



METRO

FY21 ACCOMPLISHMENTS

& FY22 OBJECTIVES

MAJOR FUNCTIONS OF THE DEPARTMENT

The CEO/General Manager assumes full responsibility for the administration, management and development of the Santa Cruz Metropolitan Transit District (METRO).

DEPARTMENT ACCOMPLISHMENTS FOR FY21

➤ Safety First Culture:

- COVID-19/Pandemic: Implemented numerous pandemic safety programs and COVID-19 prevention measures to protect METRO employees and customers.
- Joined the APTA COVID Safety Pledge
- The Safety Department completed the federally mandated Public Transportation Agency Safety Plan (PTASP) prior to the federal deadline
- The Safety Department in collaboration with the Human Resources Department also completed the following documents in 2020/21:
 - Santa Cruz METRO COVID-19 Prevention Program (CPP)
 - Santa Cruz METRO COVID-19 Response & Reporting Protocol
 - Santa Cruz METRO COVID-19 Health & Safety Plan (HSP)
 - Santa Cruz METRO Return to Work Playbook
 - Santa Cruz METRO Continuity of Operations Plan (COOP)

- And, numerous other COVID-related policies, procedures and protocols
- Weekly senior leadership meetings that include COVID updates
- Weekly/bi-weekly COVID meeting with Union leadership
- Actively manage the First Alarm security contract
- Evacuation drills – twice a year
- Satisfactory Annual CHP Terminal Inspection – each year
- Drug & Alcohol Testing compliance – ongoing and each year

➤ **Fiscal Stability, Stewardship & Accountability:**

- Balanced budget; respond to the economic downturn; and pandemic impacts on transit
- Presented the “SCCRTC version” of the budget to the Board in March
- Proposed in FY22/23 budget recurring funding to begin defraying the UAL and OPEB unfunded liabilities
 - New OPEB/UAL Reserves Bucket established by Board policy on June 28, 2019
- Following the arrival of COVID in Santa Cruz County, we made various financial decisions relative to holding some positions vacant and taking action to minimize the use of overtime, resulting in an underrun of expenses against budget
- With Board concurrence, in June 2020 METRO established a new Reserves bucket called the COVID Recovery Reserves. As METRO uses CARES Act, CRRSAA and American Rescue Plan Act (ARPA) funds for FTA 5307/5311 qualifying expenses,

unobligated local, state and other fungible/flexible funds are deposited in this new COVID Recovery Reserves Bucket.

- Between FY22 and an estimated FY26/27, the COVID Recovery Reserves will be drawn down to bridge the deficit gap between expenses and revenues, and will help METRO try to sustain service levels and avoid layoffs and furloughs, to the greatest extent possible, until the COVID Recovery Reserves are exhausted.
- Included in the five-year budget projections is an embedded structural deficit, that if unaddressed, will result in a \$11+ million fiscal structural deficit, estimated in mid-2026 or early 2027. Along this journey, fiscal structural changes will need to be incorporated into each budget year in an effort to avoid a potentially massive \$11 + million fiscal cliff that is projected to occur when the COVID Recovery Reserves are exhausted.
 - The fiscal structural deficit can only be resolved through a combination of new/increased revenues and expense reductions.
- Manage to the budget – Ongoing
 - Continued to meet regularly with Operations management to review unscheduled bus operator overtime; to analyze cause and effect; to discuss bus operator vacancies; the optimal size of the Extra-Board; discuss bus operator absenteeism; and to discuss implementation of measures that will reduce scheduled and unscheduled overtime

while at the same time ensuring 100% on-time pullout and to minimize service cancellations.

- Continue to attempt to recruit as fast as employees retire/resign
 - Bus operator recruitments restarted in February 2021 and a new class started in April. The CEO instituted a temporary hold on bus operator recruitments until the impacts of the pandemic on ridership could be studied and evaluated.

- New FIS/ERP system
 - Delayed – New CFO put the consultant Scope of Work out on the street in April 2021 - Proposals being evaluated –Recommendation to the Board in June or August
- Successful grant applications and Congressional directed funding – Ongoing
- Clean Annual audit
- New tenants at Scotts Valley Transit Center, Watsonville Transit Center and Pacific Station

➤ **Service Quality and Delivery:**

- In 2020/2021 the pandemic, the Shelter in Place order and travel being limited to essential travel only, impacted METRO greatly resulting in significant ridership losses. On March 23, 2020 METRO reduced service to weekend levels of service, seven days a week, and then on April 30, 2020 to approximately 50% of normal levels of service. By the week ending 4/11/20, METRO ridership

had dropped to just under 7,000 trips/week, a 94.2% reduction from the same period in the prior year.

