRUZ METRO RFP NO. 10-16 FOR PARACRUZ
VEHICLE WASHING AND FUELING SERVICES**

1. Devco Oil, Inc. of Santa Cruz, CA
2. Oneto Enterprises, Inc. DBA Steve's Union Service of Santa Cruz, CA
3. The Auto Spa Inc. DBA Cruz Car Wash of Soquel, CA
4. Master Car Wash of Capitola, CA

CONTRACT FOR PARACRUZ VEHICLE WASHING SERVICES (10-16)

THIS CONTRACT is made effective on March 1, 2010 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("Santa Cruz METRO"), and MASTER CAR WASH ("Contractor").

1. RECITALS

1.01 Santa Cruz METRO's Primary Objective

Santa Cruz METRO is a public entity whose primary objective is providing public transportation and has its principal office at 110 Vernon Street, Santa Cruz, California 95060.

1.02 Santa Cruz METRO's Need for ParaCruz Vehicle Washing Services

Santa Cruz METRO has the need for ParaCruz Vehicle Washing Services. In order to obtain these services, METRO issued a Request for Proposals, dated December 18, 2009, 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 ParaCruz Vehicle Washing Services and whose principal place of business is 2110 41st Ave, Capitola, CA. Pursuant to the Request for Proposals by Santa Cruz METRO, Contractor submitted a proposal for ParaCruz Vehicle Washing Services, which is attached hereto and incorporated herein by reference as Exhibit "B."

1.04 Selection of Contractor and Intent of Contract

On February 26, 2010, Santa Cruz METRO selected Contractor as the offeror whose proposal was most advantageous to METRO, to provide the ParaCruz Vehicle Washing Services described herein. This Contract is intended to fix the provisions of these services.

Santa Cruz METRO 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 December 18, 2009

B. Exhibit "B" (Contractor's Proposal)

Contractor's Proposal to Santa Cruz METRO for ParaCruz Vehicle Washing Services, signed by Contractor and dated January 29, 2010.

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 Santa Cruz METRO for this project in accordance with the Request for Proposals issued December 18, 2009.

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 December 18, 2009.

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 Santa Cruz METRO.

At the option of Santa Cruz METRO, 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

Santa Cruz METRO shall compensate Contractor in an amount not to exceed the amounts/rates agreed upon by Santa Cruz METRO. Santa Cruz METRO shall reasonably determine whether work has been successfully performed for purposes of payment. Compensation shall be made

within thirty (30) days of Santa Cruz METRO written approval of Contractor's written invoice for said work. Contractor understands and agrees that if he/she exceeds the \$25,000 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 Santa Cruz METRO 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 Santa Cruz METRO (or any grantor of Santa Cruz METRO, 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 Santa Cruz METRO 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.

Santa Cruz METRO

Santa Cruz Metropolitan Transit District
110 Vernon Street
Santa Cruz, CA 95060
Attention: General Manager

CONTRACTOR

Master Car Wash
2110 41st Ave.
Capitola CA 95010
Attention: Manager

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 _____

Santa Cruz METRO - SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR – MASTER CAR WASH

By _____
Jaime Martinez
Manager

Approved as to Form:

Margaret Rose Gallagher
District Counsel

EXHIBIT - A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

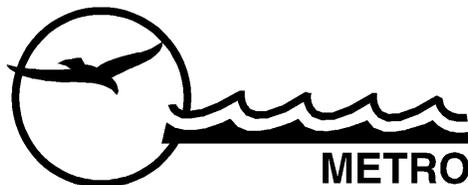
Request for Proposals (RFP)

For ParaCruz Vehicle Washing and Fueling Services

METRO RFP No. 10-16

Date Issued: December 18, 2009

Proposal Deadline: 5:00 P.M., January 29, 2010



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:** METRO 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 METRO:** Proposals (1 original and 4 copies) must be delivered to METRO Purchasing Office, 110 Vernon Street, 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 METRO. 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 METRO and the advantage to METRO 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 METRO, 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 METRO:** 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 METRO

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 METRO in the RFP.

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 METRO 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 METRO; (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 METRO a third-party beneficiary thereunder; (b) grant to METRO the right to receive notice of and cure any default by the successful offeror under the document; and (c) pass through to METRO 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 METRO. Specific evaluation criteria are identified in the Specifications section of the RFP.
15. **METRO'S PREROGATIVE:** METRO 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 METRO to negotiate a contract, nor does it obligate METRO to pay for any costs incurred in preparation and submission of proposals or in submission of a contract.

METRO 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 METRO Administrative Office no later than ten (10) calendar days after the date of notification of award by METRO. 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, METRO may award the contract to another offeror; in such event, METRO shall have no liability and said party shall have no remedy of any kind against METRO.
17. **DISADVANTAGED BUSINESS ENTERPRISES:** The Board of Directors of the Santa Cruz Metropolitan Transit METRO has adopted a Disadvantaged Business Enterprise Policy to promote the participation of disadvantaged business enterprises (DBE) in all areas of METRO 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.

19. PUBLIC RECORDS ACT:

- A. Responses to this IFB shall be subject to the provisions of the California Public Records Act (Government Code Sections §6250 et. seq.).
- B. The Bidder may label information as “Trade Secret”, “Confidential” or “Proprietary”. METRO will not advise as to the nature or content of documents entitled to protection from disclosure under the California Public Records Act. METRO will use its best efforts to inform the Contractor of any request for any documents provided by the Bidder to METRO marked “Trade Secret”, “Confidential”, or “Proprietary”. However, it is incumbent on the Contractor to assert any rights to confidentiality and to seek and obtain a court order prohibiting the release of such information.
- C. Under no circumstances, will METRO be responsible or liable to the Bidder or any other party for the disclosure of any such labeled information, whether the disclosure is required by law or a court order or occurs through inadvertence, mistake, or negligence on the part of METRO or its officers, employees, agents, and/or Contractors.
- D. The Bidder, at its sole expense and risk, shall be responsible for prosecuting or defending any action concerning the information contained in the IFB and shall hold METRO harmless from all costs and expenses, including attorney’s fees, in connection with such actions.

***ADDITIONAL INSTRUCTIONS TO OFFERORS ARE SET FORTH IN
OTHER SECTIONS OF THIS REQUEST FOR PROPOSALS***

PART II

GENERAL INFORMATION FORM

**PARACRUZ VEHICLE WASHING AND FUELING SERVICES
RFP No. 10-16**

(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 METRO 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 METRO 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 METRO 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

**CERTIFICATION OF PROPOSED CONTRACTOR REGARDING DEBARMENT,
SUSPENSION AND OTHER INELIGIBILITY AND VOLUNTARY EXCLUSION**

(Contractor) _____ certifies to the best of its knowledge and belief, that it and its principals:

Are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any Federal department or agency;

Have not within a three year period preceding this bid been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property;

Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (2) of this certification; and

Have not within a three year period preceding this bid had one or more public transactions (Federal, State or local) terminated for cause or default.

If the Proposed Subcontractor is unable to certify to any of the statements in this certification, it shall attach an explanation to this certification.

(Contractor) _____, CERTIFIES OR AFFIRMS THE TRUTHFULNESS AND ACCURACY OF THE CONTENTS OF THE STATEMENTS SUBMITTED ON OR WITH THIS CERTIFICATION AND UNDERSTANDS THAT THE PROVISIONS OF 31 U.S.C. SECTIONS 3801 ET. SEQ. ARE APPLICABLE THERETO.

Signature and Title of Authorized Official

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
(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 _____ CONTRACTOR'S ADDRESS _____
 DBE GOAL FROM CONTRACT _____ % _____
 FED. NO. _____
 COUNTY _____ PROPOSAL AMOUNT \$ _____
 AGENCY _____ PROPOSAL OPENING DATE _____
 CONTRACT NO. _____ DATE OF DBE CERTIFICATION _____
 SOURCE ** _____

This information must be submitted during the initial negotiations with METRO. By submitting a proposal, offeror certifies that he/she is in compliance with METRO'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

SPECIFICATIONS FOR PARACRUZ VEHICLE WASHING AND FUELING SERVICES

1. INTRODUCTION

The Santa Cruz Metropolitan Transit District (METRO) is requesting proposals from qualified firms to undertake the following activities related to providing fuel and vehicle washing services for the METRO's ADA Paratransit transportation services (ParaCruz). Offerors can provide proposals for: fueling services only; washing services only; or both fuel and wash services for ParaCruz vehicles.

2. BACKGROUND

The Santa Cruz Metropolitan Transit District is the sole public transit operator in Santa Cruz County. Its service area is the entire county, an area of 441 square miles with a population of 255,602 (according to 2000 estimates by the State Department of Finance). METRO provides fixed route bus service that serves both the urban and rural areas of the County and ADA paratransit services for pre-qualified customers within $\frac{3}{4}$ of a mile of fixed route services. The operations facility for ParaCruz is located at 2880 Research Park Drive, Suite 160, Soquel, California.

3. FUEL REQUIREMENTS

The ParaCruz program utilizes the following vehicles:

- A. Twenty (20) each modified Chevrolet Venture minivans with wheelchair ramps,
- B. Three (3) each Goshen 15-passenger vans with wheelchair lifts.

All vehicles require unleaded gasoline with a minimum octane rating of 87. It is estimated that each Chevrolet Venture minivan will require approximately 200 gallons of unleaded gasoline per week, each and each Goshen 15-passenger vans will require approximately 600 gallons of unleaded gasoline per week.

Offeror shall provide a cost proposal that will identify any discount offered from the daily-posted pump price or volume discount offered based on the total monthly volume of gas purchased. Offeror shall also provide the posted price for 87 octane-unleaded fuel as posted on Wednesday, January 20, 2010. One (1) of the Offeror's fueling station(s) must be located within a 5 -mile radius from the ParaCruz Operations facility located at 2880 Research Park Drive, Suite 160, Soquel, California.

Fuel service must be available from 6:30 a.m. to 6:30 p.m. daily.

For each vehicle refueling transaction, the following information must be recorded and identified on Offeror's receipt to be provided to the ParaCruz driver:

- A. ParaCruz vehicle ID number and mileage;
- B. ParaCruz driver ID number;
- C. Date service was provided;
- D. Number of gallons purchased,
- E. Gallon price of fuel, and
- F. Total amount of purchase.

4. VEHICLE WASHING REQUIREMENTS

The ParaCruz Chevrolet Venture minivans are to be washed once per week (METRO's bus washing facilities will be used for the Champion and Goshen vehicles). Washing requirements shall include the following:

- A. Exterior washing and drying of vehicle body, wheels and tires;
- B. Vacuuming of the inside of the vehicle including floors, seats and dash board and disinfecting;
- C. Cleaning and drying of all windows, inside and out; and
- D. Biohazard cleaning of inside the vehicle (vomit, urine, etc.) when needed.

Contractor shall provide an estimated completion time for these services (estimated time from arrival of vehicle to completion of standard wash requirements).

Wash services must be available from 8:00 a.m. to 6:00 p.m. Monday through Friday and 10:00 a.m. to 5:00 p.m. Saturdays and Sundays (except when weather prohibits washing)

Submitted cost shall be inclusive of all taxes and tip (if provided) to car washer.

5. INVOICING

Offerors shall provide monthly invoices of services provided either fuel only, wash only or both services providing the following information:

- A. ParaCruz vehicle ID number and mileage;
- B. ParaCruz driver ID number;
- C. Date service was provided;
- D. Type of service(s) performed;
- E. Contract unit price(s) of service(s) performed less offered discounts;
- F. Total monthly dollar amount of services performed; and
- G. METRO assigned purchase order number.

In addition, the above information shall be supplied monthly in an excel spreadsheet format (or compatible) detailing daily transactions subdivided by the daily information as listed above..

6. CONTRACT 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 METRO. At the option of METRO, this contract agreement may be renewed for four (4) additional one (1) year terms upon mutual written consent. Compensation rates for option years are subject to negotiation and shall not exceed the annual percentage change in the Consumers Price Index for the San Francisco – Oakland – San Jose area. Costs for any enhancements in service will be negotiated.

7. PROCESS FOR SUBMITTAL OF PROPOSALS

7.1 Proposal Requirements

- 7.1.1 Contractor shall be required to meet all other provisions of the contract documents enclosed as part of this Request for Proposal package.
- 7.1.2 Conflict of Interest - The offeror shall disclose any financial, business or other relationship with METRO or any of its officers or officials that may have an impact upon the outcome of the work. The offeror shall also list current clients who may have a financial interest in the outcome of the work.
- 7.1.3 Professional Services Agreement - Offeror's proposal shall be based on the requirements set forth in the "Professional Services Agreement" included in this RFP (Part V). The final agreement between METRO and Contractor shall be in substantially the same form and content as the "Professional Services Agreement" included herein.

- 7.1.4 Signature - The proposal shall be signed by an official authorized to bind the offeror and shall contain a statement to the effect that the proposal is a firm offer for a 90-day period.

7.2 Proposal Submittal

One original unbound proposal and four bound copies must be received no later than 5.00 p.m. on due date at METRO's Administration Office, 110 Vernon Street, Santa Cruz, CA 95060. All responses to this RFP become the property of METRO. Proposals must be clearly marked:

RFP No. 10-16
Proposal for ParaCruz Vehicle Washing and Fueling Services
(Proposal Due Date: January 29, 2010, 5:00 p.m.)

All proposals submitted in response to this RFP become a matter of Public Record and shall be regarded as Public Records, with the exception of those elements in each proposal which are defined by the proposer as business or trade secrets, and marked as "Trade Secret", "Confidential" or "Proprietary." METRO shall not in any way be liable or responsible for the disclosure of any such records or portions thereof, if they are not plainly marked "Trade Secret", "Confidential" or "Proprietary", or if disclosure is required under the Public Record Act.

7.3 Rejection Of Proposals

Failure to meet the requirements for the Request for Proposals will be cause for rejection of the proposal. METRO may reject any proposal if it is conditional, incomplete or contains irregularities. METRO 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 excuses the offeror from full compliance with the contract documents if the offeror is awarded the contract. METRO reserves the right to not award the contract should it determine that the proposals are not in its best interest.

7.4 Evaluation Criteria And Selection Of The Successful Offeror

- 7.4.1 Selection of the successful offeror will be based on information provided in response to the RFP and a variety of factors, including costs, evaluation of proposals according to METRO-specified evaluation criteria, consideration of any exceptions taken to METRO's proposed contract terms and conditions, qualifications and experience, information provided by offeror's references for whom work of a similar nature has been done, and Disadvantaged Business Enterprise (DBE) participation.
- 7.4.2 Proposals submitted by each offeror shall be evaluated separately based on how well the proposal meets METRO's criteria. Contract award will be based on written proposals submitted. METRO, at its sole discretion, will determine whether to interview the top rated offerors or to award the contract without further discussion on the basis of the initial proposal received.
- 7.4.3 If a single proposal is received in response to this RFP, METRO will perform a detailed cost/price analysis prior to the award of contract.
- 7.4.4 A METRO evaluation committee will perform the overall evaluation process. The evaluation criteria set forth below will be the sole basis for determining an award of contract. Proposals should be specific and complete in every detail. Reference checks will be made of the top rated offerors.

Proposals will be evaluated and scored according to the following:

EVALUATION CRITERIA	EVALUATION POINTS
1. Cost	45
2. Location of vendor's site	40
3. Ability to meet the requirements presented in the Scope.	10
4. Disadvantage Business Enterprise Participation	5
Total Points Possible	100

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 METRO 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

METRO 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 METRO upon fifteen (15) days' notice at any time without cause for any reason in whole or in part, whenever METRO determines that such termination is in METRO's best interest.

2.01.02 Upon receipt of a notice of termination, and except as otherwise directed by METRO, 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 METRO in the manner, at the time, and to the extent directed by METRO all of the rights, title, and interest of the Contractor under the orders and subcontracts so terminated, in which case METRO 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 METRO, to the extent METRO may require, which approval or ratification shall be final for all the purposes of this clause; (6) transfer title to METRO and deliver in the manner, at the time, and to the extent, if any, directed by METRO 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 METRO; (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 METRO, any property of the types referred to above provided, however, that the Contract 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 METRO, and provided further, that the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made to METRO 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 METRO 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 METRO 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 METRO has or may acquire an interest.

2.02 Termination for Default

2.02.01 METRO 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, METRO may procure, upon such terms and in such manner as METRO may deem appropriate, supplies or services similar to those so terminated. Without limitation to any other remedy available to METRO, the Contractor shall be liable to METRO 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 METRO shall be considered to have been terminated pursuant to termination for convenience of METRO pursuant to Article 2.01 from the date of Notification of Default.

2.03 No Limitation

The rights and remedies of METRO 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 METRO 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 METRO 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 METRO to evaluate any Contractor request for relief under this Article 3. METRO shall examine Contractor's notification and determine if the Contractor is entitled to relief. METRO shall notify the Contractor of its decision in writing. METRO'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 METRO 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. METRO 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 METRO 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 METRO 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 METRO (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 METRO 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 negligence, recklessness or willful misconduct 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 METRO and any insurance or self-insurance maintained by METRO 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 METRO.
- (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 METRO.
- (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 METRO shall have been given written notice of such cancellation or reduction."
- (5) Contractor shall notify METRO 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 METRO 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 METRO.

8. SINGLE PROPOSAL

If only one proposal is received in response to the RFP, Offeror may be required to submit to METRO within five (5) days of METRO demand, a detailed cost proposal. METRO may conduct a cost or price analysis of the cost proposal to determine if the proposal price(s) are fair and reasonable. Offeror shall cooperate with METRO in compiling and submitting detailed information for the cost and price analysis.

9. NO DISCRIMINATION

The Contractor, sub recipient or subcontractor shall not discriminate on the basis of race, color, national origin, or, sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR, Part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy, as recipient deems appropriate.

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 METRO 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.

I. PROMPT PAYMENT

11.01 Prompt Progress Payment to Subcontractors

The prime contractor or subcontractor shall pay to any subcontractor not later than 10-days of receipt of each progress payment, in accordance with the provision in Section 7108.5 of the California Business and Professions Code concerning prompt payment to subcontractors. The 10-days is applicable unless a longer period is agreed to in writing. Any delay or postponement of payment over 30-days may take place only for good cause and with METRO's prior written approval. Any violation of Section 7108.5 shall subject the violating contractor or subcontractor to the penalties, sanctions, and other remedies of that Section. This requirement shall not be construed to limit or impair any contractual, administrative, or judicial remedies, otherwise available to the contractor or subcontractor in the event of a dispute involving late payment or nonpayment by the contractor, deficient subcontractor performance, and/or noncompliance by a subcontractor. This clause applies to both DBE and non-DBE subcontractors.

A. Prompt Payment of Withheld Funds to Subcontractors

METRO shall hold retainage from the prime contractor and shall make prompt and regular incremental acceptances of portions, as determined by METRO of the contract work and pay retainage to the prime contractor based on these acceptances. The prime contractor or subcontractor shall return all monies withheld in retention from all subcontractors within 30 days after receiving payment for work satisfactorily completed and accepted including incremental acceptances of portions of the contract work by METRO. Any delay or postponement of payment may take place only for good cause and with METRO's prior written approval. Any violation of these provisions shall subject the violating prime contractor to the penalties, sanctions, and other remedies specified in Section 7108.5 of the California Business Professions Code. This requirement shall not be construed to limit or impair any contractual, administrative, or judicial remedies, otherwise available to the contractor or subcontractor in the event of: a dispute involving late payment or nonpayment by the contractor; deficient subcontractor performance; and/or noncompliance by a subcontractor. This clause 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 METRO 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 METRO Liability

METRO'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 METRO premises or distribute same to METRO employees.

13.05 Publicity

Contractor agrees to submit to METRO all advertising, sales promotion, and other public matter relating to any service furnished by Contractor wherein METRO's name is mentioned or language used from which the connection of METRO'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 METRO.

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 METRO property, (2) ensure that its employees take appropriate protective measures, and (3) provide METRO's Manager of Facility Maintenance with a Material Safety Data Sheet (MSDS) for all hazardous substances to be used on METRO property.

13.10.02 Contractor shall comply with Cal OSHA regulations and the Hazardous Substance Training and Information Act. Further, said parties shall indemnify METRO 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 METRO; and any such action by Contractor without METRO'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 METRO. Any such action by Contractor without METRO'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 METRO 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 METRO premises or in a METRO vehicle.

13.17 Responsibility for Equipment

13.17.01 METRO 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 METRO.

13.17.02 Contractor is responsible to return to METRO in good condition any equipment, including keys, issued to it by METRO pursuant to this Agreement. If the contractor fails or refuses to return METRO-issued equipment within five days of the conclusion of the contract work METRO 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 METRO.

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 METRO 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

PROFESSIONAL SERVICES CONTRACT FOR PARACRUZ VEHICLE WASHING AND FUELING SERVICES (10-16)

THIS CONTRACT is made effective on _____, 2009 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("METRO"), and _____ ("Contractor").

1. RECITALS

1.01 METRO's Primary Objective

METRO is a public entity whose primary objective is providing public transportation and has its principal office at 110 Vernon Street, Santa Cruz, California 95060.

1.02 METRO's Need for ParaCruz Vehicle Washing and Fueling Services

METRO has the need for ParaCruz Vehicle Washing and Fueling Services. In order to obtain these services, METRO issued a Request for Proposals, dated December 18, 2009, 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 ParaCruz Vehicle Washing and Fueling Services and whose principal place of business is _____. Pursuant to the Request for Proposals by METRO, Contractor submitted a proposal for ParaCruz Vehicle Washing and Fueling Services, which is attached hereto and incorporated herein by reference as Exhibit "B."

1.04 Selection of Contractor and Intent of Contract

On _____, METRO selected Contractor as the offeror whose proposal was most advantageous to METRO, to provide the ParaCruz Vehicle Washing and Fueling Services described herein. This Contract is intended to fix the provisions of these services.

METRO 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 December 18, 2009

B. Exhibit "B" (Contractor's Proposal)

Contractor's Proposal to METRO for ParaCruz Vehicle Washing and Fueling Services, signed by Contractor and dated January 29, 2010.

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 METRO for this project in accordance with the Request for Proposals issued December 18, 2009.

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 December 18, 2009.

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 METRO.

At the option of METRO, 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

METRO shall compensate Contractor in an amount not to exceed the amounts/rates agreed upon by METRO. METRO shall reasonably determine whether work has been successfully performed for purposes of payment. Compensation shall be made within thirty (30) days of METRO 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 METRO 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 METRO (or any grantor of METRO, 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 METRO 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.

METRO

Santa Cruz Metropolitan Transit District
110 Vernon Street
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 _____

METRO - SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR -

By _____

Approved as to Form:

Margaret Rose Gallagher
District Counsel

SAMPLE
CONTRACT

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 METRO 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 METRO, 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, METRO 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 METRO 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 METRO to enter into such litigation to protect the interests of METRO, 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 METRO, 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 METRO 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 METRO 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

DOT or METRO 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, METRO 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 DOT 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 METRO (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 METRO 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 26 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 26 apply to this Agreement.

12.2 DBE Obligation

METRO and Contractor agree to insure that Disadvantaged Business Enterprises as defined in 49 CFR Part 26 have the maximum opportunity to participate in the performance of contracts and subcontracts under this Agreement. In this regard, METRO and Contractor shall take all necessary and reasonable steps in accordance with 49 CFR Part 26 to insure that Disadvantaged Business Enterprises have the maximum opportunity to compete for and perform Contracts. METRO 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 METRO 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. METRO'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 METRO 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 METRO.

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

METRO 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 METRO, its contractors or employees to accomplish a Government function.
- (b) To notify the Government when METRO 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. METRO 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, METRO, 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 METRO 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 METRO 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 METRO 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, METRO (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 METRO, 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. METRO 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, METRO 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.

METRO 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.

METRO 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 METRO 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 METRO or Contractor by the Government and incorporated in the work furnished under the Contract, provided that such incorporated material is identified by METRO 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

POLICY

It is the policy of the Santa Cruz Metropolitan Transit District (METRO) that it is responsible for resolving all Pre-Bid, Pre-Award and Post-Award Procurement Protest disputes arising out of third party procurements using good administrative practices and sound business judgment. It is METRO's intention that its procurement process provides for fair and open competition in compliance with federal and state laws and METRO policies.

METRO has established these Pre-Bid, Pre-Award and Post-Award Procurement Protest Policy and Procedures so that all procurement protests/disputes are filed, processed and resolved in a manner consistent with the requirements of the Federal Transit Administration (FTA) Circular (4220.1F) *Third Party Contracting Guidance*, dated November 1, 2008, which are on file at METRO's Administrative Offices, 110 Vernon Street, Santa Cruz, CA 95060, and available upon request.

APPLICABILITY

This regulation is applicable to all METRO employees. This regulation is applicable to any Interested Party as defined herein who has a protest/dispute against METRO in the Pre-Bid, Pre-Award and Post-Award procurement phase.

DEFINITIONS

“Common Grant Rules” refers to the Department of Transportation regulations “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments,” 49 CFR Part 18, which apply to Federal grants and cooperative agreements with governmental recipients of Federal assistance including Indian tribal governments.

“Interested Party” means a party that is an actual or prospective bidder or offeror whose direct economic interest would be affected by the award or failure to award the third party contract at issue. A subcontractor does not qualify as an “interested party”.

“Protest” means a formal declaration of disapproval or objection issued by a concerned person, group, or organization that arises during the procurement process. A Protest is a potential bidder's or contractor's remedy for correcting a perceived wrong in the procurement process. See “Types of Protests” below.

“Protester” means a person, group, or organization that files a formal declaration of disapproval or objection. A protester must qualify as an “interested party”.

