



AGENDA

**BOARD OF DIRECTORS
REGULAR MEETING OF
FEBRUARY 14, 2014
8:30 AM**

MISSION STATEMENT: "To provide a public transportation service that enhances personal mobility and creates a sustainable transportation option in Santa Cruz County through a cost-effective, reliable, accessible, safe, clean and courteous transit service."

THE BOARD MEETING AGENDA PACKET CAN BE FOUND ONLINE AT WWW.SCMTD.COM AND IS AVAILABLE FOR INSPECTION AT SANTA CRUZ METRO'S ADMINISTRATIVE OFFICES LOCATED AT 110 VERNON STREET, SANTA CRUZ, CALIFORNIA

- | | | |
|--------------------------|---|-------------------------------------|
| <input type="checkbox"/> | <i>Director Hilary Bryant</i> | <u><i>City of Santa Cruz</i></u> |
| <input type="checkbox"/> | <i>Director Dene Bustichi, Chair</i> | <u><i>City of Scotts Valley</i></u> |
| <input type="checkbox"/> | <i>Director Karina Cervantez</i> | <u><i>City of Watsonville</i></u> |
| <input type="checkbox"/> | <i>Director Daniel Dodge</i> | <u><i>City of Watsonville</i></u> |
| <input type="checkbox"/> | <i>Director Zach Friend</i> | <u><i>County of Santa Cruz</i></u> |
| <input type="checkbox"/> | <i>Director Ron Graves</i> | <u><i>City of Capitola</i></u> |
| <input type="checkbox"/> | <i>Director Michelle Hinkle</i> | <u><i>County of Santa Cruz</i></u> |
| <input type="checkbox"/> | <i>Director Deborah Lane</i> | <u><i>County of Santa Cruz</i></u> |
| <input type="checkbox"/> | <i>Director John Leopold</i> | <u><i>County of Santa Cruz</i></u> |
| <input type="checkbox"/> | <i>Director Bruce McPherson</i> | <u><i>County of Santa Cruz</i></u> |
| <input type="checkbox"/> | <i>Director Lynn Robinson, Vice Chair</i> | <u><i>City of Santa Cruz</i></u> |
| <input type="checkbox"/> | <i>Ex-Officio Director Donna Blitzer</i> | <u><i>UC Santa Cruz</i></u> |

*Les White, General Manager
Leslyn Syren, District Counsel*

TITLE 6 - INTERPRETATION SERVICES / TÍTULO 6 - SERVICIOS DE TRADUCCIÓN

Spanish language interpretation and Spanish language copies of the agenda packet are available on an as-needed basis. Please make advance arrangements with Tony Tapiz, Administrative Services Coordinator at 831-426-6080. Interpretación en español y traducciones en español del paquete de la agenda están disponibles sobre una base como-necesaria. Por favor, hacer arreglos por adelantado con Tony Tapiz, Coordinador de Servicios Administrativos al numero 831-426-6080.

AMERICANS WITH DISABILITIES ACT

 *The Board of Directors meets in an accessible facility. Any person who requires an accommodation or an auxiliary aid or service to participate in the meeting, or to access the agenda and the agenda packet (including a Spanish language copy of the agenda packet), should contact Tony Tapiz, Administrative Services Coordinator, 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 Santa Cruz METRO regarding special requirements to participate in the Board meeting. For information regarding this agenda or interpretation services, please call Santa Cruz METRO at 831-426-6080.*



MEETING LOCATION:
SANTA CRUZ METRO ADMINISTRATIVE OFFICES
110 VERNON STREET
SANTA CRUZ, CA

8:30 A.M.

NOTE: THE BOARD CHAIR MAY TAKE ITEMS OUT OF ORDER

SECTION I: OPEN SESSION

1. CALL TO ORDER

2. ROLL CALL

3. ANNOUNCEMENTS

4. COMMUNICATIONS TO THE BOARD OF DIRECTORS

This time is set aside for Directors and members of the general public to address any item not on the Agenda which is within the subject matter jurisdiction of the Board. No action or discussion shall be taken on any item presented except that any Director may respond to statements made or questions asked, or may ask questions for clarification. All matters of an administrative nature will be referred to staff. All matters relating to Santa Cruz METRO will be noted in the minutes and may be scheduled for discussion at a future meeting or referred to staff for clarification and report. Any Director may place matters brought up under Oral and Written Communications on a future agenda. In accordance with District Resolution 69-2-1, speakers appearing at a Board meeting shall be limited to three minutes in his or her presentation. Any person addressing the Board may submit written statements, petitions or other documents to complement his or her presentation. 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.

5. LABOR ORGANIZATION COMMUNICATIONS

6. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS



CONSENT AGENDA

All items appearing on the Consent Agenda are recommended actions which are considered to be routine and will be acted upon as one motion. All items removed will be considered later in the agenda. The Board Chair will allow public input prior to the approval of the Consent Agenda items.

- 7-1. NOTICE OF ACTION TAKEN IN CLOSED SESSION**
- 7-2. ACCEPT AND FILE PRELIMINARILY APPROVED CLAIMS FOR THE MONTH OF NOVEMBER 2013**
- 7-3. ACCEPT AND FILE MONTHLY BUDGET STATUS REPORTS YEAR TO DATE AS OF NOVEMBER 30, 2013**
- 7-4. ACCEPT AND FILE FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT FOR YEAR ENDED JUNE 30, 2013**
- 7-5. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO SIGN A CONTRACT AMENDMENT WITH AMERICAN ASPHALT REPAIR & RESURFACING CO., INC. TO EXTEND THE CONTRACT THROUGH APRIL 30, 2014**
- 7-6. REQUEST AUTHORIZATION TO USE THE STATE OF CALIFORNIA DEPARTMENT OF GENERAL SERVICES CONTRACT FOR THE PURCHASE OF THREE EACH COMPACT SEDANS IN AN AMOUNT NOT TO EXCEED \$60,000**
- 7-7. CONSIDERATION OF ISSUING A FORMAL INVITATION FOR BIDS FOR FURNISHING OF UNIFORMS, FLAT GOODS, AND LAUNDRY SERVICES**

REGULAR AGENDA

- 8. CONSIDERATION OF AWARD OF CONTRACT WITH FLYERS ENERGY, LLC FOR PURCHASE OF OFF-SITE FUELING SERVICES IN AN AMOUNT NOT TO EXCEED \$1,020,000**
Erron Alvey, Purchasing Manager
- 9. CONSIDERATION OF A RESOLUTION APPROVING THE FY14 REVISED BUDGET**
Angela Aitken, Finance Manager
- 10. CONSIDER APPROVAL OF A CLASS SPECIFICATION CHANGE OF THE SECRETARY, GENERAL MANAGER POSITION**
Robyn Slater, Human Resources Manager
- 11. CONSIDERATION OF NEW FLYER TECHNICAL SERVICE INFORMATION BULLETIN – DISABLING FRONT-FACING FLIP-UP SEATS**
Ciro Aguirre, Operations Manager



12. ORAL REPORT OF THE RECRUITMENT TASK FORCE

Daniel Dodge, Director

13. ANNOUNCEMENT OF NEXT MEETING: FRIDAY FEBRUARY 28, 9:00 AM, WATSONVILLE CITY COUNCIL CHAMBERS, 275 MAIN STREET, WATSONVILLE

Lynn Robinson, Vice Chair

14. ADJOURNMENT

Adjourn to the next Board of Directors meeting.

Pursuant to Section 54954.2(a)(1) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day. The agenda packet and materials related to an item on this Agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Santa Cruz METRO Administrative Office (110 Vernon Street, Santa Cruz) during normal business hours. Such documents are also available on the Santa Cruz METRO website at www.scmtd.com subject to staff's ability to post the document before the meeting.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

NOTICE OF ACTION TAKEN IN CLOSED SESSION MEMORANDUM

DATE: February 14, 2014

TO: Board of Directors

FROM: Leslyn K. Syren, District Counsel 

SUBJECT: Notification Of Action Taken In Closed Session Regarding the Following:
Lisa Dombrose v. Santa Cruz Metropolitan Transit District, Case No. CV174909

Lisa Dombrose v. Santa Cruz Metropolitan Transit District, Case No. CV174909

On September 13, 2013, in closed session the Board of Directors authorized a settlement of this matter, for an accident that occurred on September 1, 2011, in Santa Cruz, California. The following directors authorized the settlement: Bryant, Bustichi, Dodge, Graves, Lane, Leopold, McPherson and Robinson. Directors Alejo, Friend and Hinkle were absent.

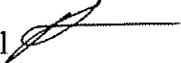
Pursuant to this direction, Santa Cruz METRO obtained a **Release In Full Of All Claims and Rights** executed by claimant and her attorney on December 20, 2013. On January 14, 2014 a settlement check was provided to the plaintiff and her attorney in the sum of \$60,000.00 pursuant to settlement authorization. A Dismissal with Prejudice of the Entire Action was filed by the plaintiff's attorney on January 16, 2014. Santa Cruz METRO filed a Notice of Entry of Dismissal with the court on January 22, 2014.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

NOTICE OF ACTION TAKEN IN CLOSED SESSION MEMORANDUM

DATE: February 14, 2014

TO: Board of Directors

FROM: Leslyn K. Syren, District Counsel 

SUBJECT: Notification Of Action Taken In Closed Session Regarding The Following
Claims: Sylvia Jimenez v. Santa Cruz Metropolitan Transit District
(Before the Worker's Compensation Appeals Board)

1. Settlement with Sylvia Jimenez;
Sylvia Jimenez v. Santa Cruz Metropolitan Transit District, et al;
Case #s ADJ7073277; ADJ8000052

On December 13, 2013, the Board of Directors authorized Santa Cruz METRO's attorneys to settle both workers' compensation claims with a Compromise and Release less any permanent disability already paid to the claimant.

Pursuant to this direction, a fully executed Compromise and Release (in the sum of \$110,000.) was submitted to the Workers' Compensation Appeals Board (WCAB) and an Order Approving Compromise and Release was signed by the Workers' Compensation Administrative Law Judge, Daniel H. Asturias on January 13, 2014.

The following directors authorized the settlement: Directors Alejo, Bryant, Bustichi, Dodge, Graves, Hinkle, Lane, Leopold, and Robinson. Directors Friend and McPherson were absent.

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

DATE: 11/01/13 THRU 11/30/13

CHECK NUMBER	CHECK DATE	CHECK VENDOR	CHECK AMOUNT	VENDOR NAME	VENDOR TYPE	TRANS. NUMBER	TRANSACTION DESCRIPTION	TRANSACTION AMOUNT	COMMENT
46100M11/22/13		001272	-240.50	CITY OF SANTA CRUZ - PLANNING		53198	PILES & DELTA 5 LIFE	-240.50	**VOID
47231 11/05/13		079	-10,105.19	PILES & DELTA 5 LIFE SANTA CRUZ MUNICIPAL UTILITIES		55009	8/10-9/9 1200 RIVER	-3,433.66	**VOID
						55010	8/10-9/9 GOLF IRRIG	-231.39	
						55011	8/10-9/9 REF BUSSTOP	-1,005.15	
						55012	8/10-9/9 PACIFIC	-2,630.59	
						55013	8/10-9/9 PAC ISLAND	-90.05	
						55014	8/10-9/9 DUBOIS	-676.50	
						55015	8/10-9/9 VERNON	-451.19	
						55016	8/10-9/9 VERNON IRRI	-209.09	
						55017	8/10-9/9 GOLFCUB	-1,235.14	
						55108	8/10-9/9 1217 RIVER	-142.43	
47591 11/04/13		192	1,031.40	ALWAYS UNDER PRESSURE		55665	PRESSURE WASH CHEMS	1,031.40	
47592 11/04/13		294	219.25	ANDY'S AUTO SUPPLY	0	55664	AIR FILTER	82.01	
						55683	ANTIFREEZE & SILICON	137.24	
47593 11/04/13		1356	5,280.16	BRENCO OPERATING-TEXAS, LP		55689	FUEL INJECTIONS	5,280.16	
47594 11/04/13		003119	3,000.00	BURKE, WILLIAMS & SORENSEN LLP		55602	9/30 HARASSMENT TRAI	3,000.00	
47595 11/04/13		002929	437.50	CHEVROLET OF WATSONVILLE LLC	7	55646	RPR VEH #803	437.50	
47596 11/04/13		130	46.92	CITY OF WATSONVILLE UTILITIES		55612	9/12-10/14 WTC FIRE	46.92	
47597 11/04/13		909	2,669.84	CLASSIC GRAPHICS		55635	BUS # 2813	2,669.84	
47598 11/04/13		001124	45,687.72	CLEAN ENERGY		55637	LNG 10/01/13	6,540.89	
						55638	LNG 10/05/13	10,857.84	
						55639	LNG 10/02/13	7,214.19	
						55640	LNG 10/07/13	10,621.05	
						55691	LNG 9/24/13	10,453.75	
47599 11/04/13		003012	700.00	COLON, ANTONIA ELENA	07	55660	SVTC PAINT PROOFS	700.00	
47600 11/04/13		002063	52.55	COSTCO		55672	BOD MEETING 10/11/13	52.55	
47601 11/04/13		003116	13,741.36	CUMMINS PACIFIC LLP		55667	LOW PROD INVENTORY	4,294.52	
						55668	TRANSMISSION REBUILD	7,684.66	
						55671	LOW PRODUCT INV	1,762.18	
47602 11/04/13		001020	141.11	EMEDCO INC.		55623	HAZ TAPE	141.11	
47603 11/04/13		432	5,421.76	EXPRESS SERVICES INC.		55609	TEMP W/E 10/13/13	900.00	
						55610	TEMP W/E 10/13/13	996.00	
						55643	TEMPS W/E 10/20/13	729.76	
						55704	TEMP W/E 10/20/13	960.00	
						55706	TEMP W/E 10/20/13	900.00	
						55708	TEMP W/E 10/20/13	936.00	
47604 11/04/13		372	26.75	FEDERAL EXPRESS		55705	FREIGHT	26.75	
47605 11/04/13		001172	104.81	FERGUSON ENTERPRISES INC. #795		55692	FOAM TOILET SEATS	104.81	
47606 11/04/13		002952	3,514.47	FLYERS ENERGY LLC		55626	10/1-10/15 FUEL	3,492.61	
						55628	PROPANE	21.86	
47607 11/04/13		282	152.80	GRAINGER		55656	CORRUGATED SHELF BIN	10.34	
						55669	BOLT CUTTERS	56.92	
						55673	PIPE & VALVE BRUSH	29.14	
						55674	DUST PAN	33.47	
						55675	KEY REEL	22.93	
47608 11/04/13		E530	438.13	GUIZAR, LISETH		55645	2013 CO PICNINC	438.13	
47609 11/04/13		878	2,031.52	KELLY SERVICES, INC.		55684	TEMP W/E 10/20/13	2,031.52	
47610 11/04/13		003066	8,885.00	KIM FAMILY ENTERPRISES LLP		55608	NOV 13 RENT	8,885.00	

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
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47611	11/04/13	288.97 041	MISSION UNIFORM			55633	UNIFORM	203.31	
						55634	UNIFORM	66.74	
47612	11/04/13	883.50 288	MUNCIE TRANSIT SUPPLY			55703	UNIFORMS	18.92	
						55611	LIGHT BULBS	201.63	
						55627	LIGHT BULBS	651.20	
						55648	LIGHT BULB	30.67	
47613	11/04/13	8,979.88 002626	NELSON\NYGAARD INC		7	55699	SERVICE THRU 9/30/13	8,979.88	
47614	11/04/13	19,284.78 001063	NEW FLYER IND. CANADA ULC DBA			55603	LOW PARTS INVENTORY	3,242.81	
						55604	ENGINE MOUNT	43.64	
						55605	LOW PRODUCT INV	1,793.07	
						55606	LOW PARTS INVENTORY	54.91	
						55624	TANK SURGE	881.72	
						55636	BRAKE KIT LINING	2,975.26	
						55641	LOW PRODUCT INVENTOR	303.48	
						55651	HUBOMETER	145.28	
						55652	ANTENNA	832.69	
						55653	LOW PRODUCT INVENTOR	2,534.29	
						55654	LOW PRODUCT INV	6,185.09	
						55655	LOW PRODUCT INV	292.54	
47615	11/04/13	1,648.62 004	NORTH BAY FORD LINC-MERCURY			55659	RPR VEH #1110 PC	575.64	
						55661	STOCK PARTS	984.58	
						55681	VEH PARTS #1103	22.30	
						55682	INSULATOR V #1104 PC	66.10	
47616	11/04/13	639.36 003115	OFFICE TEAM			55644	TEMP W/E 10/18/13	639.36	
47617	11/04/13	2,220.00 E645	OLANDER, JOY			55686	TUITION REIMBURSEMENT	2,220.00	
47618	11/04/13	195.95 364	OVERHEAD DOOR CO. OF SALINAS			55625	MMF BAY 1	195.95	
47619	11/04/13	2,268.51 003086	PAPE MACHINERY INC			55649	TURBO CHARGER	2,486.01	
						55700	CORE CREDIT	-108.75	
						55701	CORE CREDIT	-108.75	
47620	11/04/13	644.00 481	PIED PIPER EXTERMINATORS, INC.			55693	OCT 13 PEST DUBOIS	241.00	
						55694	OCT13 PEST CAFE LENA	48.50	
						55695	OCT 13 PEST METROMKT	48.50	
						55696	OCT 13 PEST BETTYS	53.00	
						55697	OCT 13 PEST VERNON	183.00	
						55698	OCT 13 PEST WTC	70.00	
47621	11/04/13	754.13 107A	PROBUILD			55707	10/25/13 STATEMENT	754.13	
47622	11/04/13	68,310.16 904	RNL/INTERPLAN, INC. A CA CORP			55711	SERVICE THRU 9/30/13	68,310.16	
47623	11/04/13	549.00 018	SALINAS VALLEY FORD SALES			55658	WEEKLY CORE EXCHANGE	549.00	
47624	11/04/13	254.60 135	SANTA CRUZ AUTO PARTS, INC.			55662	LAMP VEH #805	12.15	
						55676	BELT VEH #0302	35.56	
						55677	BELT	5.47	
						55678	BATTERIES	114.13	
						55679	OIL & AIR FILTER	27.52	
						55680	WASHER FLUID	59.77	
47625	11/04/13	9,980.72 079	SANTA CRUZ MUNICIPAL UTILITIES			55613	9/10-10/9 GOLF CLUB	1,280.64	
						55614	9/10-10/9 BUSSTOP 26	754.97	
						55615	9/10-10/9 GOLF IRRIG	213.55	
						55616	9/10-10/9 GOLF PACIFI	2,623.87	
						55617	9/10-10/9 920 PACIFI	83.33	
						55618	9/10-10/9 VERNON IRR	204.63	