In the weeks and months that followed, ridership ebbed and flowed with the increases and decreases in county COVID positivity rates and the reopening and re-closing of county activities. Self-imposed capacity restrictions limiting bus capacities to 25% of total capacity resulted in an increase in pass-ups, most notable in the months of October through November 2020. Starting in mid-June 2020 the METRO Service Planning Department restored some service and the Operations Department provided back-up buses and extra trippers in an effort to reduce pass-ups.

As the county COVID positivity rate started to decline in January 2021 and the county began reopening again, weekly ridership steadily increased, closing April 2021 at 22,415 trip/week, a decline of about 82.4% compared to the same period in 2019 but a significant increase as compared to the weekly ridership in April 2020.

In the Fall 2021 service change, METRO will restore service to pre-COVID levels with the exception of Highway 17 commuter service and some UCSC oriented service. The strategy is to ensure the service is available when returning customers are ready to use the service. If the Governor lifts some of the COVID restrictions in June 2021, METRO hopes to return bus capacities to full capacity – no self-imposed limitations. Doing so will ensure METRO’s ability to respond to the increase in demand and avoid pass-ups as customers return to the service.

- New bus stop signs will begin to be deployed systemwide in September. These signs are a vast improvement over the current bus stop signage and will provide much improved aesthetics to METRO bus stops. Most bus stops will no longer have complicated schedules as customers can determine the bus schedule by either using the predictive arrival smartphone application or the Schedule by Stop feature on their cell phone or smartphone.

➤ **Internal and External Technology:**

- The IT/ITS Department continues to oversee the installation of the Automated Vehicle Location (AVL) system. It is near full acceptance. The project encountered severe delays due to the COVID pandemic and technology integration challenges due to METRO's diverse fleet. The customer facing predictive arrival smartphone application is anticipated to be up and running by July 2021.
 - Data flowing from the new AVL system will be utilized by the Planning and Development Department to fine-tune runtime on METRO bus routes, recovery time and to make other efficiency adjustments to the system
- As time permits, progress is being made in the development of the data warehouse
- Various updates to the METRO website have been made, including a dedicated tab on the homepage for Coronavirus information
- New video cameras are in the process of being installed in the Boardroom that will greatly improve the quality of televised METRO Board meetings, once the Board returns to in-person Board meetings.

- With the arrival of the pandemic, METRO launched and expanded the Highway 17 Splash Pass smartphone fare payment to the entire system and added a pilot fare validator to the Highway 17 buses. Once the pilot is completed and evaluated, METRO may expand the validators to the entire system.
- Completed the electronic access to the fleet maintenance facility
- Completed the installation and transition to Ecolane paratransit dispatching software
- Initiated upgrade of Maintstar
- Completed the installation of Fleetwatch fluid management system
- Installed ParaCruz facility surveillance cameras

➤ **Employee Engagement; Attract, Retain & Develop:**

- In an effort to avoid layoffs and furloughs, following the arrival of the pandemic METRO placed most vacancies on hold pending a full evaluation of each position. Later, some positions were filled and some were placed on hold and proposed to be defunded in the FY22 budget.
- In an effort to avoid furloughs and layoffs; to reduce potential COVID exposure hours by reducing the number of people in various work locations; and to assist employees with challenges resulting from school closures, METRO worked with employees to deploy temporary emergency schedules, such as A/B schedules; creative work schedules; and remote commute schedules where such would work while at the same time ensure the delivery of the essential service.

- Where possible, several administrative and customer service employees worked remote (full/partial) from March 15, 2020 – September 30, 2020, and then again November 23, 2020 – January 15, 2021.
- Empathy and flexibility:
 - Thirteen employees who were directly impacted by the CZU Complex fire evacuation were allowed to be away from METRO on METRO paid time while they dealt with the evacuation.
 - HR was authorized to work directly (1:1) with a small number of non-driver administrative employees, who were experiencing school closure childcare challenges, to develop an in-office work schedule that would help them through their challenges - No schedule is considered too ridiculous.
- Filled 23 positions in FY21 (YTD). Six were internal promotions and seventeen were external candidates, eight of which were bus operators, custodians and vehicle service workers, positions not typically filled with internal candidates.
- Unfortunately, because of pandemic travel restrictions, very little external employee training and development was accomplished over the past year. In FY22 METRO intends to ramp up and make bests efforts to catch-up.