“Types of Protests”: There are three basic types of Protests pursuant to this regulation, based on the time in the procurement cycle when they occur:

- a.) A pre-bid or solicitation phase Protest is received prior to the bid opening or proposal due date. Pre-bid protests are those based on the content of the initial Notice and/or solicitation published by METRO requesting bids from vendors or other interested parties.
- b.) A pre-award Protest is a protest against making an award and is received after receipt of proposals or bids, but before award of a contract.
- c.) A post-award Protest is a protest received after award of a contract. A post-award Protest must be received within 5 business days of the making of the award. A post-award Protest generally alleges a violation of applicable federal or state law and/or METRO policy or procedures relative to the seeking, evaluating and/or awarding of the contract.

STANDARDS.

All Protests must be filed in writing with the METRO Administrative Offices, Finance Manager, Santa Cruz Metropolitan Transit District, 110 Vernon Street, Santa Cruz, CA 95060, or electronically at financemanager@scmtd.com . No other location is acceptable.

A Protest must be in writing and set forth the specific grounds of the dispute and shall be fully supported with technical data, test results, or other pertinent information related to the subject being protested. The Protest shall include the name and contact information of the Protester, solicitation/contract number or description, and what remedy the Protester is seeking. The Protester is responsible for adhering to this regulation.

A Protester must exhaust all of METRO's administrative remedies before pursuing a protest with the FTA.

METRO's Finance Manager shall make a determination on the Protest generally within ten (10) working days from receipt of the Protest. The Decision of the Finance Manager must be in writing and shall include a response to each substantive issue raised in the Protest.

Any Decision by the Finance Manager may be appealed to the Board of Directors. The Protester has the right within five (5) business days of receipt of the Finance Manager's Decision to file an appeal restating the basis of the Protest and the grounds of the appeal. In the appeal, the Protester is only permitted to raise information and issues previously provided in the Protest or discovered after the Protest was submitted to the Finance Manager for Decision and directly related to the grounds of the Protest. The Protester shall be provided with at least 72-hour notification of when the Board of Directors will hear the Appeal. The Protestor may appear, be represented and present evidence and testimony at the Appeal Hearing. The Board of Directors' decision shall constitute METRO's final administrative determination.

In the event that the Protester is not satisfied with METRO's Board of Directors' final administrative determination, he/she 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 the jurisdiction over Protest(s) and Appeal(s).

At any time, the Protester may request reconsideration of METRO's Final Decision if data or information becomes available that was not previously known, or there has been an error of law or regulations.

The Protester may withdraw its Protest or Appeal at any time before METRO issues a final decision.

If METRO postpones the date of proposal submission because of a Protest or Appeal of the solicitation specifications, addenda, dates or any other issue relating to the procurement, METRO will notify, via addendum, all parties who are on record as having obtained a copy of the solicitation documents that a Protest/Appeal had been filed, and the due date for proposal submission shall be postponed until METRO has issued its final Decision.

Reviews of Protests by FTA are limited to 1) METRO's failure to have or follow its protest procedures, or its failure to review a complaint or Protest; or 2) violations of Federal law or regulation.

A Protest Appeal to the FTA must be filed in accordance with the provisions of FTA Circular 4220.1F. Any appeal to the FTA shall be made not later than five (5) working days after a final decision is rendered under METRO's protest procedure. Protest appeals should be filed with:

Federal Transit Administration
Regional Administrator Region IX
201 Mission Street, Suite 1650
San Francisco, CA 94105-1839

Telephone: (415) 744-3133
Fax: (415) 744-2726

METRO RESPONSIBILITIES TO FTA

METRO's Finance Manager will notify the FTA when he/she receives a third party contract protest to which the

FTA Circular (4420.1F) *Third Party Contracting Guidance* applies, and will keep the FTA informed about the status of the Protest including any appeals.

METRO's Finance Manager will provide the following information to FTA:

- a. Subjects: A list of Protests involving third party contracts and potential third party contracts that:
 - (a) Have a value exceeding \$100,000, or
 - (b) Involve controversial matter, irrespective of amount, or
 - (c) Involve a highly publicized matter, irrespective of amount.

- b. Details: The following information about each Protest:
 - (a) A brief description of the Protest,
 - (b) The basis of disagreement, and
 - (c) If open, how far the Protest has proceeded, or
 - (d) If resolved, the agreement or decision reached, and
 - (e) Whether an appeal has been taken or is likely to be taken.

- c. When and Where: METRO will provide this information:
 - (a) In its next quarterly Milestone Progress Report, and
 - (b) At its next Project Management Oversight review, if any.

- d. FTA Officials to Notify: When METRO's Board of Directors denies a bid Protest, and an appeal is likely to occur, METRO's Finance Manager will inform the FTA Regional Administrator for Region IX, or the FTA Associate Administrator for the program office administering a headquarters project directly about the likely appeal.

METRO's Finance Manager will disclose information about any third party procurement Protest to FTA upon request. FTA reserves the right to require METRO to provide copies of a particular Protest or all Protests, and any or all related supporting documents, as FTA may deem necessary.

EXHIBIT - B

PART II

GENERAL INFORMATION FORM

PARACRUZ VEHICLE WASHING AND FUELING SERVICES RFP No. 10-16

(To be completed by the offeror and placed at the front of your proposal)

Master Car Wash 1/13/10
Legal Name of Firm Date

2110 41st Ave. Capitola ca. 95010
Firm's Address

(831) 476-5033 (831) 476-~~63~~48
Telephone Number FAX Number

Type of Organization (Partnership, Corporation, etc.) 100-732886
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 METRO 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 METRO 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 METRO the required insurance certificates within ten (10) calendar days of the Notice of Award.


Signature of Authorized Principal

JAIME MARTINEZ MANAGER
Name of Principal-in-Charge and Title

Name of Project Manager and Title

JAIME, MARTINEZ, (MANAGER) SMSTERCARWASH@AOL.COM.
Name, Title, Email Address and Phone Number of Person To Whom Correspondence Should be Directed

2110 41st Ave. Capitola ca. 95010
Addresses Where Correspondence Should Be Sent

Car Wash & DETAIL 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):

Master Car Wash 2110 41st Ave. Capitola CA.

95010 (831) 476-5033

We can offer a FULL SERVICE CAR WASH
OR DETAILS TO SANTA CRUZ METROPOLITAN TRANSIT
DISTRICT. THIS Proposal includes the following,

- ① ~~Auto~~ Wash - \$7.99 Services include: exterior car wash and hand dry
- ② Basic Car Wash - \$14.99 Services include: exterior car wash, vacuum, windows in/out, wiping down dashboard & inside doors.
- ③ No extra charges for medium to large vehicles
- ④ IF SANTA CRUZ METROPOLITAN TRANSIT spends more than \$200/month, we will give a 10% discount off the total discounted above prices
- ⑤ We will offer monthly ~~monthly~~ 1% to 30
- ⑥ All SANTA CRUZ METROPOLITAN TRANSIT DISTRICT employees will receive a 10% discount off retail price.

**CERTIFICATION OF PROPOSED CONTRACTOR REGARDING DEBARMENT,
SUSPENSION AND OTHER INELIGIBILITY AND VOLUNTARY EXCLUSION**

(Contractor) MASTER CAR WASH certifies to the best of its knowledge and belief, that it and its principals:

Are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any Federal department or agency;

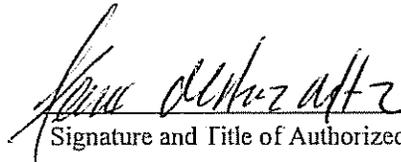
Have not within a three year period preceding this bid been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property;

Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (2) of this certification; and

Have not within a three year period preceding this bid had one or more public transactions (Federal, State or local) terminated for cause or default.

If the Proposed Subcontractor is unable to certify to any of the statements in this certification, it shall attach an explanation to this certification.

(Contractor) MASTER CAR WASH, CERTIFIES OR AFFIRMS THE TRUTHFULNESS AND ACCURACY OF THE CONTENTS OF THE STATEMENTS SUBMITTED ON OR WITH THIS CERTIFICATION AND UNDERSTANDS THAT THE PROVISIONS OF 31 U.S.C. SECTIONS 3801 ET. SEQ. ARE APPLICABLE THERETO.



Signature and Title of Authorized Official



Master Car Wash
2110 41st Ave.
Capitola, Ca. 95010
(831) 476-5033

CAR WASH PROPOSAL

To: S.C. METRO/ LLOYD LONGNECKER

MASTER CAR WASH also offers a bio hazard cleaning for additional cost \$10.00 per single seat or carpet area, Master Car Wash we would like an explanation on the incident that happened in the vehicle, in order for MCW employees to take proper procedure to clean the spill.

Master Car Wash will charge extra depending on the condition of the spill, also we offer a complete detail that offers a discount on your monthly bill which we described on the previous proposal, also all these prices you have including taxes and tips, if you need any more info please feel free to contact us.

Master Car Wash Assoc.
INC

CONTRACT FOR PARACRUZ VEHICLE FUELING SERVICES (10-16)

THIS CONTRACT is made effective on March 1, 2010 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("Santa Cruz METRO"), and Devco Oil, Inc. ("Contractor").

1. RECITALS

1.01 Santa Cruz METRO's Primary Objective

Santa Cruz METRO is a public entity whose primary objective is providing public transportation and has its principal office at 110 Vernon Street, Santa Cruz, California 95060.

1.02 Santa Cruz METRO's Need for ParaCruz Vehicle Fueling Services

Santa Cruz METRO has the need for ParaCruz Vehicle Fueling Services. In order to obtain these services, Santa Cruz METRO issued a Request for Proposals, dated December 18, 2009, 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 ParaCruz Vehicle Fueling Services and whose principal place of business is 139 Encinal Street, Santa Cruz, CA. Pursuant to the Request for Proposals by Santa Cruz METRO, Contractor submitted a proposal for ParaCruz Vehicle Fueling Services, which is attached hereto and incorporated herein by reference as Exhibit "B."

1.04 Selection of Contractor and Intent of Contract

On February 26, 2010, Santa Cruz METRO selected Contractor as the offeror whose proposal was most advantageous to Santa Cruz METRO, to provide the ParaCruz Vehicle Fueling Services described herein. This Contract is intended to fix the provisions of these services.

Santa Cruz METRO 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 December 18, 2009

B. Exhibit "B" (Contractor's Proposal)

Contractor's Proposal to Santa Cruz METRO for ParaCruz Vehicle Fueling Services, signed by Contractor and dated January 29, 2010.

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 Santa Cruz METRO for this project in accordance with the Request for Proposals issued December 18, 2009.

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 December 18, 2009.

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 Santa Cruz METRO.

At the option of Santa Cruz METRO, 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

Santa Cruz METRO shall compensate Contractor in an amount not to exceed the amounts/rates agreed upon by Santa Cruz METRO. Santa Cruz METRO shall reasonably determine whether work has been successfully performed for purposes of payment. Compensation shall be made within thirty (30) days of Santa Cruz METRO written approval of Contractor's written invoice for

said work. Contractor understands and agrees that if he/she exceeds the \$185,000 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 Santa Cruz METRO 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 Santa Cruz METRO (or any grantor of Santa Cruz METRO, 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 Santa Cruz METRO 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.

Santa Cruz METRO

Santa Cruz Metropolitan Transit District
110 Vernon Street
Santa Cruz, CA 95060
Attention: General Manager

CONTRACTOR

Devco Oil, Inc.
139 Encinal Street
Santa Cruz CA 95060
Attention: Operations and Sales Manager

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 _____

Santa Cruz METRO - SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR – DEVCO OIL, INC.

By _____
Elizabeth Devins
Owner

Approved as to Form:

Margaret Rose Gallagher
District Counsel

EXHIBIT - A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

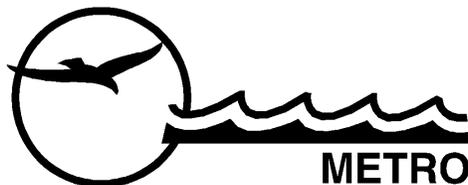
Request for Proposals (RFP)

For ParaCruz Vehicle Washing and Fueling Services

METRO RFP No. 10-16

Date Issued: December 18, 2009

Proposal Deadline: 5:00 P.M., January 29, 2010



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:** METRO 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 METRO:** Proposals (1 original and 4 copies) must be delivered to METRO Purchasing Office, 110 Vernon Street, 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 METRO. 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 METRO and the advantage to METRO 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 METRO, 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 METRO:** 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 METRO

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 METRO in the RFP.

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 METRO 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 METRO; (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 METRO a third-party beneficiary thereunder; (b) grant to METRO the right to receive notice of and cure any default by the successful offeror under the document; and (c) pass through to METRO 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 METRO. Specific evaluation criteria are identified in the Specifications section of the RFP.
15. **METRO'S PREROGATIVE:** METRO 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 METRO to negotiate a contract, nor does it obligate METRO to pay for any costs incurred in preparation and submission of proposals or in submission of a contract.

METRO 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 METRO Administrative Office no later than ten (10) calendar days after the date of notification of award by METRO. 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, METRO may award the contract to another offeror; in such event, METRO shall have no liability and said party shall have no remedy of any kind against METRO.
17. **DISADVANTAGED BUSINESS ENTERPRISES:** The Board of Directors of the Santa Cruz Metropolitan Transit METRO has adopted a Disadvantaged Business Enterprise Policy to promote the participation of disadvantaged business enterprises (DBE) in all areas of METRO 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.

19. PUBLIC RECORDS ACT:

- A. Responses to this IFB shall be subject to the provisions of the California Public Records Act (Government Code Sections §6250 et. seq.).
- B. The Bidder may label information as “Trade Secret”, “Confidential” or “Proprietary”. METRO will not advise as to the nature or content of documents entitled to protection from disclosure under the California Public Records Act. METRO will use its best efforts to inform the Contractor of any request for any documents provided by the Bidder to METRO marked “Trade Secret”, “Confidential”, or “Proprietary”. However, it is incumbent on the Contractor to assert any rights to confidentiality and to seek and obtain a court order prohibiting the release of such information.
- C. Under no circumstances, will METRO be responsible or liable to the Bidder or any other party for the disclosure of any such labeled information, whether the disclosure is required by law or a court order or occurs through inadvertence, mistake, or negligence on the part of METRO or its officers, employees, agents, and/or Contractors.
- D. The Bidder, at its sole expense and risk, shall be responsible for prosecuting or defending any action concerning the information contained in the IFB and shall hold METRO harmless from all costs and expenses, including attorney’s fees, in connection with such actions.

***ADDITIONAL INSTRUCTIONS TO OFFERORS ARE SET FORTH IN
OTHER SECTIONS OF THIS REQUEST FOR PROPOSALS***

PART II

GENERAL INFORMATION FORM

**PARACRUZ VEHICLE WASHING AND FUELING SERVICES
RFP No. 10-16**

(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 METRO 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 METRO 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 METRO 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

**CERTIFICATION OF PROPOSED CONTRACTOR REGARDING DEBARMENT,
SUSPENSION AND OTHER INELIGIBILITY AND VOLUNTARY EXCLUSION**

(Contractor) _____ certifies to the best of its knowledge and belief, that it and its principals:

Are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any Federal department or agency;

Have not within a three year period preceding this bid been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property;

Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (2) of this certification; and

Have not within a three year period preceding this bid had one or more public transactions (Federal, State or local) terminated for cause or default.

If the Proposed Subcontractor is unable to certify to any of the statements in this certification, it shall attach an explanation to this certification.

(Contractor) _____, CERTIFIES OR AFFIRMS THE TRUTHFULNESS AND ACCURACY OF THE CONTENTS OF THE STATEMENTS SUBMITTED ON OR WITH THIS CERTIFICATION AND UNDERSTANDS THAT THE PROVISIONS OF 31 U.S.C. SECTIONS 3801 ET. SEQ. ARE APPLICABLE THERETO.

Signature and Title of Authorized Official

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
(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 _____ CONTRACTOR'S ADDRESS _____
 DBE GOAL FROM CONTRACT _____ % _____
 FED. NO. _____
 COUNTY _____ PROPOSAL AMOUNT \$ _____
 AGENCY _____ PROPOSAL OPENING DATE _____
 CONTRACT NO. _____ DATE OF DBE CERTIFICATION _____
 SOURCE ** _____

This information must be submitted during the initial negotiations with METRO. By submitting a proposal, offeror certifies that he/she is in compliance with METRO'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

SPECIFICATIONS FOR PARACRUZ VEHICLE WASHING AND FUELING SERVICES

1. INTRODUCTION

The Santa Cruz Metropolitan Transit District (METRO) is requesting proposals from qualified firms to undertake the following activities related to providing fuel and vehicle washing services for the METRO's ADA Paratransit transportation services (ParaCruz). Offerors can provide proposals for: fueling services only; washing services only; or both fuel and wash services for ParaCruz vehicles.

2. BACKGROUND

The Santa Cruz Metropolitan Transit District is the sole public transit operator in Santa Cruz County. Its service area is the entire county, an area of 441 square miles with a population of 255,602 (according to 2000 estimates by the State Department of Finance). METRO provides fixed route bus service that serves both the urban and rural areas of the County and ADA paratransit services for pre-qualified customers within ¼ of a mile of fixed route services. The operations facility for ParaCruz is located at 2880 Research Park Drive, Suite 160, Soquel, California.

3. FUEL REQUIREMENTS

The ParaCruz program utilizes the following vehicles:

- A. Twenty (20) each modified Chevrolet Venture minivans with wheelchair ramps,
- B. Three (3) each Goshen 15-passenger vans with wheelchair lifts.

All vehicles require unleaded gasoline with a minimum octane rating of 87. It is estimated that each Chevrolet Venture minivan will require approximately 200 gallons of unleaded gasoline per week, each and each Goshen 15-passenger vans will require approximately 600 gallons of unleaded gasoline per week.

Offeror shall provide a cost proposal that will identify any discount offered from the daily-posted pump price or volume discount offered based on the total monthly volume of gas purchased. Offeror shall also provide the posted price for 87 octane-unleaded fuel as posted on Wednesday, January 20, 2010. One (1) of the Offeror's fueling station(s) must be located within a 5 -mile radius from the ParaCruz Operations facility located at 2880 Research Park Drive, Suite 160, Soquel, California.

Fuel service must be available from 6:30 a.m. to 6:30 p.m. daily.

For each vehicle refueling transaction, the following information must be recorded and identified on Offeror's receipt to be provided to the ParaCruz driver:

- A. ParaCruz vehicle ID number and mileage;
- B. ParaCruz driver ID number;
- C. Date service was provided;
- D. Number of gallons purchased,
- E. Gallon price of fuel, and
- F. Total amount of purchase.

4. VEHICLE WASHING REQUIREMENTS

The ParaCruz Chevrolet Venture minivans are to be washed once per week (METRO's bus washing facilities will be used for the Champion and Goshen vehicles). Washing requirements shall include the following:

- A. Exterior washing and drying of vehicle body, wheels and tires;
- B. Vacuuming of the inside of the vehicle including floors, seats and dash board and disinfecting;
- C. Cleaning and drying of all windows, inside and out; and
- D. Biohazard cleaning of inside the vehicle (vomit, urine, etc.) when needed.

Contractor shall provide an estimated completion time for these services (estimated time from arrival of vehicle to completion of standard wash requirements).

Wash services must be available from 8:00 a.m. to 6:00 p.m. Monday through Friday and 10:00 a.m. to 5:00 p.m. Saturdays and Sundays (except when weather prohibits washing)

Submitted cost shall be inclusive of all taxes and tip (if provided) to car washer.

5. INVOICING

Offerors shall provide monthly invoices of services provided either fuel only, wash only or both services providing the following information:

- A. ParaCruz vehicle ID number and mileage;
- B. ParaCruz driver ID number;
- C. Date service was provided;
- D. Type of service(s) performed;
- E. Contract unit price(s) of service(s) performed less offered discounts;
- F. Total monthly dollar amount of services performed; and
- G. METRO assigned purchase order number.

In addition, the above information shall be supplied monthly in an excel spreadsheet format (or compatible) detailing daily transactions subdivided by the daily information as listed above..

6. CONTRACT 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 METRO. At the option of METRO, this contract agreement may be renewed for four (4) additional one (1) year terms upon mutual written consent. Compensation rates for option years are subject to negotiation and shall not exceed the annual percentage change in the Consumers Price Index for the San Francisco – Oakland – San Jose area. Costs for any enhancements in service will be negotiated.

7. PROCESS FOR SUBMITTAL OF PROPOSALS

7.1 Proposal Requirements

- 7.1.1 Contractor shall be required to meet all other provisions of the contract documents enclosed as part of this Request for Proposal package.
- 7.1.2 Conflict of Interest - The offeror shall disclose any financial, business or other relationship with METRO or any of its officers or officials that may have an impact upon the outcome of the work. The offeror shall also list current clients who may have a financial interest in the outcome of the work.
- 7.1.3 Professional Services Agreement - Offeror's proposal shall be based on the requirements set forth in the "Professional Services Agreement" included in this RFP (Part V). The final agreement between METRO and Contractor shall be in substantially the same form and content as the "Professional Services Agreement" included herein.

- 7.1.4 Signature - The proposal shall be signed by an official authorized to bind the offeror and shall contain a statement to the effect that the proposal is a firm offer for a 90-day period.

7.2 Proposal Submittal

One original unbound proposal and four bound copies must be received no later than 5.00 p.m. on due date at METRO's Administration Office, 110 Vernon Street, Santa Cruz, CA 95060. All responses to this RFP become the property of METRO. Proposals must be clearly marked:

RFP No. 10-16
Proposal for ParaCruz Vehicle Washing and Fueling Services
(Proposal Due Date: January 29, 2010, 5:00 p.m.)

All proposals submitted in response to this RFP become a matter of Public Record and shall be regarded as Public Records, with the exception of those elements in each proposal which are defined by the proposer as business or trade secrets, and marked as "Trade Secret", "Confidential" or "Proprietary." METRO shall not in any way be liable or responsible for the disclosure of any such records or portions thereof, if they are not plainly marked "Trade Secret", "Confidential" or "Proprietary", or if disclosure is required under the Public Record Act.

7.3 Rejection Of Proposals

Failure to meet the requirements for the Request for Proposals will be cause for rejection of the proposal. METRO may reject any proposal if it is conditional, incomplete or contains irregularities. METRO 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 excuses the offeror from full compliance with the contract documents if the offeror is awarded the contract. METRO reserves the right to not award the contract should it determine that the proposals are not in its best interest.

7.4 Evaluation Criteria And Selection Of The Successful Offeror

- 7.4.1 Selection of the successful offeror will be based on information provided in response to the RFP and a variety of factors, including costs, evaluation of proposals according to METRO-specified evaluation criteria, consideration of any exceptions taken to METRO's proposed contract terms and conditions, qualifications and experience, information provided by offeror's references for whom work of a similar nature has been done, and Disadvantaged Business Enterprise (DBE) participation.
- 7.4.2 Proposals submitted by each offeror shall be evaluated separately based on how well the proposal meets METRO's criteria. Contract award will be based on written proposals submitted. METRO, at its sole discretion, will determine whether to interview the top rated offerors or to award the contract without further discussion on the basis of the initial proposal received.
- 7.4.3 If a single proposal is received in response to this RFP, METRO will perform a detailed cost/price analysis prior to the award of contract.
- 7.4.4 A METRO evaluation committee will perform the overall evaluation process. The evaluation criteria set forth below will be the sole basis for determining an award of contract. Proposals should be specific and complete in every detail. Reference checks will be made of the top rated offerors.

Proposals will be evaluated and scored according to the following:

EVALUATION CRITERIA	EVALUATION POINTS
1. Cost	45
2. Location of vendor's site	40
3. Ability to meet the requirements presented in the Scope.	10
4. Disadvantage Business Enterprise Participation	5
Total Points Possible	100

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 METRO 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

METRO 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 METRO upon fifteen (15) days' notice at any time without cause for any reason in whole or in part, whenever METRO determines that such termination is in METRO's best interest.

2.01.02 Upon receipt of a notice of termination, and except as otherwise directed by METRO, 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 METRO in the manner, at the time, and to the extent directed by METRO all of the rights, title, and interest of the Contractor under the orders and subcontracts so terminated, in which case METRO 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 METRO, to the extent METRO may require, which approval or ratification shall be final for all the purposes of this clause; (6) transfer title to METRO and deliver in the manner, at the time, and to the extent, if any, directed by METRO 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 METRO; (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 METRO, any property of the types referred to above provided, however, that the Contract 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 METRO, and provided further, that the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made to METRO 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 METRO 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 METRO 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 METRO has or may acquire an interest.

2.02 Termination for Default

2.02.01 METRO 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, METRO may procure, upon such terms and in such manner as METRO may deem appropriate, supplies or services similar to those so terminated. Without limitation to any other remedy available to METRO, the Contractor shall be liable to METRO 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 METRO shall be considered to have been terminated pursuant to termination for convenience of METRO pursuant to Article 2.01 from the date of Notification of Default.

2.03 No Limitation

The rights and remedies of METRO 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 METRO 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 METRO 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 METRO to evaluate any Contractor request for relief under this Article 3. METRO shall examine Contractor's notification and determine if the Contractor is entitled to relief. METRO shall notify the Contractor of its decision in writing. METRO'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 METRO 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. METRO 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 METRO 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 METRO 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 METRO (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 METRO 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 negligence, recklessness or willful misconduct 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 METRO and any insurance or self-insurance maintained by METRO 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 METRO.
- (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 METRO.
- (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 METRO shall have been given written notice of such cancellation or reduction."
- (5) Contractor shall notify METRO 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 METRO 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 METRO.