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
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47626	11/04/13	528.00 957	SECURITY SHORING & STEEL PLT		55619	9/10-10/9 VERNON	451.19		
47627	11/04/13	106.01 001976	SPORTWORKS NORTHWEST, INC.		55620	9/10-10/9 1200 RIVER	3,608.04		
47628	11/04/13	157.10 001008	SWAGELOK NORTHERN CALIFORNIA		55621	9/10-10/9 165 DUBOIS	618.07		
47629	11/04/13	1,677.05 002954	TIRE DISTRIBUTION SYSTEMS, LLC	7	55713	9/10-10/9 1217 RIVER	142.43		
					55712	MUD PLATES 135DUBOIS	528.00		
					55642	KIT FOR BUS # 1201	106.01		
					55657	RPR BUS #2308	157.10		
					55629	TIRES PARACRUZ	500.03		
					55630	FLAT REPAIR PARACRUZ	23.44		
					55631	TIRES	287.65		
					55632	TIRES	478.64		
					55650	TIRES STREAM CLEANER	387.29		
47630	11/04/13	64,420.00 003044	TRC ENGINEERS, INC.		55710	8/24-9/27 MB ENG SVC	64,420.00		
47631	11/04/13	67.09 007	UNITED PARCEL SERVICE		55709	FREIGHT	67.09		
47632	11/04/13	54.90 434B	VERIZON CALIFORNIA		55687	MT BIELAWSKI	54.90		
47633	11/04/13	950.25 434	VERIZON WIRELESS	0	55688	9/13-10/12 WIFI BUS	950.25		
47634	11/04/13	450.87 001353	VISION COMMUNICATIONS		55670	RPR HAND HELD RADIOS	189.87		
47635	11/04/13	150.00 001165	VU, THANH DR. MD	7	55690	9/9-10/8 DVR RENTAL	261.00		
47636	11/04/13	3,500.00 003074	WAVE CREST DEVELOPMENT INC.		55607	DMV EXAM	75.00		
47637	11/04/13	70.00 682	WEISS, AMY L.		55702	DMV EXAM	75.00		
47638	11/04/13	389.70 002291	WINCHESTER AUTO	7	55685	NOV 13 RENT	3,500.00		
47639	11/04/13	24.00 E329	ZARAGOZA, DANIEL		55647	BOD MEETING 10/25/13	70.00		
47640	11/04/13	90.59 147	ZEE MEDICAL SERVICE CO.		55666	HIGH/LOW BEAM LIGHTS	389.70		
47643M11/01/13		34.93 E930	ALMANZA, CANDIS		55663	TRAVEL REIMBURSEMENT	24.00		
			KEYS PARACRUZ		55715	WIPES & GLASSES	90.59		
			SANTA CRUZ MUNICIPAL UTILITIES			KEYS PARACRUZ	34.93		MANUAL
47644	11/05/13	10,105.19 079	SANTA CRUZ MUNICIPAL UTILITIES		55009	8/10-9/9 1200 RIVER	3,433.66		
					55010	8/10-9/9 GOLF IRRIG	231.39		
					55011	8/10-9/9 REF BUSSTOP	1,005.15		
					55012	8/10-9/9 PACIFIC	2,630.59		
					55013	8/10-9/9 PAC ISLAND	90.05		
					55014	8/10-9/9 DUBOIS	676.50		
					55015	8/10-9/9 VERNON	451.19		
					55016	8/10-9/9 VERNON IRRI	209.09		
					55017	8/10-9/9 GOLFCULUB	1,235.14		
47645M11/07/13		390.00 R644	CALIFORNIA COURT OF APPEAL		55108	8/10-9/9 1217 RIVER	142.43		
			H039562		55809	H039562	390.00		VOIDED
47645M11/14/13		-390.00 R644	CALIFORNIA COURT OF APPEAL		55809	H039562	-390.00		**VOID
					55755	HVAC REPAIR	240.00		
47646	11/11/13	240.00 382	AIRTEC SERVICE		55717	BOD MEET 10/11-10/25	50.00		VOIDED
47647	11/11/13	50.00 B030	ALEJO, MARGARITA	7	55717	BOD MEET 10/11-10/25	-50.00		**VOID
47647	11/20/13	-50.00 B030	ALEJO, MARGARITA	7	55737	NOV 13 PAGERS	30.21		
47648	11/11/13	30.21 002861	AMERICAN MESSAGING SVCS, LLC		55808	9/24-10/23 WIFI BUS	938.48		
47649	11/11/13	938.48 003105	AT&T MOBILITY		55799	NOV 13 FEES	8,750.00		
47650	11/11/13	8,750.00 001348	ATHENS INSURANCE SERVICE, INC.		55762	DOOR RPR IT VERNON	215.00		
47651	11/11/13	215.00 247	AUTOMATIC DOOR SYSTEMS, INC.		55718	BOD MEET 10/11-10/25	100.00		
47652	11/11/13	100.00 B028	BRYANT, HILARY	7	55719	BOD MEET 10/11-10/25	100.00		
47653	11/11/13	100.00 B018	BUSTICHI, DENE	7					

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
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47654	11/11/13	1,230.06	130	CITY OF WATSONVILLE UTILITIES		55733	OCT13 SOLIDWASTE WTC	954.54	VOIDED
						55734	9/23-10/21 WATER WTC	249.12	
47655	11/11/13	424.13	909	CLASSIC GRAPHICS		55735	9/23-10/21 WATER WTC	26.40	
47656	11/11/13	21,364.33	001124	CLEAN ENERGY		55728	DECALS	424.13	
47657	11/11/13	778.59	002814	CREATIVE BUS SALES, INC.		55788	LNG 10/09/13	10,646.15	
47658	11/11/13	220.00	003120	CSMFO MEMBERSHIP		55789	LNG 10/12/13	10,718.18	
47659	11/11/13	2,221.83	003116	CUMMINS PACIFIC LLP		55716	ALTERNATOR VEH #2401	778.59	
						55727	MEMBERSHIP RENEWAL	110.00	
						55784	LOW PRODUCT INV	1,384.83	
						55785	TRANS VEH #1207	279.00	
						55786	TRANS VEH #1201	279.00	
						55787	TRANS VEH #1211	279.00	
47660	11/11/13	864.56	480	DIESEL MARINE ELECTRIC, INC.		55761	ALTERNATOR	864.56	
47661	11/11/13	100.00	B029	DODGE, DANIEL	7	55720	BOD MEET 10/11-10/25	100.00	
47662	11/11/13	936.00	432	EXPRESS SERVICES INC.		55798	TEMP W/E 10/27/13	936.00	
47663	11/11/13	803.36	001172	FERGUSON ENTERPRISES INC. #795		55744	WATER HEATER	486.73	
47664	11/11/13	10,672.32	002952	FLYERS ENERGY LLC		55749	PLUMBING KIOSK PAC	316.63	
47665	11/11/13	50.00	B032	FRIEND, ZACHARIAH		55721	BOD MEET 10/25	50.00	
47666	11/11/13	145.00	001189	GARY KENVILLE LOCKSMITH	7	55768	REKEY TRASH REST WTC	145.00	
47667	11/11/13	113.75	003096	GOODWILL INDUSTRIES OF SILICON		55729	OCT 13 SHREDDING	16.25	
47668	11/11/13	805.03	001039	GRAFFITI REMOVAL, INC.		55741	OCT 13 SHRED VERNON	97.50	
47669	11/11/13	100.00	B023	GRAVES, RON	7	55781	GRAFFITI REMOVAL	569.34	
47670	11/11/13	444.79	002117	IULIANO #2 LLC		55722	BOD MEET 10/11-10/25	235.69	
47671	11/11/13	40.00	E941	KEARNEY, ANDREW	7	55797	2013 PROPTAX 1ST PMT	100.00	
47672	11/11/13	401.01	E635	KINSLOW, DEBBIE		55726	DMV REIMBURSEMENT	444.79	
47673	11/11/13	592.00	852	LAW OFFICES OF MARIE F. SANG	7	55771	TRAVEL REIMBURSEMENT	40.00	
47674	11/11/13	100.00	B026	LEOPOLD, JOHN		55776	CL25105939,207164812	401.01	
47675	11/11/13	26,061.26	003017	MANSFIELD OIL CO OF GAINSVILLE	7	55777	CL 11000452,11001281	192.00	
47676	11/11/13	100.00	B031	MCPHERSON, BRUCE		55778	CL201103388,20213414	224.00	
47677	11/11/13	333.80	041	MISSION UNIFORM		55723	BOD MEET 10/11-10/25	176.00	
						55745	DIESEL 10/18/13	100.00	
						55724	BOD MEET 10/11-10/25	26,061.26	
						55758	UNIFORMS	100.00	
						55759	UNIFORMS	44.83	
						55760	UNIFORMS	203.31	
						55779	UNIFORM PC	66.74	
47678	11/11/13	1,176.77	001063	NEW FLYER IND. CANADA ULC DBA		55732	VALVE & GAUGE	18.92	
						55740	SEAL & HUBO	260.68	
						55763	ELBOW FITTING	116.23	
						55764	SWITCH	2.67	
						55765	COOLANT CAP	50.41	
						55766	LOW PROD INV DECAL	212.13	
47679	11/11/13	110.18	002721	NEXTEL COMMUNICATIONS/SPRINT		55800	9/26-10/25 TVM WIREL	534.65	
47680	11/11/13	20,916.79	009	PACIFIC GAS & ELECTRIC		55731	9/9-10/7/13 PARACRUZ	110.18	
						55746	9/24-10/22 RIVER ST	980.48	VOIDED
						55772	9/26-10/21 LA MANCHA	2,009.87	
						55773	9/25-10/23 1217 RIVE	129.74	
								205.06	

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47680	11/11/13	-20,916.79	009	PACIFIC GAS & ELECTRIC		55802	9/24-10/22 GOLF CLUB	5,638.93	
						55803	9/25-10/23 VERNON	5,629.39	
						55804	9/25-10/22 1200 RIVE	75.54	
						55805	9/24-10/22 DUBOIS OP	2,593.24	
						55806	9/28-10/28 PACIFIC	3,654.54	
						55731	9/9-10/7/13 PARACRUZ	-980.48	**VOID
						55746	9/24-10/22 RIVER ST	-2,009.87	
						55772	9/26-10/21 LA MANCHA	-129.74	
						55773	9/25-10/23 1217 RIVE	-205.06	
						55802	9/24-10/22 GOLF CLUB	-5,638.93	
						55803	9/25-10/23 VERNON	-5,629.39	
						55804	9/25-10/22 1200 RIVE	-75.54	
						55805	9/24-10/22 DUBOIS OP	-2,593.24	
						55806	9/28-10/28 PACIFIC	-3,654.54	
47681	11/11/13	373.83	043	PALACE ART & OFFICE SUPPLY		55730	OFFICE SUPPLIES	294.02	
						55794	OFFICE SUPPLIES	11.46	
						55795	OFFICE SUPPLIES	68.35	
47682	11/11/13	3,554.60	003086	PAPE MACHINERY INC		55775	LOW INV PARTS	3,554.60	
47683	11/11/13	707.96	882	PRINT SHOP SANTA CRUZ	7	55739	HWY 17 DECALS	707.96	
47684	11/11/13	530.00	001153	REPUBLIC ELEVATOR COMPANY		55783	ELEVATOR TEST VERNON	530.00	
47685	11/11/13	149.24	003024	RICOH USA, INC		55751	IMAGES 9/19-10/18 AD	149.24	
47686	11/11/13	413.25	215	RICOH USA, INC.		55796	10/18-11/17LEASE OPS	413.25	
47687	11/11/13	100.00	B022	ROBINSON, LYNN MARIE	7	55725	BOD MEET 10/11-10/25	100.00	
47688	11/11/13	346.49	045	ROYAL WHOLESAL ELECTRIC		55747	ELEC KIOSK PACIFIC	64.83	
						55748	ELEC WIRE KIOSK PACI	281.66	
47689	11/11/13	280.63	018	SALINAS VALLEY FORD SALES		55736	LOW PROD INVENTORY	280.63	
47690	11/11/13	410.79	135	SANTA CRUZ AUTO PARTS, INC.		55752	OIL FILTER	7.57	
						55753	OIL FILTERS, BATTERY	153.09	
47691	11/11/13	18,130.05	002917	SANTA CRUZ METRO TRANSIT W/C		55754	HYDRAULIC JACK REBIL	250.13	
47692	11/11/13	1,575.71	681	SCOTTS BODY SHOP		55801	10/16-10/31 W/C RESE	18,130.05	
47693	11/11/13	1,685.83	002459	SCOTTS VALLEY WATER DISTRICT	7	55782	RPR TO VEH #1116 PC	1,575.71	
47694	11/11/13	23.95	115	SNAP-ON INDUSTRIAL		55807	8/5-10/4 SVTC	1,685.83	
						55742	SHOP TOOLS	8.16	
47695	11/11/13	3,303.30	002954	TIRE DISTRIBUTION SYSTEMS, LLC	7	55743	TOOL REPLACEMENT SG	15.79	
						55790	TIRES	495.67	
						55791	TIRES	977.73	
						55792	TIRES	977.73	
						55793	TIRES	852.17	
47696	11/11/13	150.00	001165	VU, THANH DR. MD	7	55750	DMV EXAM	75.00	
						55757	DMV EXAM	75.00	
47697	11/11/13	89.45	871	YARDER MANUFACTURING COMPANY		55738	END SECTION 30"	89.45	
47698	11/11/13	28.82	147	ZEE MEDICAL SERVICE CO.		55756	DISPENSER WIPES	28.82	
47699	11/11/13	20,916.79	009	PACIFIC GAS & ELECTRIC		55731	9/9-10/7/13 PARACRUZ	980.48	
						55746	9/24-10/22 RIVER ST	2,009.87	
						55772	9/26-10/21 LA MANCHA	129.74	
						55773	9/25-10/23 1217 RIVE	205.06	
						55802	9/24-10/22 GOLF CLUB	5,638.93	
						55803	9/25-10/23 VERNON	5,629.39	
						55804	9/25-10/22 1200 RIVE	75.54	
						55805	9/24-10/22 DUBOIS OP	2,593.24	

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47700M11/13/13		103.75 001272		CITY OF SANTA CRUZ - PLANNING ELEVATOR PMT 1200RIV		55806	9/28-10/28 PACIFIC	3,654.54	
47701 11/18/13		12.51 002941		AA SAFE & SECURITY CO		55902	ELEVATOR PMT 1200RIV	103.75	MANUAL
47702 11/18/13		5,335.92 001D		AT&T		55817	KEYS FOR SECURITY	12.51	
47703 11/18/13		774.00 011		BEWLEYS CLEANING	7	55926	T1 CEMENTPLANT 10/18	178.97	
47704 11/18/13		1,450.00 001365		BORTNICK, ROBERT S. & ASSOC.	7	55927	T1 SKYLINE 10/18/13	279.70	
47705 11/18/13		8,128.88 001356		BRENCO OPERATING-TEXAS, LP		55928	9/19-10/18 PHONES	4,877.25	
47706 11/18/13		6,913.29 001844		BRINKS INCORPORATED		55924	OCT13 JANITORIAL PC	774.00	
47707 11/18/13		1,000.00 003022		CAFE AMIGO		55869	OCT 13 ADA STOP SURV	1,450.00	
47707 11/18/13		-1,000.00 003022		CAFE AMIGO		55824	O2 SENSORS	4,064.44	
47708 11/18/13		42,576.93 001124		CLEAN ENERGY		55843	O2 SENSORS	4,064.44	
47709 11/18/13		70.00 R585		CLUTCH COURIERS		55906	OCT 1200B SERVICE	3,961.49	
47710 11/18/13		103.75 075		COAST PAPER & SUPPLY INC.		55907	OCT 1200B SERVICE	2,951.80	
47711 11/18/13		2,890.00 003034		COASTAL LANDSCAPING INC. DBA COSTCO		55829	NOV 13 CUSTODIAL SVC	1,000.00	VOIDED
47712 11/18/13		414.96 002063		COASTAL LANDSCAPING INC. DBA COSTCO		55829	NOV 13 CUSTODIAL SVC	-1,000.00	**VOID
47713 11/18/13		100.44 002814		CREATIVE BUS SALES, INC.		55872	LNG 10/19/13	10,591.59	
47714 11/18/13		4,114.27 003116		CUMMINS PACIFIC LLP		55873	LNG 10/21/13	10,627.59	
47715 11/18/13		615.00 504		**DO NOT USE*CUMMINS WEST, INC.		55880	LNG 10/15/13	10,451.90	
47715 11/18/13		-615.00 504		**DO NOT USE*CUMMINS WEST, INC.		55881	LNG 10/17/13	10,905.85	
47716 11/18/13		5,205.42 002946		DAY WIRELESS SYSTEMS		55871	WWS1030221	70.00	
47717 11/18/13		128.00 002567		DEPARTMENT OF JUSTICE		55886	JANITORIAL SUPPLIES	51.87	
47718 11/18/13		146.40 001329		DOC AUTO LLC		55886	JANITORIAL SUPPLIES	51.87	
47719 11/18/13		186.31 298		ERGOMETRICS& APPLIED PERSONNEL		55921	CL PROGROUT	51.88	
47720 11/18/13		187.50 001492		EVERGREEN OIL INC.		55883	OCT 13 LANDSCAPING	2,890.00	
47721 11/18/13		4,318.66 432		EXPRESS SERVICES INC.		55876	OFFICE SUPPLIES	110.24	
47722 11/18/13		541.94 001172		FERGUSON ENTERPRISES INC. #795		55925	OFFICE SUPPLIES	274.50	
47723 11/18/13		55,090.58 002295		FIRST ALARM		55958	BOD MEETING 10/25/13	30.22	
						55838	POUCH FOR VANS PC	100.44	
						55813	IGNITION CONTROL MOD	2,747.09	
						55922	RPR NEH #2810	1,088.18	
						55965	ALLISON TRANS UPDATE	279.00	
						55885	TOWING CHG BUS #1002	615.00	VOIDED
						55885	TOWING CHG BUS #1002	-615.00	**VOID
						55839	PTP CONF VEH #1401	2,863.00	
						55840	CHARGEWARD V#1401.2	2,342.42	
						55896	FINGERPRINTING	128.00	
						55851	SMOG CHECK VEH #503	58.20	
						55852	SMOG CHECK VEH #302	88.20	
						55859	FREIGHT	9.31	
						55860	TRANSIT TESTING	177.00	
						55842	HAZ WASTE REMOVAL	187.50	
						55810	TEMP W/E 10/27/13	1,647.16	
						55837	TEMP W/E 10/27/13	787.50	
						55870	TEMP W/E 10/27/13	960.00	
						55908	TEMP W/E 11/03/13	924.00	
						55955	PLUMBING	69.19	
						55956	KIOSK	472.75	
						55826	OCT 13 SECURITY PC	195.00	
						55874	OCT 13 SECURITY SVC	3,171.27	
						55915	OCT13 SECURITY DUBOI	10,489.60	
						55919	OCT 13 SECURITY PACI	41,234.71	