➤ **State of Good Repair:**

- Completed the addition of an emergency exit to the second floor of the fleet maintenance facility
- Progress with bus replacements: In June of FY2017 METRO was operating 63 buses that were past their useful life. By the end of FY20, that number was down to 27.
 - This successful decrease in the number of buses being operated past their useful life is the direct result of two things:
 - The Board's continued commitment of \$3M/year to the bus replacement capital program, to be used as Local Match for state and federal grants, AND
 - The success of the Planning and Development Department in competing for and winning competitive (discretionary) state and federal grants.
- Four Proterra zero emission battery electric buses have arrived and will go into fixed-route service in the Fall
- Continued success in resolving roof leaks at Pacific Station
- Progress towards a joint City/METRO AHSC state grant application for the redevelopment of Pacific Station – submitted in June 2021
- Semi-annual facilities comprehensive walk-throughs
- Replanting project at Scotts Valley Transit Center
- Replaced fueling facility vapor compressor
- Replaced three ParaCruz vans
- Initiated vehicle maintenance yard security hardening project
- Added security cameras to ParaCruz facility

➤ **Strategic Alliance and Community Outreach:**

- Continued and growing (Some delayed due to COVID)
 - Santa Cruz County Regional Transportation Commission (SCCRTC)
 - UCSC
 - Cabrillo College
 - Chamber of Commerce
 - Collaboration with the cities and the county on projects that may impact or interface with transit
 - Special Interest Groups - ongoing
 - AMBAG - ongoing
- Legislation (See annual Legislative Agenda, as approved by the Board)
- CEO Participation in State & Federal Transit Advocacy Organizations
 - California Transit Association (CTA)
 - American Public Transportation Association (APTA)
 - The Bus Coalition
 - Community Transportation Association of America (CTAA)
 - California Association for Coordinated Transportation (CalACT)
 - Zero Emission Bus Resource Alliance (ZEBRA)

DEPARTMENT OBJECTIVES FOR FY22

➤ Safety First Culture:

- Foster safe operations and work environment
 - Ongoing - Continuously monitor workplace injuries and actively engage the Safety & Risk Department in retraining following incidents.
 - Ongoing - Proactive review of all facilities for safer working conditions.
 - Ongoing – Continuously monitor accidents and customer complaints about unsafe bus operations:
 - Research all customers complaints
 - Review on-board video
 - Better utilization of road supervisors
 - Strive to increase management & employee ride-alongs
 - Aggressive operator/driver retraining
- Surveillance equipment on buses and ParaCruz vehicles
 - Full utilization of surveillance equipment
 - Order all new buses with surveillance equipment - factory installed
- Maximize the use of the new safety software to track accident and injury trends and focus on vehicle accidents and workplace injury reduction
- Evaluate the installation of surveillance cameras at the Scotts Valley Transit Center

➤ **Fiscal Stability, Stewardship & Accountability:**

- Seek Board Finance Committee input on the preliminary budget assumptions - January – March each year
- If recurring surplus revenues are identified for service, engage the SPARC committee to solicit their thoughts about service needs and then present the Planning Department’s recommendations to the Board Finance Committee (January - March each year)
- Sometime in the July – October timeframe, present to the Board Finance Committee a recommendation for appropriation of any one-time carryover funds from the previous fiscal year, if such carryover is available.
 - Work with the new CFO to:
 - Move forward on the new ERP consultant contract and the development of the bid specification and scope for a new ERP
 - Review current financial processes for efficiency improvements
 - Prepare for the 2022 labor negotiations
 - Increase revenues
 - Begin planning to resolve the underlying embedded fiscal structural deficit
 - Place a heavy focus on a viable game plan to address the OPEB and UAL unfunded liabilities
 - Think out over the horizon – at least five-years out

- Work with the various transit professional organizations and the federal lobbyist to seek a FAST Act reauthorization level that increases from the recent “plus up” baseline and that increases STIC funding from 2% to 3%
- Reserves
 - Continue to keep the Reserves buckets fully funded and seek to grow the Capital & Operating Reserves to address state-of-good-repair needs and as Local Match for state and federal grants
- Continue to hold in abeyance Zero Emission Buses (ZEBs) grant applications until the new Proterra ZEBs are sufficiently tested – Future ZEB purchases may be postponed until 2026. If purchases are needed sooner, a report will be provided to the Board for consideration.
- Apply in 2021 for a Bus & Bus Facilities grant to construct a new ParaCruz facility
- Grants in general: Identify Local Match and overmatch strategies that will maximize METRO’s success in grant awards
- Monitor other State grant programs, such as Caltrans Planning Grants, LCTOP, LPP, and Cap & Trade opportunities and monitor METRO’s Local Match funding capacity for grant applications
- Monitor and apply for local grant opportunities, such as Monterey Bay Air Resources District (AB2766), SCCRTC, Central Coast Community Energy and AMBAG