8. SINGLE PROPOSAL

If only one proposal is received in response to the RFP, Offeror may be required to submit to METRO within five (5) days of METRO demand, a detailed cost proposal. METRO may conduct a cost or price analysis of the cost proposal to determine if the proposal price(s) are fair and reasonable. Offeror shall cooperate with METRO in compiling and submitting detailed information for the cost and price analysis.

9. NO DISCRIMINATION

The Contractor, sub recipient or subcontractor shall not discriminate on the basis of race, color, national origin, or, sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR, Part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy, as recipient deems appropriate.

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 METRO 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.

I. PROMPT PAYMENT

11.01 Prompt Progress Payment to Subcontractors

The prime contractor or subcontractor shall pay to any subcontractor not later than 10-days of receipt of each progress payment, in accordance with the provision in Section 7108.5 of the California Business and Professions Code concerning prompt payment to subcontractors. The 10-days is applicable unless a longer period is agreed to in writing. Any delay or postponement of payment over 30-days may take place only for good cause and with METRO's prior written approval. Any violation of Section 7108.5 shall subject the violating contractor or subcontractor to the penalties, sanctions, and other remedies of that Section. This requirement shall not be construed to limit or impair any contractual, administrative, or judicial remedies, otherwise available to the contractor or subcontractor in the event of a dispute involving late payment or nonpayment by the contractor, deficient subcontractor performance, and/or noncompliance by a subcontractor. This clause applies to both DBE and non-DBE subcontractors.

A. Prompt Payment of Withheld Funds to Subcontractors

METRO shall hold retainage from the prime contractor and shall make prompt and regular incremental acceptances of portions, as determined by METRO of the contract work and pay retainage to the prime contractor based on these acceptances. The prime contractor or subcontractor shall return all monies withheld in retention from all subcontractors within 30 days after receiving payment for work satisfactorily completed and accepted including incremental acceptances of portions of the contract work by METRO. Any delay or postponement of payment may take place only for good cause and with METRO's prior written approval. Any violation of these provisions shall subject the violating prime contractor to the penalties, sanctions, and other remedies specified in Section 7108.5 of the California Business Professions Code. This requirement shall not be construed to limit or impair any contractual, administrative, or judicial remedies, otherwise available to the contractor or subcontractor in the event of: a dispute involving late payment or nonpayment by the contractor; deficient subcontractor performance; and/or noncompliance by a subcontractor. This clause 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 METRO 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 METRO Liability

METRO'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 METRO premises or distribute same to METRO employees.

13.05 Publicity

Contractor agrees to submit to METRO all advertising, sales promotion, and other public matter relating to any service furnished by Contractor wherein METRO's name is mentioned or language used from which the connection of METRO'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 METRO.

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 METRO property, (2) ensure that its employees take appropriate protective measures, and (3) provide METRO's Manager of Facility Maintenance with a Material Safety Data Sheet (MSDS) for all hazardous substances to be used on METRO property.

13.10.02 Contractor shall comply with Cal OSHA regulations and the Hazardous Substance Training and Information Act. Further, said parties shall indemnify METRO 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 METRO; and any such action by Contractor without METRO'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 METRO. Any such action by Contractor without METRO'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 METRO 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 METRO premises or in a METRO vehicle.

13.17 Responsibility for Equipment

13.17.01 METRO 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 METRO.

13.17.02 Contractor is responsible to return to METRO in good condition any equipment, including keys, issued to it by METRO pursuant to this Agreement. If the contractor fails or refuses to return METRO-issued equipment within five days of the conclusion of the contract work METRO 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 METRO.

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 METRO 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

PROFESSIONAL SERVICES CONTRACT FOR PARACRUZ VEHICLE WASHING AND FUELING SERVICES (10-16)

THIS CONTRACT is made effective on _____, 2009 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("METRO"), and _____ ("Contractor").

1. RECITALS

1.01 METRO's Primary Objective

METRO is a public entity whose primary objective is providing public transportation and has its principal office at 110 Vernon Street, Santa Cruz, California 95060.

1.02 METRO's Need for ParaCruz Vehicle Washing and Fueling Services

METRO has the need for ParaCruz Vehicle Washing and Fueling Services. In order to obtain these services, METRO issued a Request for Proposals, dated December 18, 2009, 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 ParaCruz Vehicle Washing and Fueling Services and whose principal place of business is _____. Pursuant to the Request for Proposals by METRO, Contractor submitted a proposal for ParaCruz Vehicle Washing and Fueling Services, which is attached hereto and incorporated herein by reference as Exhibit "B."

1.04 Selection of Contractor and Intent of Contract

On _____, METRO selected Contractor as the offeror whose proposal was most advantageous to METRO, to provide the ParaCruz Vehicle Washing and Fueling Services described herein. This Contract is intended to fix the provisions of these services.

METRO 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 December 18, 2009

B. Exhibit "B" (Contractor's Proposal)

Contractor's Proposal to METRO for ParaCruz Vehicle Washing and Fueling Services, signed by Contractor and dated January 29, 2010.

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 METRO for this project in accordance with the Request for Proposals issued December 18, 2009.

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 December 18, 2009.

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 METRO.

At the option of METRO, 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

METRO shall compensate Contractor in an amount not to exceed the amounts/rates agreed upon by METRO. METRO shall reasonably determine whether work has been successfully performed for purposes of payment. Compensation shall be made within thirty (30) days of METRO 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 METRO 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 METRO (or any grantor of METRO, 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 METRO are (1) actually incurred; (2) reasonable in amount; (3) related to this Contract; and (4) necessary for performance of the project.

6. NOTICES

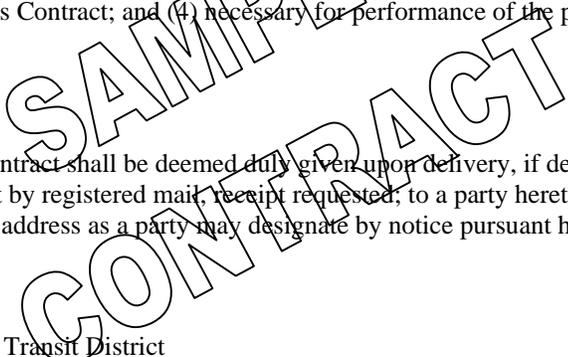
All notices under this Contract shall be deemed duly given upon delivery, if delivered by hand; or three (3) days after posting, if sent by registered mail, receipt requested, to a party hereto at the address hereinunder set forth or to such other address as a party may designate by notice pursuant hereto.

METRO

Santa Cruz Metropolitan Transit District
110 Vernon Street
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 _____

METRO - SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR -

By _____

Approved as to Form:

Margaret Rose Gallagher
District Counsel

SAMPLE
CONTRACT

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 METRO 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 METRO, 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, METRO 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 METRO 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 METRO to enter into such litigation to protect the interests of METRO, 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 METRO, 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 METRO 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 METRO 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

DOT or METRO 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, METRO 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 DOT 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 METRO (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 METRO 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 26 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 26 apply to this Agreement.

12.2 DBE Obligation

METRO and Contractor agree to insure that Disadvantaged Business Enterprises as defined in 49 CFR Part 26 have the maximum opportunity to participate in the performance of contracts and subcontracts under this Agreement. In this regard, METRO and Contractor shall take all necessary and reasonable steps in accordance with 49 CFR Part 26 to insure that Disadvantaged Business Enterprises have the maximum opportunity to compete for and perform Contracts. METRO 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 METRO 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. METRO'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 METRO 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 METRO.

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

METRO 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 METRO, its contractors or employees to accomplish a Government function.
- (b) To notify the Government when METRO 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. METRO 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, METRO, 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 METRO 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 METRO 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 METRO 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, METRO (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 METRO, 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. METRO 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, METRO 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.

METRO 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.

METRO 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 METRO 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 METRO or Contractor by the Government and incorporated in the work furnished under the Contract, provided that such incorporated material is identified by METRO 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

POLICY

It is the policy of the Santa Cruz Metropolitan Transit District (METRO) that it is responsible for resolving all Pre-Bid, Pre-Award and Post-Award Procurement Protest disputes arising out of third party procurements using good administrative practices and sound business judgment. It is METRO's intention that its procurement process provides for fair and open competition in compliance with federal and state laws and METRO policies.

METRO has established these Pre-Bid, Pre-Award and Post-Award Procurement Protest Policy and Procedures so that all procurement protests/disputes are filed, processed and resolved in a manner consistent with the requirements of the Federal Transit Administration (FTA) Circular (4220.1F) *Third Party Contracting Guidance*, dated November 1, 2008, which are on file at METRO's Administrative Offices, 110 Vernon Street, Santa Cruz, CA 95060, and available upon request.

APPLICABILITY

This regulation is applicable to all METRO employees. This regulation is applicable to any Interested Party as defined herein who has a protest/dispute against METRO in the Pre-Bid, Pre-Award and Post-Award procurement phase.

DEFINITIONS

“Common Grant Rules” refers to the Department of Transportation regulations “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments,” 49 CFR Part 18, which apply to Federal grants and cooperative agreements with governmental recipients of Federal assistance including Indian tribal governments.

“Interested Party” means a party that is an actual or prospective bidder or offeror whose direct economic interest would be affected by the award or failure to award the third party contract at issue. A subcontractor does not qualify as an “interested party”.

“Protest” means a formal declaration of disapproval or objection issued by a concerned person, group, or organization that arises during the procurement process. A Protest is a potential bidder's or contractor's remedy for correcting a perceived wrong in the procurement process. See “Types of Protests” below.

“Protester” means a person, group, or organization that files a formal declaration of disapproval or objection. A protester must qualify as an “interested party”.

“Types of Protests”: There are three basic types of Protests pursuant to this regulation, based on the time in the procurement cycle when they occur:

- a.) A pre-bid or solicitation phase Protest is received prior to the bid opening or proposal due date. Pre-bid protests are those based on the content of the initial Notice and/or solicitation published by METRO requesting bids from vendors or other interested parties.
- b.) A pre-award Protest is a protest against making an award and is received after receipt of proposals or bids, but before award of a contract.
- c.) A post-award Protest is a protest received after award of a contract. A post-award Protest must be received within 5 business days of the making of the award. A post-award Protest generally alleges a violation of applicable federal or state law and/or METRO policy or procedures relative to the seeking, evaluating and/or awarding of the contract.

STANDARDS.

All Protests must be filed in writing with the METRO Administrative Offices, Finance Manager, Santa Cruz Metropolitan Transit District, 110 Vernon Street, Santa Cruz, CA 95060, or electronically at financemanager@scmtd.com. No other location is acceptable.

A Protest must be in writing and set forth the specific grounds of the dispute and shall be fully supported with technical data, test results, or other pertinent information related to the subject being protested. The Protest shall include the name and contact information of the Protester, solicitation/contract number or description, and what remedy the Protester is seeking. The Protester is responsible for adhering to this regulation.

A Protester must exhaust all of METRO's administrative remedies before pursuing a protest with the FTA.

METRO's Finance Manager shall make a determination on the Protest generally within ten (10) working days from receipt of the Protest. The Decision of the Finance Manager must be in writing and shall include a response to each substantive issue raised in the Protest.

Any Decision by the Finance Manager may be appealed to the Board of Directors. The Protester has the right within five (5) business days of receipt of the Finance Manager's Decision to file an appeal restating the basis of the Protest and the grounds of the appeal. In the appeal, the Protester is only permitted to raise information and issues previously provided in the Protest or discovered after the Protest was submitted to the Finance Manager for Decision and directly related to the grounds of the Protest. The Protester shall be provided with at least 72-hour notification of when the Board of Directors will hear the Appeal. The Protester may appear, be represented and present evidence and testimony at the Appeal Hearing. The Board of Directors' decision shall constitute METRO's final administrative determination.

In the event that the Protester is not satisfied with METRO's Board of Directors' final administrative determination, he/she 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 the jurisdiction over Protest(s) and Appeal(s).

At any time, the Protester may request reconsideration of METRO's Final Decision if data or information becomes available that was not previously known, or there has been an error of law or regulations.

The Protester may withdraw its Protest or Appeal at any time before METRO issues a final decision.

If METRO postpones the date of proposal submission because of a Protest or Appeal of the solicitation specifications, addenda, dates or any other issue relating to the procurement, METRO will notify, via addendum, all parties who are on record as having obtained a copy of the solicitation documents that a Protest/Appeal had been filed, and the due date for proposal submission shall be postponed until METRO has issued its final Decision.

Reviews of Protests by FTA are limited to 1) METRO's failure to have or follow its protest procedures, or its failure to review a complaint or Protest; or 2) violations of Federal law or regulation.

A Protest Appeal to the FTA must be filed in accordance with the provisions of FTA Circular 4220.1F. Any appeal to the FTA shall be made not later than five (5) working days after a final decision is rendered under METRO's protest procedure. Protest appeals should be filed with:

Federal Transit Administration
Regional Administrator Region IX
201 Mission Street, Suite 1650
San Francisco, CA 94105-1839

Telephone: (415) 744-3133
Fax: (415) 744-2726

METRO RESPONSIBILITIES TO FTA

METRO's Finance Manager will notify the FTA when he/she receives a third party contract protest to which the

FTA Circular (4420.1F) *Third Party Contracting Guidance* applies, and will keep the FTA informed about the status of the Protest including any appeals.

METRO's Finance Manager will provide the following information to FTA:

- a. Subjects: A list of Protests involving third party contracts and potential third party contracts that:
 - (a) Have a value exceeding \$100,000, or
 - (b) Involve controversial matter, irrespective of amount, or
 - (c) Involve a highly publicized matter, irrespective of amount.

- b. Details: The following information about each Protest:
 - (a) A brief description of the Protest,
 - (b) The basis of disagreement, and
 - (c) If open, how far the Protest has proceeded, or
 - (d) If resolved, the agreement or decision reached, and
 - (e) Whether an appeal has been taken or is likely to be taken.

- c. When and Where: METRO will provide this information:
 - (a) In its next quarterly Milestone Progress Report, and
 - (b) At its next Project Management Oversight review, if any.

- d. FTA Officials to Notify: When METRO's Board of Directors denies a bid Protest, and an appeal is likely to occur, METRO's Finance Manager will inform the FTA Regional Administrator for Region IX, or the FTA Associate Administrator for the program office administering a headquarters project directly about the likely appeal.

METRO's Finance Manager will disclose information about any third party procurement Protest to FTA upon request. FTA reserves the right to require METRO to provide copies of a particular Protest or all Protests, and any or all related supporting documents, as FTA may deem necessary.

EXHIBIT - B

PART II

GENERAL INFORMATION FORM

PARACRUZ VEHICLE WASHING AND FUELING SERVICES RFP No. 10-16

(To be completed by the offeror and placed at the front of your proposal)

Devco oil Inc. 1-12-10
Legal Name of Firm Date

139 Encinal St. Santa Cruz Ca 95060
Firm's Address

(831) 423-2121 (831) 423-4128
Telephone Number FAX Number

Cooperation 77-0177624
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 METRO 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 METRO 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 METRO the required insurance certificates within ten (10) calendar days of the Notice of Award.

Juan Vasquez Jr.
Signature of Authorized Principal

Juan VASQUEZ JR Operations & Sales Manager.
Name of Principal-in-Charge and Title

Name of Project Manager and Title

Elizabeth Devinis (OWNER.) devcooil@aol.com: 423-2121
Name, Title, Email Address and Phone Number of Person To Whom Correspondence Should be Directed

P.O. Box 473 Santa Cruz Ca. 95061
Addresses Where Correspondence Should Be Sent

Maintain and keep Fuel Isle Functional (Generator on site)
Areas of Responsibility of Prime Contractor

**CERTIFICATION OF PROPOSED CONTRACTOR REGARDING DEBARMENT,
SUSPENSION AND OTHER INELIGIBILITY AND VOLUNTARY EXCLUSION**

(Contractor) Deveco oil Inc. certifies to the best of its knowledge and belief, that it and its principals:

Are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any Federal department or agency;

Have not within a three year period preceding this bid been convicted of or had a civil judgment rendered against them for commission of fraud or a eriminal offense in connection with obtaining, attempting to obtain or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property;

Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (2) of this certification; and

Have not within a three year period preceding this bid had one or more public transactions (Federal, State or local) terminated for cause or default.

If the Proposed Subcontractor is unable to certify to any of the statements in this certification, it shall attach an explanation to this certification.

(Contractor) Deveco oil Inc., CERTIFIES OR AFFIRMS THE TRUTHFULNESS AND ACCURACY OF THE CONTENTS OF THE STATEMENTS SUBMITTED ON OR WITH THIS CERTIFICATION AND UNDERSTANDS THAT THE PROVISIONS OF 31 U.S.C. SECTIONS 3801 ET. SEQ. ARE APPLICABLE THERETO.

Juan Vazquez Jr operation: Sales Manager.
Signature and Title of Authorized Official

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 Devco oil Inc.
Signature of Authorized Official Juan Vasquez Jr.
Name and Title of Authorized Official Operation & Sales Manager.
Date 1-12-10

BUY AMERICA PROVISION
(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: 1/12/10
Signature: Juan Vasquez Jr.
Company Name: Devco oil Inc.
Title: Operation & Sales Manager.

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 _____ CONTRACTOR'S ADDRESS _____
 DBE GOAL FROM CONTRACT _____ % _____
 FED. NO. _____
 COUNTY _____
 AGENCY _____
 CONTRACT NO. _____

M/A
 PROPOSAL AMOUNT \$ _____
 PROPOSAL OPENING DATE _____
 DATE OF DBE CERTIFICATION _____
 SOURCE ** _____

This information must be submitted during the initial negotiations with METRO. By submitting a proposal, offeror certifies that he/she is in compliance with METRO'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
----------------------	--	------------------------------	-------------	-----------------------------	----------------

N/A

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
----------------------	--	------------------------------	-------------	-----------------------------	----------------

N/A.

TOTAL CLAIMED DBE
PARTICIPATION \$ _____ %



139 Encinal Street
 P.O. Box 473 • Santa Cruz, CA 95061
 Phone (831) 423-2121 Fax (831) 423-4128
 Toll Free 1-866-967-0428
 www.devcooil.com

Fuel
 •
 Lubricants
 •
 Cardlock



Biodegradable Products

1-26-10

Santa Cruz Metro / Para Cruz

Mr. Lloyd Longnecker

Dear Mr. Longnecker

Breakdown Of Gas U/L 87 For Para Cruz 10% Ethanol

Example:

Fed Ex Eth .184

Fed Oil Spill Tax .0017

Ca Gas Ex .18

Ca Env Gas .00195

Total Taxes .36765

Markup Less State Taxes \$ 2.56

Sales Taxes 9.50%

Net Cost Per Gallon - \$2.803

This Price Is In Accordance With Opis Average On Today's Market Value.

Prices Are Subject To Fluctuate On A Daily Basis According To Market

Sincerely,

Juan Vasquez Jr.

Operation & Sales Manager



Serving Santa Cruz and Surrounding Counties for over 75 years!

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010

TO: Board of Directors

FROM: Ciro Aguirre, Manager of Operations

SUBJECT: CONSIDERATION OF AWARD OF CONTRACT WITH CDX WIRELESS, INC. FOR CONSULTING SERVICES FOR UPGRADE OF SANTA CRUZ METRO'S LAND MOBILE RADIO SYSTEM FOR AN AMOUNT NOT TO EXCEED \$59,798

I. RECOMMENDED ACTION

That the Board of Directors authorize the General Manager to execute a contract with - CDX Wireless, Inc. for consulting services for upgrade of Santa Cruz METRO's land mobile radio system for an amount not to exceed \$59,798.

II. SUMMARY OF ISSUES

- A competitive procurement was conducted to solicit proposals from qualified communication consultant firms.
- Eleven firms submitted proposals for Santa Cruz METRO's review.
- A four-member evaluation committee comprised of Santa Cruz METRO management staff reviewed and evaluated the proposals.

III. DISCUSSION

Santa Cruz METRO sought proposals from qualified communication consultant firms to conduct an analytical review of Santa Cruz METRO's land mobile radio system for Fixed Route (Revenue), Paratransit, and Santa Cruz METRO non-revenue vehicles. Santa Cruz METRO is seeking an objective assessment of its current radio systems and recommendations for replacement and upgrades to this infrastructure. The selected consultant must be an expert in radio communication fields and have experience in working with Public Agencies to create specifications for a subsequent request for proposals for equipment and installation to meet the Federal Communication Commission mandate requiring narrowband migration of the current Legacy 25 KHz systems to that of Phase 1, 12.5 KHz by January 01, 2013, and to be compliant for the future narrowband migration to Phase 2, 6.25 KHz that will be required beyond 2015.

On November 3, 2009 Santa Cruz METRO Request for Proposal No. 10-13 was mailed to twenty-five firms, was legally advertised, and a notice was posted on Santa Cruz METRO's web site. On December 3, 2009, proposals were received and opened from eleven firms. A list of

these firms are provided in Attachment A. A four-member evaluation committee comprised of Santa Cruz METRO management staff have reviewed and evaluated the proposals.

The evaluation committee used the following criteria as contained in the Request for Proposals:

CRITERIA	POINTS POSSIBLE
1. Quality Of Submittal	20 points
2. Project Understanding, Familiarity With Area And Approach	20 points
3. Qualifications Of The Proposed Project Team	20 points
4. Previous Work In This Field (References)	15 points
5. Ability To Meet Project Timelines	10 points
6. Cost Proposal	35 points
7. Disadvantage Business Enterprise Participation	5 points
Total Points Possible	125 points

The evaluation committee is recommending that a contract be established with CDX Wireless, Inc. for consulting services for upgrade of Santa Cruz METRO's land mobile radio system for an amount not to exceed \$59,798. Contractor will provide all services meeting all Santa Cruz METRO specifications and requirements.

IV. FINANCIAL CONSIDERATIONS

Funds to support contract are included in the FY10 Grant-Funded Projects budget titled Fleet Radios/Surveillance (OHS-1B).

V. ATTACHMENTS

Attachment A: List of firms that submitted a proposal

Attachment B: Contract with CDX Wireless, Inc.

Prepared By: Lloyd Longnecker, Purchasing Agent, February 3, 2010

Note: The RFP along with its Exhibits and any Addendum(s) are available for review at the Administration Office of Santa Cruz METRO or online at www.scmtd.com

13.2

**LIST OF FIRMS THAT SUBMITTED A PROPOSAL IN RESPONSE
TO SANTA CRUZ METRO RFP NO. 10-13 FOR CONSULTANT
SERVICES FOR UPGRADE OF SANTA CRUZ METRO'S LAND
MOBILE RADIO SYSTEM**

1. CDX Wireless, Inc. of Pleasanton, CA
2. Pericle Communications of Colorado Springs, CO
3. MetroServ Communications LLC of Pleasanton, CA
4. Hatfield & Dawson Consulting Engineers LLC of Seattle, WA
5. MACRO Corporation, A KEMA Company of Chalfont, PA
6. Federal Engineering, Inc. of Fairfax, VA
7. ACD Telecom, LLC of Sanford, FL
8. RCC Consultants, Inc. of San Bernardino, CA
9. DELTAWRX Management Consultants of Woodland Hills, CA
10. Willdan Homeland Solutions of Oakland, CA
11. AECOM Communications Technology of Lynchburg, VA

CONTRACT FOR CONSULTANT SERVICES FOR UPGRADE OF SANTA CRUZ METRO'S LAND MOBILE RADIO SYSTEM (10-13)

THIS CONTRACT is made effective on March 1, 2010 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("Santa Cruz METRO"), and CDX Wireless, Inc. ("Contractor").

1. RECITALS

1.01 Santa Cruz METRO 's Primary Objective

Santa Cruz METRO 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 Santa Cruz METRO 's Need for Consultant Services for Upgrade of Santa Cruz METRO's Land Mobile Radio System

Santa Cruz METRO has the need for Consultant Services for Upgrade of Santa Cruz METRO's Land Mobile Radio System. In order to obtain these services, Santa Cruz METRO issued a Request for Proposals, dated November 3, 2009, 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 Consultant Services for Upgrade of METRO's Land Mobile Radio System and whose principal place of business is 4435 Shearwater Court, Pleasanton, CA. Pursuant to the Request for Proposals by Santa Cruz METRO, Contractor submitted a proposal for Consultant Services for Upgrade of Santa Cruz METRO's Land Mobile Radio System, which is attached hereto and incorporated herein by reference as Exhibit "B."

1.04 Selection of Contractor and Intent of Contract

On February 26, 2010, Santa Cruz METRO selected Contractor as the offeror whose proposal was most advantageous to Santa Cruz METRO, to provide the Consultant Services for Upgrade of Santa Cruz METRO's Land Mobile Radio System described herein. This Contract is intended to fix the provisions of these services.

Santa Cruz METRO 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 3, 2009

B. Exhibit "B" (Contractor's Proposal)

Contractor's Proposal to Santa Cruz METRO for Consultant Services for Upgrade of Santa Cruz METRO's Land Mobile Radio System , signed by Contractor and dated December 3, 2009 .

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 Santa Cruz METRO for this project in accordance with the Request for Proposals issued November 3, 2009.

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 3, 2009.

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 Santa Cruz METRO.

At the option of Santa Cruz METRO, this contract agreement may be extended upon mutual written consent.

5. COMPENSATION

5.01 Terms of Payment

Santa Cruz METRO shall compensate Contractor in an amount not to exceed the amounts/rates agreed upon by Santa Cruz METRO. Santa Cruz METRO shall reasonably determine whether work has been successfully performed for purposes of payment. Compensation shall be made within thirty (30) days of Santa Cruz METRO written approval of Contractor's written invoice for said work. Contractor understands and agrees that if he/she exceeds the \$59,798 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 Santa Cruz METRO 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 Santa Cruz METRO (or any grantor of Santa Cruz METRO, 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 Santa Cruz METRO 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.