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47724	11/18/13	4,107.12 002952	FLYERS ENERGY LLC	7	55841	10/15-10/31 FUEL	4,107.12		
47725	11/18/13	316.00 001189	GARY KENVILLE LOCKSMITH		55942	WTC REPLACE LEVER	316.00		
47726	11/18/13	2,873.37 282	GRAINGER		55943	PETROLEUM JELLY	69.04		
					55944	MOPS	93.85		
					55945	OUTLET COVER	10.02		
					55959	H GAUGES	12.06		
					55960	SODIUM LAMP	114.32		
					55962	KIT KRUEGER LEVELGUA	48.23		
					55963	PARTS, SAFETY, CLEAN	1,351.35		
					55964	CONES & BARICADES	1,174.50		
47727	11/18/13	3,824.00 546	GRANITEROCK COMPANY		55916	PENNZ SUPPRESS DUBOI	3,824.00		
47728	11/18/13	14,835.29 001745	HARTFORD LIFE AND ACCIDENT INS		55899	NOV 13 LIFE AD&D	4,300.16		
					55900	NOV 13 LTD	10,535.13		
47729	11/18/13	334.81 166	HOSE SHOP, THE INC		55818	NON INV PARTS	39.15		
					55819	NON INV PART	24.58		
					55820	NON INV PARTS FLEET	5.17		
					55821	NON INV PARTS FLEET	265.91		
47730	11/18/13	13,131.81 002979	HUNT & SONS, INC.		55936	OIL & COOLANT BULK	13,131.81		
47731	11/18/13	10.00 E345	JACINTO, FRANK		55905	DMV REIMBURSEMENT	10.00		
47732	11/18/13	3,031.59 110	JESSICA GROCERY STORE, INC.		55828	NOV 13 CUSTODIAL SVC	3,031.59		
47733	11/18/13	3,168.90 878	KELLY SERVICES, INC.		55827	TEMP W/E 10/27/13	3,168.90		
47734	11/18/13	2,203.96 001233	KIMBALL MIDWEST		55884	NON INVENTORY PARTS	1,621.97		
					55946	DRILL BITS	581.99		
47735	11/18/13	1,625.00 002990	KISMET		55911	CRP CERTIFICATION	845.00		
					55912	CRP FIRST AID CERT	455.00		
					55913	CPR FIRST AID CERT	325.00		
47736	11/18/13	1,728.00 852	LAW OFFICES OF MARIE F. SANG		55853	CL207171383,12000693	208.00		
					55854	CL# 2010227273	144.00		
					55855	CL# 1999103213	624.00		
					55856	CL# 2010226708	256.00		
					55857	CL# 2010223492	128.00		
					55858	CL# 12004272,1200460	368.00		
47737	11/18/13	50.00 880	LEXISNEXIS		55814	OCT 13 SERVICES	50.00		
47738	11/18/13	112.50 003059	MAILFINANCE INC		55878	10/28-11/27LEASE ADM	112.50		
47739	11/18/13	716.04 001145	MANAGED HEALTH NETWORK		55901	NOV 13 EAP PREMIUM	716.04		
47740	11/18/13	2,250.00 001330	MAXIM HEALTH SYSTEMS, LLC		55909	2013 FLU SHOTS	2,250.00		
47741	11/18/13	241.08 001342	MCW ASSOCIATES, INC.		55918	OCT 13 SERVICES	241.08		
47742	11/18/13	2,035.91 001052	MID VALLEY SUPPLY INC.		55940	STRIPPER SOLUTION	151.71		
					55957	CLEANING SUPPLIES	1,884.20		
47743	11/18/13	314.88 041	MISSION UNIFORM		55846	LINENS UNIFORM	44.83		
					55947	UNIFORM	66.74		
					55948	UNIFORMS	203.31		
47744	11/18/13	4,404.27 001063	NEW FLYER IND. CANADA ULC DBA		55833	LOW PARTS INV	78.77		
					55834	LOW PRODUCT INV	620.24		
					55934	MOROR SHELL & HOSE	472.59		
					55935	BEARING TAPER ROLL	122.37		
					55937	LOW PRODUCT INVENTOR	2,502.68		
					55938	ADAPTER ASSY	373.11		
					55939	ADAPTER	15.60		
					55941	SEAL WHEEL	218.91		

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47745	11/18/13		776.72 004		NORTH BAY FORD LINC-MERCURY		55910	KEY PROGRAM VEH#1401	65.00	
							55954	MISC PARTS FOR STOCK	475.13	
							55966	RPR VEH #1119 PC	213.87	
							55967	RPR VEH #709	22.72	
47746	11/18/13		85.41 002323		NORTHERN SAFETY CO., INC.		55825	SAFETY GLASSES	85.41	
47747	11/18/13		3,299.60 009		PACIFIC GAS & ELECTRIC		55923	9/24-10/22 WTC SVT	3,299.60	
47748	11/18/13		1,634.47 043		PALACE ART & OFFICE SUPPLY		55879	OFFICE SUPPLIES	197.42	
							55887	OFFICE SUPPLIES	21.00	
							55888	OFFICE SUPPLIES	58.62	
							55889	OFFICE SUPPLIES	100.38	
							55890	OFFICE SUPPLIES	674.99	
							55891	OFFICE SUPPLIES	370.47	
							55892	OFFICE SUPPLIES	197.51	
							55893	OFFICE SUPPLIES	14.08	
47749	11/18/13		1,058.00 002947		PEDALERS EXPRESS	7	55812	SEPT 13 SERVICES	1,058.00	
47750	11/18/13		502.00 358		POWR-FLITE		55816	WONDER WAND	502.00	
47751	11/18/13		47,892.50 002939		PREFERRED BENEFIT		55897	NOV 13 DELTA DENTAL	47,892.50	
47752	11/18/13		3,161.60 442		RAYWUNDO ENGINEERING CO. INC.		55917	LNG TANK THRU 10/24	3,161.60	
47753	11/18/13		413.62 001153		REPUBLIC ELEVATOR COMPANY		55845	NOV 13 ELEVATOR SVC	413.62	
47754	11/18/13		388.62 215		RICOH USA, INC.		55830	10/18-11/17 LEASE	388.62	
47755	11/18/13		4,327.50 001098		ROBERT HALF MANAGEMENT RESOURCE		55861	TEMP W/E 10/11/13	1,447.50	
							55862	TEMP W/E 10/18/13	1,440.00	
							55863	TEMP W/E 10/25/13	1,440.00	
47756	11/18/13		641.63 045		ROYAL WHOLESALE ELECTRIC		55882	250W HPS	97.88	
							55920	EATON CUTLER HAMMER	543.75	
47757	11/18/13		890.75 018		SALINAS VALLEY FORD SALES		55848	LOW PRODUCT INV	890.75	
47758	11/18/13		727.92 135		SANTA CRUZ AUTO PARTS, INC.		55847	CORE CREDIT PC	-65.25	
							55949	RPR SHOP IMPACT GUN	359.40	
							55950	RPR VEH #709	105.43	
							55951	OIL FILTERS	11.85	
							55952	MISC PARTS	163.01	
47759	11/18/13		50.00 E514		SAUNDERS, MARK		55953	RPR VEH #1116 PC	153.48	
47760	11/18/13		165.13 001040		TERRYBERRY CO., LLC		55904	DMV REIMBURSEMENT	50.00	
47761	11/18/13		2,726.12 001800		THERMO KING OF SALINAS, INC		55868	YRS OF SERVICE GIFT	165.13	
							55822	FREON	1,174.50	
47762	11/18/13		10,866.41 002954		TIRE DISTRIBUTION SYSTEMS, LLC 7		55823	RPR VEH #2809	1,551.62	
							55835	TIRES	1,115.06	
							55836	TIRES	2,504.19	
							55929	TIRES	2,504.19	
							55930	TIRES	1,721.40	
							55931	TIRES	503.82	
							55932	TIRES	2,230.10	
							55933	TIRES	287.65	
47763	11/18/13		290.00 003037		TYCO INTEGRATED SECURITY LLC		55832	SBF 1200 RIVER ST	290.00	
47764	11/18/13		51.71 007		UNITED PARCEL SERVICE		55815	FREIGHT	51.71	
47765	11/18/13		613.56 002829		VALLEY POWER SYSTEMS, INC.		55849	LOW PRODUCT INV	592.57	
							55850	LOW PRODUCT IVENTORY	20.99	
47766	11/18/13		1,790.25 001353		VISION COMMUNICATIONS		55844	REPLACEMENT RPR	35.75	
47767	11/18/13		11,427.55 001043		VISION SERVICE PLAN		55903	SEPT13 SVC AGREEMENT	1,754.50	
							55898	NOV 13 VISION INS	11,427.55	

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
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47768	11/18/13	593.64 001165		VU, THANH DR. MD	7		DMV EXAM	92.16	
						55864	DMV EXAM	92.16	
						55865	DMV EXAM	92.16	
						55866	DMV EXAM	92.16	
						55867	DMV EXAM	75.00	
						55875	DMV EXAM	75.00	
						55894	DMV EXAM	75.00	
						55914	DMV EXAM	3,842.17	
47769	11/18/13	3,842.17 001506		WESTERN STATES OIL CO.			LUBE & FUEL	315.00	
						55961	LUBE & FUEL	315.00	
47770	11/18/13	145.83 002069		WORKIN.COM, INC.			JOB PLACEMENT AD	145.83	
						55895	JOB PLACEMENT AD	145.83	
47771	11/25/13	345.00 003062		A TOOL SHED, INC.			LIFT RENTAL PARKNRID	345.00	
						56135	LIFT RENTAL PARKNRID	345.00	
47772	11/25/13	2,064.10 382		ABSOLUTE AUTO GLASS INC			WINDSHIELD V#1103 PC	1,479.10	
						56043	WINDSHIELD V#1103 PC	360.00	
47773	11/25/13	2,335.00 E437		AIRTEC SERVICE			RPR WTC HVAC	225.00	
						55985	RPR WTC HVAC	225.00	
						56020	RPR HVAC VERNON	2,335.00	
47774	11/25/13	365.85 003019		AITKEN, ANGELA			HVAC SERVICE PC	72.92	
						56065	HVAC SERVICE PC	72.92	
47775	11/25/13	174.04 294		AMERICAN REPROGRAPHICS CO LLC			TUITION REIMBURSEMEN	281.60	
						55971	TUITION REIMBURSEMEN	11.33	
						56049	PERMIT COPIES	174.04	
						56050	UPDATE DELTA 5 SPECS	307.91	
47776	11/25/13	78.46 M033		ANDY'S AUTO SUPPLY	0		DRAWINGS/PLANWELL	78.46	
						56051	DRAWINGS/PLANWELL	78.46	
47777	11/25/13	61.69 B018		AT&T	0		MISC PARTS	10,000.00	
						55993	MISC PARTS	61.69	
47778	11/25/13	78.46 M033		BAILEY, NEIL	0		11/5-12/4 REPEATERS	643,351.10	
						56027	11/5-12/4 REPEATERS	78.46	
47779	11/25/13	5,000.00 001324		BROWN ARMSTRONG	7		DEC 13 RETIREE SUPP	10,000.00	
						56146	DEC 13 RETIREE SUPP	10,000.00	
47780	11/25/13	1,795.25 003081		BUSTICHI, DENE	0		FY13 AUDIX/TAX	61.69	
						55981	FY13 AUDIX/TAX	61.69	
47781	11/25/13	20,941.50 002627		CA PUBLIC EMPLOYEES'	7		TRAVEL REIMBURSEMENT	78.46	
						56088	TRAVEL REIMBURSEMENT	78.46	
47782	11/25/13	18.58 002929		CAPELLA, KATHLEEN	0		DEC 13 MEDICAL INS	5,000.00	
						56089	DEC 13 MEDICAL INS	5,000.00	
47783	11/25/13	32.12 001346		CAPITALEGE ADVOCACY, INC.	7		NOV 13 SERVICES	1,795.25	
						56129	NOV 13 SERVICES	1,795.25	
47784	11/25/13	56,400.00 001124		CAPITOLA MALL LLC	7		DEC 13 RENT	20,941.50	
						56099	DEC 13 RENT	20,941.50	
47785	11/25/13	26.53 075		CDW GOVERNMENT, INC.			WINDOWS 2012 LICENSE	18.58	
						56163	WINDOWS 2012 LICENSE	18.58	
47786	11/25/13	200.00 367		CHEVROLET OF WATSONVILLE LLC			BUSHINGS VEH #2800	32.12	
						56010	BUSHINGS VEH #2800	32.12	
47787	11/25/13	2,642.51 002814		CITY OF SANTA CRUZ-FINANCE			LANDFILL	3,395.06	
						56016	LANDFILL	3,395.06	
47788	11/25/13	10,491.01 003116		CLASSIC GRAPHICS			RPR BUS #2234	10,936.42	
						56003	RPR BUS #2234	10,936.42	
47789	11/25/13	26.53 075		CLEAN ENERGY			LNG 10/29/13	11,228.05	
						55986	LNG 10/29/13	11,228.05	
						56063	LNG 11/01/13	8,832.50	
						56117	LNG 10/23/13	10,561.03	
						56118	LNG 10/26/13	14,842.00	
						56121	OCT13 STATION MAINT	26.53	
						56048	CUSTODIAL KEYS	200.00	
47790	11/25/13	200.00 367		COAST PAPER & SUPPLY INC.			BOD MEETING 10/25/13	1,061.46	
						56131	BOD MEETING 10/25/13	1,061.46	
47791	11/25/13	2,642.51 002814		COMMUNITY TELEVISION OF			LOW PROD INVENTORY	1,123.48	
						56028	LOW PROD INVENTORY	1,123.48	
47792	11/25/13	10,491.01 003116		CREATIVE BUS SALES, INC.			RPR KIT VEH #1102 PC	457.57	
						56030	RPR KIT VEH #1102 PC	457.57	
						55984	TOWING BUS #1002	615.00	
						55989	ELEC CONNECTOR	17.04	
						56024	TRAVEL TIME FOR RPR	609.90	
						56025	COIL IGNITE	370.00	
						56026	IGNITION CONTROL	4,120.64	
						56069	FILTER KIT	639.58	
						56070	FILTER, BOARD ITEMS	1,360.03	
						56073	CONNECTOR	17.04	
						56110	MODULE IGNITION CNTR	1,263.87	

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47794	11/25/13	39.23 M039		DAVILA, ANA MARIA	0	56142	INSITE RENEWAL	1,477.91	
47795	11/25/13	299.06 480		DIESEL MARINE ELECTRIC, INC.		56147	DEC 13 RETIREE SUPP	39.23	
47796	11/25/13	1,054.49 001329		DOC AUTO LLC		56053	STARTER	299.06	
						56101	SMOG VEH #304	79.95	
						56103	SMOG VEH #001	79.95	
						56104	SMOG VEH #003	58.20	
						56116	SMOG CHECK VEH #103	58.20	
						56119	RPR VEH #103	689.99	
						56165	SMOG CHECK V#2402 PC	88.20	
47797	11/25/13	100.00 B029		DODGE, DANIEL	7	55999	7/20-7/21 APTA	100.00	
47798	11/25/13	1,285.00 001492		EVERGREEN OIL INC.		56109	HAZ WASTE DISPOSAL	1,285.00	
47799	11/25/13	7,770.35 432		EXPRESS SERVICES INC.		55995	TEMP W/E 11/03/13	936.00	
						56055	TEMP W/E 11/03/13	990.00	
						56086	TEMP W/E 11/10/13	990.00	
						56087	TEMP W/E 11/10/13	900.00	
						56091	TEMP W/E 11/10/13	1,683.64	
						56092	TEMP W/E 11/3/13	1,292.71	
						56095	TEMP W/E 11/10/13	978.00	
47800	11/25/13	19.45 372		FEDERAL EXPRESS		56093	FREIGHT	19.45	
47801	11/25/13	1,121.27 002962		FIS		55978	OCT 13 MERCHANT FEES	1,121.27	
47802	11/25/13	11,399.63 002952		FLYERS ENERGY LLC		56039	PROPANE	22.22	
						56074	10/16-10/31 FUEL PC	11,377.41	
47803	11/25/13	39.23 M100		GARCIA, HELEN	0	56148	DEC 13 RETIREE SUPP	39.23	
47804	11/25/13	233.64 001302		GARDA CL WEST, INC.		55982	NOV 13 SVCS	233.64	
47805	11/25/13	31.80 E162		GOUVEIA, ANNA		55975	TRAVEL REIMBURSEMENT	31.80	
47806	11/25/13	78.46 M041		GOUVEIA, ROBERT	0	56149	DEC 13 RETIREE SUPP	78.46	
47807	11/25/13	1,427.86 282		GRAINGER		55988	LAMPS	384.94	
						56018	OFFICE SUPPLIES	14.21	
						56040	LIGHT BULBS	77.80	
						56047	WATER FREE CARTRIDGE	72.93	
						56136	BATTERIES	22.42	
						56138	SPRAY PAINT	111.06	
						56139	THERMO GUARD	20.46	
						56140	RAZOR BLADE SCRAPER	7.31	
						56141	PALLET TRUCK	433.29	
						56143	OUTLET COVERS	20.03	
						56144	CUSTODIAL ITEMS	221.26	
						56145	SIGN	42.15	
47808	11/25/13	229.49 001097		GREENWASTE RECOVERY, INC.		56068	OCT 13 WATER/GARB PC	229.49	
47809	11/25/13	232.69 E530		GUIZAR, LISETH		55972	OFFICE SUPPLIES	232.69	
47810	11/25/13	3,682.23 002117		IULIANO #2 LLC	7	56134	DEC 13 RENT	3,682.23	
47811	11/25/13	40.00 E345		JACINTO, FRANK		56096	DMV REIMBURSEMENT	40.00	
47812	11/25/13	309.70 M061		KAMEDA, TERRY	0	56096	DEC 13 RETIREE SUPP	309.70	
47813	11/25/13	28.82 036		KELLY-MOORE PAINT CO., INC.		56044	SVTC PAINT SAMPLES	28.82	
47814	11/25/13	208.09 003059		MAILFINANCE INC		56067	12/7/13-3/6/14 LEASE	208.09	
47815	11/25/13	387.00 309		MAINSTREET MEDIA GROUP LLC		56079	JOB POSTING	387.00	
47816	11/25/13	24,969.91 003017		MANSFIELD OIL CO OF GAINSVILLE		56031	DIESEL 10/30/13	24,969.91	
47817	11/25/13	50.00 E518		MARCUS, STEVEN		56123	DMV REIMBURSEMENT	50.00	
47818	11/25/13	1,694.89 001052		MID VALLEY SUPPLY INC.		55994	CLEANING SUPPLIES	1,694.89	
47819	11/25/13	875.53 041		MISSION UNIFORM		56023	UNIFORMS	44.83	