- Bus Replacement funds: Strive to use for grant local match or use to directly purchase buses and paratransit vehicles
 - Annually, present a budget for Board consideration that includes a \$3.0 million or greater commitment in Measure D and/or STA funds, to be leveraged for state and federal capital grants
- Secure a new master advertisement contract
- Strive to lease all leasable space
- Included in the five-year budget projections is an embedded structural deficit, that if unaddressed, will result in a \$11+ million fiscal structural deficit, estimated in mid-2026 or early 2027. Along this journey, fiscal structural changes will need to be incorporated into each budget year in an effort to avoid a potentially massive \$11 + million fiscal cliff that is projected to occur when the COVID Recovery Reserves are exhausted.
- Continued to meet regularly with Operations management to review unscheduled bus operator overtime; to analyze cause and effect; to discuss bus operator vacancies; the optimal size of the Extra-Board; discuss bus operator unscheduled absenteeism; and to discuss implementation of measures that will reduce scheduled and unscheduled overtime while at the same time ensuring 100% on-time pullout and to minimize service cancellations.

➤ **Service Quality and Delivery:**

- Attract back COVID ridership losses and retain and grow ridership
- Ongoing collaboration between the Marketing Department and the Planning Department to focus service improvements on higher frequency service in select corridors and to develop “value add” strategies
- Focused some marketing efforts to grow ridership on the Highway 17 service
- Identify unique focused marketing efforts to grow ridership on select routes or segments of routes
- Encourage city/county densification at key transit nodes
 - Transit Oriented Development (TOD) - along existing transit corridors
- Complete the Splash Pass pilot project, and if successful, expand and promote systemwide
- Complete the AVL installation and acceptance and launch and promote the smartphone app
- Continue to promote cashless/touchless fare payment options such as the Splash Pass and METRO’s smart cards
- Launch the Watsonville Circulator in the fall using the Proterra ZEB
- Integrate the other Proterra ZEBs into the system in the fall
- Strive for “excellence” in customer service
- Nordstrom/Ritz-Carlton model
 - Explore sending some CSRs to the Disney customer service training in Florida in late 2021 or

early 2022, possibly utilizing a “train the trainer” approach

- Ongoing – Training and retraining of bus operators, ParaCruz drivers and Customer Service Representatives (CSRs) to focus on quality customer service – Continuous improvement
- Reduce customer complaints and respond timely to customer complaints
- Clean and renovated bus stops
- Service dependability
 - Increase mean miles between chargeable mechanical failures
 - On-time pullout
 - Increase on-time performance
 - Low incidence of cancelled service
 - ADA compliance
 - No passenger pass-ups
 - Customer focused bus and paratransit drivers
 - Clean buses and paratransit vehicles
 - Right-size the number of X-Boards & Points
- Transit Disruption: Pre-Pandemic year-over-year ridership losses; loss of ridership due to the ongoing pandemic; loss of ridership due to the economic downturn and/or high unemployment; low gas prices; abundance of low priced cars on the market; Transportation Network Companies (TNCs); autonomous vehicles; etc.

- Continue monitoring information in these areas and adjust service and marketing efforts as necessary
- Educate the riding and non-riding residents of Santa Cruz County about how METRO uses the resources they have granted METRO and METRO's positive air quality/sustainability/GHG reductions in the region.
- Planning - Ongoing
 - Pacific Station (METRO Center): Continuing collaboration with the City of Santa Cruz towards a joint AHSC grant in 2021 for the reconstruction of the facility
 - Continue collaborating with the SCCRTC on the Bus on Shoulder project on Highway 1
 - Quarterly review of the current services provided and initiation of a discussion about needed service changes/improvements/unmet needs

➤ **Internal and External Technology:**

- Automate Vehicle Location (AVL)
 - Complete the installation, testing and acceptance of the Automated Vehicle Location (AVL) system on buses
 - Launch Smartphone Predictive Arrival & Departure System (PADS) app by Fall 2021
- Complete the Splash Pass Pilot fare payment system and return to the Board with a recommendation.