Santa Cruz METRO

Santa Cruz Metropolitan Transit District
110 Vernon Street
Santa Cruz, CA 95060
Attention: General Manager

CONTRACTOR

CDX Wireless, Inc.
4435 Shearwater Court
Pleasanton CA 94566
Attention: Robert Simmons

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 _____

SANTA CRUZ METRO - SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR – CDX WIRELESS, INC.

By _____
Robert Simmons
Principal

Approved as to Form:

Margaret Rose Gallagher
District Counsel

EXHIBIT - A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

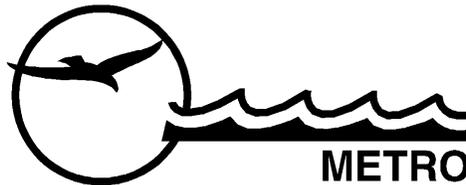
Request for Proposals (RFP)

For Consultant Services for Upgrade of METRO's Land Mobile Radio System

METRO RFP No. 10-13

Date Issued: November 3, 2009

Proposal Deadline: 5:00 P.M., December 3, 2009



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:** METRO 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 METRO:** Proposals (1 original and 4 copies) must be delivered to METRO Purchasing Office, 370 Encinal Street, Suite 100, 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 METRO. 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 METRO and the advantage to METRO 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 METRO, 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 METRO:** 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 METRO

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 METRO in the RFP.

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 METRO 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 METRO; (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 METRO a third-party beneficiary thereunder; (b) grant to METRO the right to receive notice of and cure any default by the successful offeror under the document; and (c) pass through to METRO 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 METRO. Specific evaluation criteria are identified in the Specifications section of the RFP.
15. **METRO'S PREROGATIVE:** METRO 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 METRO to negotiate a contract, nor does it obligate METRO to pay for any costs incurred in preparation and submission of proposals or in submission of a contract.

METRO 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 METRO Administrative Office no later than ten (10) calendar days after the date of notification of award by METRO. 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, METRO may award the contract to another offeror; in such event, METRO shall have no liability and said party shall have no remedy of any kind against METRO.
17. **DISADVANTAGED BUSINESS ENTERPRISES:** The Board of Directors of the Santa Cruz Metropolitan Transit METRO has adopted a Disadvantaged Business Enterprise Policy to promote the participation of disadvantaged business enterprises (DBE) in all areas of METRO 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.

19. PUBLIC RECORDS ACT:

- A. Responses to this IFB shall be subject to the provisions of the California Public Records Act (Government Code Sections §6250 et. seq.).
- B. The Bidder may label information as “Trade Secret”, “Confidential” or “Proprietary”. METRO will not advise as to the nature or content of documents entitled to protection from disclosure under the California Public Records Act. METRO will use its best efforts to inform the Contractor of any request for any documents provided by the Bidder to METRO marked “Trade Secret”, “Confidential”, or “Proprietary”. However, it is incumbent on the Contractor to assert any rights to confidentiality and to seek and obtain a court order prohibiting the release of such information.
- C. Under no circumstances, will METRO be responsible or liable to the Bidder or any other party for the disclosure of any such labeled information, whether the disclosure is required by law or a court order or occurs through inadvertence, mistake, or negligence on the part of METRO or its officers, employees, agents, and/or Contractors.
- D. The Bidder, at its sole expense and risk, shall be responsible for prosecuting or defending any action concerning the information contained in the IFB and shall hold METRO harmless from all costs and expenses, including attorney’s fees, in connection with such actions.

***ADDITIONAL INSTRUCTIONS TO OFFERORS ARE SET FORTH IN
OTHER SECTIONS OF THIS REQUEST FOR PROPOSALS***

PART II

GENERAL INFORMATION FORM

**CONSULTANT SERVICES FOR UPGRADE OF METRO'S
LAND MOBILE RADIO SYSTEM SERVICES
RFP No. 10-13**

(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 METRO 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 METRO 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 METRO 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

**CERTIFICATION OF PROPOSED CONTRACTOR REGARDING DEBARMENT,
SUSPENSION AND OTHER INELIGIBILITY AND VOLUNTARY EXCLUSION**

(Contractor) _____ certifies to the best of its knowledge and belief, that it and its principals:

Are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any Federal department or agency;

Have not within a three year period preceding this bid been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property;

Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (2) of this certification; and

Have not within a three year period preceding this bid had one or more public transactions (Federal, State or local) terminated for cause or default.

If the Proposed Subcontractor is unable to certify to any of the statements in this certification, it shall attach an explanation to this certification.

(Contractor) _____, CERTIFIES OR AFFIRMS THE TRUTHFULNESS AND ACCURACY OF THE CONTENTS OF THE STATEMENTS SUBMITTED ON OR WITH THIS CERTIFICATION AND UNDERSTANDS THAT THE PROVISIONS OF 31 U.S.C. SECTIONS 3801 ET. SEQ. ARE APPLICABLE THERETO.

Signature and Title of Authorized Official

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
(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 _____ CONTRACTOR'S ADDRESS _____
 DBE GOAL FROM CONTRACT _____ % _____
 FED. NO. _____
 COUNTY _____ PROPOSAL AMOUNT \$ _____
 AGENCY _____ PROPOSAL OPENING DATE _____
 CONTRACT NO. _____ DATE OF DBE CERTIFICATION _____
 SOURCE ** _____

This information must be submitted during the initial negotiations with METRO. By submitting a proposal, offeror certifies that he/she is in compliance with METRO'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

SPECIFICATIONS FOR CONSULTANT SERVICES FOR UPGRADE OF METRO'S LAND MOBILE RADIO SYSTEM

1. INTRODUCTION

The Santa Cruz Metropolitan Transit District (METRO) is seeking proposals from qualified communication consultant firms to undertake the following activities related to conduct an analytical review of METRO's Land Mobile Radio (LMR) system for Fixed Route (Revenue), Paratransit, and METRO non-revenue vehicles. METRO is seeking an objective assessment of its current radio systems and recommendations for replacement and upgrades to this infrastructure. The selected consultant must be an expert in radio communication fields and have experience in working with Public Agencies to create Request For Proposals (RFP's).

Neither the Consultant nor any firm for which he or she works for or has a financial interest in will be allowed to submit a proposal on the resultant RFP for purchase and installation of upgrades and additions to METRO's LMR system. Neither the Consultant nor any firm for which he or she works for or has a financial interest in shall be a sales distributor for any prospective manufacturer or supplier of equipment that will or maybe specified in the resulting RFP.

Each Proposer must submit with their proposal a full description of all of their past, present or planned organizational, financial, contractual or other interests with organization whose products or services may be offered in response to the procurement on which they will be consulting. Where there are such interests identified by the Proposer, the Proposer must describe why it believes that the performance of the proposed consulting contract can be accomplished in an impartial and objective manner.

2. HISTORY OF METRO'S LMR SYSTEM, FIXED ROUTE, PARATRANSIT, AND NON-REVENUE VEHICLES

Metro's LMR system for Metro's revenue and non-revenue vehicles was established more than thirty years ago and has been incorporating various equipment types throughout the years. Currently, METRO's LMR system consists of the following equipment types found on revenue / non-revenue vehicles, and fixed locations:

- 97 Each Transit Buses with Motorola MaraTrac (HCN1090A) units
- 13 Each Transit Buses with Motorola PM 1500 units
- 35 Each Non-revenue Vehicles with Motorola Mitrek units
- 1 Each GAI-Tronics ICP9000 Navigator Series PC-Based Console w/ Graphical User Interface - Operations Building
- 1 Each Motorola Transmitter/Receiver Operations Building
- 4 Each Motorola HT 125001s 450-512Mhz 4W 32 Ch Portable Hand Held Radios
- 5 Each Motorola HT 1000 Portable Hand Held Radios
- 1 Each Exacom Hindsight-Net/V6 Multi-Media Digital Logging Recorder - Operations Building
- 1 Each Motorola Main Transmitting Receiving Unit – Operations Building
- 1 Each Motorola TLN1991A Radio Receiver Encoder Signal Amplification Unit – Watsonville Transit Center

Three (3) repeaters are used and maintained by METRO and are currently placed at the following locations in Santa Cruz County:

Transmit Frequency: 453.975 Receive Frequency 458.975

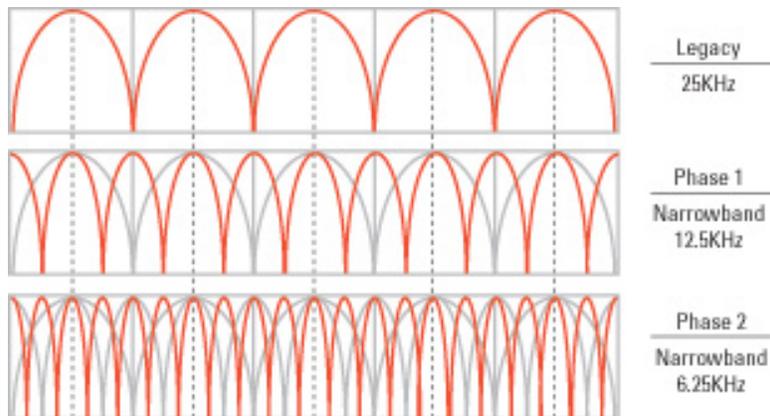
- 1 Each Motorola T5766A, Pasatiempo Water Tank Hill, Santa Cruz - Kite Hill
 Lat. (NAD83): 37-0-31.8 N
 Long. (NAD83): 122-1-43.9 W
 Ground Elev: 155.0
- 1 Each Motorola T5766A, 15715 Skyline Blvd., Los Gatos - Mount Biewlaski
 Lat. (NAD83): 37-13-22.2 N
 Long. (NAD83): 122-5-37.3 W
 Ground Elev: 36.0
- 1 Each Motorola MSR 200, Hwy 1, 1250 YDS N of Post Office – Davenport
 Lat. (NAD83): 37-0-50.8 N
 Long. (NAD83): 122-5-37.3 W
 Ground Elev: 999.0

5 Each Antennas – Output = 25.000 w, ERP = 160.000 w, Frequencies – 458.97500 and 453.97500

METRO’s Paratransit Division was established in 2004. Its communication system consists of NEXTEL Advance Tec Communication System phone units installed on thirty-seven (37) Paratransit Vehicles, two (2) desk top phone docking stations used as communication consoles, and Xora Vehicle Location tracking program.

3. SCOPE OF WORK

The recommendations provided will consist of the types of equipment, programs, technology, and placement of equipment best suited for meeting compliance for voice and data transmissions in order to prepare for and comply with the Federal Communication Commission (FCC) Mandate requiring narrowband migration of the current Legacy 25 KHz systems to that of Phase 1, 12.5 KHz by January 01, 2013, and to be compliant for the future narrowband migration to Phase 2, 6.25 KHz that will be required beyond 2015. (See figure below.)



Review will include analysis of current LMR systems and existing communication deficiencies due to various topographic conditions within Santa Cruz County and adjacent Santa Clara County. Recommendations will include technology for Global Positioning System, Advanced Vehicle Location system, mobile data transmitting and receiving, archival recording, silent alarm, and monitoring capability. Any system proposed should also have the ability to be monitored by the Santa Cruz County Communications System when METRO deems it necessary. Recommendations are to include viable contingency plans to accommodate system changes without loss or interruption of communication capabilities at any time. Recommended equipment should meet American National Standard Institute (ANSI) requirements for system performance, interference abatement and compatibility interoperability when applicable.

Selected firm will also be responsible for submitting applications for any and all new narrowband frequencies or in modifying existing licenses, identifying repeater placement sites, and researching leases for such sites. If it becomes necessary to obtain additional channels the firm will be responsible for providing justification to the FCC as to why the additional channels are required in order to successfully obtain them.

The selected firm/individual will:

Work with a small group of METRO staff to evaluate radio communication needs and current usage.
Recommend the necessary networking hardware and configuration to support future radio communication needs.
Make recommendations on best of breed radio communication needs while assisting in development of a list of requirements.
Develop the technical specification portion of a future METRO Request for Proposal (RFP) for upgrades and additions to METRO's LMR system including weighted evaluation criteria to assure that the most appropriate and cost effective solution is selected.
Work with METRO staff to evaluate the proposals received for upgrades and additions to METRO's LMR system.
Be available to attend two (2) METRO Board of Director meetings to answer any technical questions regarding the award recommendations.

4. TASKS TO BE COMPLETED BY THE CONSULTANT/DELIVERABLES

The tasks shown below are the minimum required tasks that METRO believes are required to complete a review of METRO's LMR system. Proposers are encouraged to identify additional tasks and activities that they believe will enhance the quality of the project. METRO reserves the right to revise these tasks and to add tasks that best meet the needs of METRO.

Proposers are required to clearly identify all tasks and associated costs in their proposal. All proposed tasks and activities must be conducted in a manner that ensures no disruption to METRO's ability to operate its current LMR system.

Review current LMR system for revenue and non-revenue vehicles.
Review Paratransit LMR system.
Solicit from METRO staff end-user requirements.
Prepare a report detailing any deficiencies found and provide recommendations for improvement.
Recommendations should include specific resources, equipment types, appropriate placement locations, budget procurement costs, recurring costs for service, leases, licensing, maintenance, and staff training.

5. TENTATIVE PROJECT SCHEDULE

Event	Date
Proposal Issue Date	November 3, 2009
Proposal Due Date	December 3, 2009, 5 PM
Board Approval of Contract	January 22, 2010
Contract Award	February 1, 2010
Meet with METRO Staff and Review Sites	By February 15, 2010
Prepare and Submit Draft Specifications	March 19, 2010
Review with METRO Staff	March 26, 2010
Submit Final Revisions to Specifications	April 5, 2010

6. PROPOSAL REQUIREMENTS

General. Submit a proposal response to this request using an appropriate format on 8-1/2 x 11" paper. Complete and attach all forms provided in Part II of this RFP. Provide one (1) unbound original and five (5) copies.

Project Understanding. Provide a description of the Consultants understanding of the proposed project tasks, familiarity with the communication area coverage, and the proposed approach to complete all tasks.

Qualifications and Experience. Provide a description of Consultant's qualifications for the project and a description of pertinent experiences with similar projects particularly if public sector and/or transit related.

References. Provide at least three references to previous contracts with comparable consulting elements. References should include a detailed description of the work performed, cost, the manager or team leading the work and the name, address and telephone number of each primary contact.

Cost Proposal. The selected firm shall provide a cost proposal for required services, including the cost of required tasks. The cost proposal shall breakdown the estimated hours and rates needed to complete all tasks.

7. EVALUATION CRITERIA

Proposals will be evaluated according to the following criteria by METRO staff:

CRITERIA	POINTS POSSIBLE
1. Quality Of Submittal	20 points
2. Project Understanding, Familiarity With Area And Approach	20 points
3. Qualifications Of The Proposed Project Team	20 points
4. Previous Work In This Field (References)	15 points
5. Ability To Meet Project Timelines	10 points
6. Cost Proposal	35 points
7. Disadvantage Business Enterprise Participation	5 points
Total Points Possible	125 points

8. PROPOSAL SUBMISSION

Submit an original and five (5) copies of your proposal to:

Lloyd Longnecker, Purchasing Agent
 Santa Cruz Metropolitan Transit District
 370 Encinal Street, Suite 100
 Santa Cruz, CA 95060

Proposals are due to METRO by due date at 5:00 p.m. and will become the property of the Santa Cruz Metropolitan Transit District. Proposals must be clearly marked: METRO RFP No. bid number bid title.

9. PROJECT FUNDING

There are two sources of funding for this project. Both sources are from Proposition 1B which is dependent on bond sales by the State of California. The first source is for \$7,000. The second source is for \$440,505. A second bond sale should bring in an additional \$440,000.

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 METRO 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

METRO 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 METRO upon fifteen (15) days' notice at any time without cause for any reason in whole or in part, whenever METRO determines that such termination is in METRO's best interest.

2.01.02 Upon receipt of a notice of termination, and except as otherwise directed by METRO, 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 METRO in the manner, at the time, and to the extent directed by METRO all of the rights, title, and interest of the Contractor under the orders and subcontracts so terminated, in which case METRO 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 METRO, to the extent METRO may require, which approval or ratification shall be final for all the purposes of this clause; (6) transfer title to METRO and deliver in the manner, at the time, and to the extent, if any, directed by METRO 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 METRO; (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 METRO, any property of the types referred to above provided, however, that the Contract 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 METRO, and provided further, that the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made to METRO 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 METRO 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 METRO 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 METRO has or may acquire an interest.

2.02 Termination for Default

2.02.01 METRO 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, METRO may procure, upon such terms and in such manner as METRO may deem appropriate, supplies or services similar to those so terminated. Without limitation to any other remedy available to METRO, the Contractor shall be liable to METRO 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 METRO shall be considered to have been terminated pursuant to termination for convenience of METRO pursuant to Article 2.01 from the date of Notification of Default.

2.03 No Limitation

The rights and remedies of METRO 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 METRO 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 METRO 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 METRO to evaluate any Contractor request for relief under this Article 3. METRO shall examine Contractor's notification and determine if the Contractor is entitled to relief. METRO shall notify the Contractor of its decision in writing. METRO'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 METRO 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. METRO 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 METRO 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 METRO 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 METRO (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 METRO 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 negligence, recklessness or willful misconduct 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 METRO and any insurance or self-insurance maintained by METRO 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 METRO.
- (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 METRO.
- (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 METRO shall have been given written notice of such cancellation or reduction."
- (5) Contractor shall notify METRO 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 METRO 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 METRO.

8. SINGLE PROPOSAL

If only one proposal is received in response to the RFP, Offeror may be required to submit to METRO within five (5) days of METRO demand, a detailed cost proposal. METRO may conduct a cost or price analysis of the cost proposal to determine if the proposal price(s) are fair and reasonable. Offeror shall cooperate with METRO in compiling and submitting detailed information for the cost and price analysis.

9. NO DISCRIMINATION

The Contractor, sub recipient or subcontractor shall not discriminate on the basis of race, color, national origin, or, sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR, Part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy, as recipient deems appropriate.

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 METRO 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.

I. PROMPT PAYMENT

11.01 Prompt Progress Payment to Subcontractors

The prime contractor or subcontractor shall pay to any subcontractor not later than 10-days of receipt of each progress payment, in accordance with the provision in Section 7108.5 of the California Business and Professions Code concerning prompt payment to subcontractors. The 10-days is applicable unless a longer period is agreed to in writing. Any delay or postponement of payment over 30-days may take place only for good cause and with METRO's prior written approval. Any violation of Section 7108.5 shall subject the violating contractor or subcontractor to the penalties, sanctions, and other remedies of that Section. This requirement shall not be construed to limit or impair any contractual, administrative, or judicial remedies, otherwise available to the contractor or subcontractor in the event of a dispute involving late payment or nonpayment by the contractor, deficient subcontractor performance, and/or noncompliance by a subcontractor. This clause applies to both DBE and non-DBE subcontractors.

A. Prompt Payment of Withheld Funds to Subcontractors

METRO shall hold retainage from the prime contractor and shall make prompt and regular incremental acceptances of portions, as determined by METRO of the contract work and pay retainage to the prime contractor based on these acceptances. The prime contractor or subcontractor shall return all monies withheld in retention from all subcontractors within 30 days after receiving payment for work satisfactorily completed and accepted including incremental acceptances of portions of the contract work by METRO. Any delay or postponement of payment may take place only for good cause and with METRO's prior written approval. Any violation of these provisions shall subject the violating prime contractor to the penalties, sanctions, and other remedies specified in Section 7108.5 of the California Business Professions Code. This requirement shall not be construed to limit or impair any contractual, administrative, or judicial remedies, otherwise available to the contractor or subcontractor in the event of: a dispute involving late payment or nonpayment by the contractor; deficient subcontractor performance; and/or noncompliance by a subcontractor. This clause 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 METRO 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 METRO Liability

METRO'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 METRO premises or distribute same to METRO employees.

13.05 Publicity

Contractor agrees to submit to METRO all advertising, sales promotion, and other public matter relating to any service furnished by Contractor wherein METRO's name is mentioned or language used from which the connection of METRO'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 METRO.

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 METRO property, (2) ensure that its employees take appropriate protective measures, and (3) provide METRO's Manager of Facility Maintenance with a Material Safety Data Sheet (MSDS) for all hazardous substances to be used on METRO property.

13.10.02 Contractor shall comply with Cal OSHA regulations and the Hazardous Substance Training and Information Act. Further, said parties shall indemnify METRO 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 METRO; and any such action by Contractor without METRO'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 METRO. Any such action by Contractor without METRO'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 METRO 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 METRO premises or in a METRO vehicle.

13.17 Responsibility for Equipment

13.17.01 METRO 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 METRO.

13.17.02 Contractor is responsible to return to METRO in good condition any equipment, including keys, issued to it by METRO pursuant to this Agreement. If the contractor fails or refuses to return METRO-issued equipment within five days of the conclusion of the contract work METRO 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 METRO.

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 METRO 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

PROFESSIONAL SERVICES CONTRACT FOR CONSULTANT SERVICES FOR UPGRADE OF METRO'S LAND MOBILE RADIO SYSTEM (10-13)

THIS CONTRACT is made effective on _____, 2009 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("METRO"), and _____ ("Contractor").

1. RECITALS

1.01 METRO's Primary Objective

METRO 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 METRO's Need for Consultant Services for Upgrade of METRO's Land Mobile Radio System

METRO has the need for Consultant Services for Upgrade of METRO's Land Mobile Radio System . In order to obtain these services, METRO issued a Request for Proposals, dated November 3, 2009, 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 Consultant Services for Upgrade of METRO's Land Mobile Radio System and whose principal place of business is _____. Pursuant to the Request for Proposals by METRO, Contractor submitted a proposal for Consultant Services for Upgrade of METRO's Land Mobile Radio System , which is attached hereto and incorporated herein by reference as Exhibit "B."

1.04 Selection of Contractor and Intent of Contract

On _____, METRO selected Contractor as the offeror whose proposal was most advantageous to METRO, to provide the Consultant Services for Upgrade of METRO's Land Mobile Radio System described herein. This Contract is intended to fix the provisions of these services.

METRO 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 3, 2009

B. Exhibit "B" (Contractor's Proposal)

Contractor's Proposal to METRO for Consultant Services for Upgrade of METRO's Land Mobile Radio System, signed by Contractor and dated December 3, 2009.

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 METRO for this project in accordance with the Request for Proposals issued November 3, 2009.

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 3, 2009.

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 METRO.

At the option of METRO, 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

METRO shall compensate Contractor in an amount not to exceed the amounts/rates agreed upon by METRO. METRO shall reasonably determine whether work has been successfully performed for purposes of payment. Compensation shall be made within thirty (30) days of METRO 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 METRO 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 METRO (or any grantor of METRO, 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 METRO are (1) actually incurred; (2) reasonable in amount; (3) related to this Contract; and (4) necessary for performance of the project.

6. NOTICES

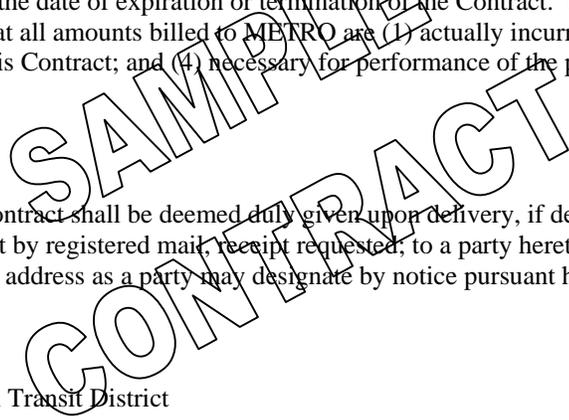
All notices under this Contract shall be deemed duly given upon delivery, if delivered by hand; or three (3) days after posting, if sent by registered mail, receipt requested, to a party hereto at the address hereinunder set forth or to such other address as a party may designate by notice pursuant hereto.

METRO

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 _____

METRO - SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR -

By _____

Approved as to Form:

Margaret Rose Gallagher
District Counsel

SAMPLE
CONTRACT

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 METRO 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 METRO, 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, METRO 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 METRO 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 METRO to enter into such litigation to protect the interests of METRO, 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 METRO, 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 METRO 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 METRO 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

DOT or METRO 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, METRO 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 DOT 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 METRO (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 METRO 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 26 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 26 apply to this Agreement.

12.2 DBE Obligation

METRO and Contractor agree to insure that Disadvantaged Business Enterprises as defined in 49 CFR Part 26 have the maximum opportunity to participate in the performance of contracts and subcontracts under this Agreement. In this regard, METRO and Contractor shall take all necessary and reasonable steps in accordance with 49 CFR Part 26 to insure that Disadvantaged Business Enterprises have the maximum opportunity to compete for and perform Contracts. METRO 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 METRO 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. METRO'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 METRO 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 METRO.

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

METRO 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 METRO, its contractors or employees to accomplish a Government function.
- (b) To notify the Government when METRO 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. METRO 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, METRO, 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 METRO 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 METRO 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 METRO 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, METRO (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 METRO, 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. METRO 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, METRO 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.

METRO 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.

METRO 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 METRO 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 METRO or Contractor by the Government and incorporated in the work furnished under the Contract, provided that such incorporated material is identified by METRO 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

POLICY

It is the policy of the Santa Cruz Metropolitan Transit District (METRO) that it is responsible for resolving all Pre-Bid, Pre-Award and Post-Award Procurement Protest disputes arising out of third party procurements using good administrative practices and sound business judgment. It is METRO's intention that its procurement process provides for fair and open competition in compliance with federal and state laws and METRO policies.

