



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)
FINANCE, BUDGET AND AUDIT STANDING COMMITTEE AGENDA
MEETING MINUTES*
MAY 10, 2018 – 10:00 AM
METRO ADMIN OFFICES
110 VERNON STREET
SANTA CRUZ, CA 95060**

A Finance, Budget and Audit Standing Committee Meeting was convened on Thursday, May 10, 2018 at METRO's Admin offices at 110 Vernon Street, Santa Cruz, California. The Meeting Agenda Packet can be found online at www.SCMTD.com and is available for inspection at METRO's Administrative offices at 110 Vernon Street, Santa Cruz, California. *Minutes are "summary" minutes, not verbatim minutes. Audio recordings of Board meeting open sessions are available to the public upon request.

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COMMITTEE ROSTER

Director Trina Coffman-Gomez	City of Watsonville
Director John Leopold, Committee Chair	County of Santa Cruz
Director Donna Lind	City of Scotts Valley
Director Cynthia Mathews	City of Santa Cruz
Director Mike Rotkin	County of Santa Cruz
Alex Clifford	METRO CEO/General Manager
Julie Sherman	METRO District Counsel

MEETING TIME: 10:00 AM

NOTE: THE COMMITTEE CHAIR MAY TAKE ITEMS OUT OF ORDER

1. CALL TO ORDER

Meeting was called to order at 10:02 AM by Committee Chair Leopold.

2. ROLL CALL: The following Directors were present, representing a quorum:

Director John Leopold, Committee Chair	County of Santa Cruz
Director Donna Lind	City of Scotts Valley
Director Cynthia Mathews	City of Santa Cruz

Directors Coffman-Gomez and Rotkin were absent.

METRO EMPLOYEES AND MEMBERS OF THE PUBLIC WHO VOLUNTARILY INDICATED THEY WERE PRESENT (IN ALPHABETICAL ORDER) THROUGH A SIGN IN SHEET OR VERBAL INTRODUCTION WERE:

Lorraine Bayer, METRO

3. COMMUNICATIONS TO THE FINANCE, BUDGET & AUDIT STANDING COMMITTEE

Hearing none, the Committee Chair Leopold moved to the next agenda item.

4. ADDITIONS OR DELETIONS FROM AGENDA / ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

Hearing none, the Committee Chair moved to the next agenda item.

5. REVIEW AND RECOMMEND APPROVAL OF SANTA CRUZ METRO'S FY19 AND FY20 OPERATING BUDGETS AND FY19 CAPITAL BUDGET

Angela Aitken, Finance Manager, added commentary to page 5B.1, METRO's 5-year budget plan.

Discussion ensued between the Board and METRO staff regarding revenue assumptions and the forecasting of any passenger fare increases or decreases. At this time, we plan to hold our passenger fare projections at the current level. Anticipated increases and decreases in the various fare categories are noted in the document. After we know the outcome of SB1 (November 2018), we will revisit changing revenue and expense projections. We are being cautious with hiring to fill current open positions.

CEO Clifford shared the SB1 funding marketing materials with the assembly. Suggestions were made to expand the marketing to include "METRO services funded by SB1".

Ms. Aitken then referenced page 5C.1, Revenue Sources. Fuel Tax Credit reduction was discussed and the possible implications of a recent IRS communication.

Page 5C.5, Personnel Total line: Board action with regard to the management compensation plan impact is not known at this time, and therefore not included in this budget. Non-Personnel Total: Significant budget changes were discussed.

Page 5C.6, Transfers and Operating Balance, is a new page to highlight transfers between the Operating and Capital Budgets, as well as the reserve buckets. We anticipate fully funding our reserve buckets by the end of this year.

Page 5E.1, Capital Budget, discussion surrounding the purchase of a new and improved Financial software program. which will be 'off the shelf', but tailored to our specific needs.

Public comments:

Eduardo Montesino, referring to the decrease in ridership, advocated for more service and acknowledged METRO's investment(s) in Customer Service.

Committee Chair Leopold is aware and supportive of the desire to increase service. He observed that the report reflects national trends; i.e., loss of ridership.

CEO Clifford added that a Measure D-funded operator will be added in FY19, but delayed until we know the impact of SB1 repeal efforts. Assuming SB1 is not repealed, we would hire one new operator and put new service in place. In FY20, we would add another operator for the anticipated LCTOP/AB2766-funded circulator bus in Watsonville.

Barrow Emerson, Planning and Development Director, explained the process METRO undertakes to implement/plan any route additions or changes.

Committee Chair Leopold summarized the report: We get new staffing, increased service and have a balanced budget over the next couple of years.

Director Lind asked about the dedicated lane (aka bus on shoulder) study. CEO Clifford explained that a feasibility study has been undertaken and is still in process.

Ms. Aitken stressed that the budget presented has been created with the facts known today.

MOTION: RECOMMEND TO FULL BOARD THE ADOPTION OF FY19 AND FY20 OPERATING BUDGETS AND FY19 CAPITAL BUDGET

MOTION: DIRECTOR MATHEWS

SECOND: DIRECTOR LIND

MOTION PASSED WITH 3 AYES (Directors Leopold, Lind and Mathews)

Committee Chair Leopold adjourned the meeting at 10:40AM

Respectfully submitted,

Gina Pye
Executive Assistant