- Continue improving data tools - Key Performance Indicators (KPI) and Dashboards
- Continuous progress on the data warehouse - Ongoing
- As time permits, IT staff to continue to expand the integration of data that will feed the new data warehouse and to develop “canned reports”
- Zero Emissions Buses (ZEBs)
 - Compliance with New California Air Resources Board (CARB) ZEB Regulation
 - Integrate four Proterra Zero Emissions Buses (ZEBs) into the METRO fleet
 - To the greatest extent possible, METRO will take sufficient time to test the new ZEBs before committing to additional purchases, subject to mandatory purchase thresholds in the CARB Regulation.
 - To the greatest extent possible, and subject to the mandatory thresholds in the CARB Regulation, avoid purchasing additional ZEBs until battery energy density improves sufficiently for the “end of life” range of the ZEB that will run on all METRO routes (about 300 mile daily range on an overnight charge)
 - Maximize the use of Vericiti to capture and analyze the ZEB data
 - In 2021/2022 study Hydrogen Fuel Cell technology for feasibility at METRO. If determined to be feasible, consider

applying for a federal 5339c LoNo grant to fund a yet to be determined number of buses.

- Make progress on the study of the next generation of fare collection – contactless/touchless
- Complete the MaintStar upgrade
- Consider key bus stop locations for predictive arrival bus displays
- Bring an Automatic Passenger Counter (APC) proposal to the Board in 2021/22

➤ **Employee Engagement; Attract, Retain & Develop:**

- Expedite filling vacant positions – However, in the COVID and post-COVID environment, we will carefully consider the need for each position prior to initiating a recruitment
- Resiliency: Be nimble and flexible to address new and evolving business needs. In some cases, utilize temp employees, interns and provisional employees during periods of vacancies and peak workloads.
- Value employee development: Budget for sufficient employee training and development
- Support leadership training programs that will both grow and strengthen leaders at all levels in the organization
- Continue and grow communications to all employees
- Keep our employee workspaces and facilities in good repair, clean and ergonomically up to date

- Implement all possible COVID prevention measures in the workplace
- Hold annual CEO All Hands meetings throughout the agency – virtual in 2021
- Following the pandemic, continue the annual Year in Review with employees throughout the agency – possibly January 2022
- Work to improve respect among employees and employee morale
- Continue to develop and innovate new recruitment strategies
- No silos – foster a cross-functional working environment among employees and departments
- Support a work/life balance environment
- Reduce unscheduled absenteeism
- Encourage senior leadership to initiate departmental employee of the month concepts
- Investigate a bonus/reward concept for successful referrals for new hires and/or for new hires who successfully complete probation
- Quality Communications: Continue to populate and keep fresh the CEO Bulletin Boards throughout the agency with useful information and transparency

➤ **State of Good Repair:**

- Continue replacing buses that are beyond their useful life
 - CY2026 and beyond – Ensure METRO is compliant with the CARB ICT Regulation and interim reporting responsibilities

- Submit METRO’s ZEB fleet transition plan to CARB
- Continue to ensure that the annual budget presented to the Board includes a commitment to the funds needed to perform mid-life overhauls on buses that reach the age of 6 – 8 years, and if economically feasible, life-extending overhauls at 12 – 14 years
- Replacement of aging ParaCruz equipment - Ongoing
 - Annually, review the ParaCruz vehicles that need to be replaced and funding and grant opportunities
- New home for ParaCruz – Ongoing
 - Continue work on the “shelf readiness” of the new facility to be located on the Soquel Park & Ride lot
 - Target the 2021 Bus & Bus Facilities Grant – with overmatch
 - Start construction in early 2022
 - Complete construction by mid to late 2023
- Maintain METRO facilities – Ongoing
 - Annually, in the budget (operating & capital), attempt to include sufficient resources to catch up with deferred maintenance and to continue to resolve current maintenance issues
 - Utilize the Transit Asset Management plan
 - Work with the staff at each facility to encourage an open line of communication when they observe maintenance and safety concerns at their facility

- Continue semi-annual facility comprehensive walk-throughs of all facilities (CEO, COO, Facilities Maintenance Manager & Safety & Risk Manager)
- Review options for the future of fare collection – Replace or eliminate current antiquated ticket vending machines and bus fareboxes
- Continue progress towards replacing or rebuilding Pacific Station
- Continue progress towards replacing aging non-revenue vehicles
- If unsuccessful in obtaining a 2021 AHSC grant, present the Board with a plan to fund the reconstruction/rehabilitation of Pacific Station
- Subject to Board approval, apply for a federal RAISE grant to plan and engineer to “shelf ready” 30% status a south county zero emission bus Division.