METRO has established these Pre-Bid, Pre-Award and Post-Award Procurement Protest Policy and Procedures so that all procurement protests/disputes are filed, processed and resolved in a manner consistent with the requirements of the Federal Transit Administration (FTA) Circular (4220.1F) *Third Party Contracting Guidance*, dated November 1, 2008, which are on file at METRO's Administrative Offices, 370 Encinal Street, Suite 100, Santa Cruz, CA 95060, and available upon request.

APPLICABILITY

This regulation is applicable to all METRO employees. This regulation is applicable to any Interested Party as defined herein who has a protest/dispute against METRO in the Pre-Bid, Pre-Award and Post-Award procurement phase.

DEFINITIONS

“Common Grant Rules” refers to the Department of Transportation regulations “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments,” 49 CFR Part 18, which apply to Federal grants and cooperative agreements with governmental recipients of Federal assistance including Indian tribal governments.

“Interested Party” means a party that is an actual or prospective bidder or offeror whose direct economic interest would be affected by the award or failure to award the third party contract at issue. A subcontractor does not qualify as an “interested party”.

“Protest” means a formal declaration of disapproval or objection issued by a concerned person, group, or organization that arises during the procurement process. A Protest is a potential bidder's or contractor's remedy for correcting a perceived wrong in the procurement process. See “Types of Protests” below.

“Protester” means a person, group, or organization that files a formal declaration of disapproval or objection. A protester must qualify as an “interested party”.

“Types of Protests”: There are three basic types of Protests pursuant to this regulation, based on the time in the procurement cycle when they occur:

- a.) A pre-bid or solicitation phase Protest is received prior to the bid opening or proposal due date. Pre-bid protests are those based on the content of the initial Notice and/or solicitation published by METRO requesting bids from vendors or other interested parties.
- b.) A pre-award Protest is a protest against making an award and is received after receipt of proposals or bids, but before award of a contract.
- c.) A post-award Protest is a protest received after award of a contract. A post-award Protest must be received within 5 business days of the making of the award. A post-award Protest generally alleges a violation of applicable federal or state law and/or METRO policy or procedures relative to the seeking, evaluating and/or awarding of the contract.

STANDARDS.

All Protests must be filed in writing with the METRO Administrative Offices, Finance Manager, Santa Cruz Metropolitan Transit District, 370 Encinal Street, Suite 100, Santa Cruz, CA 95060, or electronically at financemanager@scmtd.com . No other location is acceptable.

A Protest must be in writing and set forth the specific grounds of the dispute and shall be fully supported with technical data, test results, or other pertinent information related to the subject being protested. The Protest shall include the name and contact information of the Protester, solicitation/contract number or description, and what remedy the Protester is seeking. The Protester is responsible for adhering to this regulation.

A Protester must exhaust all of METRO's administrative remedies before pursuing a protest with the FTA.

METRO's Finance Manager shall make a determination on the Protest generally within ten (10) working days from receipt of the Protest. The Decision of the Finance Manager must be in writing and shall include a response to each substantive issue raised in the Protest.

Any Decision by the Finance Manager may be appealed to the Board of Directors. The Protester has the right within five (5) business days of receipt of the Finance Manager's Decision to file an appeal restating the basis of the Protest and the grounds of the appeal. In the appeal, the Protester is only permitted to raise information and issues previously provided in the Protest or discovered after the Protest was submitted to the Finance Manager for Decision and directly related to the grounds of the Protest. The Protester shall be provided with at least 72-hour notification of when the Board of Directors will hear the Appeal. The Protestor may appear, be represented and present evidence and testimony at the Appeal Hearing. The Board of Directors' decision shall constitute METRO's final administrative determination.

In the event that the Protester is not satisfied with METRO's Board of Directors' final administrative determination, he/she 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 the jurisdiction over Protest(s) and Appeal(s).

At any time, the Protester may request reconsideration of METRO's Final Decision if data or information becomes available that was not previously known, or there has been an error of law or regulations.

The Protester may withdraw its Protest or Appeal at any time before METRO issues a final decision.

If METRO postpones the date of proposal submission because of a Protest or Appeal of the solicitation specifications, addenda, dates or any other issue relating to the procurement, METRO will notify, via addendum, all parties who are on record as having obtained a copy of the solicitation documents that a Protest/Appeal had been filed, and the due date for proposal submission shall be postponed until METRO has issued its final Decision.

Reviews of Protests by FTA are limited to 1) METRO's failure to have or follow its protest procedures, or its failure to review a complaint or Protest; or 2) violations of Federal law or regulation.

A Protest Appeal to the FTA must be filed in accordance with the provisions of FTA Circular 4220.1F. Any appeal to the FTA shall be made not later than five (5) working days after a final decision is rendered under METRO's protest procedure. Protest appeals should be filed with:

Federal Transit Administration
Regional Administrator Region IX
201 Mission Street, Suite 1650
San Francisco, CA 94105-1839

Telephone: (415) 744-3133
Fax: (415) 744-2726

METRO RESPONSIBILITIES TO FTA

METRO's Finance Manager will notify the FTA when he/she receives a third party contract protest to which the

FTA Circular (4420.1F) *Third Party Contracting Guidance* applies, and will keep the FTA informed about the status of the Protest including any appeals.

METRO's Finance Manager will provide the following information to FTA:

- a. Subjects: A list of Protests involving third party contracts and potential third party contracts that:
 - (a) Have a value exceeding \$100,000, or
 - (b) Involve controversial matter, irrespective of amount, or
 - (c) Involve a highly publicized matter, irrespective of amount.

- b. Details: The following information about each Protest:
 - (a) A brief description of the Protest,
 - (b) The basis of disagreement, and
 - (c) If open, how far the Protest has proceeded, or
 - (d) If resolved, the agreement or decision reached, and
 - (e) Whether an appeal has been taken or is likely to be taken.

- c. When and Where: METRO will provide this information:
 - (a) In its next quarterly Milestone Progress Report, and
 - (b) At its next Project Management Oversight review, if any.

- d. FTA Officials to Notify: When METRO's Board of Directors denies a bid Protest, and an appeal is likely to occur, METRO's Finance Manager will inform the FTA Regional Administrator for Region IX, or the FTA Associate Administrator for the program office administering a headquarters project directly about the likely appeal.

METRO's Finance Manager will disclose information about any third party procurement Protest to FTA upon request. FTA reserves the right to require METRO to provide copies of a particular Protest or all Protests, and any or all related supporting documents, as FTA may deem necessary.

EXHIBIT - B

PART II

GENERAL INFORMATION FORM

CONSULTANT SERVICES FOR UPGRADE OF METRO'S LAND MOBILE RADIO SYSTEM SERVICES RFP No. 10-13

(To be completed by the offeror and placed at the front of your proposal)

<u>CDX Wireless Inc.</u>	<u>December 3, 2009</u>
Legal Name of Firm	Date
<u>4435 Shearwater Court, Pleasanton, CA 94566</u>	
Firm's Address	
<u>(925) 218-4213</u>	<u>(925) 397-6799</u>
Telephone Number	FAX Number
<u>Corporation</u>	<u>26-2776034</u>
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 METRO 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 METRO 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 METRO the required insurance certificates within ten (10) calendar days of the Notice of Award.


Signature of Authorized Principal

Robert Simmons - Principal

Name of Principal-in-Charge and Title

Robert Simmons - Principal

Name of Project Manager and Title

Robert Simmons - Principal - bob.simmons@cdxwireless.com - (925) 218-4213

Name, Title, Email Address and Phone Number of Person To Whom Correspondence Should be Directed

4435 Shearwater Court, Pleasanton, CA 94566

Addresses Where Correspondence Should Be Sent

All

Areas of Responsibility of Prime Contractor

**CERTIFICATION OF PROPOSED CONTRACTOR REGARDING DEBARMENT,
SUSPENSION AND OTHER INELIGIBILITY AND VOLUNTARY EXCLUSION**

(Contractor) CDX Wireless Inc. certifies to the best of its knowledge and belief, that it and its principals:

Are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any Federal department or agency;

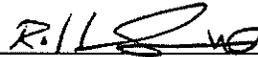
Have not within a three year period preceding this bid been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property;

Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (2) of this certification; and

Have not within a three year period preceding this bid had one or more public transactions (Federal, State or local) terminated for cause or default.

If the Proposed Subcontractor is unable to certify to any of the statements in this certification, it shall attach an explanation to this certification.

(Contractor) CDX Wireless Inc. CERTIFIES OR AFFIRMS THE TRUTHFULNESS AND ACCURACY OF THE CONTENTS OF THE STATEMENTS SUBMITTED ON OR WITH THIS CERTIFICATION AND UNDERSTANDS THAT THE PROVISIONS OF 31 U.S.C. SECTIONS 3801 ET. SEQ. ARE APPLICABLE THERETO.



Signature and Title of Authorized Official

Principal CDX Wireless Inc.

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 CDX Wireless Inc.

Signature of Authorized Official 

Name and Title of Authorized Official Robert Simmons - Principal

Date 12/3/2009

BUY AMERICA PROVISION
(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.

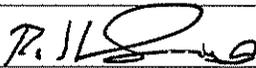
A false certification is a criminal act in violation of 18 U.S.C. 1001. Should this procurement be investigated, the successful bidder/proposer has the burden of proof to establish that it is in compliance.

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: 12/3/2009
Signature: 
Company Name: CDX Wireless Inc.
Title: Principal

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 CDX Wireless Inc. CONTRACTOR'S ADDRESS 4435 Shearwater Court, Pleasanton CA 94566

DBE GOAL FROM CONTRACT not specified %

FED. NO. _____ PROPOSAL AMOUNT \$ 59,798.00

COUNTY _____ PROPOSAL OPENING DATE 12/3/2009

AGENCY _____ DATE OF DBE CERTIFICATION _____

CONTRACT NO. _____ SOURCE ** _____

This information must be submitted during the initial negotiations with METRO. By submitting a proposal, offeror certifies that he/she is in compliance with METRO'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
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TOTAL CLAIMED DBE PARTICIPATION \$ 0 0 %

SIGNATURE OF CONTRACTOR 
 AREA CODE/TELEPHONE (925) 218-4213

12/3/2009 DATE
 (Detach from proposal if DBE information is not submitted with proposal.)

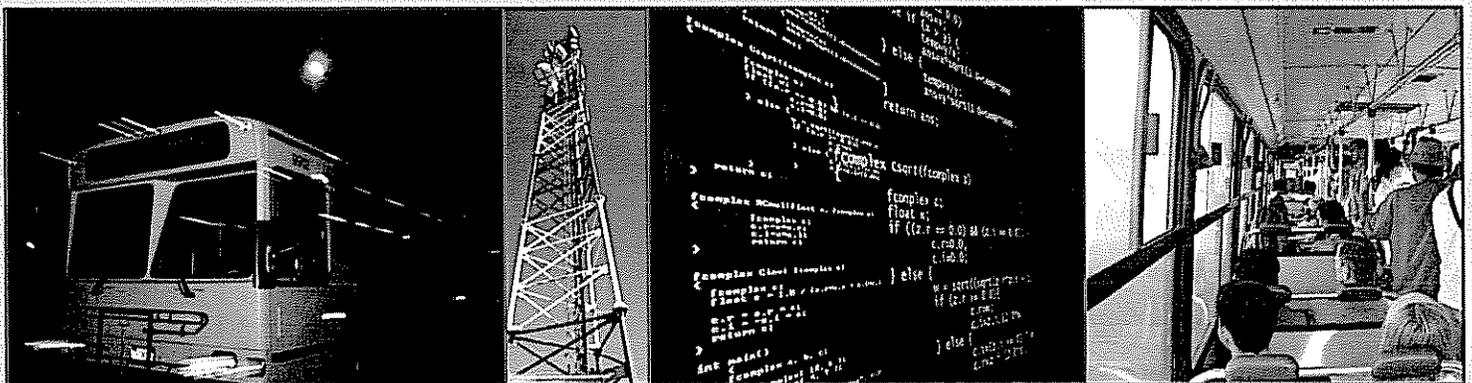
- * If 100% of item is not to be performed or furnished by DBE, describe exact portion, including plan location of work to be performed, of item to be performed or furnished by DBE.
- ** DBE's must be certified on the date proposals are opened.
- *** Credit for a DBE supplier who is not a manufacturer 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.

Santa Cruz Metropolitan Transit District

Consulting Services for the Upgrade of METRO's Land Mobile Radio System

METRO RFP No. 10-13



December 3, 2009

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Cover Letter

December 3, 2009

Mr. Lloyd Longnecker, Purchasing Agent
Santa Cruz Metropolitan Transit District
370 Encinal Street, Suite 100
Santa Cruz, California, 95060

RE: Request for Proposals – Consulting Services for LMR System Upgrade (RFP No. 10-13)

As the individual authorized to contractually obligate and negotiate for CDX Wireless, I am pleased to present our response to METRO's Request for Proposals (RFP) for the Upgrade of METRO's Land Mobile Radio System. CDX Wireless proposes staff members that are specialists in land mobile radio communications and that have significant knowledge and expertise to evaluate METRO's current system and prepare alternative system designs to aid in procurement of an advanced telecommunications system.

The staff of CDX Wireless has a proven track record of system analysis, planning and implementation for large-scale communications systems and has completed numerous similar projects in the field of LMR communications including projects for transit organizations at the regional and county-wide levels. Included in this proposal are descriptions of successful prior projects and our reference clients including several from Northern California and the San Francisco Bay Area. Our references show that we are committed to Northern California and have pertinent local knowledge that will facilitate the planning for METRO's next-generation system.

Our approach meets the requirements of confirming METRO's system needs and utilizing insight from panel discussions to prepare various communications alternatives. These activities will lead to recommendations that can save on capital and on-going costs while improving inter-agency communications across the District. Our technical skills ensure development of a sound system design, while our people skills will help to translate user needs and requirements into concrete technical requirements. We understand the work that needs to be done and are METRO's low risk option to completing the project.

We thank you for the opportunity to participate in this System Upgrade Project. We look forward to hearing from you and discussing the attached proposal further. If you have any questions please feel free to contact me at bob.simmons@cdxwireless.com or at (925) 218-4213.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Simmons".

Robert Simmons
Principal
CDX Wireless Inc.
4435 Shearwater Court
Pleasanton, CA 94566

1. Project Understanding

Santa Cruz County has a land area of approximately 455 square miles and a population of approximately 250,000 people, and is home to the major cities of Santa Cruz and Watsonville. The County is also home to two other cities and towns, 7 other unincorporated communities, as well as other areas of unincorporated land.

We understand that Santa Cruz Metropolitan Transit District (METRO) operates fixed route bus service on 39 routes throughout Santa Cruz County. It also has a paratransit service for persons not able to use fixed route service due to a disability. It also provides a Highway 17 Express Bus Service primarily between Santa Cruz and Scotts Valley and San Jose located in Santa Clara County.

Radio communications between both revenue and non-revenue vehicles and dispatch is critical to maintaining a high level of service to its ridership. It is also essential in helping to ensure the safety of staff as well as riders.

Radio communications in Santa Cruz County is particularly difficult due to its mountainous terrain which can present obstacles to radio wave propagation. Because of these difficulties, many organizations in the Santa Cruz County area that rely on radio communications tend to use VHF and UHF frequency bands due to their ability to propagate farther in mountainous terrain. This ability to propagate farther results in better radio coverage as well as lower initial system deployment costs by not having to install a large number of repeaters or base stations.

However, these propagation properties translate into increased popularity for these frequency bands. The need for more channels in these bands prompted the Federal Communications Commission to mandate 'narrowbanding' for all licensees in the VHF (150-174 MHz) and UHF (450-512 MHz) bands.

Narrowbanding, in its simplest form, is channel splitting with the concept of taking a 25 kHz wide channel and making it narrower such that it only occupies 12.5 kHz, forming an additional 12.5 kHz channel. Although simple in concept, there are technical challenges due to adjacent channel interference and high power levels of incumbent licensees.

Many agencies have aging radio systems and components that will be affected by the 'narrowbanding' mandate to achieve operations in 12.5 kHz by January 01, 2013. METRO is affected by this rule as indicated by the equipment and frequencies listed in the Request for Proposal (RFP). Some equipment may be able to migrate to 12.5 kHz operation through programming, however the vast majority of its equipment will not.

To meet this imminent narrowbanding mandate and to incorporate advanced features and technologies in its next generation LMR system, METRO has released a Request for Proposals to hire a consultant to:

- Work with a small group of METRO staff to evaluate radio communication needs and current usage.
- Recommend the necessary networking hardware and configuration to support future radio communication needs.
- Make recommendations on best of breed radio communication needs while assisting in development of a list of requirements.
- Develop the technical specification portion of a future METRO Request for Proposal (RFP) for upgrades and additions to METRO's LMR system including weighted evaluation criteria to assure that the most appropriate and cost effective solution is selected.

- Work with METRO staff to evaluate the proposals received for upgrades and additions to METRO's LMR system.
- Be available to attend two (2) METRO Board of Director meetings to answer any technical questions regarding the award recommendations.

CDX Wireless provides the best option to meet these requirements and help METRO develop its next-generation system. We are confident our approach, as described below, can meet METRO's goals and exceed its expectation for delivery of high-quality project deliverables.

To describe the unique value CDX Wireless offers METRO for this Systems Upgrade Project, this proposal contains the following sections:

- Qualifications – a description of CDX Wireless' focus and background as well as the capabilities of the individual staff members proposed to complete this Project
- Experience – descriptions of prior work related to communications, including Communications Plans and Design Alternatives
- References – a listing of our reference project contacts
- Project Approach – a description of the scope of work we propose to complete this project, including goals, activities, deliverables, schedules, and assumptions
- Cost Proposal – a summary of project costs

This proposal follows this format and demonstrates why CDX Wireless is uniquely suited to complete this project by delivering the evaluations, designs, and solicitation documents required to assist METRO toward its objective of securing an advanced land mobile radio communications system.

2. Qualifications

CDX Wireless is a consulting firm dedicated to improving public safety and critical infrastructure communications and interoperability. Our company was formed to provide technology consulting solutions that meet our clients' needs quickly, accurately, and cost effectively. Our business model focuses on maintaining a small core team of highly-trained individuals to assess our client's technical, functional, and operational needs and to design cutting-edge solutions that fulfill technical and business requirements. CDX Wireless has a local presence in the SF Bay Area and proposes to staff this project with two individuals who live in the Bay Area and have experience with Northern California focused communications projects.

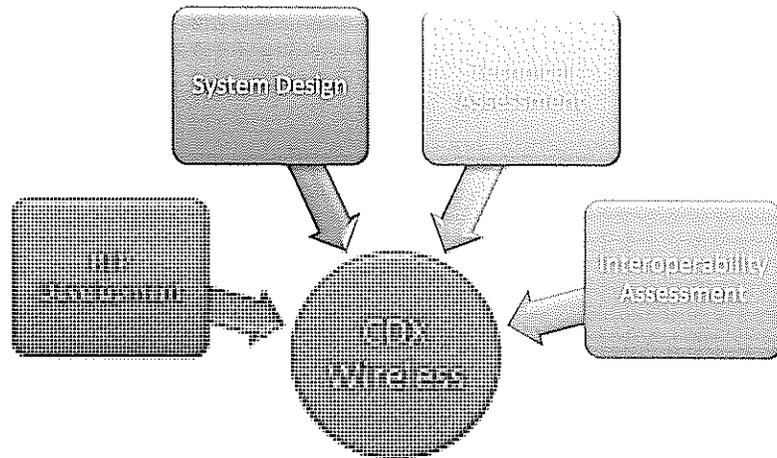


Figure 1 - CDX Wireless' Capabilities

CDX Wireless emphasizes industry awareness, increasing client understanding, and being responsive to client needs. The staff of CDX Wireless has an average of approximately 20 years of experience in deploying major communications systems, interoperability programs and strategies in some of our nation's most vulnerable areas, including urban areas such as the San Francisco Bay Area, and the Chicago Metropolitan area of Illinois, as well as rural areas such as Northern California and Minnesota.

Our proposed staff has extensive experience with completing radio communications projects for transit organizations including San Francisco MUNI, AC Transit, SAMTRANS, and others.

We at CDX Wireless take great pride in providing clients with advanced analysis and planning capabilities in communications technologies including narrowband 12.5 kHz systems. We stand ready and are uniquely qualified to assist METRO in its LMR communication improvement efforts. Our deep technical skills, our prior experience, and our disciplined approach constitute the best capabilities available to assist METRO in its quest for improved communications. We will utilize the knowledge gained from site walks and system evaluations, along with insight from panel discussions, to prepare various communications alternatives for communications improvements that meet impending narrowbanding mandates. CDX Wireless will provide METRO more than just a set of data; we will deliver critically-needed insight on the business and technical application of LMR communications to improve METRO's communications capabilities.

CDX Wireless has the right corporate focus, local staff, and demonstrated experience to thoroughly and accurately assess METRO's current LMR system, identify needs and requirements of METRO's users, and evaluate alternatives that lead to a design and technical specifications that best solves METRO's communications issues.

2.1 *Our Proposed Project Staff*

We have reviewed METRO's Request for Proposals and have compiled a team with experiences and skills that specifically meet the requirements of the Tasks to Be Completed and that will bring the necessary expertise to this project. This team includes Mr. Bob Simmons, a CDX Wireless Principal, who will serve as Project Manager and Project Technology Lead and who will conduct the majority of the project activities described below in our Proposed Project Approach. It also includes Mr. Greg Forrest who will act in a Project Technology Lead capacity. We are confident this team can work quickly towards completing project milestones in an efficient manner. We also feel that this team brings a unique ability to distill and explain complex information in a manner that is easy to comprehend and easy to implement, thereby increasing your understanding and effectiveness. Summaries of the backgrounds of our key team members are included below while full resumes are included in Appendix A.

2.1.1 *Mr. Bob Simmons, Project Manager*

As Project Manager, Mr. Simmons will have overall project management responsibilities. He has over 21 years of experience in land mobile radio systems and their application, including 19 years of employment at a large telecommunications equipment manufacturer and system integrator where he designed and implemented many of radio and microwave systems currently deployed in Northern California. His representative accomplishments include:

- Served as technical subject matter expert regarding APCO Project 25 700 MHz trunked radio systems and led the design effort for the Silicon Valley Radio Communications Project. This included the development of functional specifications for later inclusion into a Request for Proposals.
- Served as Project Manager and Technology Lead for the development of a public safety communications interoperability strategic plan for the San Francisco Bay Area Super Urban Area Security Initiative (SUASI) region. For that project, Mr. Simmons lead the assessment of the region's current communications assets, the collection of user operational and technical requirements, and the development of a gap-analysis and plan to describe methods, including specific system architectures, to achieve the region's goal for communications interoperability. The resulting Strategic Plan is currently being used in the development of the region-wide P25 BayRICS system.
- Served as the Technology Lead for the Northern Planning Area of CA (NPAC) Regional Interoperability Plan. The study provided a 5-year plan, which identified the funding sources for improving operability and interoperability. In addition, a region-wide Tactical interoperable Communications Plan (TICP) was developed.
- Served as the Project Manager for developing a spectrum repacking plan for Northern California's Region 6 700 MHz Regional Planning Committee. The purpose of the plan was to "repack" allocations away from mountainous, minimally populated counties (especially those that are not yet making significant use of any available 800 MHz spectrum) and to those areas with a greater need (primarily the Bay Area and Sacramento). Tasks required for this effort included a review of the CAPRAD database to understand current channel allotments, development of co-channel and

adjacent channel contours for use in determining minimum spacing between channel users, and finally the development of the channel allotment plan. It was during this project that Mr. Simmons became intimately familiar with broadband technologies and their possible application in the 700 MHz band. As the SRRCS is well aware, the 700 MHz landscape is continually shifting and understanding the various technologies and their applicability to public safety operation was critical in providing guidance to the Region 6 committee.

- Served as a Project Engineer and Engineering Manager at a large public safety equipment manufacturer and system integrator where he oversaw the development, deployment, and on-going support of many Northern California radio systems. Some representative systems include those deployed at San Mateo County, Santa Clara Valley Transit Authority, the City and County of San Francisco, San Joaquin County, City of Roseville, AC Transit, Alameda County, the City of San Jose, Union City, the City of Fremont, and many other counties and municipalities in Northern California and Hawaii.

2.1.2 *Mr. Greg Forrest, Project Technology Lead*

Mr. Forrest will provide support to Mr. Simmons in the investigations, analysis, design, and implementation recommendations for alternatives to meet METRO's requirements for LMR communications. He will use his over 20 years of experience in the field of wireless land mobile voice and data communications to perform the design reviews, site analysis, field surveys, coverage predictions and modeling, design of alternatives, reviews, and cost/implementation planning included in our approach as described below. His experience includes over 19 years leading consulting projects to inventory, assess, design, and implement technical and operational systems and solutions relating to wireless systems for preparedness and response. Mr. Forrest holds a Bachelor of Science in Electronics Technology (Cal Poly). He is both a member and active participant in associations such as the Association of Public Safety Communications Officials (APCO). His representative accomplishments include:

- Served as Design Manager for the San Francisco Metropolitan Transportation Authority (SF MUNI) – Voice and Data Radio System project. Mr. Forrest was responsible for staff activities, design planning and deliverables for a new 700/800 MHz trunked voice and data network supporting all bus, rail, maintenance and security departments (over 2000 users).
- Served as Project Manager for the King County Metro Transit, Seattle, WA – Voice and Data Transit Radio System Replacement Project, a countywide voice and data radio system supporting 1400 bus fleet, plus additional service vehicles and portable radios. Mr. Forrest's duties included needs assessment, design planning and cost estimates, regulatory analysis, development the Technical Specifications/RFP, proposal review and implementation oversight. Project is a trunked, seven-site, simulcast, TDMA radio system operating on new 700 MHz frequencies, with a SONET-based microwave backbone/loop. Project included a conventional radio system as well.
- Served as Project Manager for the County of San Mateo, CA – RFP for Redundant Project 25-Compliant Trunking Controller project. As Project Manager, Mr. Forrest determined operational features, functions and interfaces of the existing and new controller, and developed a competitive Technical Specifications for the RFP to replace it. The new controller must support the existing (480 MHz) system as well as a new 700 MHz Project 25 system.