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						56033	UNIFORMS	66.74	
						56034	UNIFORMS	1.63	
						56035	UNIFORMS	203.31	
						56075	UNIFORMS	66.74	
						56076	UNIFORMS	203.31	
						56112	UNIFORMS PARACRUZ	18.92	
						56125	UNIFORMS	66.74	
						56126	UNIFORMS	203.31	
						56071	CITRUS CLEANER	706.88	
47820	11/25/13	NATIONAL CHEMICAL	706.88			55998	790-0440-7096-1598	500.00	
47821	11/25/13	NEOFUNDS BY NEOPOST DBA	500.00			56011	LOW PRODUCT INV	180.30	
47822	11/25/13	NEW FLYER IND. CANADA ULC DBA	5,391.38			56012	LOW PRODUCT INVENTOR	3,046.03	
						56013	SPEDO MPH	369.16	
						56017	GLASS	55.89	
						56054	LOW PROD INVENTORY	209.86	
						56105	LOW PARTS INVENTORY	570.77	
						56106	DECAL	860.58	
						56107	MIRROR MOTOR ASSY	84.91	
						56108	VALVE QUICK REL	13.88	
						55990	VISOR ASSY	191.23	
						56000	BRACKET VEH #712	109.99	
						56002	BRACKET VEH# 711	109.99	
						56042	VISOR ASSY	191.23	
						56064	RPR VEH #2402 PC	1,972.81	
						55973	TRAVEL REIMBURSEMENT	348.67	
						55977	TEMP W/E 11/01/13	479.52	
						56090	TEMP W/E 11/8/13	319.68	
						55976	TICKET REFUND 37@ \$4	148.00	
						56066	10/9-10/31 PARACRUZ	905.37	
						55980	OFFICE SUPPLIES	-256.65	
						55997	OFFICE SUPPLIES	-139.31	
						56019	OFFICE SUPPLIES	134.98	
						56098	OFFICE SUPPLIES	591.05	
						56122	OFFICE SUPPLIES	329.01	
						56158	DEC 13 RETIREE SUPP	337.71	
						56130	OCT 13 SERVICES	1,058.00	
						56150	DEC 13 RETIREE SUPP	39.23	
						56159	DEC 13 RETIREE SUPP	247.21	
						55987	NOV 13 PEST DUBOIS	241.00	
						56160	DEC 13 RETIREE SUPP	337.61	
						55996	10/26-11/25 LEASE CS	473.18	
						56052	SERVICE THRU10/25/13	29,688.62	
						56151	DEC 13 RETIREE SUPP	78.46	
						56152	DEC 13 RETIREE SUPP	39.23	
						56041	LOW PARTS INV	775.68	
						55991	RPR VEH #711	29.51	
						55992	OIL FILTER	7.44	
						56001	RPR VEH #712	34.43	
						56004	OIL SEAL VEH #2406	13.09	
						56005	BEARINGS VEH #712	59.14	
47823	11/25/13	NORTH BAY FORD LINC-MERCURY	2,575.25						
47824	11/25/13	O'DONNELL, SHAWN	348.67						
47825	11/25/13	OFFICE TEAM	799.20						
47826	11/25/13	OSENGA, DAVID	148.00						
47827	11/25/13	PACIFIC GAS & ELECTRIC	905.37						
47828	11/25/13	PALACE ART & OFFICE SUPPLY	659.08						
47829	11/25/13	PARHAM, WALLACE	337.71						
47830	11/25/13	PEDALERS EXPRESS	1,058.00						
47831	11/25/13	PEREZ, CHERYL	39.23						
47832	11/25/13	PETERS, TERRIE	247.21						
47833	11/25/13	PIED PIPER EXTERMINATORS, INC.	241.00						
47834	11/25/13	POTETE, BEVERLY	337.61						
47835	11/25/13	RICOH USA, INC.	473.18						
47836	11/25/13	RNL/INTERPLAN, INC. A CA CORP	29,688.62						
47837	11/25/13	ROSSI, DENISE	78.46						
47838	11/25/13	ROWE, RUBY	39.23						
47839	11/25/13	SALINAS VALLEY FORD SALES	775.68						
47840	11/25/13	SANTA CRUZ AUTO PARTS, INC.	700.75						

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47841	11/25/13	34,994.32	002917	SANTA CRUZ METRO TRANSIT W/C		56006	MOUNT VEH #711	103.23	
47842	11/25/13	35,805.18	977	SANTA CRUZ TRANSPORTATION, LLC		56007	CREDIT NOTE	-68.78	
47843	11/25/13	2,500.00	002267	SHAW / YODER / ANTWIH, INC.		56008	MISC PARTS	112.94	
47844	11/25/13	104.30	M010	SHORT, SLOAN	0	56009	MOUNTS VEH #712	29.51	
47845	11/25/13	39.23	M054	SLOAN, SUZANNE	0	56036	MISC PARTS	113.12	
47846	11/25/13	12,990.84	001075	SOQUEL III ASSOCIATES	7	56113	LED LAMP	92.35	
47847	11/25/13	866.87	003108	SOUND WAVES INSULTION INC		56127	DISC BRAKE	15.62	
47848	11/25/13	8,582.50	001976	SPORTWORKS NORTHWEST, INC.		56128	BATTERY	105.43	
						56133	SEM SOLVE	13.17	
						56137	RAD HOSE VEH#1118 PC	40.55	
47841	11/25/13	34,994.32	002917	SANTA CRUZ METRO TRANSIT W/C		56102	11/1-11/15 WC RESERV	34,994.32	
47842	11/25/13	35,805.18	977	SANTA CRUZ TRANSPORTATION, LLC		56111	OCT 13 SERVICES	35,805.18	
47843	11/25/13	2,500.00	002267	SHAW / YODER / ANTWIH, INC.		56132	NOV 13 LEGISLATE SVC	2,500.00	
47844	11/25/13	104.30	M010	SHORT, SLOAN	0	56161	DEC 13 RETIREE SUPP	104.30	
47845	11/25/13	39.23	M054	SLOAN, SUZANNE	0	56153	DEC 13 RETIREE SUPP	39.23	
47846	11/25/13	12,990.84	001075	SOQUEL III ASSOCIATES	7	56100	DEC 13 RENT	12,990.84	
47847	11/25/13	866.87	003108	SOUND WAVES INSULTION INC		56120	EXHAUST RPR VEH#2301	866.87	
47848	11/25/13	8,582.50	001976	SPORTWORKS NORTHWEST, INC.		56015	LOW PROD INVENTORY	422.00	
						56046	RPR VEH #1201	49.50	
						56164	BIKERACKS	8,111.00	
47849	11/25/13	453.56	002675	THOMSON REUTERS BARCLAYS		56097	OCT 13 SERVICES	453.56	
47850	11/25/13	9,131.68	002954	TIRE DISTRIBUTION SYSTEMS, LLC	7	56021	TIRES PC	161.24	
						56022	TIRES	2,787.63	
						56056	TIRES	2,504.19	
						56057	TIRES	495.28	
						56058	TIRES	557.53	
						56059	TIRES	478.60	
						56060	TIRES	1,252.10	
						56061	TIRES	443.62	
						56062	TIRES	451.49	
47851	11/25/13	39.23	M086	TOLINE, DONALD	0	56154	DEC 13 RETIREE SUPP	39.23	
47852	11/25/13	944.10	003037	TYCO INTEGRATED SECURITY LLC		56080	12/1-2/28 1200 RIVER	527.76	
						56081	DEC 13 920 PACIFIC	79.85	
						56082	DEC 13 SVTC	52.91	
						56083	DEC 13 WTC	59.54	
						56084	DEC 13 138 GOLFCLUB	109.48	
						56085	DEC 13 120 GOLF CLUB	114.56	
						55968	****-****-****-4048	2,010.56	
						55969	****-****-****-4249	309.00	
						55970	****-****-****-8502	14,708.29	
						55979	FREIGHT	59.29	
47854	11/25/13	59.29	007	UNITED PARCEL SERVICE		56094	11/6-12/3 FENCE RENT	10.88	
47855	11/25/13	10.88	946	UNITED SITE SERVICES		56072	JOHN DEERE SOFTWARE	190.31	
47856	11/25/13	4,024.62	002829	VALLEY POWER SYSTEMS, INC.		56114	LOW PROD INVENTORY	412.99	
						56115	LOW PROD INVENTORY	3,421.32	
47857	11/25/13	343.32	434	VERIZON WIRELESS	0	56045	11/2-12/1 PTT FLEET	343.32	
47858	11/25/13	3,509.00	001353	VISION COMMUNICATIONS		56077	OCT 13 SERVICE AGREE	1,754.50	
						56078	NOV 13 SERVICE AGREE	1,754.50	
47859	11/25/13	309.70	M076	VONWAL, YVETTE	0	56162	DEC 13 RETIREE SUPP	309.70	
47860	11/25/13	150.00	001165	VU, THANH DR. MD	7	55983	DMV EXAM	75.00	

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47861	11/25/13	39.23 M088		YAGI, RANDY	0	56124	DMV EXAM	75.00	
47862	11/25/13	92.59 147		ZEE MEDICAL SERVICE CO.		56155	DEC 13 RETIREE SUPP	39.23	
47863	11/25/13	492.95 148		ZEP SALES & SERVICE INC.		56037	STOCK FIRST AID KIT	57.26	
47864	11/22/13	77,605.20 001272		CITY OF SANTA CRUZ - PLANNING PERMIT FEE MB OPS		56038	STOCK FIRST AID KIT	35.33	
						56032	ZEP CLEANER	492.95	
						56193	PERMIT FEE MB OPS	77,605.20	MANUAL
TOTAL		1,788,913.06		ACCOUNTS PAYABLE			TOTAL CHECKS	279	1,788,913.06

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SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 14, 2014
TO: Board of Directors
FROM: Angela Aitken, Finance Manager
**SUBJECT: MONTHLY BUDGET STATUS REPORTS YEAR TO DATE AS OF
NOVEMBER 30, 2013**

I. RECOMMENDED ACTION

That the Board of Directors accept and file the monthly budget status reports year to date as of November 30, 2013

II. SUMMARY OF ISSUES

- **Operating Revenues** year to date as of November 30, 2013 were \$573K or 4% over the amount of revenue expected for the same period year to date.
- **Consolidated Operating Expenses** year to date as of November 30, 2013 were \$820K or 4% under budget.
- **Capital Budget** spending year to date through November 30, 2013 was \$3,983K or 12% 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 revenue, expense and capital reports represent the status of Santa Cruz METRO's FY14 operating and capital budgets versus actual expenditures year to date.

The fiscal year has elapsed **42%**.

A. Operating Revenue

Operating Revenues year to date as of November 30, 2014 were \$573K or 4% over the amount budgeted. Revenue variances are primarily due to higher-than-anticipated Passenger Fares and Sales Tax Revenue.

- **Passenger Fares** are over budget primarily due to increased billable hours for weekdays for Highway 17, resulting in higher Highway 17 payments.
- **Sales Tax Revenue** is over budget due to higher-than-anticipated receipts year to date as of November 30, 2013.

B. Consolidated Operating Expenses

Consolidated Operating Expenses year to date as of November 30, 2013 were \$820K or 4% under budget. Personnel Expenses, Services, Mobile Materials & Supplies, Casualty & Liability, Purchased Transportation, and Leases & Rentals all contributed to the variance.

- **Total Personnel Expenses** are under budget due to vacant funded positions and extended leaves.
- **Services** are under budget primarily due to less than anticipated expenses for Repair – Rev Vehicles, Repair – Equipment and Prof & Tech Fees.
- **Mobile Materials & Supplies** are over budget primarily due to a higher than anticipated need for Revenue Vehicle Parts.
- **Casualty & Liability** is under budget primarily due to fewer settlement costs than originally anticipated, as well as receipt of reimbursement funds collected from outside parties for repairs to district-owned property and vehicles.
- **Purchased Transportation** is over budget due to the increased need of subcontractor services to meet Paratransit demand due to personnel shortages (van operators on extended leave of absence, as well as vacant positions).

C. Capital Budget

Capital Budget spending year to date through November 30, 2013 was \$3,983K or 12% of the total Capital Budget.

The MetroBase Project spending includes:

- \$1,962K spent on the MetroBase Project – FY11 Allocation Operations Bldg (Sakata, STA, PTMISEA)
- \$1,275K spent on the MetroBase Project – Operations Bldg (SLPP)

Other Projects:

- \$252K spent on the Pacific Station/MetroCenter – Conceptual Design Project (FTA, STA)
- \$104K spent on Bus Stop Improvements (STIP) and \$120K spent on Bus Stop Repairs/Improvements (RES. RET. EARN.)

IV. FINANCIAL CONSIDERATIONS

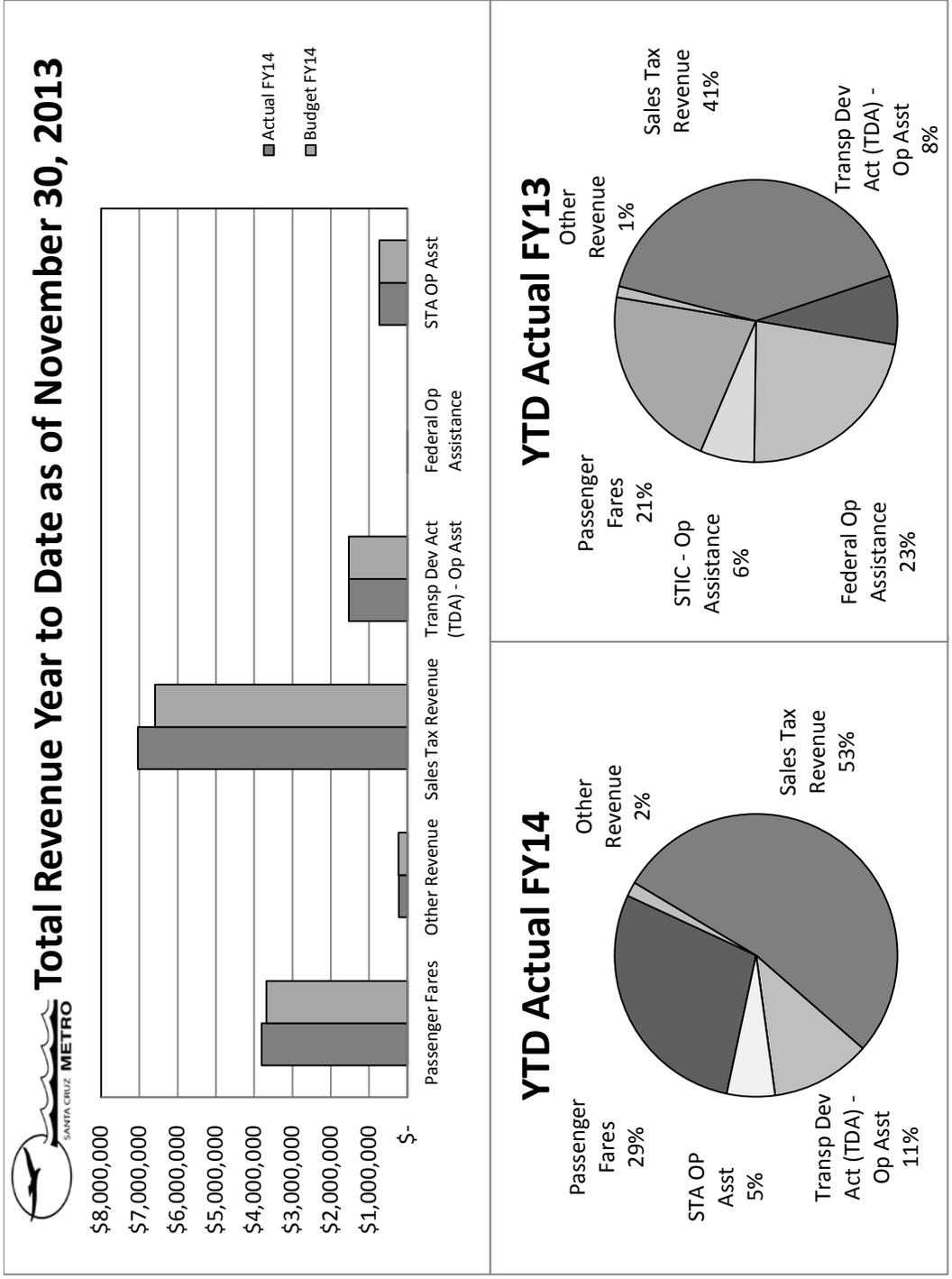
As of November 30, 2013, there is an Operating loss (budget gap) of \$5,203,043. This budget gap signifies an unsustainable budget year to date.

Small Transit Intensive Cities (STIC) Funds, Funds from Carryover from Previous Years, State Operating Assistance (STA), and Operating Reserves will be used in the listed order to bridge the budget gap at the end of the fiscal year, when the final amount of the Operating income/loss for the year is determined.