➤ **Strategic Alliance and Community Outreach:**

- Continue and grow
 - Santa Cruz County Regional Transportation Commission (SCCRTC)
 - UCSC
 - Cabrillo College
 - Chamber of Commerce
 - Collaboration with the cities and the county on projects that may impact or interface with transit
 - Special Interest Groups - ongoing
 - AMBAG - ongoing

- Santa Cruz County Fair - annually
 - Scotts Valley Touch-a-Truck - annually
 - Scotts Valley & Watsonville Independence Day parades - annually
 - Santa Cruz Holiday Parade - annually
 - First Fridays – intermittently
- Legislation (See annual Legislative Agenda, as approved by the Board)
 - CEO Participation in State & Federal Transit Advocacy Organizations
 - California Transit Association (CTA)
 - American Public Transportation Association (APTA)
 - The Bus Coalition
 - Community Transportation Association of America (CTAA)
 - California Association for Coordinated Transportation (CalACT)
 - Zero Emission Bus Resource Alliance (ZEBRA)

APPENDIX

JUNE 2021
CEO COMMUNICATION TO EMPLOYEES
A YEAR IN REVIEW

June 10, 2021

Looking Back at the Pandemic

Valuing and Protecting Employees: 365+ Days Later

Appreciation – Compassion - Empathy

March 7, 2020: Santa Cruz County announces its first Coronavirus case

March 11, 2020: The World Health Organization declares COVID-19 a pandemic

March 18, 2020: Governor Newsom issues the Shelter in Place Order

METRO employees,

I believe that we can all agree that 2020 was a challenging year and that we are hopeful for a brighter 2021. The one positive I think we can take away from 2020 is the strength of our employees and community. In every difficult situation we endured in 2020 whether it be the pandemic, wildfires, or the heavy rains we banded together to help our neighbors, family, friends, and coworkers. Situations like these make me honored to be part of the METRO team. I would like to thank all of our essential workers for your dedication and hard work over the last 15 months. Thanks to all of you, METRO was able to continue providing services in order to transport our community members to their

essential jobs and functions, many of whom rely on METRO services as their primary mode of transportation.

Reflecting over the past 15 months, I feel it is important to note that there was no pre-scripted playbook to follow; this pandemic was unlike any other situation we have seen in modern times. The world's health and economy was tried on all fronts. With these unparalleled situations comes many difficult but necessary decisions. Decisions I took very seriously. I want to ensure you that all of these outcomes came from a place of appreciation, compassion, and empathy in order to protect our employees on both a health and economic front.

Unlike some local regional government entities and transit agencies across the nation, early in the pandemic I expressed my commitment to avoid layoffs and furloughs, which thanks to great lengths, METRO succeeded in accomplishing. We also reduced actual work-hours for many employees, while they still received full-time pay and benefits. This was done in part by working tirelessly at the national level through Boards and Committees, on which I have a seat, to ensure that smaller and mid-sized transit agencies received their fair share of federal COVID relief funding.

On March 23, 2020, METRO reduced service levels to weekend service – seven days/week - about 60% of normal service levels. Then on April 30, 2020 METRO reduced service levels to roughly 50% of normal levels, thereby putting at least half of our bus operators and ParaCruz drivers at risk of layoff or furlough. Yet, as noted above, I remained committed in striving to avoid furloughs and layoffs, so instead, we engaged some creative solutions in which **employees received full-time pay and benefits, but did not work** full schedules, totaling to almost 45,000 unworked METRO paid hours distributed company-wide. Such as:

- A/B schedules for bus operators starting March 26, 2020 (139 SMART Bus Operators); and
- A/B/C schedules for ParaCruz drivers starting March 17, 2020 (38 SMART ParaCruz Drivers), then again on an A/B schedule from December 3, 2020 – February 3, 2021; and
- At the beginning of the pandemic, 40 SEIU members were initially paid to stay home without a work expectation.

These METRO paid work hours, for hours not worked, amounted to a cost of \$1.3 million.

Then, to allow for greater physical distancing, on March 15, 2020, before the Governor issued the Shelter in Place Order, I directed remote commute options (telecommute) wherever possible. This included some staff who could perform at least some of their duties remotely be sent home with a computer to remote commute. Two days later, on March 17, 2020 I directed that on a non-precedent setting temporary emergency basis all possible staff go home and remote commute, irrespective of their ability to perform some or most of their work from home, as long as doing so did not result in a negative impact on the delivery of the federally mandated “essential service.”

Note: Remote commute hours with work expectations were an additional temporary emergency benefit over and above those noted above, relative to paid hours with no work expectation, and were limited to a small number of primarily administrative and customer service staff.

Once prevention measures were more defined by the CDC and state and local health agencies, I directed that remote commuting employees return to the workplace on alternating weeks of three days here and two days at home effective July 6, 2020. The expected return of employees to full-time work at their METRO workstations was to be August 3, 2020; however, since COVID positivity rates in the county were still relatively high, on August 1st, I extended this same work schedule by one additional month. Then, on September 1st, as a result of the CZU Complex Fire, I extended a slightly modified remote commute schedule one last month to September 30, 2020.