References for Mr. Forrest's accomplishments on these projects are available on request.

2.2 *Additional Project Support*

Our project team will receive the full project support of additional resources from CDX Wireless. Such project support will be drawn upon for administrative support as well as their considerable knowledge in the technology of land mobile radio communications and their applications to METRO's needs.

2.3 *Vendor Independence*

Members of CDX Wireless' proposed team have prior employment experience with Motorola, Inc., however our staff holds no ongoing organizational, financial, contractual, or other interest with that company.

3. Experience

The CDX Wireless team is proud of its history of providing services to critical infrastructure and public safety organizations. In this section we present examples of CDX Wireless' abilities to successfully complete critical technical and operational communications projects. We have selected four reference projects from the many we have completed for their direct relevance in demonstrating our team's ability to:

- Identify communications users' needs and future requirements
- Develop design alternatives and recommend one that best meets operational and technical needs while complying with project financial and other constraints
- Develop functional and technical requirements and specifications for inclusion into Request for Proposal (RFP) documents
- Ensure interoperability capabilities within system designs

The projects we have selected are:

- Santa Clara County, California in which CDX Wireless staff evaluated the communications resources and needs of multiple agencies, both urban and rural, to identify various conceptual designs and cost-savings alternatives, leading to one that was selected and fully developed into a comprehensive set of functional specifications.
- The San Francisco Bay Area UASI in which CDX Wireless staff performed an assessment and later developed a strategic plan to promote regional interoperability for the Bay Area.
- The Northern Planning Area of California (NPAC) in which CDX Wireless staff analyzed the assets and needs of an 18-county region and developed a Communications Interoperability Plan (including design alternatives) and a region-wide TICP in order to establish a roadmap for future technical and operational development.
- The Chicago Department of Public Health in which CDX Wireless staff evaluated the need for interoperability among a diverse set of user agencies and, after evaluating alternatives and selecting one, helped establish and deploy a fully-interoperable communications solution consisting of governance, procedures, and technology.
-

Each project represents a reference client of CDX Wireless and the contact details for each project are included in Section 4 - References.

3.1 *Santa Clara County, California*

Situation

Eighteen Santa Clara County, California, jurisdictions, representing some thirty law enforcement, fire and emergency medical services and public works agencies partnered together to enhance inter-agency coordination and communication among their Public Safety agencies and to exchange critical information and resources in real time during an emergency. Their regional approach to tackling challenges facing public safety is guided by a governance committee known as the Silicon Valley Regional Interoperability Project (SVRIP). The SVRIP Executive Steering Committee directed the launch of the Silicon Valley Regional Communications System (SVRCS) project to implement a hybrid Project-25- (P25) compliant VHF -700 MHz radio system for the Public Safety agencies in Santa Clara County. CDX Wireless staff evaluated needs and assets and developed a design concept for this project. These activities were the basis for our staff's development of the functional specifications for a formal Request for Proposal (RFP).



Project Objectives

- Develop a report that provides a comprehensive strategic approach to designing the SVRCS.
- Create architectural-level designs to compare various system alternatives and recommend one.
- Identify the costs associated with building out the recommended new system.
- Develop an implementation roadmap to guide deployment of the recommended new system.
- Provide the SVRIP Steering Committee with the functional specifications required to support the procurement of the SVRCS through a formal competitive request for proposal (RFP).

Project Approach

- Conducted an inventory of available channel and sites within the County and performed a coverage analysis of each, highlighting each site's contribution to possible coverage solutions available to meet the needs of the constituent users in Santa Clara County. The result was a set of sites identified as the best candidates to provide VHF and 700MHz P25 coverage for the SVRCS users, based on the set of available frequencies.
- Visited and inspected the candidate sites identified in the previous phase to inventory their existing equipment and report on their condition all in order to maximize the reuse of existing sites and minimize the costs associated with new site development. Confirmed candidate sites as viable for use in our design and noted the improvements that were required at each site to house P25 system equipment.
- Analyzed and summarized the radio systems and subscriber pools held by the constituent members of the SVRIP to determine their economic life cycles and their value as part of a new VHF and 700MHz hybrid P25 trunked system. This included an analysis of individual agencies' timeframes and business pressures to migrate to new systems.

- Conducted direct interviews with respective SVRIP member agencies to determine operational requirements and incorporate those requirements into the functional specifications as applicable.
- Clearly define type and quantity of significant components (infrastructure and subscriber equipment) by function and operational performance.
- Write the functional specifications in such a way as to not exclude potential vendors, establish minimum or maximum criteria and reference/ invoke national or industry standards as appropriate.

Results

- Developed a summary analysis describing the strengths, weaknesses, and opportunities of a hybrid VHF-700 MHz system in comparison to a 700-MHz-exclusive trunked network. Also delivered an architectural design of a system that meets the SVRIP constituent’s requirements for coverage, capacity, control and capabilities (features) along with a system environment narrative describing system redundancy, subscriber requirements, electrical supply and backup power requirements, and systems features.
- Created a timeline, cost schedule and transition plan for the deployment of the system described in our design, including budgetary cost estimates for infrastructure over various stages of implementation as well as for operation/maintenance and subscriber hardware costs.
- Developed functional specifications that will be included in either a local (County only) or regional (multi-county) Request for Proposals.

Value

Our team’s work on this project is applicable to this proposal as it demonstrates our teams’ ability to inventory and assess existing resources and needs as well as our skills in creating specifications to aid in the procurement of complex radio systems.

3.2 Bay Area SUASI

Situation

To improve coordinated responses by public safety personnel to natural and man-made emergencies within the San Francisco Bay Area, the San Francisco Bay Area Super Urban Area Security Initiative (SUASI) region sought services to improve, among other items, the communications interoperability for the region’s public safety agencies.



The SUASI’s requirements for interoperability planning included the need for services to:

- Complete a needs assessment and evaluation of the existing major Bay Area SUASI Interoperable Communications Projects
- Complete a gap analysis of the various major Bay Area SUASI Interoperable Communications projects and determine the format of the existing and as-needed infrastructure
- Develop a five (5) year strategic plan based upon the completion of the needs assessment and gap analysis including costs.

Project Objectives

The SUASI sought a strategic plan that included high-level solutions/recommendations and a phased approach to implementing regional solutions to public safety communications operations. To meet this client's needs, a phased approach to the development of this strategic plan was developed and executed. The team, led by Bob Simmons as Project Manager and Technical Lead, began by developing a mutually agreeable project management plan that defines governance, a common goal, scope, risk, schedule and monitoring plans.

Project Approach

Interoperability throughout the region was then assessed by preparing an interview template and using it to conduct a series of focus groups and individual interviews across 3 main cities and 10 Bay Area counties. The focus of the assessment was based on Governance, Operational Process, and Technology. The results gave the project team the ability to compile a complete picture of the public safety communications governance, operational-process and technology environment. Also during this phase, the project team analyzed the best practices of the industry (including the Department of Homeland Security's SAFECOM guidance) and used that information, along with the results of the interviews and focus groups, to report on the gaps that exist between the current and desired states. The resulting strategic plan that was developed provided recommendations for improvement of Governance and Operational Improvements as well as forming the basis for the regional Project 25 network known as BayRICS, the Bay Area Regional Interoperability Communications System. Work on this project is applicable to this proposal to the County of Sacramento as it demonstrates our team's abilities to understand the integration of public safety wireless communications and IP Core networks as well as our skills in creating designs that meet our client's goals for integration and operational performance.

Results

A strategic plan was finalized for interoperable communications for the region describing how the SUASI can best use its existing or acquire/develop new spectrum, systems, procedures and governance structures to close the gaps identified in the assessment. This plan directs the SUASI to the realization of its common emergency communications goals and ensures commonality in vision among the involved agencies and jurisdictions. This unified view has also helped the region successfully capture additional federal grant funds for public safety communications.

Value

Work on this project is applicable to this proposal to METRO as it demonstrates our team's abilities to understand interoperable communication needs as well as our skills in creating solutions that can be implemented and achieved.

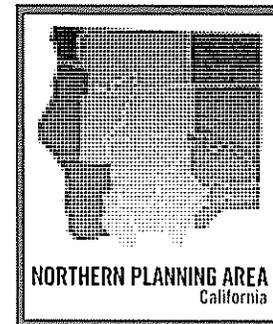
3.3 *Northern Planning Area of California (NPAC)*

Situation

The Northern Planning Area of California (NPAC) is composed of the 18 northernmost counties in California. The NPAC Region is largely rural with many of the smaller communities using equipment and systems that are operating beyond their lifecycle. This "operability" challenge is compounded with the region lacking a central interoperability strategy to meet their communications needs in the event of a major disaster. To meet these challenges the NPAC initiated the Regional Interoperability Planning Project.

Project Objectives

- Assess the interoperability needs of the constituent agencies of the NPAC with a focus on cost saving measures.
- Using the assessment develop a Communications Interoperability Plan (CIP) focused on strategies to enhance communications interoperability over a 5-year time frame.
- Develop a Cost Analysis based on the CIP and prioritize those strategies based on anticipated costs over a 5 year period.
- Develop a Regional Tactical Interoperable Communications Plan (RTICP) to illustrate how the CIP would improve interoperability in the event of a major disaster.



Project Approach

- Developed a phased approach to the manage development of this strategic plan. This included the development of a mutually agreeable project management plan to define governance, a common goal, scope, risk, schedule and monitoring plans.
- Assessed communications operability at the local/county level and interoperability throughout the region by preparing an interview template and using it to conduct a series of focus groups and individual interviews across entire Planning Area.
- Used the input collected to model various aspects of system performance, including system coverage, of the systems used in the 18 counties.
- Analyzed the best practices of the industry (including the Department of Homeland Security's SAFECOM guidance) and used that information, along with the results of the interviews and focus groups, to report on the gaps that exist between the current and desired states.
- Formed a strategic plan for interoperable communications for the individual counties and for the entire region. This strategic plan included recommendations for technical improvements to systems to meet operational needs for improved coverage and other radio system performance attributes.
- Developed a cost estimate and implementation plan to assist with the budget, procurement, and deployment planning for the strategic recommendations.

Results

- Created a full county-by-county assessment of the current technical, operational, and governance characteristics of 18 counties in Northern California. This assessment included models of the coverage available from the existing radio systems and it used those coverage predictions to define necessary system improvements.
- Developed a strategic plan to describe how the individual counties and the region can best use the existing or acquire/develop new spectrum, systems, procedures and governance structures to close the gaps identified in the assessment. The strategic plan included specific recommendations for technical modifications/enhancements/expansions in order to eliminate coverage and other performance issues.
- Presented the strategic plan to the Planning Area as a unified view to a common set of emergency communications goals that ensures commonality in vision and that can successfully capture additional grant funds for public safety communications.

Value

Our project work for NPAC is applicable to this proposal to METRO as it demonstrates our team's abilities to assess wireless communications assets and needs and develop design alternatives and recommendations.

3.4 *Chicago Department of Public Health*

Situation

The Chicago Department of Public Health (CDPH) continuously seeks to improve the overall preparedness and response capabilities of the Chicago Healthcare System which the Department, the Chicago Emergency Medical Service (a branch of the Chicago Fire Department) and approximately 45 governmental and non-governmental hospitals. As part of their efforts, CDPH sought to design and implement an Healthcare Radio Communication System (HRCS) to ensure that the City's healthcare network is connected both "horizontally and vertically to the tiered response system." Included in this project was the design of the radio system as well as the construction of a governance structure, the development of operational plans, and the testing of overall system technical and operational performance through exercises.



Project Objectives

- Analyze communications requirements between hospitals, between hospitals and CDPH, and between CDPH and the City's public safety agencies (Police, Fire, Emergency Medical, etc).
- Create a Strategic Plan to implement a system to meet identified needs for communications interoperability within the healthcare system with attention to governance, operations and technology.
- Develop from the Strategic Plan a Healthcare Communications governance structure and operational procedures for use of a Healthcare Radio Communications System (HRCS).
- Deploy a HRCS that meets the Chicago Healthcare System's needs for coverage, capacity, control (dispatch and management), and capabilities (features such as encryption).

Project Approach

- Assessed the current environment and desired stated of interoperable communications within the department, within the entire Chicago healthcare network and across the entire City through the creation, distribution, collection and compilation of a comprehensive survey.
- Conducted specific site interviews with leading hospitals to confirm the results of our survey and to gain additional institutional knowledge.
- Developed a governance structure with executive, steering committee, and working group levels with focus to technology and operations.
- Created operational procedures for the use of the HRCS including procedures for setting up System-wide briefings and requests-for-assistance.
- Evaluated alternatives for a technical solution including new designs as well as re-uses of existing hospital and City assets and systems.

- Selected the re-use of an existing City of Chicago citywide radio channel and coordinated a Memorandum of Understanding between CDPH, Chicago Fire Department, and the Chicago Office of Emergency Management and Communications (OEMC) for its use as the HCRS.
- Modeled the coverage of the HCRS system including on-site visits to area hospitals to analyze in-building radio coverage characteristics
- Coordinated with the Chicago OEMC for various upgrades to the radio system including narrowbanding, new antenna systems (to optimize coverage), a backup transmitter, new private line codes, and plans for multiple satellite receivers.

Results

- Created an emergency communications plan, mission and framework for the Department and the City's healthcare network, including specific recommendations for improving governance and operational procedures.
- Initiated the governance structure including facilitation of the initial meetings of the steering committee and workgroups.
- Created, distributed and trained users on the operational procedures and oversaw a successful field exercise of their use on the HCRS
- Deployed a technical solution for the HCRS that re-uses existing City assets through the redeployment of a city-wide system that meets the Healthcare System's needs for coverage, capacity, control, and capabilities.

Value

Our team's process for analyzing CDPH's current radio system assets and operational communications needs will be utilized on this for METRO's project as we collect and understand information about sites, systems, towers, and frequencies. We will use our team's demonstrated abilities on this project to identify, confirm, and model alternative solutions that best utilize existing assets to meet user's needs.

4. References

This proposal section includes CDX Wireless' contact information for our reference projects included in Section 3 - Experience.

Contact Information – Santa Clara County

Mr. George Washburn, Project Manager
2212 Petersburg Drive
Milpitas, CA 95035-6656
Phone: (408) 263-6412
Email: mail@georgewashburn.com

Contact Information – Bay Area SUASI

Mr. Clement Ng, Project Manager
10 Lombard Street

San Francisco, CA 94111
Phone: (415) 705-8523
Email: clement.ng@sfgov.org

Contact Information – Northern Planning Area of California

Ms. Weedy Hannibal, Project Manager
308 Nelson Avenue
Oroville, CA 95965
Phone: (530) 538-7101
Email: WHannibal@buttecounty.net

Contact Information – Chicago Dept. of Public Health

Mr. Phillip Battaglia, Project Manager
333 South State Street
Chicago, IL 60604
Phone: (312) 745-0252
Email: Battaglia_Phillip@cdph.org

5. Project Approach

This proposal section contains CDX Wireless' approach to completing the analysis, design, and specification development tasks and deliverables for METRO. In this Section, we demonstrate how our understanding of METRO's current situation and our qualifications and experience will be utilized to fulfill the Tasks to Be Completed as described in the Request for Proposals.

5.1 *Overview of Approach & Project Preparation*

CDX Wireless proposes an approach to meet the Scope of Project included in the Request for Proposals. Our approach includes a schedule to complete this project in nine (9) weeks. We assume this project will start on or around February 1st, 2010.

Included in this time frame are preparation and management tasks including the creation of a Project Management Plan to clearly document the project's scope, schedule, team roles, performance measures, and processes for monitoring, reporting, and addressing project issues, changes, and risks. Also as a preparatory task, we will define the methods and formats for on-going project monitoring and reporting, including the acceptance of a status report template. We will also use this time to establish a list of points of contact within METRO that will participate in this project.

These preparation activities will have a duration of approximately one week. Following their completion we will monitor and manage the project per the contents of the Plan and report status on a twice-monthly basis. This preparatory work, and our ongoing monitoring and reporting activities, will take place with the support and interaction of a METRO Project Manager to be identified by METRO as the single point of contact for project activities, guidance, and approval.

Our preparation and management activities are summarized in the following table:

Task	Deliverable(s)	Date of Submission
Prepare and Manage	Project Management Plan	First week of project

Following our preparation activities, the execution of our work will proceed with the following project stages:

- Inventory and Needs Assessment Activities, in which we will meet with users, administrators, and management from users of radio communications to identify and document user needs and requirements. We will also document the current system to ascertain current performance levels.
- Alternatives & Recommendations Activities, in which we will investigate, model, and describe various communications conceptual design alternatives, leading to the identification of one recommendation.
- Technical Specifications Activities, in which we transform the recommended conceptual system design into a set of technical and functional specifications which can be used in a METRO Request for Proposals.

A summary of these tasks; along with the activities to complete them, the deliverable (reports, presentations, etc) to be produced with their completion, and their durations; is shown in Figure 2 - Summary of Approach.

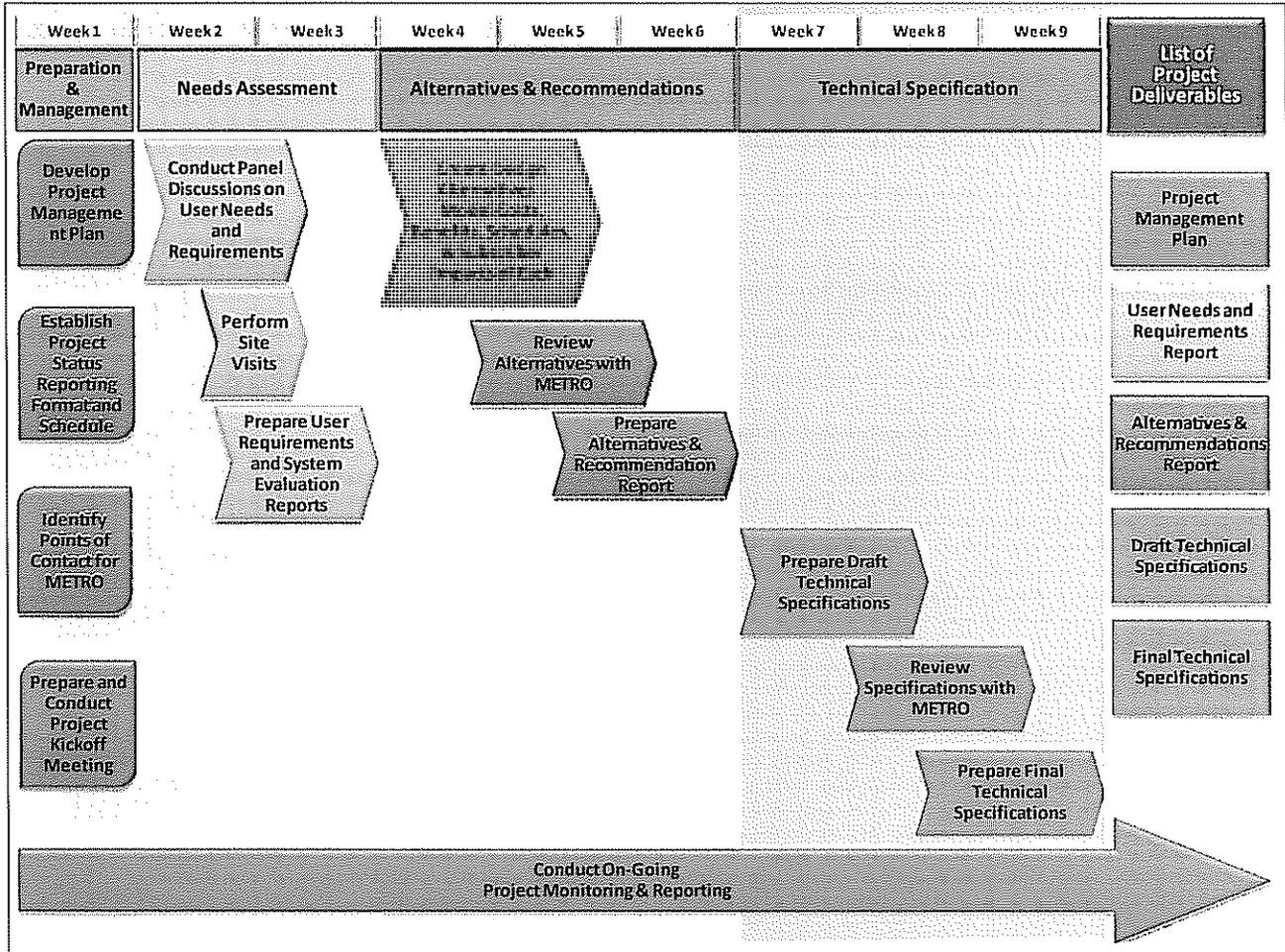


Figure 2 - Summary of Approach

5.2 *Inventory and Needs Assessment Activities*

The goals of these activities are to gather relevant information concerning the current state of the LMR system; to document the equipment, sites, and frequencies; and to understand user needs as they relate to radio communications.

Our team will begin, with the support of METRO's Project Manager, to meet with selected METRO representatives. To conduct these meetings, CDX Wireless will use an interview panel format to ask questions regarding the current radio system and questions regarding future needs for a METRO radio system. Our questions will focus on functionality and operations, rather than any set of specific technologies. We will hold approximately 1 to 2 panel sessions during a single day, depending on the number of interviewees. We will include questions about the following sets of functional attributes:

Functional Attribute	Details to be Investigated
Coverage	Where is wireless access available and required? Does basic coverage meet current requirements?
Capacity	Roughly how many users do the systems support and is that level of accommodated loading acceptable? Does the capacity density meet current load demands when and where required? Do users experience excessive system access delays?
Control	Who has supervisory access and how do those individuals execute their supervisory rights? Are there any security concerns?
Capabilities	Which functions are available for mobile data and voice radio networks and what additional features are required?
Cost	What are the costs of purchasing and supporting/operating these systems, both in terms of funds and staff?

We will discuss the current state of radio communications including impending narrowbanding requirements and possible digital operation. As part of that discussion we will also outline the various technologies and features available with today's radio systems including mobile data capabilities, GPS location, logging recorders for archiving purposes, emergency and silent alarm, and remote monitoring capability. We will document the results of these meetings as part of our User Requirements Report that describes the levels of performance required for acceptable communications.

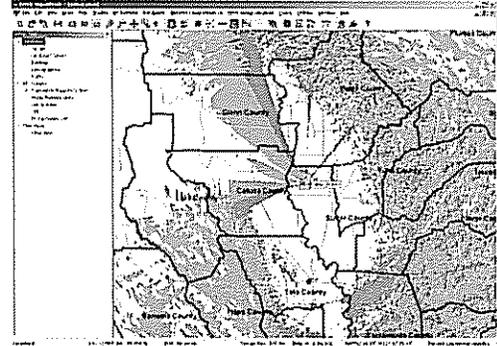
We will also conduct an on-site review of the equipment, sites, and facilities of the current system. To accomplish this, we will conduct site surveys of Mt. Biewlaski, Kite Hill, and Davenport. We will prepare for these site surveys by developing a site assessment template to collect the following information for each site:

- Location of Tower and Site
- Height of Antennas

- Placement of Antennas on Tower
- Models of Antenna
- Lengths of Transmission Line
- Base Station Attributes (including rated power)
- Back-haul equipment
- Shelter Construction
- Shelter and Site Security
- Shelter Access (ownership/control)
- Site Power and Grounding
- Site Heating/Ventilation/Air-Conditioning (HVAC)
- Site Rack Space and Occupancy
- Other conditions as necessary and appropriate

From these site visits, we will document the conditions of the equipment, site, tower, and facility assets. While we will not conduct detailed site structure or tower engineering and loading analyses, we will identify when such efforts are needed. Concurrent with the site surveys, we will verify subscriber information, including equipment specifications, installations, and age.

Our team will prepare coverage analyses of the current system as a "baseline" based on the information about existing sites, equipment, and frequencies as gathered during site surveys. We will perform our analysis using industry-leading EDX SignalPro® propagation modeling software. We will include in our analysis current wideband coverage as well as what can be expected when a similar system architecture is narrowbanded to meet upcoming FCC requirements.



We propose to use the evaluation criteria gathered from our discussions with users to determine an operationally-based coverage requirement that will be used as the performance specification for our coverage predictions.

We will document the results of these meetings as part of our User Requirements Report that describes the levels of performance required for acceptable communications.

Our Inventory and Needs Assessment activities are summarized in the following table:

Task	Deliverable(s)	Date of Submission
Validate User Needs	User Requirements Report	Second week of project
Perform System Evaluation	System Evaluation Report	Third week of project

This deliverable will serve as the basis for development of alternatives and recommendations for a system, or set of systems, to improve communications for METRO.

5.3 *Alternatives and Recommendations Activities*

The goals of this activity are to prepare conceptual design alternatives, including modifications to the existing systems and/or expansions of them, to meet the user-defined needs and requirements. These activities will make use of the User Requirements Report as well as the System Evaluation Report.

At CDX Wireless, our process of creating and evaluating alternative designs is iterative. Per our standard methods, we will begin by creating a pool of candidate alternatives. We will begin by translating functional needs and future requirements into independent design options. For example, a need/requirement may be expressed as "too much congestion on current system" or "need better clarity of signals in these locations." We will translate those into design options such as an increased number of channels (to alleviate congestion) and an increased quantity of transmitter sites or the expansion into simulcast (to improve coverage).