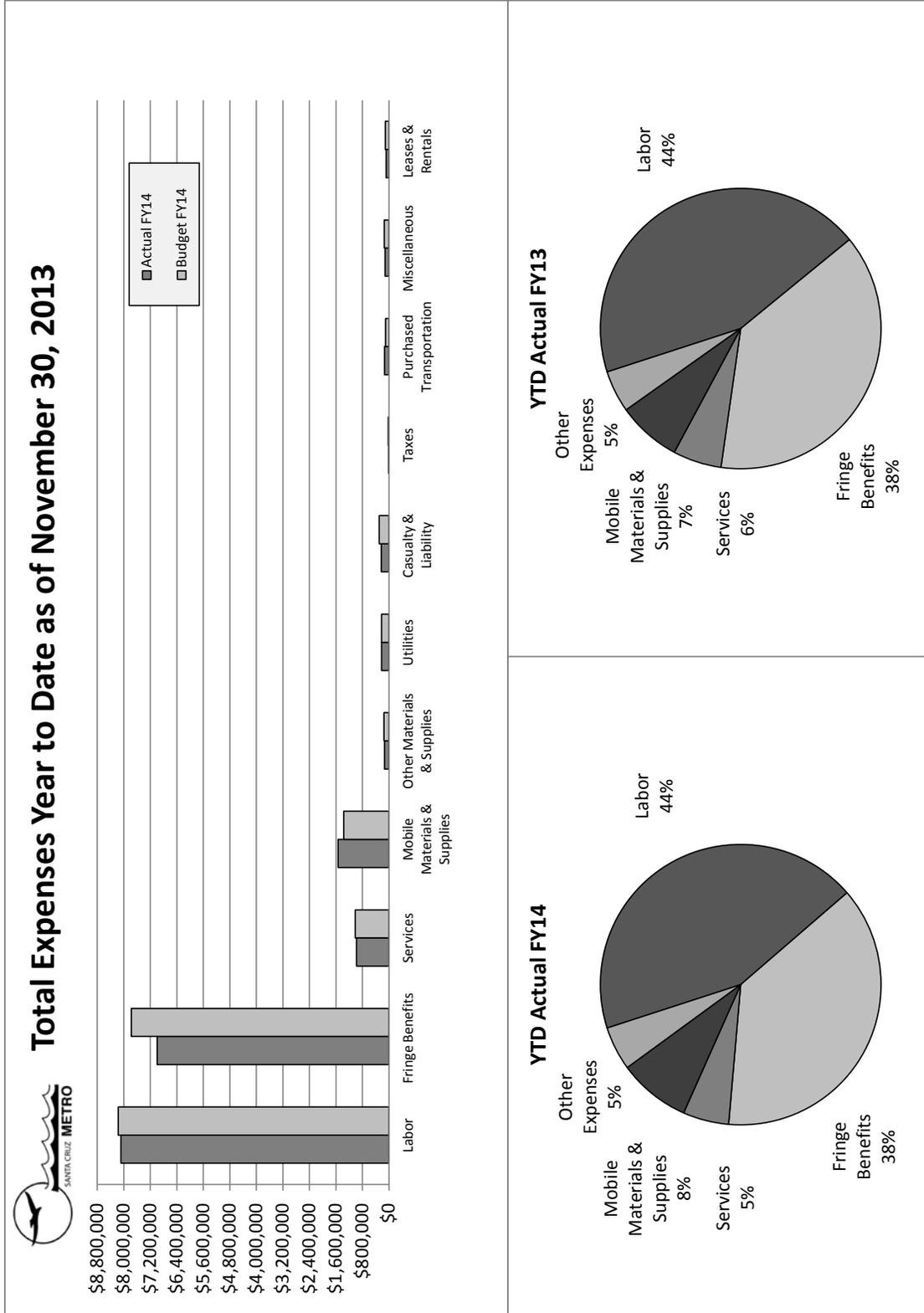
- Attachment A:** FY14 Operating Revenue & Expenses Year to Date as of 11/30/13
Attachment B: FY14 Capital Budget Report for the month ending 11/30/13
Attachment C: FY14 Capital Budget Revisions Approved through November 2013

Prepared by: Lorraine Bayer, Accountant II
Date Prepared: February 5, 2014

Attachment A



Attachment A





FY14

Operating Revenue

Year to Date as of November 30, 2013

Percent of Year Elapsed -

42%

	Year to Date			YTD Year Over Year Comparison		
	Actual	Budget	% Var	FY13	\$ Var	% Var
Passenger Fares						
Passenger Fares	\$ 1,707,731	\$ 1,732,239	-1%	\$ 1,669,262	\$ 38,469	2%
Paratransit Fares	\$ 136,972	\$ 117,699	16%	\$ 125,421	\$ 11,551	9%
Special Transit Fares - Contract	\$ 1,133,129	\$ 1,054,608	7%	\$ 1,114,421	\$ 18,708	2%
Highway 17 Fares	\$ 630,712	\$ 704,185	-10%	\$ 642,627	\$ (11,915)	-2%
Highway 17 Payments	\$ 201,541	\$ 70,308	187%	\$ 95,696	\$ 105,844	111%
Subtotal Passenger Revenue	\$ 3,810,085	\$ 3,679,038	4%	\$ 3,647,427	\$ 162,658	4%

Other Revenue

Commissions	\$ 1,292	\$ 2,333	-45%	\$ 1,749	\$ (457)	-26%
Advertising Income	\$ 117,301	\$ 110,510	6%	\$ 116,185	\$ 1,116	1%
Rent Income - SC Pacific Station	\$ 40,854	\$ 45,055	-9%	\$ 37,296	\$ 3,558	10%
Rent Income - Watsonville TC	\$ 23,037	\$ 22,002	5%	\$ 17,497	\$ 5,541	32%
Interest Income	\$ 29,985	\$ 41,667	-28%	\$ 38,733	\$ (8,748)	-23%
Other Non-Transp Revenue	\$ 9,428	\$ 7,500	26%	\$ 5,949	\$ 3,479	58%
Subtotal Other Revenue	\$ 221,896	\$ 229,067	-3%	\$ 217,408	\$ 4,488	2%

Sales Tax Revenue

	\$ 7,772,070	\$ 7,318,539	6%	\$ 6,994,171	\$ 777,899	11%
**Less: Matching funds for SLPP Capital	\$ (730,823)	\$ (730,823)	0%	\$ -	\$ (730,823)	100%
Subtotal Sales Tax Revenue	\$ 7,041,247	\$ 6,587,716	7%	\$ 6,994,171	\$ 47,076	1%

Transp Dev Act (TDA) - Op Asst

	\$ 1,526,133	\$ 1,526,133	0%	\$ 1,353,330	\$ 172,803	13%
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Federal Op Assistance

FTA Sec 5307 - Op Asst	\$ -	\$ -	0%	\$ 3,695,976	\$ (3,695,976)	-100%
FTA Sec 5311 - Rural Op Asst	\$ -	\$ -	0%	\$ 156,312	\$ (156,312)	-100%
Medicare Subsidy	\$ 154	\$ -	100%	\$ -	\$ 154	100%
Subtotal Federal Op Assistance	\$ 154	\$ -	100%	\$ 3,852,288	\$ (3,852,134)	-100%

Other Op Assistance/Funding

AMBAG Funding	\$ -	\$ -	0%	\$ -	\$ -	0%
Other Op Assistance/Funding	\$ -	\$ 4,167	-100%	\$ -	\$ -	0%
FTA Sec 5309 - ARRA Op Asst	\$ -	\$ -	0%	\$ -	\$ -	0%
Subtotal Other Op Assistance/Funding	\$ -	\$ 4,167	-100%	\$ -	\$ -	0%

7-3.a4



FY14

Operating Revenue

Year to Date as of November 30, 2013

42%

Percent of Year Elapsed -

	Year to Date			YTD Year Over Year Comparison		
	Actual	Budget	% Var	FY13	\$ Var	% Var
STA - Op Assistance	\$ 730,823	\$ 730,823	0%	\$ -	\$ 730,823	100%
STIC - Op Assistance	\$ -	\$ -	0%	\$ 1,057,097	\$ (1,057,097)	-100%
Fuel Tax Credit	\$ -	\$ -	0%	\$ -	\$ -	0%
Transfers (to)/ from Reserves	\$ -	\$ -	0%	\$ -	\$ -	0%
Total Revenue	<u>\$ 13,330,338</u>	<u>\$ 12,756,943</u>	<u>4%</u>	<u>\$ 17,121,722</u>	<u>\$ (3,791,384)</u>	<u>-22%</u>
Total Operating Expenses	<u>\$ 18,533,381</u>			<u>\$ 16,778,577</u>		
Variance	<u>\$ (5,203,043)</u>			<u>\$ 343,145</u>		

** The SLPP capital grant requires a 50% local match with sales tax from the operating budget.



FY14
Consolidated Operating Expenses
Year to Date as of November 30, 2013

	Year to Date				YTD Year Over Year Comparison			
	Actual	Budget	\$ Var	% Var	FY13	\$ Var	% Var	
Labor								
501011 Bus Operator Pay	\$ 3,587,908	\$ 3,831,223	\$ (243,314)	-6%	\$ 3,357,075	\$ 230,833	7%	
501013 Bus Operator Overtime	\$ 916,111	\$ 867,156	\$ 48,955	6%	\$ 685,010	\$ 231,101	34%	
501021 Other Salaries	\$ 3,264,893	\$ 3,278,593	\$ (13,699)	0%	\$ 3,123,290	\$ 141,603	5%	
501023 Other Overtime	\$ 320,623	\$ 187,686	\$ 132,937	71%	\$ 229,092	\$ 91,531	40%	
<i>Total Labor -</i>	<i>\$ 8,089,536</i>	<i>\$ 8,164,658</i>	<i>\$ (75,122)</i>	<i>-1%</i>	<i>\$ 7,394,467</i>	<i>\$ 695,069</i>	<i>9%</i>	
Fringe Benefits								
502011 Medicare/Soc. Sec.	\$ 120,721	\$ 140,953	\$ (20,232)	-14%	\$ 110,282	\$ 10,439	9%	
502021 Retirement	\$ 1,486,250	\$ 1,612,211	\$ (125,961)	-8%	\$ 1,270,883	\$ 215,367	17%	
502031 Medical Insurance	\$ 3,132,157	\$ 3,373,634	\$ (241,477)	-7%	\$ 2,795,424	\$ 336,733	12%	
502041 Dental Insurance	\$ 227,989	\$ 233,787	\$ (5,797)	-2%	\$ 214,836	\$ 13,154	6%	
502045 Vision Insurance	\$ 55,156	\$ 58,425	\$ (3,268)	-6%	\$ 51,293	\$ 3,864	8%	
502051 Life Insurance	\$ 18,585	\$ 20,655	\$ (2,070)	-10%	\$ 17,116	\$ 1,469	9%	
502060 State Disability	\$ 87,137	\$ 96,884	\$ (9,746)	-10%	\$ 78,152	\$ 8,985	11%	
502061 Disability Insurance	\$ 52,276	\$ 61,695	\$ (9,419)	-15%	\$ 49,291	\$ 2,985	6%	
502071 State Unemp. Ins	\$ 4,488	\$ 39,974	\$ (35,487)	-89%	\$ 3,013	\$ 1,474	49%	
502081 Worker's Comp Ins	\$ 437,602	\$ 541,667	\$ (104,065)	-19%	\$ 463,550	\$ (25,948)	-6%	
502083 Worker's Comp IBNR	\$ -	\$ -	\$ -	0%	\$ -	\$ -	0%	
502101 Holiday Pay	\$ 186,423	\$ 256,355	\$ (69,931)	-27%	\$ 128,522	\$ 57,901	45%	
502103 Floating Holiday	\$ 15,563	\$ 34,061	\$ (18,498)	-54%	\$ 17,766	\$ (2,203)	-12%	
502109 Sick Leave	\$ 237,389	\$ 405,570	\$ (168,181)	-41%	\$ 247,774	\$ (10,385)	-4%	
502111 Annual Leave	\$ 831,166	\$ 800,023	\$ 31,143	4%	\$ 860,852	\$ (29,686)	-3%	
502121 Other Paid Absence	\$ 66,350	\$ 60,058	\$ 6,293	10%	\$ 63,936	\$ 2,415	4%	
502251 Physical Exams	\$ 3,675	\$ 5,879	\$ (2,204)	-37%	\$ 2,550	\$ 1,125	44%	
502253 Driver Lic Renewal	\$ 1,290	\$ 1,940	\$ (650)	-34%	\$ 962	\$ 328	34%	
502999 Other Fringe Benefits	\$ 28,023	\$ 31,256	\$ (3,233)	-10%	\$ 29,976	\$ (1,953)	-7%	
<i>Total Fringe Benefits -</i>	<i>\$ 6,992,241</i>	<i>\$ 7,775,025</i>	<i>\$ (782,784)</i>	<i>-10%</i>	<i>\$ 6,406,176</i>	<i>\$ 586,065</i>	<i>9%</i>	
Total Personnel Expenses -	\$ 15,081,776	\$ 15,939,682	\$ (857,906)	-5%	\$ 13,800,642	\$ 1,281,134	9%	

7-3.a6



FY14
Consolidated Operating Expenses
Year to Date as of November 30, 2013

Attachment A

	Year to Date			YTD Year Over Year Comparison		
	Actual	Budget	% Var	FY13	\$ Var	% Var
Services						
503011 Acctg & Audit Fees	\$ 35,050	\$ 38,000	-8%	\$ 35,800	\$ (750)	-2%
503012 Admin & Bank Fees	\$ 104,968	\$ 102,834	2%	\$ 94,667	\$ 10,301	11%
503031 Prof & Tech Fees	\$ 96,518	\$ 142,085	-32%	\$ 64,026	\$ 32,492	51%
503032 Legislative Services	\$ 37,500	\$ 43,750	-14%	\$ 37,500	\$ -	0%
503033 Legal Services	\$ 14,349	\$ 22,917	-37%	\$ 117	\$ 14,232	12164%
503034 Pre-Employ Exams	\$ 3,337	\$ 4,365	-24%	\$ 3,308	\$ 29	1%
503041 Temp Help	\$ 91,102	\$ -	100%	\$ 102,801	\$ (11,699)	-11%
503161 Custodial Services	\$ 32,802	\$ 31,875	3%	\$ 32,370	\$ 431	1%
503162 Uniform & Laundry	\$ 11,800	\$ 8,833	34%	\$ 8,802	\$ 2,998	34%
503171 Security Services	\$ 216,744	\$ 195,530	11%	\$ 183,068	\$ 33,676	18%
503221 Classified/Legal Ads	\$ 2,193	\$ 6,708	-67%	\$ 6,597	\$ (4,404)	-67%
503222 Legal Advertising	\$ -	\$ -	0%	\$ -	\$ -	0%
503225 Graphic Services	\$ -	\$ 2,083	-100%	\$ -	\$ -	0%
503351 Repair - Bldg & Impr	\$ 20,568	\$ 28,333	-27%	\$ 34,688	\$ (14,120)	-41%
503352 Repair - Equipment	\$ 196,312	\$ 219,977	-11%	\$ 158,616	\$ 37,696	24%
503353 Repair - Rev Vehicle	\$ 109,284	\$ 145,833	-25%	\$ 147,542	\$ (38,258)	-26%
503354 Repair - Non Rev Vehic	\$ 3,382	\$ 7,083	-52%	\$ 4,683	\$ (1,301)	-28%
503363 Haz Mat Disposal	\$ 4,340	\$ 17,083	-75%	\$ 22,812	\$ (18,473)	-81%
Total Services -	\$ 980,248	\$ 1,017,291	-4%	\$ 937,399	\$ 42,849	5%

Mobile Materials & Supplies						
504011 Fuels & Lube Non Rev ¹	\$ 35,573	\$ 36,708	-3%	\$ 31,150	\$ 4,424	14%
504012 Fuels & Lube Rev Veh	\$ 1,007,210	\$ 972,115	4%	\$ 867,988	\$ 139,223	16%
504021 Tires & Tubes	\$ 107,307	\$ 85,417	26%	\$ 93,410	\$ 13,896	15%
504161 Other Mobile Supplies	\$ -	\$ -	0%	\$ -	\$ -	0%
504191 Rev Vehicle Parts	\$ 385,997	\$ 268,340	44%	\$ 239,222	\$ 146,775	61%
Total Mobile Materials & Supplies -	\$ 1,536,087	\$ 1,362,580	13%	\$ 1,231,769	\$ 304,318	25%

7-3.a7



FY14
Consolidated Operating Expenses
Year to Date as of November 30, 2013

	Year to Date			YTD Year Over Year Comparison		
	Actual	Budget	% Var	FY13	\$ Var	% Var
Other Materials & Supplies						
504205 Freight Out	\$ 850	\$ 1,084	(234) -22%	\$ 702	\$ 148	21%
504211 Postage & Mailing	\$ 2,388	\$ 5,521	(3,133) -57%	\$ 3,348	\$ (959)	-29%
504214 Promotional Items	\$ 177	\$ 417	(240) -58%	\$ 1,249	\$ (1,073)	-86%
504215 Printing	\$ 14,541	\$ 35,021	(20,479) -58%	\$ 20,277	\$ (5,736)	-28%
504217 Photo Supply/Processin	\$ 1,564	\$ 1,500	64 4%	\$ 626	\$ 939	150%
504311 Office Supplies	\$ 22,175	\$ 28,102	(5,926) -21%	\$ 33,591	\$ (11,415)	-34%
504315 Safety Supplies	\$ 10,732	\$ 8,083	2,648 33%	\$ 11,287	\$ (555)	-5%
504317 Cleaning Supplies	\$ 21,604	\$ 21,779	(175) -1%	\$ 24,720	\$ (3,116)	-13%
504409 Repair/Maint Supplies	\$ 49,315	\$ 36,250	13,065 36%	\$ 46,865	\$ 2,450	5%
504421 Non-Inventory Parts	\$ 9,242	\$ 4,208	5,034 120%	\$ 3,541	\$ 5,701	161%
504511 Small Tools	\$ 3,302	\$ 3,750	(448) -12%	\$ 4,363	\$ (1,061)	-24%
504515 Employee Tool Rplcmt	\$ 230	\$ 1,250	(1,020) -82%	\$ 1,251	\$ (1,021)	-82%
Total Other Materials & Supplies -	\$ 136,120	\$ 146,965	(10,844) -7%	\$ 151,819	\$ (15,699)	-10%
Utilities						
505011 Gas & Electric	\$ 113,909	\$ 106,896	7,013 7%	\$ 110,160	\$ 3,749	3%
505021 Water & Garbage	\$ 61,895	\$ 50,500	11,395 23%	\$ 54,630	\$ 7,265	13%
505031 Telecommunications	\$ 45,678	\$ 62,500	(16,822) -27%	\$ 40,328	\$ 5,350	13%
Total Utilities -	\$ 221,482	\$ 219,896	1,587 1%	\$ 205,118	\$ 16,365	8%
Casualty & Liability						
506011 Insurance - Property	\$ 31,532	\$ 41,667	(10,134) -24%	\$ 40,436	\$ (8,904)	-22%
506015 Insurance - PL & PD	\$ 189,278	\$ 187,500	1,778 1%	\$ 176,675	\$ 12,603	7%
506021 Insurance - Other	\$ 61	\$ 750	(689) -92%	\$ 711	\$ (650)	-91%
506123 Settlement Costs	\$ 25,755	\$ 62,500	(36,745) -59%	\$ (12,955)	\$ 38,710	-299%
506127 Repairs - Dist Prop	\$ (19,362)	\$ -	(19,362) 100%	\$ (6,138)	\$ (13,224)	215%
Total Casualty & Liability -	\$ 227,264	\$ 292,417	(65,153) -22%	\$ 198,730	\$ 28,534	14%
Taxes						
507051 Fuel Tax	\$ 6,190	\$ 5,833	356 6%	\$ 5,658	\$ 531	9%
507201 Licenses & permits	\$ 3,478	\$ 8,558	(5,080) -59%	\$ 2,452	\$ 1,026	42%
507999 Other Taxes	\$ 4,804	\$ 7,500	(2,696) -36%	\$ 6,592	\$ (1,788)	-27%
Total Taxes -	\$ 14,472	\$ 21,892	(7,420) -34%	\$ 14,702	\$ (230)	-2%

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FY14
Consolidated Operating Expenses
Year to Date as of November 30, 2013