All remote commuting employees returned to their normal METRO workstations on October 1, 2020. Then, effective November 23, 2020, I directed that all administrative non-management staff go back to “partial” (alternating days at home/work) remote commuting due to a sudden increase in COVID positivity rates in Santa Cruz County around the Holidays. Finally, all administrative employees returned to full-time work at their normal METRO workstations on January 19, 2021.

Along this journey a small handful of our non-driver administrative employees were experiencing childcare challenges due to school closures. I empathized with their challenges and authorized HR to work with them to develop an in-office work schedule that would help them through their school closure childcare challenges - No schedule was considered too ridiculous.

In March 2020, when the pandemic hit, I quickly pointed out that remote commute would be potentially unfair to the overwhelming majority of METRO employees who did not have this option available to them. As a federally designated essential

service, METRO is required to provide service during the pandemic; therefore, our employees have an obligation to report to work.

Not everyone can remote commute: e.g.: vehicle service workers, bus drivers, paratransit drivers, mechanics, facilities maintenance, custodians, supervisors, etc. – yet a small handful of non-management administrative employees, roughly 10% of the total METRO employees, received the unique benefit of significant and prolonged temporary emergency remote commute over the past year.

That said, we engaged the two creative approaches described above in an effort to do everything possible to protect our employees by reducing potential exposure hours, both work hour exposure to potential sick people and by “thinning the herd” in the workplace. In addition to these self-imposed temporary emergency benefits, many of our employees also benefitted by the federal Families First Coronavirus Response Act (FFCRA) and the California Supplemental Paid Sick Leave (SPSL) paid leaves.

The journey over the past 365+ days has included the implementation of numerous safety measures on buses and paratransit vehicles to protect bus operators and ParaCruz drivers including operator curtains, between row sneeze barriers, self-imposed capacity limits, “essential travel” restrictions through July 3, 2020, temporarily terminated fare collection through June 15, 2020, onboard hand sanitizer dispensers, increased frequency of onboard cleaning and disinfecting, nightly disinfectant fogging, increased airflow and air circulation, and established new policies and procedures.

In addition, we followed CDC and CDPH recommendations and implemented numerous safety measures in the workplace to protect office employees including cubicle screens, plexiglass partitions, spacing out of workstations, increased air circulation and upgraded air filters, provided PPE, and created a “Return to Work Playbook” with established policies and procedures.

As we welcomed in an optimistic 2021, we began seeing some light at the end of the tunnel in regards to the pandemic and the lessening of COVID restrictions and METRO continues to do our part in assisting our employees and community.

After the New Year, I worked hard at a local and state level to get vaccinations available for transit workers. That work paid off when the Governor directed that on March 15th transit workers could start being vaccinated. That same week various county entities committed over 500 vaccinations to METRO employees. Of which METRO offered employees transportation to and from vaccine appointments on METRO paid-time and reimbursed employees for their vaccine appointment time with Annual Leave accruals.

As always, METRO remains committed to the health and safety of our riders and employees. Therefore, in addition to transporting our employees to vaccination appointments, we are also offering our community free rides to and from COVID-19 vaccination appointments on METRO’s fixed-route and ParaCruz services, with proof of vaccination appointment. Moreover, to make it even easier for our riders to get to their vaccination appointments, METRO created a map that highlights routes that stop near non-drive-through vaccine clinics in Santa Cruz County located on our website. As well as created a new Coronavirus tab on our website

with METRO updates, policies, helpful links, and state and local health orders.

With the decline of county COVID-19 restrictions and to accommodate the rise in travel thanks to the reopening of our community and local businesses, and in an effort to reduce pass-ups, METRO has been able to increase capacity limits on our vehicles. As restrictions lessen over the summer, we will continue to evaluate the capacity of our vehicles and existing limits to best accommodate our riders while maintaining the safety of our operators and drivers.

As we are awaiting the Governor's updated guidance regarding California's tiered system and mask guidance scheduled to be issued on July 15th it is important to note that METRO is still regulated by orders from TSA and CalOSHA. As of now, the Federal TSA mask mandate for public transportation remains in effect and has been extended until September 13, 2021 requiring our operators and riders to wear masks onboard our vehicles and at our Transit Centers. For administrative office staff, we are awaiting updated guidance from CalOSHA and will notify our employees on any changes to mask mandates inside METRO Admin Offices.