The next step in the process is to combine these design options into system alternatives that can be modeled for their budgetary costs, benefits, schedules, and impact to the users and their equipment. We will then identify a top set of a limited number of candidate alternatives and those that do not meet basic criteria for technical viability, expected improvement to performance, cost, and ability for implementation will be eliminated. In our experience, evaluating between 3-5 alternatives and modeling their budgetary costs (capital and recurring), benefits, schedules, and impact to subscribers provides an optimal process for comparing alternatives and identifying recommendations.

We will also include an analysis of how each of the alternatives address upcoming for 2011 and 2013 FCC spectrum-efficiency (Narrowbanding) requirements.

To complete this task, our staff will prepare evaluation criteria as identified in the User Requirements Report. We will then perform our ranking of the alternatives against these criteria and record the results in a ranked listing. The criteria, the design alternatives (with coverage analysis, architectural design, and impact analysis), and our ranked listing will be presented for review by County representatives.

Together, we will select the best alternative that will be further investigated for implementation in subsequent tasks. We will confirm the selection of one alternative in an Alternatives and Recommendation Report. This written report will describe the system or system enhancements that will be required to meet user requirements, as well as any FCC regulatory impacts. This Report will also include a description of our process, criteria, inputs (needs/resources), outputs (alternatives and their models), and recommendations, including justification on a cost-benefit basis.

If additional radio channels or FCC license modifications appears necessary for the selected alternative, this work would begin at this time. Costs for these efforts cannot be estimated in advance and are not included in our proposal. However, we will quote Metro separately for this work as required.

The duration of this task will be three weeks and the result will be the agreed-to and accepted selection of one design alternative. Our Alternatives and Recommendations Report will be submitted to METRO by the end of the sixth week of the project.

Our Alternatives and Recommendations activities are summarized in the following table:

Task	Deliverable(s)	Date of Submission
Alternatives and Recommendations	Alternatives and Recommendation Report	Sixth week of project

5.4 *Technical Specification Activities*

The goal of these activities is to develop technical specifications for the selected conceptual design that METRO can later include as a supplement in a Request for Proposals for actual deployment of the system. These activities will make use of the Alternatives and Recommendations Report.

The technical specifications will incorporate all applicable information from previous activities. The Technical Specification will clearly define type and quantity of significant components by function and performance, both infrastructure and subscriber unit. Significant components will consist of such items as:

- Infrastructure controllers and backhaul equipment
- Repeaters
- Power supplies
- Multi-couplers
- Antennas/ mounts
- Consoles
- Racks and cabinets
- Mobile/ portable radios, etc. (to include feature sets)

Additionally, CDX Wireless will provide information that will support upgrades to towers, shelters and sites such as equipment and rack space availability, power standards, lightning protection and grounding standards; specifications that support backhaul connectivity to connect remote radio transmitter sites to each other and to a prime system equipment site; and the integration of the radio system to dispatch consoles and to other radio systems (for interoperability) including systems in Santa Cruz County.

The first draft of the Technical Specification shall include sections on the requirements for coverage, capacity, control and features/capabilities in the new system. To allow vendors to know the project's overall mission, this draft shall contain guidelines of the objectives the new system is to meet. To ensure that vendors know the details of the critical functionality that must be delivered by the new system, it shall contain appropriate levels of technical specification. By maintaining a balance between high-level programmatic goals and detailed network-level and equipment specifications, it shall illustrate the mandatory performance boundaries in which the new system must exist while granting vendors the flexibility to be imaginative and cost-sensitive in their responses. CDX Wireless shall then present the first draft of the Technical Specifications for review with METRO.

Revisions to the first draft Technical Specifications shall be incorporated into the final draft. During the revision of the Technical Specifications, CDX Wireless shall establish with METRO the key criteria by which vendors' responses could be evaluated. Such factors may include:

- Conformance to technical specifications
- Completeness of offering
- Clarity of proposals

- Compliance to terms and conditions
- Total cost
- Experience with the proposed technology
- Past performance (quality of references)
- Project schedule
- Other factors important to the METRO

The duration of this task will be three weeks and the result will be the submittal of the Final Technical Specifications at the end of the ninth week of the project. In addition to the Technical Specifications, CDX Wireless will be available to work with METRO staff to evaluate the proposals received for upgrades and additions to METRO's LMR system and be available to attend two (2) METRO Board of Director meetings to answer any technical questions regarding the award recommendations.

Our Technical Specifications activities are summarized in the following table:

Task	Deliverable(s)	Date of Submission
Develop Technical Specifications	Draft Technical Specifications	Seventh week of project
	Final Technical Specifications	Ninth week of project

5.5 *Project Schedule and List of Deliverables*

The result of our proposed project approach, as presented in the individual deliverables, will be a summarization of user functional needs and requirements, and the identification of alternatives that lead to the recommendation of technical/design, and finally a set of technical specifications that can included in an RFP. Our approach includes a duration of nine (9) weeks and that is initiated by project preparation activities that establish a project management and reporting method to maintain project schedule, scope, and quality of outcomes. The following table summarizes our project activities, deliverables, and schedule.

Activity	Deliverable(s)	Date of Submission
Prepare and Manage	Project Management Plan	First week of project
Needs Assessment	User Requirements Report	Second week of project
	System Evaluation Report	Third week of project
Alternatives and Recommendations	Alternatives and Recommendation Report	Sixth week of project
Develop Technical Specifications	Draft Technical Specifications	Seventh week of project
	Final Technical Specifications	Ninth week of project

5.6 *Project Approach Assumptions*

Our proposed approach, as described in the preceding sections, includes statements regarding the resources and activities we have assumed will be provided and completed by METRO. The completion of our approach per the schedule described above requires interaction with the METRO Project Manager, agency Points of Contact and assumes that these individuals will have sufficient degrees of technical and/or organizational knowledge and material on their organization's communications operability and interoperability assets and procedures. Additional assumptions regarding input, activity, and resources required from METRO are as follows:

- All on-site work is to take place within Santa Cruz County and off-site work is to occur at the offices of the CDX Wireless.
- At contract award, METRO will provide contact information for one designated METRO Project Manager (PM) to be the single project manager for the various stakeholders within METRO. The METRO Project Manager will have the authority to provide information and approvals to CDX Wireless staff as well as the authority and power to draw together information and resources from the other stakeholders. The METRO PM will be responsible for making a final determination of needs, capabilities and requirements in the event a consensus cannot be reached among any other involved METRO stakeholders.
- METRO shall confirm the schedules, locations, and logistics for project meetings; including site visits, information gathering meetings, deliverable review meetings, and project status meetings. Agendas for such meetings will be developed by CDX Wireless staff.
- Completing the project in a timely manner will require a rigorous deliverable and review process. We assume a deliverable review-and-approval process will be employed that includes a three (3) day review period by METRO followed by a five (5) day revision period by CDX Wireless. All comments requested by METRO shall be submitted to CDX Wireless through the METRO PM and if no comments are submitted within the three (3) day review period, the deliverable shall be considered accepted. An acceptance certificate shall be provided with any revised deliverable and it shall be signed by the METRO PM to designate acceptance of the deliverable. This review-and-approval process shall apply only those items specifically described as "deliverables".
- In order to continue progress towards timely completion of this project, the CDX Wireless team will continue work on subsequent tasks while this review-and-approval process is being conducted on the deliverables of previously-complete tasks. CDX Wireless will review with METRO any specific items of concern within a deliverable (i.e., items that have open issues that may affect work on subsequent tasks) at its time of submittal and weigh the potential risk of continuing work and/or discuss possible ways of continuing progress on subsequent tasks.
- The tasks and services described in this proposal are available from CDX Wireless but shall require the execution of a formal contract between CDX Wireless and METRO. Both parties will use good faith and expectations and processes that are standard for consulting services when establishing the terms and conditions prior to any work being performed.

6. Cost Proposal

6.1 *Project Price Summary*

The total not-to-exceed price to complete the project approach as described above is \$59,798. These prices are inclusive of our team's services and all project-related travel and other expenses. This proposed price is valid for ninety (90) days from the date of submission of this Proposal (December 3, 2009), and is based on the description of the work we will perform as described above in Section 5, "Proposed Project Approach" of this proposal.

6.2 *Project Invoice Schedule*

CDX Wireless proposes to invoice METRO at the submission and approval of each identified deliverables per the following Table 1 - Schedule of Invoices:

Activity	Deliverable(s)	Date of Submission	Amount of Invoice
Prepare and Manage	Project Management Plan	First week of project	\$6,644
Needs Assessment	User Requirements Report	Second week of project	\$6,644
	System Evaluation Report	Third week of project	\$6,644
Alternatives and Recommendations	Alternatives and Recommendation Report	Sixth week of project	\$19,933
Develop Technical Specifications	Draft Technical Specifications	Seventh week of project	\$6,644
	Final Technical Specifications	Ninth week of project	\$13,289

Table 1 - Schedule of Invoices

CDX Wireless shall present the METRO with an invoice upon completion of a deliverable and its acceptance. METRO shall pay CDX Wireless within 30 days of presentation of a proper and valid invoice.

Appendices

Appendix A - Detailed Resumes

Bob Simmons, Project Manager

Bob Simmons is a Principal with CDX Wireless Inc. Mr. Simmons supports the delivery of solutions to CDX Wireless' State and Local Government Public Safety clients. With more than twenty years of experience in Wireless Communications, Mr. Simmons' strengths include system architecture and design, integration, and operation of telecommunication systems with emphasis on two-way radio and interoperability.

Mr. Simmons has provided numerous public-safety and enterprise communications designs for voice and mobile data systems, in addition to translating customer needs into system design, objectives, and goals. Mr. Simmons exercised a comprehensive system integration process including: radio coverage prediction, frequency reuse planning, throughput calculation, system installation/optimization, proposal generation, reliability analysis, system performance tests, and on-going system support.

Examples of some of the significant engagements Mr. Simmons has led include:

- Mr. Simmons served as the Program Manager for developing a communications system design for the Silicon Valley Regional Interoperability Project (SVRIP). The system is envisioned to be a Project 25 wide-area trunking system serving the two-way communications needs for the 15 first responder agencies (police, fire, EMS) within the Santa Clara County region. Tasks required for the system design include: Coverage Analysis, Communications Site Assessments, Life Cycle Analysis, Support Staff Requirements Analysis, Phased Implementation Plan, and overall System Design.
- Mr. Simmons provided primary design and implementation for the AC Transit voice system with over 700 fleet buses and numerous support vehicles. During the deployment, Mr. Simmons managed the transition from the original Motorola Metrocom II system to the current vote/steering voice system. During the course of this project, Mr. Simmons developed a narrowbanding feasibility and migration study to aid the district in determining impacts to system performance as a result of narrowbanding. Mr. Simmons' responsibilities included: design, documentation, optimization; conducting field and factory acceptance testing, CAD Interface Support, and punch list resolution.
- Mr. Simmons served as the Technology Lead for developing a 5-year Communications Interoperability Plan and Cost Analysis for promoting interoperable public-safety communications throughout the 18-county Northern Planning Area of CA (NPAC). The study provided a 5-year plan, which identified the funding sources for improving operability and interoperability. Mr. Simmons was responsible for providing the majority of the plan's technical direction and content. The project was so favorably received that additional work to develop the region's Tactical Interoperable Communications Plans (TICPs) as well as founding a Program Management Office to implement the Communications Interoperability Plan resulted from this initial project.
- Mr. Simmons served as the Project Manager for developing a system design for a microwave system that encircles the San Francisco Bay Area. This system is envisioned to connect the various communications systems residing in the nine Bay Area Counties to promote communications interoperability between the various jurisdictions. Tasks required for the system

design include: Hop Reliability Analysis, Communications Site Assessments, Development of a Vendor Statement of Work (SOW), and overall System Design.

- Mr. Simmons served as the Project Manager for developing a spectrum repacking plan for Northern California's Region 6 700 MHz Regional Planning Committee. The purpose of the plan was to "repack" allocations away from mountainous, minimally populated counties (especially those that are not yet making significant use of any available 800 MHz spectrum) and to those areas with a greater need (primarily the Bay Area and Merced). Tasks required for this effort included a review of the CAPRAD database to understand current channel allotments, development of co-channel and adjacent channel contours for use in determining minimum spacing between channel users, and finally the development of the channel allotment plan. Mr. Simmons' development of a "repacked" 700 MHz Frequency Plan for the Northern California Region 6 demonstrates his ability to gather information about existing frequency assets as well as the usage needs of a diverse set of Public Safety Agencies. It also demonstrates his ability to use recognized methods and advanced tools to develop a frequency plan that allocates resources to needs in ways that meet the Region's and the FCC's technical and licensure requirements.
- Mr. Simmons served as the Project Manager for developing a 5-year Strategic Plan for promoting interoperable public-safety communications throughout the 10-county San Francisco Bay Area. This strategic plan will serve as the blueprint for public-safety communications systems deployments going forward in the Bay Area. Mr. Simmons was responsible for coordinating team member activities, serving as the primary interface for the client, as well as providing the plan's technical direction. Mr. Simmons' contributions have greatly improved communications interoperability, enabling public-safety first responders' greater efficiency and flexibility in accomplishing their diverse missions.
- Mr. Simmons orchestrated a middleware solution for the City and County of San Francisco's Emergency Communications Department (ECD). Through a thorough understanding of customer needs and requirements, Mr. Simmons guided the customer through the applications and benefits of the middleware solution. The middleware solution enabled the city the continued use of their legacy mobile data system with over four-hundred clients while enabling integration of high-speed broadband devices. The middleware solution also provided encryption for compliance with CA State CLETS requirements as well as compression to manage bandwidth more efficiently.
- Mr. Simmons served as project engineering manager for the San Mateo County Sheriff's countywide UHF T-band Project 25 CAI compliant trunking system. The system encompassed over fifty sites of microwave, trunking repeater, and conventional mutual aid sites. The core trunking network is a Project 25 CAI compliant infrastructure that is fully 12.5 kHz narrowband and utilizes frequency reuse techniques in order to provide maximum capacity and capability to San Mateo County Sheriff users. San Mateo County has a variety of topography from coastal to mountainous, hilly terrain, which provides RF coverage challenges. Mr. Simmons coordinated activities for project engineering staff deliverables such as: system design, coverage analysis, microwave channel plan development, fleetmap development, system optimization, acceptance testing, documentation, and punchlist resolution.
- Mr. Simmons provided primary design and implementation support for the City of San Francisco's Wireless Data Network (WDN) system. The system with over 400 subscriber units utilized six frequencies over eight sites using a combination of frequency reuse algorithms. Mr. Simmons' responsibilities included: design, documentation, optimization; conducting field and factory acceptance testing, CAD Interface Support, and punchlist resolution.

- Designed and implemented a mobile data system for the Shasta County Mobile Data consortium consisting of the City of Redding, City of Andersen, and Shasta County. The system consisted of a two 450 MHz channels dispersed over three sites. The system incorporated a frequency reuse design to maintain consistent throughput and coverage throughout the county. The design also incorporated a third-party messaging application as well as a throughput testing. Mr. Simmons' responsibilities included: design, capacity analysis, documentation, optimization; conducting field and factory acceptance testing, coverage testing, CAD Interface Support, and punchlist resolution.
- Mr. Simmons provided the initial design and integration support for the City of Eureka Mobile Data system. The system consisted of a single 800 MHz channel at a single site, which was later expanded to cover portions of Humboldt County. The system incorporated a frequency reuse design to maintain consistent throughput and coverage throughout the county. Mr. Simmons' responsibilities included: design, capacity analysis, documentation, optimization; conducting factory acceptance testing, and punchlist resolution.
- Mr. Simmons designed a channel expansion upgrade to the Alameda County 800 MHz trunked simulcast communications system. The system was expanded to provide additional bandwidth and capacity by adding six additional channels to the original complement of 15 channels to bring the total system channel count to 21. Mr. Simmons also developed a channel reallocation plan to optimize reuse of existing repeater stations so that simulcast integrity of the overall system was maintained.
- Mr. Simmons completed an island-wide 800 MHz trunked simulcast communications network for Kauai County in the State of Hawaii. Mr. Simmons provided two-way radio coverage in very rugged mountainous terrain to enable communications for local public safety (law, fire, EMS) as well as Civil Defense and search-and-rescue units. Mr. Simmons also incorporated SCADA technology to enable an island-wide early-warning siren system for use in the event of tsunami. Mr. Simmons' responsibilities included: design, documentation, optimization; conducting field and coverage acceptance testing, and punch list resolution.

Mr. Simmons was trained in various electronics and wireless technologies while serving with the United States Marine Corps. Mr. Simmons further enhanced his knowledge through practical application and experience through 21 years of RF system design and deployment while with Motorola and a Tier 1 consulting firm. This practical experience was bolstered through the attendance of numerous industry and company offered training courses.

Member of Association of Public Safety Communications Officers Intl (APCO)

Member of Project Management Institute (PMI)

Member of Institute of Electrical and Electronics Engineers (IEEE)

Greg Forrest, Project Technology Lead

With more than twenty years of experience in Wireless Communications, Mr. Forrest's strengths include the Planning and Design of LMR systems, as well as understanding the various aspects of: Regulatory Issues, Specification Preparation, Technical Evaluation, Contract Enforcement, Quality Control/Assurance, and Factory Acceptance as they relate to LMR systems and their deployment.

Examples of some of the significant engagements Mr. Forrest has led or participated in include:

- San Francisco Metropolitan Transportation Authority (SF MUNI) – Voice and Data Radio System. Design Manager responsible for staff activities, design planning and deliverables for a new 700/800 MHz trunked voice and data network supporting all bus, rail, maintenance and security departments (over 2000 users). Work was performed under a subcontract with Booz Allen Hamilton. System was also intended to support the City of San Francisco's Public Works, School and Health Departments as well (4000 users). Work included extensive underground radio systems, system capacity analysis and acquisition of 700 and 800 MHz radio spectrum.
- Mid-Peninsula Regional Open Space District, CA – VHF (150 MHz) Digital Simulcast Radio System. Project Manager for replacement and upgrade of a five-site VHF (150 MHz) system to improve coverage and system performance. Project involved system planning, design and procurement of a Project 25 digital simulcast system, as well a mobile (vehicular) repeaters. System will improve wide-area coverage for Rangers and District Maintenance personal. Open Space Preserves include land from the pacific coast to mountain ranges exceeding 2500 feet.
- Tuolumne County, CA – Design of a VHF (150 MHz) Radio System for County Sheriff. Project Manager for conversion from VHF-lowband (40 MHz) to VHF Highband (150 MHz) to improve coverage and interoperability. Project involves system design, identification and assistance with licensing multiple 150 MHz channel pairs from FCC Part 22 paging services which were won at auction. Mr. Forrest developed the technical specification and is oversaw installation and testing. The County's elevation ranges from 100 to over 8000 feet into the California Sierras. County is home of the popular Yosemite Valley.
- City of San Luis Obispo, CA – Citywide Trunked Radio System w / Interoperability Infrastructure. Project Manager responsible for planning a new trunked radio system to support fire, police and public works departments. Efforts included a comprehensive needs assessment, design plan, cost estimate, FCC regulatory assistance, and development of a detailed technical specification/RFP. Specific trunked talkgroups will interconnect full-time with conventional channels to provide ongoing interoperability with all surrounding agencies. The technical specification described a digital Project 25 Phase I simulcast system. Due to later budget restrictions, conventional technology may be selected instead. The new system will likely be based on VoIP technologies.
- City of San Luis Obispo, CA – New Fire / Police PSAP. Mr. Forrest was tasked with supporting the City's architect with equipment, power, space and cabling requirements for a new fire / police dispatch center. Work included all backup radio equipment, antenna tower and associated antenna systems.
- County of San Mateo, CA – Radio Network Improvement. Project Manager for the development of a \$25 million Countywide Radio Network Improvement Project for the County of San Mateo. This project included an operational and technical survey of existing mobile and microwave radio operations and included interviews, questionnaires; development of alternative network designs,

cost estimates, and development of a final Project and Implementation Plan. Phase II follow-up work included the detailed design of a 26-site countywide simulcast mutual aid system, and a 32-hop loop-protected digital microwave and fiber system. Mr. Forrest also recommended a 480 MHz trunked radio system for County operations. Mr. Forrest led a successful team effort to license 13 exclusive 480 MHz narrowband channels for county trunked use through an FCC waiver (channels were reallocated from commercial to public safety service). These resulted in follow-on work to fully design and specify a 21-site, 480 MHz simulcast/zoned trunked radio system. The system will have digital capability and support over 1,200 radios.

- County of San Mateo, CA – RFP for Redundant Project 25-Compliant Trunking Controller. The County currently operates a proprietary trunking controller to support its digital 480 MHz trunked radio system. To improve compatibility with other surrounding system, the County desired a replacement controller that as capable of providing several key Project 25 interfaces. As Project Manager, Mr. Forrest determined operational features, functions and interfaces of the existing and new controller, and developed a competitive Technical Specifications for the RFP to replace it. The new controller must support the existing (480 MHz) system as well as a new 700 MHz Project 25 system. Other more recent projects included extensive radio coverage analysis, system failure mode analysis, and interoperability system improvement and other related FCC regulatory work for the County.
- King County Metro Transit, Seattle, WA – Voice and Data Transit Radio System Replacement Project. Project Manager for replacement of a countywide voice and data radio system supporting 1400 bus fleet, plus additional service vehicles and portable radios. Duties included needs assessment, design planning and cost estimates, regulatory analysis, development the Technical Specifications/RFP, proposal review and implementation oversight. Project is a trunked, seven-site, simulcast, TDMA radio system operating on new 700 MHz frequencies, with a SONET-based microwave backbone/loop. Project included a conventional radio system as well. Microwave equipment has been installed on-site, and radio equipment is undergoing installation now.
- Cities of Livermore and Pleasanton, CA – 800 MHz Rebanding. Project Manager responsible for overseeing the reconfiguration and/or modification of an existing 800 MHz trunked radio system as mandated by the FCC’s Rebanding Initiative (this initiative reduces interference to public safety radio systems caused by Nextel and other carriers nationally). Over 1000 radios, eight BDA’s and the trunked radio system will require modifications. Work includes a detailed reconfiguration plan and cost estimates, and assistance with negotiations with Sprint Nextel. Later work will involve reconfiguration and testing oversight of three vendors responsible for the equipment work.
- Regional Transportation Commission of Southern Nevada – 800 MHz Rebanding Similar to above. Work includes the reconfiguration of over 400 bus and paratransit radios, two 800 MHz simulcast sites, and reprogramming an Orbital Sciences Computer Aided Dispatch (CAD) and Automatic Vehicle Location (AVL) system.
- Metropolitan Transportation Commission (MTC) / California Highway Patrol – Multi-county Interoperability System. Project Manager for development of a nine-county plan to provide radio communications among many public-safety and non-public safety agencies. Phase 1 of the project (Pilot) will interconnect dispatch consoles in three counties with those of the State using microwave radio links and audio switches (not over-the-air VHF/UHF radio links). If successful, Phase II will expand the system to the other agencies in the San Francisco Bay area. The project is known as the Bay Area Tactical Emergency Communications System (BARTECS). Phase I should be completed in 2007.

- City of Emeryville, CA – 2.1 GHz Microwave Radio Replacement Project. Project Manager for planning replacement of an existing 2.1 GHz microwave system. City was approached by T-Mobile, who is responsible for costs to replace this system following their successful bid for this radio spectrum. Work included review of cost estimates, and negotiation with T-Mobile to ensure the City received ample compensation. Future work may include planning, design and oversight of the replacement system.
- City of Beverly Hills, CA – Citywide Communications Master Plan. Project Manager for a citywide plan to replace and enhance all wireless systems. The City operates approximately 900 mobile radios and mobile computers and holds licenses for twelve radio channels. Mr. Forrest, with the help of staff, completed a comprehensive study and detailed Master Plan for all City agencies, including Police and Fire. The \$5.4 million plan recommended immediate and long-term strategies for acquisition of new technology, and for frequency (spectrum) planning. Efforts included group interviews, system survey, signal strength measurements, propagation prediction studies, system reliability and backup, leased analog and digital circuits, microwave radio maintenance issues, and FCC and technology impacts to existing City operations. Mr. Forrest also coordinated efforts with several other telecommunications and network consulting firms who are conducting similar studies for the City. Mr. Forrest returned for the implementation phase of the project.
- Cities of Livermore and Pleasanton, CA – Radio Network Improvement. Project Manager for plan development to replace an aging 800 MHz trunked radio system serving over 1000 fire, police and other users. The project includes two dispatch centers, several microwave radio links and nine indoor and outdoor bi-directional amplifier (BDA) systems for indoor coverage enhancement. One indoor BDA services at Stoneridge Mall, a large public shopping mall. Project included a comprehensive Needs Assessment, and development of various alternatives and costs. Alternatives included joint city ownership (considering 700/800 MHz, Project 25 digital, etc.), joint city/county development, or leasing service from a planned regional communications system.

Mr. Forrest holds a Bachelors of Science in Electronics Technology from California Polytechnic State University (Cal Poly) and is a member of Association of Public Safety Communications Officers Intl (APCO).

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010

TO: Board of Directors

FROM: Ciro Aguirre, Operations Manager

SUBJECT: AUTHORIZATION TO EXERCISE AN OPTION TO PURCHASE FOUR (4) EACH FORTY-FOOT LOW FLOOR COMPRESSED NATURAL GAS SUBURBAN COACHES FROM THE ORANGE COUNTY TRANSIT AUTHORITY CONTRACT WITH NEW FLYER OF AMERICA

I. RECOMMENDED ACTION

That the Board of Directors authorize the General Manager to execute an option from the Orange County Transit Authority contract with New Flyer of America to purchase four (4) each forty-foot low-floor compressed natural gas suburban coaches from New Flyer of America and be authorized to take all necessary steps to negotiate and sign a contract with New Flyer of America and the Orange County Transit Authority to purchase these four (4) coaches.