	Year to Date			YTD Year Over Year Comparison		
	Actual	Budget	% Var	FY13	\$ Var	% Var
Purchased Transportation						
503406 Contr/Paratrans	\$ 133,168	\$ 104,167	28%	\$ 62,494	\$ 70,674	113%
Total Purchased Transportation -	\$ 133,168	\$ 104,167	28%	\$ 62,494	\$ 70,674	113%
Miscellaneous						
509011 Dues & Subscriptions	\$ 32,262	\$ 28,177	14%	\$ 27,559	\$ 4,703	17%
509081 Advertising - Dist Promc	\$ 4,023	\$ 5,833	-31%	\$ 1,559	\$ 2,465	158%
509101 Emp Incentive Prog	\$ 5,484	\$ 5,625	-2%	\$ 4,706	\$ 779	17%
509121 Employee Training	\$ 28,822	\$ 53,375	-46%	\$ 14,454	\$ 14,367	99%
509123 Travel	\$ 40,921	\$ 41,816	-2%	\$ 23,473	\$ 17,448	74%
509125 Local Meeting Exp	\$ 2,046	\$ 2,125	-4%	\$ 1,913	\$ 133	7%
509127 Board Director Fees	\$ 3,150	\$ 4,582	-31%	\$ 3,600	\$ (450)	-13%
509150 Contributions	\$ -	\$ -	0%	\$ -	\$ -	0%
509197 Sales Tax Expense	\$ -	\$ -	0%	\$ 65	\$ (65)	-100%
509198 Cash Over/Short	\$ (189)	\$ -	100%	\$ 464	\$ (652)	-141%
Total Misc -	\$ 116,520	\$ 141,533	-18%	\$ 77,792	\$ 38,728	50%
Leases & Rentals						
512011 Facility Rentals	\$ 73,663	\$ 96,000	-23%	\$ 92,566	\$ (18,903)	-20%
512061 Equipment Rentals	\$ 12,581	\$ 11,208	12%	\$ 5,546	\$ 7,035	127%
Total Leases & Rentals -	\$ 86,244	\$ 107,208	-20%	\$ 98,112	\$ (11,868)	-12%
Total Non-Personnel Expenses -	\$ 3,451,604	\$ 3,413,948	1%	\$ 2,977,935	\$ 473,669	16%
TOTAL OPERATING EXPENSE -	\$ 18,533,381	\$ 19,353,632	-4%	\$ 16,778,577	\$ 1,754,804	10%

** does not include Depreciation, W/C IBNR adjustments, and GASB OPEB Liability expense



FY14
CAPITAL BUDGET
For the month ending - November 30, 2013

	<u>YTD Actual</u>	<u>FY14 Budget</u>	<u>Remaining Budget</u>	<u>% Spent YTD</u>
<u>Grant-Funded Projects</u>				
MetroBase Project - FY11 Allocation Operations Bldg. (SAKATA, STA, PTMISEA)	\$ 1,962,003	\$ 17,618,156	\$ 15,656,153	11%
MetroBase Project - Operations Bldg. (SLPP)	\$ 1,275,104	\$ 5,800,000	\$ 4,524,896	22%
MetroBase Project - FY10 Allocation (PTMISEA)	\$ 5,786	\$ 863,917	\$ 858,131	1%
State of Good Repair #2 - 6 Buses, 42 MDCs (FTA, RES. RET. EARN.)	\$ 31,540	\$ 3,491,010	\$ 3,459,470	1%
2nd LNG Tank (MBUAPCD, PTMISEA)	\$ 49,066	\$ 969,381	\$ 920,315	5%
Video Surveillance Project - CCTV (STATE-1B)	\$ -	\$ 225,336	\$ 225,336	0%
Land Mobile Radio Project - LMR (STATE-1B)	\$ 90,746	\$ 440,505	\$ 349,759	21%
Bus Stop Improvements (STIP)	\$ 104,092	\$ 257,300	\$ 153,208	40%
Non-Revenue Vehicle Replacement (MBUAPCD, STA)	\$ -	\$ 131,217	\$ 131,217	0%
Pacific Station/MetroCenter - Conceptual Design (FTA, STA)	\$ 252,103	\$ 632,508	\$ 380,405	40%
Pacific Station/MetroCenter - MOU City of SC (FTA, RES. RET. EARN.)	\$ -	\$ 232,500	\$ 232,500	0%
Watsonville Transit Center - Conceptual Design (STA, RES. RET. EARN.)	\$ -	\$ 160,000	\$ 160,000	0%
Subtotal Grant Funded Projects	\$ 3,770,440	\$ 30,821,830	\$ 27,051,390	12%
<u>IT Projects</u>				
Automated Purchasing System Software - Puridium (STA)	\$ -	\$ 40,000	\$ 40,000	0%
HR Software Upgrade - iVantage (STA)	\$ -	\$ 10,000	\$ 10,000	0%
Subtotal IT Projects	\$ -	\$ 50,000	\$ 50,000	0%
<u>Facilities Repair & Improvements</u>				
MetroCenter Repairs (RES. RET. EARN., STA)	\$ -	\$ 300,000	\$ 300,000	0%
Bus Stop Repairs / Improvements (RES. RET. EARN.)	\$ 119,564	\$ 163,000	\$ 43,436	73%
WTC Renovations & Repairs (STA)	\$ -	\$ 45,000	\$ 45,000	0%
Repaint SVT (STA)	\$ 700	\$ 45,000	\$ 44,300	2%
Heaters for Customer Service Booth - Pac Station (STA)	\$ -	\$ 7,500	\$ 7,500	0%
Interactive White Board - ParaCruz (STA)	\$ -	\$ 3,500	\$ 3,500	0%
Subtotal Facilities Repairs & Improvements Projects	\$ 120,264	\$ 564,000	\$ 443,736	21%

Revenue Vehicle Replacement



FY14
CAPITAL BUDGET
For the month ending - November 30, 2013

	YTD Actual	FY14 Budget	Remaining Budget	% Spent YTD
Replace WiFi on Highway 17 buses (STA)	\$ 56,053	\$ 165,000	\$ 108,947	34%
Subtotal Revenue Vehicle Replacements	\$ 56,053	\$ 165,000	\$ 108,947	34%
<u>Non-Revenue Vehicle Replacement</u>				
Replace 3 Relief Vehicles (STA)	\$ -	\$ 66,000	\$ 66,000	0%
Replace 2 Supervisor Vehicles-SUV (STA)	\$ 36,709	\$ 90,000	\$ 53,291	41%
Subtotal Non-Revenue Vehicle Replacements	\$ 36,709	\$ 156,000	\$ 119,291	24%
<u>Fleet & Maintenance Equipment</u>				
Small Vehicle Lift - Fleet (STA)	\$ -	\$ 25,000	\$ 25,000	0%
Vehicle Diagnostic Code Scanner Program & PC - PC (STA)	\$ -	\$ 3,500	\$ 3,500	0%
Torque Wrench Calibration Tool (STA)	\$ -	\$ 3,000	\$ 3,000	0%
Subtotal Fleet & Maintenance Equipment	\$ -	\$ 31,500	\$ 31,500	0%
<u>Office Equipment</u>				
Replace two (2) Photocopier/Scanners (STA)	\$ -	\$ 52,000	\$ 52,000	0%
Subtotal Office Equipment	\$ -	\$ 52,000	\$ 52,000	0%
<u>Misc</u>				
Ticket Vending Machine (1) (STA)	\$ -	\$ 36,000	\$ 36,000	0%
Ticket Vending Machine-SLV (1) (RES. RET. EARN.)	\$ -	\$ 80,000	\$ 80,000	0%
Subtotal Misc.	\$ -	\$ 116,000	\$ 116,000	0%
TOTAL CAPITAL PROJECTS	\$ 3,983,466	\$ 31,956,330	\$ 27,972,864	12%



FY14
CAPITAL BUDGET
For the month ending - November 30, 2013

	<u>YTD Actual</u>	<u>FY14 Budget</u>	<u>Remaining Budget</u>	<u>% Spent YTD</u>
<u>CAPITAL FUNDING</u>				
Federal Capital Grants	\$ 233,222	\$ 3,823,151	\$ 3,589,929	6%
Other Fed - Sakata / Lawsuit proceeds	\$ -	\$ 1,335,000	\$ 1,335,000	0%
State - PTMISEA (1B)	\$ 741,751	\$ 12,840,000	\$ 12,098,249	6%
State - Security Bond Funds (1B)	\$ 90,746	\$ 665,841	\$ 575,095	14%
State Transit Assistance (STA)	\$ 143,883	\$ 693,604	\$ 549,721	21%
State Transit Assistance (STA) - SLPP Backfill **	\$ 1,275,104	\$ 4,956,502	\$ 3,681,398	26%
State - MBUAPCD	\$ -	\$ 104,062	\$ 104,062	0%
State - STIP	\$ 104,092	\$ 257,300	\$ 153,208	40%
State - SLPP	\$ 1,275,104	\$ 5,800,000	\$ 4,524,896	22%
Local - Reserved Retained Earnings	\$ 119,564	\$ 1,470,870	\$ 1,351,306	8%
Local Operating Match	\$ -	\$ 10,000	\$ 10,000	0%
TOTAL CAPITAL FUNDING	\$ 3,983,466	\$ 31,956,330	\$ 27,972,864	12%

** The SLPP capital grant requires a 50% local match with sales tax from the operating budget.

Attachment C

FY14 FINAL CAPITAL BUDGET REVISIONS APPROVED THROUGH NOVEMBER 2013

FY14 FINAL CAPITAL BUDGET ADOPTED JUNE 28, 2013: \$ 30,839,342

CAPITAL PROJECT	SOURCE	AMOUNT	TOTAL
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Add: Increase funding to Pacific Station Conceptual Design Project	FTA	\$ 459,590	
	RESERVES	\$ 114,898	

Reason: BOD awarded a contract to Group 4 Architecture, Research + Planning, Inc. on **June 28, 2013**

Add: State of Good Repair #2 - 6 Buses, 42 MDC's	RESERVES	\$ 100,000	
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Reason: BOD approved the purchase of a 6th New Flyer bus on **August 23, 2013**

Add: Ticket Vending Machine for SLV	RESERVES	\$ 80,000	
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Reason: BOD approved funding for a 6th TVM for the residents of San Lorenzo Valley on **September 13, 2013**

Add: Amendment to the MOU with the City of Santa Cruz for project management services at Pacific Station	FTA	\$ 186,000	
	RESERVES	\$ 46,500	

Reason: BOD approved funding an amendment to the MOU with funds from FTA grant # CA-04-0102 in the amount of \$186,000 and cash reserves in the amount of \$46,500 on **September 27, 2013**

Add: Increase funding for Watsonville Transit Center - Design Project	RESERVES	\$ 130,000	
---	----------	------------	--

Reason: BOD awarded a contract to B+U, LLP and approved additional funding of \$130K from cash reserves on **September 27, 2013**

TOTAL PROPOSED CAPITAL BUDGET REVISIONS YTD:	FTA	\$ 645,590	
	RESERVES	\$ 471,398	\$ 1,116,988
		\$ 1,116,988	

FY14 REVISED CAPITAL BUDGET AS OF NOVEMBER 2013: \$ 31,956,330

7-3.c1

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 14, 2014
TO: Board of Directors
FROM: Angela Aitken, Finance Manager
SUBJECT: **ACCEPTANCE OF FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT FOR YEAR ENDED JUNE 30, 2013**

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 ended June 30, 2013.

II. SUMMARY OF ISSUES

- The **Financial Statements with Independent Auditor's Report** (Attachment A) prepared by the firm Brown Armstrong, Certified Public Accountants present Santa Cruz METRO's financial position as of June 30, 2013, with a comparison to the financial position as of June 30, 2012. The auditors have found that Santa Cruz METRO's financial statements present fairly, in all material respects, the **financial position of Santa Cruz METRO as of June 30, 2013.**
- In the **Independent Auditor's Report on Compliance Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with the Statutes, Rules, and Regulations of the California Transportation Development Act and the Allocation Instructions and Resolutions of the Transportation Commission** (page 40-41), the auditors found nothing that came to their attention that indicated 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 Santa Cruz County Regional Transportation Commission during the course of their audit. Additionally, the auditors verified all Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) program receipts and expenses for the year audited.
- In the **Schedule of Findings and Questioned Costs** (pages 42- 43), the auditors identified no findings associated with their testing of major federal program expenditures in connection with their audit performed under *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

- The **Required Communication to the Board of Directors in Accordance with Professional Standards** letter provides information related to the auditor's responsibilities under generally accepted auditing standards. (Attachment B)
- There were no current year audit findings or recommendations and there were no prior year audit findings to correct, therefore no **Agreed upon Conditions Designed to Increase Efficiency, Internal Controls, and/or Financial Reporting** letter was issued by the auditors this year.

III. DISCUSSION

Attachment A – Financial Statements with Independent Auditors Report

The **Independent Auditor's Report** (page 1) documents that the audit was conducted 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. The auditors have found that Santa Cruz METRO's financial statements present fairly, in all material aspects, the financial position of Santa Cruz METRO as of June 30, 2013.

While the basic financial statements (pages 10-13) describe Santa Cruz METRO's financial position in detail, the **Management's Discussion and Analysis** (pages 4-9) presents narrative highlights of the financial statements, an overview of the agency's financial activities, and information that enhances overall financial disclosure. This report is prepared by Santa Cruz METRO management.

The **Statements of Net Position** (pages 10-11) provide an overall summary of Santa Cruz METRO's Total Assets, Total Liabilities and Total Net Position. Total Assets decreased by \$2,326,484 or 2%, while Total Liabilities increased by \$5,387,174 or 14% from the prior year. Total Net Position is \$75,187,541 at June 30, 2013, a decrease of \$7,713,658 or 9% from the prior year. Total Assets decreased this year due primarily to spending down restricted cash on capital projects. Total Liabilities increased this year due primarily to increases in accounts payable, deferred revenue and long-term liabilities. Accounts payable balances increased at year-end due to ramped up construction activity on the new Judy K. Souza Operations Facility late in the fiscal year. Deferred revenue increased due to the receipt of grant funds. These funds are restricted and reported as liabilities until spent on the specific purpose for which they were awarded. Other postemployment benefit (OPEB) long-term liabilities increased significantly during the year, and reflect the rising trend of the actuarially-determined costs of providing these benefits to retirees.

The **Statements of Revenues, Expenses and Changes in Fund Net Position** (page 12) indicate a net loss before capital contributions of \$12,392,614 and capital contribution revenue of

\$4,678,956, resulting in a decrease of \$7,713,658 in Net Position for the year ended June 30, 2013.

The Statements of Cash Flows (page 13) demonstrate how changes in balance sheet accounts and income affect cash and cash equivalents. Cash and cash equivalents decreased by \$2,521,294 due primarily to increased spending on employee salaries and benefits.

Notes to Basic Financial Statements (pages 14-30) 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.

The Schedule of Funding Progress for Santa Cruz METRO's defined benefit pension plan (page 31) is presented in the **Required Supplementary Information** section of the report, following the notes to the financial statements. The Schedule of Funding Progress on the net obligation for future post-retirement medical, dental, vision and life insurance benefits (OPEB) (page 32) presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. At this time, Santa Cruz METRO is not prefunding these retiree health benefits or other post-employment benefits.

The Statements of Operating Expenses (page 33) are presented as **Supplementary Information**, showing the total operating costs that were reported in the financials in further detail, broken out by natural expense classification.

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 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.

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 FY13 audited financial statements were submitted to the SCCRTC on 12/31/13.

V. ATTACHMENTS

Attachment A: Financial Statements with Independent Auditor's Report for the years ended June 30, 2013 and 2012

Attachment B: Required Communication to the Board of Directors in Accordance with Professional Standards (letter from Brown Armstrong)

Prepared by: Lorraine Bayer, Accountant

Date Prepared: February 6, 2014

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2013 AND 2012

7-4.a1

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT JUNE 30, 2013 AND 2012

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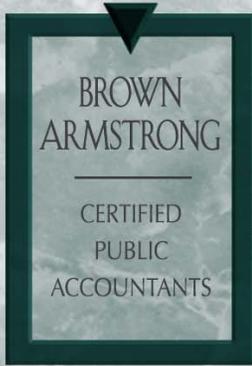
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Attachment A

FINANCIAL SECTION

7-4.a3

Attachment A



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Santa Cruz Metropolitan Transit District (Santa Cruz METRO), as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprises the Santa Cruz METRO's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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REGISTERED with the Public Company Accounting Oversight Board and
MEMBER of the American Institute of Certified Public Accountants

Attachment A

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Santa Cruz METRO as of June 30, 2013 and 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2013, Santa Cruz METRO adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress for Santa Cruz METRO's Defined Benefit Pension Plan and Other Postemployment Benefit (OPEB) Plan on pages 4-9 and 31-32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The statements of operating expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 also not a required part of the basic financial statements.

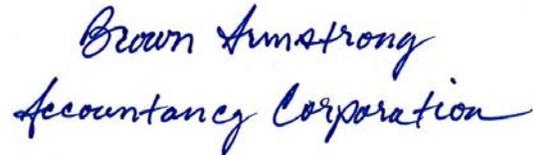
The statements of operating expenses and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements of operating expenses and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Attachment A

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2013, on our consideration of Santa Cruz METRO'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Santa Cruz METRO's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
December 27, 2013

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013 AND 2012

Introduction

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of Santa Cruz Metropolitan Transit District (Santa Cruz METRO) provides a narrative and analytical overview of the financial activities of Santa Cruz METRO with selected comparative information for the years ended June 30, 2013 and 2012. Following the MD&A are the basic financial statements of Santa Cruz METRO together with the notes thereto, which are essential for a full understanding of the data contained in the financial statements.

Activities and Highlights

Santa Cruz METRO is an independent agency formed in 1969 by the legislature of the State of California for the purpose of providing Fixed Route bus service to the general public in Santa Cruz County (County). Santa Cruz METRO assumed direct operation of federally mandated ADA complementary paratransit (Paracruz) services in November 2004. Prior to 2004, the paratransit service was delivered under contract. Santa Cruz METRO also operates the Highway 17 (Commuter) Express bus service to Santa Clara County in cooperation with the Santa Clara Valley Transportation Authority (VTA), AMTRAK, CalTrans, and the Capitol Corridor Joint Powers Authority (CCJPA). Overseeing the employees who work in the public interest, the General Manager coordinates the operation of Santa Cruz METRO according to the policy and direction of the governing Board of Directors, composed of eleven directors and one ex-officio director 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 Statement of Net Position presents information on Santa Cruz METRO's assets and liabilities, with the difference between the two reported as net position.

The Statement of Revenues, Expenses, and Changes in Fund Net Position reports the operating revenues and expenses, non-operating revenues and expenses, and capital grant contributions. Federal capital grant expenses are listed in the Schedule of Expenditures of Federal Awards and are included in the current year increase in capital assets.

The Statement of Cash Flows reports the sources and uses of cash for the fiscal year 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 Position.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of Santa Cruz METRO's operations and significant accounting policies as well as clarify unique financial information.

Following the basic financial statements and footnotes is the Required Supplementary Information, which provides further detail on the funding progress of Santa Cruz METRO's defined benefit pension plan and other postemployment benefits.