We also have some positive developments worth noting that have occurred over the past 15 months and some programs to look forward to. In September 2020, METRO launched our first mobile ticketing app, METRO Splash Pass, available for download on Google Play and the Apple App Store. This cash-free, contactless, and COVID-19 safe, mobile ticketing solution allows METRO riders to purchase fares and display tickets on their smartphone devices anytime, anywhere. Riders have the option of purchasing Local and Highway 17 Express tickets including full or discounted

options using a debit or credit card or via digital payment services such as Apple Pay. Once purchased, riders simply activate their tickets on their smartphones and present them to the driver when boarding.

Just recently, we also installed new ticket validators on the Highway 17 Express buses that allow riders to scan their Splash Pass tickets rather than the operator having to visually validate the ticket. After what we hope to be a successful pilot program we hope to install these validators onboard all of buses countywide. Additionally, for registered ParaCruz customers we have established a Diminishing Balance Account allowing for funds to be added to an internal account that can be applied to future trips.

Other exciting news is the launch of METRO's first on-demand transit service, Cruz On-Demand. This pilot program is a shared ride experience on smaller vans, operated by METRO's trained ParaCruz operators, extending METRO's service area three quarters of a mile from any of METRO's fixed bus routes, excluding Highway 17 and the UCSC campus. Pick-up locations can be any address within METRO's service area and drop-off locations can be anywhere within a three mile radius of the rider's pick-up address. Trips can be booked with the Ecolane app up to 24 hours in advance. The Ecolane app scheduler will display the next available pick-up time or riders can schedule a future trip for later in the day. This service is meant to be an extension of our fixed-route service and connect riders to our Transit Centers for longer journeys.

Additionally, we are happy to announce that we have received all four Proterra electric buses into our fleet that will go into service in fall 2021. Two of the four buses will be used for a Zero-Emission

Watsonville Circulator Operating Project. The Watsonville Circulator Route will connect the Watsonville Transit Center with primary retail and medical destinations in Watsonville. Stops will begin at the Watsonville Transit Center (WTC), Beach/Lincoln-Lincoln/Freedom, Freedom/Airport-Airport/Green Valley, and Main/Rodriguez-WTC, connecting commuters with existing local and intercity Bus Lines 69A, 72/72W, 74S, 75, and 79, making it a critical link for low-income families. METRO's remaining two electric buses will be placed into revenue service in Santa Cruz County. As part of this achievement, METRO's first electric bus was featured on the cover of the Metro Magazine March/April 2021 Issue and received a four-page article detailing METRO's COVID response and zero emissions plan. In addition, to kick-off our summer in a positive light, one of our electric buses will participate in this year's Scotts Valley Fourth of July Parade.

We also anxiously await the full launch of our new Automatic Vehicle Location (AVL) and the smartphone predictive arrival app. METRO will benefit by a pipeline of useful data that will assist in the efficient operation of the service. Another benefit of this smartphone app is the capability of our riders to see if their bus is running late or on time in real-time. Full acceptance of the AVL and the launch of the smartphone app is expected by September this year.

Another positive change coming to our riders this summer is the complete return to pre-COVID summer levels of service on all routes, with the exception of the weekday Highway 17 trips. Furthermore, a number of routes will see even more service, particularly during the evening and weekends, in anticipation of the county continuing to reopen this summer. This includes Routes 35, 66 and 68 receiving additional evening service seven days a week, Route 42 receiving an additional midday trip seven

days a week and Route 55 expanded weekend service operating every hour. For summer, METRO is also extending Route 10 to the Santa Cruz Beach Boardwalk area, allowing for easier transfers from the METRO Center. Additionally, METRO is adding a new route, Route 18, which will service Westside Santa Cruz and UCSC at 30-minute frequencies from Downtown Santa Cruz and Laurel Street to UCSC, providing all-day access to shopping and services along the Mission Street corridor.

As you can readily see, much was accomplished over the past 365+ days, in spite of all the challenges the pandemic served up. Upon reflection, we should all be proud that we kept our essential services running; we ensured that our customers could get to their essential destinations; our employees are healthy and 70% are fully vaccinated; and METRO did not layoff or furlough any of our team members.

I'm a firm believer that if we can all come from a place of appreciation, compassion, and empathy in the roles we perform at METRO that we can overcome any obstacle together more proactively and efficiently as a team. To that end, I encourage all of you to talk with your Supervisor or Manager in regards to any feedback and/or suggestions you may have so we can continue to put our best foot forward in providing a positive work environment that serves our community to the best of our abilities.

Thank you for all you do and the extra effort you have put in for METRO and our customers over the past year.

Sincerely,

Alex Clifford, CEO

METRO FY21 ACCOMPLISHMENTS AND FY22 OBJECTIVES