II. SUMMARY OF ISSUES

- Santa Cruz METRO currently has \$2,500,000 in Measure A funds from Santa Clara Valley Transit Authority (VTA) for the purchase of four each 40-foot, low-floor, compressed natural gas powered suburban coaches for the Highway 17 Express.
- Orange County Transit Authority (OCTA) in Southern California has options remaining on their contract with New Flyer of America for low-floor CNG buses that they will not be using.
- OCTA is willing to allow Santa Cruz METRO to purchase four (4) coaches using their contract options.

III. DISCUSSION

Santa Cruz METRO currently has \$2,500,000 in Measure A funds from Santa Clara Valley Transit Authority (VTA) for the purchase of four each 40-foot, low-floor, compressed natural gas powered suburban coaches for the Highway 17 Express. Staff was able to locate four coaches on the contract in place with Orange County Transit Authority (OCTA) and New Flyer of America. Since the bid process is a lengthy process that generates a great deal of staff time, the use of this option will allow the funds to be utilized in a timely manner. On November 9, 2009, Santa Cruz METRO requested that the OCTA assign to Santa Cruz METRO the right to purchase these four (4) coaches (Attachment A).

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This process has the benefit of knowing the price for the coaches since the original procurement allowed for these options. Using the formula in the contract with OCTA, when Santa Cruz METRO signs a contract with New Flyer of America, final base price adjustments will be tied to the Producer Price Index. Negotiations will then occur with New Flyer of America to add those options to the coaches that are desired by Santa Cruz METRO such as paint scheme, bus stop announcement system, high-back seats, luggage racks, etc. In addition, any regulatory changes that have been changed since the initial OCTA procurement will have to added, such as lower emissions engines, etc. In this way, the cost of the coach will be less than if we were to bid the coaches at this time for a four (4) coach order. A further advantage in this approach is that Santa Cruz METRO will add the four (4) additional coaches from the same manufacturer (New Flyer of America) and will make it easier to maintain the buses by not requiring new parts to maintain the coaches.

Staff recommends that the Board of Directors authorize the General Manager to execute an option from the Orange County Transit Authority contract with New Flyer of America to purchase four (4) each forty-foot low-floor compressed natural gas suburban coaches from New Flyer of America and be authorized to take all necessary steps to negotiate and sign a contract with New Flyer of America and the Orange County Transit Authority to purchase these four (4) coaches.

IV. FINANCIAL CONSIDERATIONS

Funds to support this procurement are included in the FY10 Final Capital Budget under Revenue Vehicle Replacement (\$2,500,000).

V. ATTACHMENTS

Attachment A: Letter to Orange County Transit Authority requesting Assignment of Options.

Prepared By: Lloyd Longnecker, Purchasing Agent
Date Prepared: February 8, 2010

14.2

*Santa Cruz Metropolitan
Transit District*



Attachment A

November 9, 2009

Mr. Thomas Meng
Section Manager -- Maintenance and Procurement
Orange County Transportation Authority (OCTA)
550 S. Main Street
Orange, CA 92863-1584

Reference: Assignment of Contract Options with New Flyer of America

Dear Mr Meng:

It is my understanding that the Orange County Transit Authority (OCTA) established a contract with New Flyer of America to manufacture Low Floor 40 foot CNG buses and that some options may still be available under this contract. On behalf of the Santa Cruz Metropolitan Transit District (METRO) I would greatly appreciate it if you would be able to assign four (4) of your options to METRO. This would be of great benefit to METRO, saving us the costs of a procurement for only four vehicles.

If this arrangement is acceptable to you, please send us a letter to that effect with a copy to New Flyer of America. We will also need a copy of the contract and specifications for these vehicles for our procurement files along with the supporting documentation where Orange County Transit Authority has complied with all applicable regulations regarding transit vehicle procurements, including the FTA Piggybacking worksheet (please see enclosure).

Your consideration and assistance on this matter is most appreciated. If you have any questions regarding this request, please feel free to contact me at (831) 425-8951 or via email.

Sincerely,

Ciro F. Aguirre
Operations Manager
Santa Cruz METRO
caguirre@scmttd.com

Enclosure – FTA Piggybacking Worksheet

Cc: Les White, METRO General Manager
Margaret Gallagher, District Counsel
Lloyd Longnecker, District Buyer

APPENDIX B.16

PIGGYBACKING WORKSHEET

Definition: *Piggybacking is the post-award use of a contractual document/process that allows someone who was not contemplated in the original procurement to purchase the same supplies/equipment through that original document/process ("FTA Dear Colleague" letter, October 1, 1998).*

In order to assist in the performance of your review, to determine if a situation exists where you may be able to participate in the piggybacking (assignment) of an existing agreement, the following considerations are provided. Ensure that your final file includes documentation substantiating your determination.

WORKSHEET		YES	NO
1.	Have you obtained a copy of the contract and the solicitation document, including the specifications and any Buy America Pre-award or Post-Delivery audits?		
2.	Does the solicitation and contract contain an express "assignability" clause that provides for the assignment of all or part of the specified deliverables?		
3.	Did the Contractor submit the "certifications" required by Federal regulations? See BPPM Section 4.3.3.2.		
4.	Does the contract contain the clauses required by Federal regulations? See BPPM Appendix A1.		
5.	Were the piggybacking quantities included in the original solicitation; i.e., were they in the original bid and were they evaluated as part of the contract award decision?		
6.	If this is an indefinite quantity contract, did the original solicitation and resultant contract contain both a minimum and maximum quantity, and did these represent the reasonably foreseeable needs of the parties to the contract?		
7.	If this piggybacking action represents the exercise of an option in the contract, is the option provision still valid or has it expired?		
8.	Does your State law allow for the procedures used by the original contracting agency: e.g., negotiations vs. sealed bids?		

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WORKSHEET		YES	NO
9.	Was a cost or price analysis performed by the original contracting agency documenting the reasonableness of the price? Obtain a copy for your files		
10.	Does the contract term comply with the five-year term limit established by FTA?		
11.	Was there a proper evaluation of the bids or proposals? Include a copy of the analysis in your files		
12.	If you will require changes to the vehicles (deliverables), are they "within the scope" of the contract or are they "cardinal changes"? See BPPM Section 9.2.1.		

Note: This worksheet is based upon the policies and guidance expressed in (a) the FTA Administrator's "Dear Colleague" letter of October 1, 1998, (b) the *Best Practices Procurement Manual*, Section 6.3.3—*Joint Procurements of Rolling Stock and "Piggybacking,"* and (c) FTA Circular 4220 IE

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SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

STAFF REPORT

DATE: February 26, 2010
TO: Board of Directors
FROM: Margaret Gallagher, District Counsel
SUBJECT: **CONSIDERATION OF APPROVAL OF MODIFICATIONS TO THE ADVERTISING POLICY AND REGULATIONS AR-1006 TO INCLUDE ADVERTISING ON METRO'S WEBSITE**

I. RECOMMENDED ACTION

Approve modifications to Administrative Regulation AR-1006, as set forth in Attachment A, regarding METRO's "Advertising Policy and Regulations" effective February 26, 2010.

II. SUMMARY OF ISSUES

- On March 18, 2010, METRO will launch its new website which provides online advertising space.
- METRO Staff has modified the Advertising Policy to include language allowing advertising on METRO's website in AR-1006 in accordance with the terms and conditions of the Policy.
- METRO's Advertising Policy allows for commercial only advertisements.

III. DISCUSSION

METRO's Advertising Policy and Regulations (*Attachment A*) was established to provide guidelines regarding the use of advertising space on METRO's buses. With the completion of METRO's new website on March 18, 2010, METRO's advertising space will expand to include a banner advertising space. Using METRO's website to generate revenue from advertising will increase METRO's operating budget.

At this time, METRO's Advertising Policy and Regulations need to be updated to include advertising on METRO's website. Due to the impending deadline surrounding the website launch, and the important nature of this policy, METRO Staff is requesting approval of the revised policy, as attached.

Upon approval, the Administrative Regulation AR-1006 will become effective February 26, 2010. In addition, METRO's website will be updated with the revised regulation after February 26, 2010.

IV. FINANCIAL CONSIDERATIONS

Once an advertising cost schedule is established, METRO will generate funds for commercial advertisements on its website.

V. ATTACHMENTS

A: Advertising Policy and Regulations AR-1006

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Attachment A

Regulation Number: AR-1006

Computer Title: Advertising

Effective Date: September 27, 2002

Pages: 5

TITLE: ADVERTISING POLICY AND REGULATIONS

Procedure History

NEW POLICY	SUMMARY OF POLICY	APPROVED
9/27/02	To Create a policy regarding advertising on buses	S. A.
9/26/03	Policy amended to allow METRO bus advertisements	E.R.
3/24/06	Policy amended to remove restriction on advertising from competing forms of transportation	M.R.
<u>2/26/10</u>	<u>Policy amended to include advertising on METRO's website.</u>	

I. POLICY

1.01 Santa Cruz Metro sells space inside and upon its buses, and on its website, for the display of commercial advertising. The purpose is to raise revenues, supplementary to those from fares and from tax proceeds, to be used to finance Santa Cruz Metro's operations. The display of advertising is solely for this purpose. It is not intended to provide a general public forum for purposes of communication, but rather to make use of property held in a proprietary capacity in order to generate revenue.

1.02 In order to realize the maximum benefit from the sale of advertising space, the program must be managed in a manner that will procure as much revenue as practicable, while ensuring that the advertising does not discourage the use of Santa Cruz Metro's transit system or web pages, does not diminish Santa Cruz Metro's reputation in the community it serves or the good will of its patrons, and is consistent with Santa Cruz Metro's principal purpose of providing safe, comfortable, efficient and affordable public transportation. To attain these

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objectives, Santa Cruz Metro's Board of Directors has established these regulations for the advertising displayed in and upon its buses and on its website.

- 1.03 In addition to the foregoing, noncommercial speech is excluded from advertising inside and upon the buses and on its website for the following reasons:
- a. Santa Cruz Metro wishes to maintain a position of neutrality on political, religious, environmental, or other public matters and issues in order to promote its commercial enterprise;
 - b. If advertisement inside and upon the buses is not restricted, the buses and passengers could be subject to violence;
 - c. Preventing a reduction in income earned from selling advertising space because commercial advertisers may be dissuaded from using the forum commonly used by those wishing to communicate political or religious ideas or beliefs.

II. APPLICABILITY

- 2.01 This procedure is applicable to all District employees and all independent contractors who contract with Santa Cruz Metro, for the placement of advertisement in and upon Santa Cruz Metro's buses and on its website.

III. DEFINITIONS

- 3.01 Commercial advertising:
- a. Advertising the sole purpose for which is to sell or rent real estate or personal property for profit, or to sell services for profit.
 - b. Shall not include any advertising that both offers to sell property or services and also conveys information about matters of general interest, political issues, religious, moral, or environmental matters or issues, or other public matters or issues, or expresses or advocates opinions or positions upon any of the foregoing.
 - c. Does not convey whether expressly or implied, intentionally or unintentionally, by inference or innuendo, the religious, social, political, legal or moral view of any person or entity as such views are generally understood in Santa Cruz County community.

- d. Does not cause the vehicles, if posted individually or in combination with other advertisements, to become a public forum for the dissemination, debate, and/or discussion of public issues.

3.02 Political Advertising:

- a. Any advertising that supports or opposes the election of any candidate or group of candidates for election to any federal, State, or local government office;
- b. Any advertising that supports or opposes any referendum conducted by the federal or State government, or by any local government, such as referenda on constitutional amendments, on bond issues, or on local legislation; or
- c. Any advertising that features any person whose prominence is based wholly or in part upon his or her past or present activity in political affairs, or that represents or implies any such person's approval or endorsement of the subject matter of the advertising.

IV. ADVERTISING STANDARDS

4.01 All advertising displayed in or upon the Santa Cruz Metro's buses or on its website shall be strictly commercial in nature and purpose.

4.02 Santa Cruz Metro's transit system and its website, in order to serve the purpose for which it has been established, must of necessity accommodate all persons without distinction of age. It is therefore necessary to exclude advertising unsuitable for exposure to children or persons with immature judgment. The following kinds of advertising therefore will not be displayed in or upon Santa Cruz Metro's buses and/or on its web pages:

1. Advertising for cigars, cigarettes, pipe tobacco, chewing tobacco, and other tobacco products.
2. Advertising for alcoholic beverages, including beer, wine, and distilled spirits.
3. Advertising for products or services related to human reproduction or sexuality, including but not limited to contraceptive products or services, other products or services related to sexual hygiene, and counseling with regard to pregnancy, abortion, or other sexual matter.
4. Advertising for products, services, or entertainment directed to sexual stimulation.

- 4.03 No advertising shall be permitted that in any way denigrates Santa Cruz Metro's organization, or its operation, or its officers, agents, or employees. This prohibition includes advertising copy and illustrations that state or imply or could reasonably be expected to cause an inference, that Santa Cruz Metro's service or operations are anything but safe, efficient, affordable and convenient.
- 4.04 Santa Cruz Metro expects all advertising copy to be truthful. Advertising copy and illustrations should not be exaggerated, distorted, false, misleading or deceptive.
- 4.05 Medical products or treatments are to be treated in a restrained and inoffensive manner.
- 4.06 Testimonials are expected to be authentic, and advertisers using them will be required to indemnify Santa Cruz Metro against any action brought in connection with them. Advertising that promotes contests or giveaways is expected to comply with all applicable laws and regulations.
- 4.07 No advertising in or upon Santa Cruz Metro's buses or on its website shall include language, pictures, or other graphic representations that are unsuitable for exposure to persons of young age and immature judgment, or shall be derogatory or defamatory of any person or group because of race, color, national origin, ethnic background, religion, gender or sexual preference.
- 4.08 No advertising shall be displayed in or upon Santa Cruz Metro's buses or on its website if the display thereof would violate any federal or State law or regulation, or any law, regulation, or ordinance of any county or municipality in or through which Santa Cruz Metro buses are or may be operated.
- 4.09 No advertising that is obscene, as defined by federal or California law, shall be displayed in or upon Santa Cruz Metro's buses or on its website.
- 4.10 Proposed advertisements shall not be accepted if the use, or possession of the property proposed to be advertised, includes a product that is specifically prohibited from use or possession on Santa Cruz Metro's facilities including its buses and vehicles. These products include firearms, tobacco products, alcohol and weapons.
- 4.11 No advertising will be accepted if it advocates imminent lawlessness or violence.
- 4.12 Political advertising will not be accepted.
- 4.13 Advertising will not be accepted if it promotes or encourages unlawful activity.

- 4.14 Advertising will not be accepted if it supports or opposes an issue or cause and/or which advocates or opposes a religion or belief.
- 4.15 Notwithstanding any other provision in this policy, advertising for METRO's transit buses and paratransit services, and METRO's website shall be allowed. METRO also retains the right to communicate with its passengers and the public on transit issues, to seek input and participation from its passengers and to provide its passengers with notifications of meetings, hearings and other transit-related issues.

V. USE OF SANTA CRUZ METRO'S NAME

- 5.01 Use of Santa Cruz Metro's name, logo, slogans, or other graphic representations is subject to advance approval by Santa Cruz Metro. Santa Cruz Metro does not endorse or imply endorsement of any product or service.

VI. ADMINISTRATION OF ADVERTISING REGULATION

- 6.01 ~~If~~ Advertising space on Santa Cruz Metro's buses or METRO's website is sold through an independent Contractor, ~~the~~ Contractor shall comply with the foregoing policies, and review all advertising with reference to them. They shall refer all such advertising that falls or may fall into any of the categories defined above to Santa Cruz Metro's designated representative responsible for administering the advertising program, who shall determine whether the proposed advertising will be accepted. If the proposed advertising is rejected, the party or parties proposing it may request that this decision be reconsidered. Upon such request, Santa Cruz Metro's representative shall consult with Santa Cruz Metro's District Counsel and with its General Manager or the officer designated by him/her for this purpose. The General Manager or his/her designee, on the basis of such consultation, shall determine whether the proposed advertising will be accepted or rejected.
- 6.02 Santa Cruz Metro will co-operate with the party or parties proposing the advertising, and with the independent contractor (if applicable) through whom it has been proposed, in a reasonable effort to revise it in order to produce advertising that can be accepted and displayed consistently with the foregoing policies.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 26, 2010

TO: Board of Directors

FROM: Frank L. Cheng, Project Manager

SUBJECT: CONSIDERATION OF REASSIGNMENT OF CONSTRUCTION ADMINISTRATION SERVICE HOURS BY RNL DESIGN, INC. TO ACCOMMODATE ADDITIONAL HOURS RELATING TO THE DELAYS IN THE MAINTENANCE BUILDING FOR THE METROBASE PROJECT

I. RECOMMENDED ACTION

That the Board of Directors accept and file staff report for reassignment of construction administration service hours by RNL Design, Inc. to accommodate additional hours relating to the delays in the Maintenance Building for the MetroBase Project.

II. SUMMARY OF ISSUES

- On June 27, 2008, the Board of Directors approved a change order in the amount not-to-exceed \$602,640 for RNL Design Inc. to provide additional funds to the architectural & engineering contract to accommodate costs relating to the Operations Building re-package, re-bid & construction services.
- The construction administration services in the change order incorporated an overlap between the completion of the Maintenance Building and the start of the Operations Building bidding.
- Due to the delays occurring on the Maintenance Building, additional construction administration services are needed for this portion of the contract.
- Operations Building package is pending State release of Proposition 1B bond funds.
- A reassignment amount of Not-To-Exceed \$38,415.00 is required for the construction administration service hours that will cover the additional timeframe from the delay and minimized overlap to the completion of the Maintenance Building.
- No contract change order is required to the RNL Design contract.

III. DISCUSSION

On June 27, 2008, the Board of Directors approved a change order in the amount not-to-exceed \$602,640 for RNL Design Inc. to provide additional funds to the architectural & engineering contract to accommodate costs relating to the Operations Building re-package, re-bid & construction services. The construction administration services in the change order incorporated an overlap between the completion of the Maintenance Building and the start of the Operations Building bidding. Due to the delays occurring on the Maintenance Building, additional construction administration services are needed for this portion of the contract. The overlap that would have occurred between the Maintenance Building and Operations Building has disappeared due to the unknown factor of when Operations Building will go out to bid. Operations Building package is pending State release of Proposition 1B bond funds. Once the

16.1

Operations Building package goes out to bid, METRO will review the construction administration hours for the project. The additional services needed for the Maintenance Building will be reassigned from the Operation Building's scope of work in the same change order. No contract change order is required to the RNL Design contract.

METRO staff requested a cost analysis from RNL Design for completion of the Maintenance Building portion of the MetroBase Project. RNL Design provided a cost of an amount Not-To-Exceed \$38,415.00 to complete the construction administration services that will cover the additional timeframe from the Maintenance Building delay and minimized overlap. METRO is in discussion with West Bay Builders and analyzing all components of the delays to the project.

METRO has reviewed the cost analysis and recommend the Board of Directors accept and file the reassignment of construction administration service hours for RNL Design, Inc. to accommodate additional hours relating to the delays in the Maintenance Building component for MetroBase Project.

IV. FINANCIAL CONSIDERATIONS

No change to contract.

V. ATTACHMENTS

Attachment A: RNL Design Letter dated December 24, 2009.

24 December 2009

Mr. Frank Cheng
MetroBase Project Manager
Santa Cruz Metropolitan Transit District
1217 River Street
Santa Cruz, CA 95060

Project: Santa Cruz Metropolitan Transit District Maintenance Building
RNL Project No. 6040.1569.08

Subject: Extension of Architectural Services beyond Construction Completion Date

Dear Mr. Cheng:

As you may recall, we discussed briefly during my site visits of 16 September and 4 November 2009 the fact that the Contractor had not met his scheduled date for the Completion of Construction on the Maintenance Building of 31 August 2009 and as a result had begun working under a penalty of Liquidated Damages beginning 1 September 2009. It was noted also during our conversation that the need to extend the Construction Phase stemmed from the way the Contractor had chosen to run the project from coordination, quality control and management points of view. The actions of the design team were not the driving force for the extension.

The result of the above is that the schedule for our Construction Administration Services has been extended beyond that planned for the Maintenance Building in order for us to see the project through to completion in a manner that conforms to the scope of work in our Professional Services contract for Architectural and Engineering Services for Metrobase dated 8 August 2003.

We would like to note that had the Operations Building Project [OPS] been bid and a construction contract awarded as originally planned, the above would not be an issue now as we would have been able to track the completion of the work on the Maintenance Building at the same time we were working on the Construction Phase of the OPS. In particular, we would have been able to address both projects with one site visit.

As you may recall our fee for the Construction Phase of the Operations Building assumed that we would be able to spend our time in this efficient manner and that we would not need to address additional fees for the Maintenance Building should the normal construction process on that site lag. Accordingly, we would suggest that the claim for additional Construction Administration Fees that we are describing here represents that part of the total defined in the Operations Building CA Fee that was approved in Amendment No. 9 that would have addressed our efforts to complete the Maintenance Building.

LOS ANGELES
800 WILSHIRE BLVD
SUITE 400
LOS ANGELES CA 90017
T 213 955 9775
F 213 955 9885

DENVER
PHOENIX

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The fee adjustment that we are requesting has been assembled as follows:

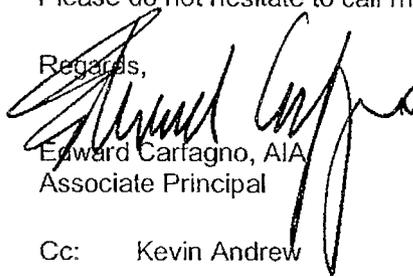
1. The time spent by RNL from 1 September to 20 December 2009 [most recent, logged billing period] has been documented on the three attached sheets labeled: "Project Detail". Please note that time recorded in the Project Detail that was generated from work spent assembling the Service Building Record Drawings has been credited against the total hours recorded.
2. Memorandum dated 23 December 2009 that establishes the cost of the hours documented in the Project Detail. Please note that the hourly rates are consistent with those used in our invoices.
3. Memorandum dated 23 December 2009 that projects the hours and fees required to take RNL from 21 December 2009 through the completion of Construction at the end of March 2010. The completion date was determined through conversations with Steve Kelly and includes tasks such as the completion of the Punch List, balancing, assembling all of the manuals, delivery of the MDG Manual and other close out issues.

As you can see from the above documentation, we anticipate that it will require approximately 273 hours to complete the extended Construction Administration Phase of the Maintenance Building. We propose to undertake this work on a Time and Materials basis and suggest that you budget \$35,415.00 for our services, as well as an additional \$3,000.00 for reimbursable expenses.

You may indicate your approval of this request by signing in the signature line below and returning one original version of this letter to this office, while retaining the other for your records.

Please do not hesitate to call me should you have questions concerning this matter.

Regards,


Edward Carfagno, AIA
Associate Principal

Name

Date

Cc: Kevin Andrew
Debra Rinde

File: 6040.1569.10/CF1.2

MEMORANDUM

DATE : 12.23.09
 PROJECT : Santa Cruz Maintenance Building
 RNL Project No. 1569.01
 SUBJECT : Second Iteration of Extended Construction Administration Services -
 Projected Fees to Finish of Construction

Year	Year 2009												Year 2010												Total																																	
	Months	August				September				October				November				December				January				February				March				Hours	Rate	Fee Total																						
Weeks	: 31	7	14	21	28	5	12	19	26	2	9	16	23	30	7	14	21	28	4	11	18	25	1	8	15	22	1	8	15	22	29	:	:	:																								
Person :																															:	:	:																									
E Garfagno :																															:	:	:																									
CA Service :																															4	4	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	26	\$ 135	\$ 3,510
Site Visit :																																																						56	\$ 135	\$ 7,560		
H Leung :																															:	:	:																									
CA Service :																															2	2				2	1	2	1	2	1				2	1				2	1			15	\$ 110	\$ 1,650		
Total :																															6	6	10	4	10	4	11	4	11	4	9	8	2	8	97	\$ 131	\$12,720											
Total 09.01.09 - 11.29.09 :																															176 Hrs	\$ 22,695	176	\$ 129	\$22,695																							
Total Fee Adjustment : Actual Hours & Billable Fees less Service Bldg Record Drawing Credit																															Projected Fees to Completion of Construction												273	\$ 130	\$35,415													
[See Page 2 / 5]																																																										

14.03

MEMORANDUM

DATE : 12.23.2009
PROJECT : Santa Cruz Maintenance Building
 RNL Project No. 1569.01
SUBJECT : Second Iteration of Extended Construction Administration Services -
 Actual Hours & Billable Fees 1 September - 20 December 2009
 Adjusted to show Credit for Service Building Shop Drawings

Person	Total Hrs	Rate	Subtotal	: Service Bld	Rate	Subtotal	: Total Billable
				: Credit Hrs			: Hours Fee
E Carfagno	155	x \$ 135	= \$20,925	: 8	x \$ 135	= \$ 1,080	: 147 \$ 19,845.00
H Leung	21.5	x \$ 110	= \$ 2,365	: 0	x \$ 110	= \$ -	: 21.5 \$ 2,365.00
S. Martinez	55	x \$ 65	= \$ 3,554	: 47.5	x \$ 65	= \$ 3,069	: 7.5 \$ 484.65
Total	231.5	\$ 116	\$26,844	: 55.5	\$ 75	\$ 4,149	: 176 \$ 22,694.65

16.04