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

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued) JUNE 30, 2013 AND 2012

Financial Highlights

The following discussion provides an overview of the financial activities related to operations (operating revenue and expense) and capital funding (contributions) received for facilities improvements and the purchase of capital equipment for the year ended June 30, 2013.

Operating Revenue and Expense

Santa Cruz METRO utilizes five primary sources of revenue to operate its public transit services: passenger fares, sales tax, local transportation funds (TDA), federal funds, and other non-transportation related revenues (including advertising income, investment income, and rental income). After the economic recession of 2008, and in an effort to bridge the resulting operating budget gap, two (2) sources of revenue that were used historically to fund the capital program were re-directed from the capital budget to the operating budget. These funding sources, Federal Transit Administration – Small Transit Intensive Cities (FTA-STIC) and State Transit Assistance (STA) have allowed the agency to continue to provide and maintain a consistent level of service to the public, despite operating budgetary shortfalls.

Operating expenses are classified into ten basic categories: labor and fringe benefits, services, mobile materials and supplies, other materials and supplies, utilities, insurance costs (casualty and liability), taxes, purchased transportations costs, miscellaneous expense, and leases and rental expenses. These categories are consistent with the Uniform System of Accounts (USOA) and National Transit Database (NTD) reporting.

As with many transit and public agencies across the region and throughout the state, Santa Cruz METRO continues to face financial challenges due to significant increases in operating and capital costs with no significant increase in operating or capital contributions. The FY13 Operating budget is a balanced budget using Operating revenues and Cash Reserves to fill the budget gap. However, the FY13 Operating budget is not a structurally balanced budget. This means that recurring expenses exceed recurring revenues. For a variety of reasons, true structural balance may not be possible at a given time. In such a case, using reserves to balance the budget may be considered, but only in the context of a plan to return to structural balance, replenish fund balances, and ultimately remediate the negative impacts of any other short-term balancing actions that may be taken.

Capital Program

In fiscal year 2013, Santa Cruz METRO spent over \$4.7 million in capital contributions on new and ongoing capital projects. These capital projects were funded by variety of sources including the Federal Transportation Administration (FTA), California Proposition 1B Transportation Bonds (PTMISEA and TSSSDRA), State Transit Assistance (STA), Air District grants (MBUAPCD), and local cash reserves. Significant capital asset activity includes:

- Construction of the new Judy K. Souza Operations Facility began in spring 2013. This new operations building and bus parking structure located at 1200 River Street will provide a permanent state of the art facility from which to deploy the fixed route fleet. This project is another phase of the transit agency's MetroBase consolidated operations in the Harvey West area of Santa Cruz. The project budget is approximately \$26 million, with the majority of funding provided by the Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA), which was established through Proposition 1B. The current estimated completion date is December, 2015. - Project in progress
- Purchase and installation of an additional 15,000-gallon liquefied/compressed natural gas (L/CNG) Storage Tank at Santa Cruz METRO's CNG Fueling Station on River Street in Santa Cruz. Partial funding for this second tank was secured through a grant with the Monterey Bay Unified Air Pollution Control District (MBUAPCD), and is supplemented with funds from PTMISEA. - Project completed October 2013

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued) JUNE 30, 2013 AND 2012

- Purchase and installation of Land Mobile Radio (LMR) equipment and agency-wide Video Surveillance and Lighting equipment – funding provided by Transit System Safety, Security, and Disaster Response Account (TSSSDRA) – The LMR project is a fully functioning fleet mobile radio system for the fixed route, paratransit and non-revenue (service) vehicles that meets the Federal Communication Commission (FCC) mandated requirement for narrowband migration by January 1, 2013. Additionally, this system will be compliant for the future narrowband migration that is required tentatively by the year 2018. The comprehensive security video surveillance portion of this project provides for video surveillance equipment to enhance safety for passengers and staff at the agency's transit centers and related facilities. The lighting equipment component of this project will install and upgrade critically needed lighting at the transit centers and agency facilities. This will enable Santa Cruz METRO to obtain low-maintenance, long life lighting (above 100,000 hours) using approximately 50% less electricity than current lighting, contributing to "greener" facilities with lower operating costs. - Project in progress
- Bus Stop Improvements – funded with State Transportation Improvement Program (STIP) funds – The Bus Stop Improvement Project provided \$500,000 for construction, repairs, and improvements to bus stops throughout the county, including additional shelters, seating, and solar lighting. - Project completed November 2013
- On-board Bus Wireless Internet (Wi-Fi) Service and Equipment Replacement – funded with State Transit Assistance (STA) – This project replaced and upgraded the existing Wi-Fi equipment and expanded service from 17 to 21 buses while allowing for faster speeds and better coverage on the Highway 17 (Commuter) Express fleet. - Project completed June 2013
- Additional Ticket Vending Machine – installed at the Cavallaro Transit Center in Scotts Valley – funded with State Transit Assistance (STA) – This project allowed the purchase of an additional ticket vending machine (TVM) to provide after-hours ticket and pass purchasing and Smart Card value loading options, and added a higher level of convenience to Santa Cruz METRO riders. This will be the fifth TVM placed in service since 2011. Other TVM locations include, Santa Cruz Metro Center, 920 Pacific Avenue, Santa Cruz, Cabrillo College, 6500 Soquel Drive, Aptos, Capitola Mall, 1855 - 41st Avenue, Capitola Mall, and the Watsonville Transit Center, 475 Rodriguez Street, Watsonville.
- Pressure Washer / Sidewalk Cleaner - funded with State Transit Assistance (STA) – Santa Cruz METRO's facilities maintenance staff maintains more than 1,000 bus stops throughout Santa Cruz County. Of these 591 have concrete pads and 218 have shelters. Pressure washing these bus stops is necessary due to their high usage. The new pressure washer collects and recycles the used water thus preventing "dirty water" from entering the storm drains. - Equipment purchased April 2013

Ridership:

Santa Cruz METRO provided 5,622,773 rides on both its fixed-route and paratransit services this year, an increase of 159,393 rides.

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued) JUNE 30, 2013 AND 2012

Future Outlook

The agency continues its emphasis on serving the public transportation needs of Santa Cruz County. Service increases are anticipated to fill service deficits that occurred as the result of service reductions in previous years. Ongoing ridership analysis and transit planning studies will provide the data necessary to identify changes in the transit needs of riders for future service enhancements that will better serve the community in the coming years.

Short Range Transit Plan:

The agency's last Short Range Transit Plan (SRTP) expired at the end of 2012; therefore significant planning efforts have been dedicated to the 2013 update. The SRTP is a planning document focused on transit service and capital improvements over a five year horizon. This document will guide Santa Cruz METRO in regards to service changes, capital projects, fleet management, public outreach and communication, as well as other elements like financial and legislative forecasting, and policy revisions and recommendations. The bulk of the 2013 SRTP is focused on recommending new and/or improved service planning policies. It is anticipated that the draft will be released for a formal 30 day public review period starting November 15, 2013, and ending December 16, 2013.

Executive Recruitment:

The current Employment Agreement with Santa Cruz METRO's General Manager Leslie R. White will expire on December 31, 2014. On April 12, 2013, Santa Cruz METRO's Board of Directors authorized the Chair to appoint a Recruitment Task Force, made up of members of the Board of Directors, for the purpose of commencing recruitment activities for the position(s) of General Manager and/or Assistant General Manager. In October 2013, a one-year contract was awarded for executive recruitment and consulting services.

Transit Security:

Safety and security continue to be a focus at Santa Cruz METRO. Congress passed the Moving Ahead for Progress in the 21st Century Act (MAP-21) in June of 2012, reauthorizing public transportation funding programs for federal fiscal years 2013 and 2014. Much of the emphasis of this new legislation is the establishment of funding for increased transit safety, including crime prevention and security. Santa Cruz METRO is in the process of further developing programs in these areas, as well as community emergency planning in order to meet key national goals. Additional grant funding will be sought for many of the programs Santa Cruz METRO is pursuing in this area.

Future Capital Projects:

Re-design and remodel of Pacific Station in Santa Cruz - Located in the heart of downtown, Pacific Station is the City of Santa Cruz's primary multi-modal public transit center. Constructed in 1984, the existing building has endured nearly three decades of heavy use. Santa Cruz METRO and the City of Santa Cruz are partnering to redesign the downtown Pacific Station mixed use transit center. A redesigned transit center presents an opportunity to improve the experiences of both commuters and Santa Cruz METRO employees. A first round of community engagement will be conducted to gather input on needs and opportunities for Pacific Station and lower Pacific Avenue. A second phase will collect feedback on site and use options. The third and last phase will consist of a presentation of the preferred option. Each round will consist of a community meeting, an open-house, and tables at the farmers market and Pacific Station. The new Pacific Station will provide an attractive civic place that is safe, sustainable, functional, and appreciated by the whole Santa Cruz community.

Watsonville Transit Center Renovations - The Watsonville Transit Center ("WTC") serves intermodal passenger connections among Santa Cruz METRO, Monterey Salinas Transit, and Greyhound buses, as well as ParaCruz vehicles, taxis and bicycles. WTC has been serving riders in South Santa Cruz County for nearly 20 years; these aging facilities require renovation. In winter 2012, staff conducted a series of public outreach efforts which included one-on-one surveys, focus groups and public outreach meetings. With the information generated from the public outreach, Santa Cruz METRO staff was able to narrow down design options and in September 2013, a one-year contract was awarded for conceptual design services for the Watsonville Transit Center.

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued) JUNE 30, 2013 AND 2012

Statements of Net Position:

	2013	2012	2011	2013 to 2012		2012 to 2011	
				Increase/(Decrease) Amount	%	Increase/(Decrease) Amount	%
Total Assets	\$ 120,433,802	\$ 122,760,286	\$ 107,633,960	\$ (2,326,484)	-2%	\$ 15,126,326	14%
Total Liabilities	\$ 45,246,261	\$ 39,859,087	\$ 20,233,981	\$ 5,387,174	14%	\$ 19,625,106	97%
Total Net Position	\$ 75,187,541	\$ 82,901,199	\$ 87,399,979	\$ (7,713,658)	-9%	\$ (4,498,780)	-5%

Total Assets decreased this year due to decreased restricted cash. Grant funds received from PTMISEA and TSSSDRA in prior years were spent down during the current fiscal year. Funds received from PTMISEA were spent on the construction of the Judy K. Souza Operations Facility, while funds received from TSSSDRA were spent on the Video Surveillance and Land Mobile Radio projects.

Total Liabilities increased this year due to increases in accounts payable, deferred revenue, and long-term liabilities. Accounts payable balances increased at year-end due to ramped up construction activity on the new Operations facilities late in the fiscal year. Deferred revenue increased due to the receipt of grant funds. These funds are restricted and reported as liabilities until spent on the specific purpose for which they were awarded. Other postemployment benefit ("OPEB") long-term liabilities increased significantly during the year, and reflect the rising trend of the actuarially-determined costs of providing these benefits to retirees.

For the fiscal year ended June 30, 2013, Santa Cruz METRO's net position decreased by \$7,713,658.

Statements of Revenues, Expenses, and Changes in Fund Net Position:

	2013	2012	2011	2013 to 2012		2012 to 2011	
				Increase/(Decrease) Amount	%	Increase/(Decrease) Amount	%
Operating Revenues	\$ 9,204,063	\$ 8,772,949	\$ 8,616,639	\$ 431,114	5%	\$ 156,310	2%
Operating Expenses	(50,771,308)	(47,296,458)	(44,621,709)	(3,474,850)	-7%	(2,674,749)	-6%
Operating Loss	(41,567,245)	(38,523,509)	(36,005,070)	(3,043,736)	-8%	(2,518,439)	-7%
Non-Operating Revenues	29,174,631	27,085,055	29,757,700	2,089,576	8%	(2,672,645)	-9%
Capital Grant Contributions	4,678,956	6,939,674	10,469,359	(2,260,718)	-33%	(3,529,685)	-34%
Increase (Decrease) in Net Position	\$ (7,713,658)	\$ (4,498,780)	\$ 4,221,989	\$ (3,214,878)	71%	\$ (8,720,769)	-207%

Operating Revenues (Passenger Fares) increased by 5% this year due to increased ridership over the year, primarily on UCSC routes.

Operating Expenses increased by 7% overall when compared to last year due to increases in overtime costs, accrued leave payouts, medical insurance rates, and the California Public Employees' Retirement System (CalPERS) retirement rate.

Non-Operating Revenues increased by 8% over last year primarily due to increased sales tax revenues brought on by a recovering economy and receipt of retroactive tax credits for alternative fuel usage for calendar year 2012.

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued) JUNE 30, 2013 AND 2012

Capital Contributions are capital grant funds received for facilities improvements and the purchase of capital equipment including revenue vehicles. The receipt of capital grant funds can fluctuate year over year based on a variety of factors including project eligibility requirements, formula-based funding criteria, the economy, etc. Capital contributions decreased by 33% over last year due to the purchase of 11 CNG buses in the prior year with funds allocated from the FTA State of Good Repair (SGR) program.

Statements of Cash Flows:

	2013	2012	2011	2013 to 2012 Change	2012 to 2011 Change
Net Cash Used in Operating Activities	\$ (34,662,235)	\$ (31,551,498)	\$ (30,548,418)	\$ (3,110,737)	\$ (1,003,080)
Net Cash Provided by Non-Capital Financing Activities	28,259,642	27,233,074	28,867,864	1,026,568	(1,634,790)
Net Cash Provided by (Used in) Capital and Related Financing Activities	3,650,291	20,133,373	(1,091,853)	(16,483,082)	21,225,226
Net Cash Provided by Non-Transportation Activities	231,008	158,886	260,260	72,122	(101,374)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,521,294)	15,973,835	(2,512,147)	(18,495,129)	18,485,982
Cash and Cash Equivalents, Beginning of Year	42,662,793	26,688,958	29,201,105	15,973,835	(2,512,147)
Cash and Cash Equivalents, End of Year	<u>\$ 40,141,499</u>	<u>\$ 42,662,793</u>	<u>\$ 26,688,958</u>	<u>\$ (2,521,294)</u>	<u>\$ 15,973,835</u>

Cash and cash equivalents held by Santa Cruz METRO decreased by \$2,521,294 or 6% during the current 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, at 110 Vernon Street, Santa Cruz, CA 95060.

Attachment A

BASIC FINANCIAL STATEMENTS

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Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT STATEMENTS OF NET POSITION JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 24,547,511	\$ 25,241,660
Sales Tax, Grants, and Other Receivables	6,926,596	5,091,540
Inventory	799,098	730,930
Prepays	472,975	101,586
	<u>32,746,180</u>	<u>31,165,716</u>
RESTRICTED ASSETS		
Cash and Cash Equivalents	<u>15,593,988</u>	<u>17,421,133</u>
CAPITAL ASSETS		
Building and Improvements	47,449,888	48,286,039
Revenue Vehicles	49,217,862	49,218,445
Operations Equipment	3,533,295	3,290,599
Other Equipment	1,495,966	1,495,966
Other Vehicles	1,128,189	1,035,271
Office Equipment	<u>3,580,509</u>	<u>3,487,487</u>
	106,405,709	106,813,807
Less Accumulated Depreciation	<u>(52,058,930)</u>	<u>(46,307,255)</u>
	54,346,779	60,506,552
Construction-in-Progress	6,149,344	4,502,015
Land	<u>11,597,511</u>	<u>9,164,870</u>
Total Capital Assets	<u>72,093,634</u>	<u>74,173,437</u>
TOTAL ASSETS	<u><u>\$ 120,433,802</u></u>	<u><u>\$ 122,760,286</u></u>

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

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT STATEMENTS OF NET POSITION (Continued) JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>LIABILITIES AND NET POSITION</u>		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 2,130,838	\$ 915,561
Accrued Payroll and Employee Benefits	3,299,396	3,205,557
Deferred Rent	6,944	2,671
Workers' Compensation Liabilities, Current	829,717	929,598
Other Accrued Liabilities	306,089	687,954
Security Deposit	<u>15,284</u>	<u>16,034</u>
Total Current Liabilities	6,588,268	5,757,375
NON-CURRENT LIABILITIES		
Deferred Revenue - Settlement Agreement	1,339,537	1,336,857
Deferred Revenue - State Transit Authority Grant	6,698,643	3,610,756
Deferred Revenue - PTMISEA Grant	12,804,932	13,495,804
Deferred Revenue - Proposition 1B Grant	588,499	1,770,467
OTHER LONG-TERM LIABILITIES		
Workers' Compensation Liabilities, Net of Current	3,160,618	3,310,633
Other Postemployment Benefit Liabilities	<u>14,065,764</u>	<u>10,577,195</u>
Total Liabilities	<u>45,246,261</u>	<u>39,859,087</u>
NET POSITION		
Net Investment in Capital Assets	72,093,634	74,173,437
Unrestricted Net Position	<u>3,093,907</u>	<u>8,727,762</u>
Total Net Position	<u>75,187,541</u>	<u>82,901,199</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 120,433,802</u>	<u>\$ 122,760,286</u>

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

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
Passenger Fares	\$ 5,624,748	\$ 5,508,640
Special Transit Fares	3,579,315	3,264,309
Total Operating Revenues	<u>9,204,063</u>	<u>8,772,949</u>
OPERATING EXPENSES		
Wages, Salaries, and Employee Benefits	36,835,803	33,255,270
Purchased Transportation Services	185,875	260,687
Materials and Supplies	3,511,491	3,178,300
Other Expenses	3,470,646	4,160,098
Depreciation	6,767,493	6,442,103
Total Operating Expenses	<u>50,771,308</u>	<u>47,296,458</u>
Net Operating Loss	<u>(41,567,245)</u>	<u>(38,523,509)</u>
NON-OPERATING REVENUES (EXPENSES)		
Sales and Use Taxes	17,250,072	16,064,503
Transportation Development Act Assistance	5,507,038	5,244,964
Section 8/5303 Planning Fund	10,572	19,144
Section 9/5307 Operating Assistance	3,695,976	3,707,070
Section 18/5307 Operating Assistance	2,081,410	1,445,821
Interest Income	84,503	115,371
Rental Income	146,505	43,515
Other Revenue	423,804	475,697
Loss on Sale and Disposal of Property, Equipment, and Inventory	<u>(25,249)</u>	<u>(31,030)</u>
Total Non-Operating Revenues	<u>29,174,631</u>	<u>27,085,055</u>
Net Loss Before Capital Contributions	<u>(12,392,614)</u>	<u>(11,438,454)</u>
CAPITAL CONTRIBUTIONS		
Grants Restricted for Capital Expenditures	<u>4,678,956</u>	<u>6,939,674</u>
NET POSITION		
Decrease in Net Position	(7,713,658)	(4,498,780)
Total Net Position, Beginning of Year	<u>82,901,199</u>	<u>87,399,979</u>
Total Net Position, End of Year	<u>\$ 75,187,541</u>	<u>\$ 82,901,199</u>

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

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers	\$ 8,722,667	\$ 8,793,524
Payments to Employees	(36,991,860)	(33,922,358)
Payments to Suppliers	(6,393,042)	(6,422,664)
	(34,662,235)	(31,551,498)
Net Cash Used in Operating Activities		
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Operating Grants Received, Including Sales and Use Taxes	28,259,642	27,233,074
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Sale of Property and Equipment	2,241	36,891
Capital Grants Received	8,363,223	27,506,899
Capital Expenditures	(4,715,173)	(7,410,417)
	3,650,291	20,133,373
Net Cash Provided by Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment and Rental Income Received	231,008	158,886
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,521,294)	15,973,835
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	42,662,793	26,688,958
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 40,141,499	\$ 42,662,793
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Net Operating Loss	\$ (41,567,245)	\$ (38,523,509)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	6,767,493	6,442,103
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(481,396)	20,575
(Increase) Decrease in Inventory	(68,168)	85,397
(Increase) Decrease in Prepaid Expenses	(371,389)	202,550
Increase in Accounts Payable and Accrued Liabilities	1,215,277	888,574
Decrease in Other Liabilities	(156,807)	(667,188)
	(34,662,235)	(31,551,498)
Net Cash Used in Operating Activities		

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

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

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, and 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, 2013, the directors were as follows:

Chairperson:	Daniel Dodge		
Vice Chair:	Dene Bustichi		
Members:	Zach Friend	Margarita Alejo	Bruce McPherson
	Hilary Bryant	Deborah Lane	Ron Graves
	John Leopold	Lynn Robinson	Michelle Hinkle
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 (SCVCTD). 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 Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, for inclusion of the Corporation as a blended component unit of Santa Cruz METRO. Accordingly, the financial activities of the Corporation have been included in the basic financial statements of Santa Cruz METRO. For the years ending June 30, 2013 and 2012, these activities were 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.

Attachment A

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 GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*, and its basic 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 position; and unrestricted net position.

Contributed Capital/Reserved Retained Earnings:

Santa Cruz METRO receives grants from the Federal Transit Authority (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 had 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 non-operating revenues. In accordance with GASB Statement No. 33, capital grants are required to be included in the determination of net income (loss) resulting in an increase in net revenue of \$4,678,956 and \$6,939,674 for the fiscal years 2013 and 2012, respectively.

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

Attachment A

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

C. Basis of Accounting and Presentation (Continued)

Proprietary Accounting and Financial Reporting:

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of Santa Cruz METRO are passenger fares and special transit fares. Operating expenses for Santa Cruz METRO include the wages, purchased transportation, materials and supplies, depreciation/amortization on capital assets, and other expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Net Position:

Net position represents 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 statements of net position was combined to report total net position and present it in three broad components: net investment in capital assets, restricted, and unrestricted. Net position invested in capital assets includes capital assets net of accumulated depreciation. Net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net position is 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 Santa Cruz County. These deposits are considered cash equivalents. The Santa Cruz County 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, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool. Cash and cash equivalents are stated at fair value. For purposes of the statements 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 statements of net position because their use is subject to externally imposed stipulations, either by laws or regulations.

Attachment A

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 8, represents proceeds restricted by the FTA. The State Transit Assistance (STA) Grant, Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Grant, and the Proposition 1B Office of Homeland Security (OHS) California Transit Security Grant Program (CTSGP) Grant are restricted for capital expenditures. Restricted assets at June 30 are as follows:

	2013	2012
Cash and Cash Equivalents		
FTA Grant	\$ 1,339,537	\$ 1,336,857
Proposition 1B PTMISEA Grant	12,804,932	13,495,804
Proposition 1B OHS CTSGP Grant	588,499	1,770,466
STA Grant	861,020	818,006
Total Restricted Assets	\$ 15,593,988	\$ 17,421,133

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 improvements	20-39 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 position, 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 lives 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 year 1999. The cost of this facility totaled \$4,063,634, which was funded by federal, state, and local funds. The former 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 the Successor Agency has retained an interest in the property. The title to the property is retained by both Santa Cruz METRO and the Successor Agency as tenants in common with each party holding an individual interest in proportion to each party's financial participation in the project. The Successor Agency's portion of the property is 13.87%. The Successor Agency's portion is not recorded in Santa Cruz METRO's basic financial statements.

H. Sales and Use Tax

Santa Cruz METRO receives a 0.5% 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 0.25% 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.

Attachment A

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

Annual 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 basic 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 basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Reclassifications

Certain reclassifications have been made to prior period amounts to conform to the classifications used in the current period. Such reclassifications had no effect on Santa Cruz METRO's financial positions or results of operations for the periods presented.

P. Implementation of Governmental Accounting Standards Board Statement

GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* was implemented. The statement modifies current financial reporting. The largest change was the replacement of the Statement of Net Assets with a Statement of Net Position

Q. Future Governmental Accounting Standards Board Statements

GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities* establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2012. Santa Cruz METRO has not determined the effects of the implementation of this statement on its financial statements.

Attachment A

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

Q. Future Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 66 – *Technical Corrections—2012—an Amendment of GASB Statements No. 10 and No. 62* is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2012. Santa Cruz METRO does not expect the implementation of this statement to have a material effect on the financial statements.

GASB Statement No. 67 – *Financial Reporting for Pension Plans—an Amendment of GASB Statement No. 25* improves financial reporting by state and local governmental pension plans. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2013. Santa Cruz METRO has not determined the effects of the implementation of this statement on its financial statements.

GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27* improves accounting and financial reporting by state and local governments for pensions. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The implementation of this standard will have a material effect on Santa Cruz METRO financial statements.

GASB Statement No. 69 – *Government Combinations and Disposals of Government Operations* provides specific accounting and financial reporting guidance for combinations in the governmental environment. This statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2013. Santa Cruz METRO has not yet determined its effect on the financial statements.

GASB Statement No. 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees* will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2013. Santa Cruz METRO has not yet determined its effect on the financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Cash on Hand	\$ 45,978	\$ 55,158
Demand Deposits	517,356	590,291
Deposits in Santa Cruz County Pooled Investment Fund	<u>39,578,165</u>	<u>42,017,344</u>
	<u>\$ 40,141,499</u>	<u>\$ 42,662,793</u>

Attachment A

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

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
Bankers’ Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	None	None
Medium-Term Notes	5 years	None	None
Mutual Funds	N/A	None	None
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	5 years	None	None
County Pooled Investment Funds	N/A	100%	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of 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:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
County Pooled Investment Fund	\$ 39,578,165	\$ 39,578,165	\$ -	\$ -	\$ -

Attachment A

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

Cash on Hand and Cash in Banks (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, 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 Statement 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 Pooled Investment Fund	\$39,578,165	N/A	\$ -	\$ -	\$ -	\$39,578,165

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, 2013 or 2012.

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 fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

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 Santa Cruz County Pooled Investment Fund

Santa Cruz METRO is a voluntary participant in the Santa Cruz County Pooled Investment Fund. The fair value of Santa Cruz METRO's investment in this pool is reported in the accompanying basic financial statements at amounts based upon Santa Cruz METRO's pro-rata share of the fair value provided by the Santa Cruz County for the entire Santa Cruz 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 Santa Cruz County, which are recorded on an amortized cost basis.

Attachment A

NOTE 3 – RECEIVABLES

Receivables at June 30 are as follows:

	<u>2013</u>	<u>2012</u>
Federal Grants	\$ 226,268	\$ 23,260
State Grants	2,550,183	1,731,162
Sales Tax Revenue	2,845,300	2,644,200
Other	1,304,845	692,918
	<u>\$ 6,926,596</u>	<u>\$ 5,091,540</u>

NOTE 4 – CHANGES IN CAPITAL ASSETS

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

June 30, 2013

	<u>Balance July 1, 2012</u>	<u>Additions and Transfers</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2013</u>
Non-Depreciated Assets				
Land	\$ 9,164,870	\$ 2,432,641	\$ -	\$ 11,597,511
Construction-in-Progress	4,502,015	4,715,173	(3,067,844)	6,149,344
Total Non-Depreciated Assets	13,666,885	7,147,814	(3,067,844)	17,746,855
Depreciated Assets				
Building and Improvements	48,286,039	52,143	(888,294)	47,449,888
Revenue Vehicles	49,218,445	41,661	(42,244)	49,217,862
Operations Equipment	3,290,599	347,409	(104,713)	3,533,295
Other Equipment	1,495,966	-	-	1,495,966
Other Vehicles	1,035,271	92,918	-	1,128,189
Office Equipment	3,487,487	98,991	(5,969)	3,580,509
Total Depreciated Assets	106,813,807	633,122	(1,041,220)	106,405,709
Less Accumulated Depreciation	<u>(46,307,255)</u>	<u>(6,767,493)</u>	<u>1,015,818</u>	<u>(52,058,930)</u>
Depreciated Assets Net of Accumulated Depreciation	<u>60,506,552</u>	<u>(6,134,371)</u>	<u>(25,402)</u>	<u>54,346,779</u>
Total Capital Assets	<u>\$ 74,173,437</u>	<u>\$ 1,013,443</u>	<u>\$ (3,093,246)</u>	<u>\$ 72,093,634</u>

Depreciation expense at June 30, 2013, was \$6,767,493.

Attachment A

NOTE 4 – CHANGES IN CAPITAL ASSETS (Continued)

June 30, 2012

	<u>Balance July 1, 2011</u>	<u>Additions and Transfers</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2012</u>
Non-Depreciated Assets				
Land	\$ 9,164,870	\$ -	\$ -	\$ 9,164,870
Construction-in-Progress	<u>4,765,935</u>	<u>7,410,417</u>	<u>(7,674,337)</u>	<u>4,502,015</u>
Total Non-Depreciated Assets	13,930,805	7,410,417	(7,674,337)	13,666,885
Depreciated Assets				
Building and Improvements	48,205,230	190,725	(109,916)	48,286,039
Revenue Vehicles	46,512,808	5,626,839	(2,921,202)	49,218,445
Operations Equipment	3,174,316	239,075	(122,792)	3,290,599
Other Equipment	1,500,624	-	(4,658)	1,495,966
Other Vehicles	1,035,271	-	-	1,035,271
Office Equipment	<u>1,886,884</u>	<u>1,617,698</u>	<u>(17,095)</u>	<u>3,487,487</u>
Total Depreciated Assets	102,315,133	7,674,337	(3,175,663)	106,813,807
Less Accumulated Depreciation	<u>(42,972,894)</u>	<u>(6,442,103)</u>	<u>3,107,742</u>	<u>(46,307,255)</u>
Depreciated Assets Net of Accumulated Depreciation	<u>59,342,239</u>	<u>1,232,234</u>	<u>(67,921)</u>	<u>60,506,552</u>
Total Capital Assets	<u>\$ 73,273,044</u>	<u>\$ 8,642,651</u>	<u>\$ (7,742,258)</u>	<u>\$ 74,173,437</u>

Depreciation expense at June 30, 2012, was \$6,442,103.

NOTE 5 – CAPITAL GRANTS

Santa Cruz METRO receives grants from the FTA, which provides financing for the acquisition of rolling stock and construction of facilities. Santa Cruz METRO also receives grants under the State TDA primarily for the acquisition of rolling stock and support equipment, and purchase of furniture and fixtures.

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

	<u>2013</u>	<u>2012</u>
Federal Grants	\$ 1,174,997	\$ 5,541,880
State Grants	<u>3,503,959</u>	<u>1,397,794</u>
Total Capital Grants	<u>\$ 4,678,956</u>	<u>\$ 6,939,674</u>

Attachment A

NOTE 6 – COMMITMENTS

Santa Cruz METRO leases a number of its facilities under operating leases through 2016. For the years ended June 30, 2013 and 2012, rental expense relating to the leases was \$212,684 and \$284,454, respectively. In addition, Santa Cruz METRO receives rent income from retail space in its transit centers. Minimum net 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>
2014	\$ 349,938	\$ 160,315	\$ 189,623
2015	204,541	161,367	43,174
2016	122,570	85,878	36,692
2017	23,090	47,080	(23,990)
Thereafter	-	49,168	(49,168)
	<u>\$ 700,139</u>	<u>\$ 503,808</u>	<u>\$ 196,331</u>

NOTE 7 – 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 34 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 audited financial information of CalTIP for the years ended April 30 (most recent information available) is as follows:

	<u>2013</u>	<u>2012</u>
Total Assets	\$ 25,977,638	\$ 27,464,131
Total Liabilities	<u>12,658,258</u>	<u>13,027,097</u>
Fund Balance	<u>\$ 13,319,380</u>	<u>\$ 14,437,034</u>
Total Revenues	\$ 6,036,026	\$ 5,284,303
Total Expenditures	<u>7,153,680</u>	<u>6,129,880</u>
Net Decrease in Fund Balance	<u>\$ (1,117,654)</u>	<u>\$ (845,577)</u>

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

NOTE 8 – WATSONVILLE FLEET MAINTENANCE FACILITY SETTLEMENT RECEIPT

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.

Attachment A

NOTE 8 – WATSONVILLE FLEET MAINTENANCE FACILITY SETTLEMENT RECEIPT (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 \$1,339,537 and \$1,336,857 is reflected on the statements of net position as deferred revenue at June 30, 2013 and 2012, respectively.

NOTE 9 – 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 the 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 basic financial statements.

NOTE 10 – 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 of Directors 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 318 active plan members in the Plan as of June 30, 2013, which are required to contribute a percentage 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, 2013, was 17.679%. 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.

Attachment A

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

Annual Pension Cost

For the fiscal year ended June 30, 2013, Santa Cruz METRO's annual pension cost of \$3,051,264 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 the fiscal year ended June 30, 2013, was determined as part of the June 30, 2010, 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 3.55% to 14.45% for miscellaneous members, and (c) 3.25% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.00%. 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 unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information for the Plan

Three-year trend information, with respect to Santa Cruz METRO's participation in CalPERS, is as follows:

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2011	\$ 2,156,777	100%	\$ -
6/30/2012	\$ 2,664,532	100%	\$ -
6/30/2013	\$ 3,051,264	100%	\$ -

The funded status for the prior three years to June 30, 2012, (the last available 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>
6/30/2010	\$ 115,194,294	\$ 93,813,512	\$ 21,380,782	81.4%	\$ 16,109,672	132.7%
6/30/2011	\$ 124,377,660	\$ 98,667,566	\$ 25,710,094	79.3%	\$ 15,836,915	162.3%
6/30/2012	\$ 129,688,964	\$ 101,831,202	\$ 27,857,762	78.5%	\$ 16,260,443	171.3%

NOTE 11 – 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, 2013 and 2012, all amounts held under the Great-West plan and the CalPERS plan are held in trust and are not reflected on the accompanying statements of net position as required under GASB Statement No. 27, *Accounting Standards for Pensions by State and Local Governmental Employers*.

Complete financial statements for Great-West can be obtained from Great-West at PO Box 173764, Denver, CO 80217-3764. Complete financial statements for CalPERS can be obtained from CalPERS at Lincoln Plaza North, 400 Q Street, Sacramento, CA 94229.

Attachment A

NOTE 12 – 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 also established limited risk management programs for workers' compensation, and general and vehicular liability, as described in Note 1.

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 May 2010. 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>2013</u>	<u>2012</u>
Workers' Compensation Liabilities:		
Unpaid Claims, Beginning of Fiscal Year	\$ 4,240,231	\$ 4,127,497
Incurred Claims (Including IBNRs)	(1,220,337)	(1,085,912)
Claim Payments	<u>970,441</u>	<u>1,198,646</u>
Unpaid Claims, End of Fiscal Year	<u>\$ 3,990,335</u>	<u>\$ 4,240,231</u>

NOTE 13 – TRANSPORTATION DEVELOPMENT ACT/CALIFORNIA ADMINISTRATIVE CODE

Santa Cruz METRO is subject to compliance with the TDA 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 (LTF) and the STA 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 TDA, STA, or LTF 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, 99268.1, and 99314.6

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

Attachment A

NOTE 14 – 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, Proposition 1B. 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 TDA, was expanded to include verification of receipt and appropriate expenditure of PTMISEA bond funds.

The Santa Cruz County 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, 2013, Santa Cruz METRO applied for and received proceeds of \$0 and earned interest of \$45,560 from the State's PTMISEA account for construction funding for the Consolidated MetroBase Project. During the fiscal year ended June 30, 2013, qualifying expenditures of \$736,432 were incurred and the remaining balance of \$12,804,932 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 encumbrance.

Schedule of PTMISEA Proposition 1B Grants For the Year Ended June 30, 2013

	<u>2013</u>
Balance - beginning of the year	\$ 13,495,804
Receipts:	
Interest accrued 7/1/2012 through 6/30/2013	45,560
Expenses:	
MetroBase Construction	<u>(736,432)</u>
Balance - end of year	<u>\$ 12,804,932</u>

Attachment A

NOTE 14 – PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA) (Continued)

**Schedule of PTMISEA Proposition 1B Grants
For the Year Ended June 30, 2012**

	2012
Balance - beginning of the year	\$ 430,416
Receipts:	
Warrant No 66-301674 - Deposited 10/27/2011	2,491,923
Warrant No 66-830063 - Deposited 2/13/2012	11,010,047
Interest accrued 7/1/2011 through 6/30/2012	26,866
Expenses:	
MetroBase Construction	(463,448)
Balance - end of year	\$ 13,495,804

NOTE 15 – 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 \$2,335,431 and \$2,324,583 of expense for these benefits for the years ending June 30, 2013 and 2012, respectively.

Annual OPEB Cost and Net OPEB Obligation

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, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. 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 (or funding excess) over a period not to exceed thirty years. For fiscal year 2012-13, Santa Cruz METRO's annual OPEB cost was \$5,824,000. 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, 2013, were as follows:

Annual required contribution	\$ 5,896,000
Interest on net OPEB obligation	420,000
Adjustments to annual required contribution	(492,000)
Annual OPEB cost	5,824,000
Contributions made	2,335,431
Change in net OPEB obligation (asset)	3,488,569
Net OPEB obligation (asset) - beginning of year	10,577,195
Net OPEB obligation (asset) - end of year	\$ 14,065,764

Attachment A

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

Year Ended June 30,	Annual OPEB Cost	Actual Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net Ending OPEB Obligation (Asset)
6/30/2011	\$ 4,293,422	\$ 2,023,718	47.14%	\$ 7,387,778
6/30/2012	\$ 5,514,000	\$ 2,324,583	42.16%	\$ 10,577,195
6/30/2013	\$ 5,824,000	\$ 2,335,431	40.10%	\$ 14,065,764

Funding Policy, Funded Status, and Funding Progress

Santa Cruz METRO's required contribution is based on pay-as-you-go financing requirements. For fiscal year 2012-13, Santa Cruz METRO contributed \$2,335,431 to the plan.

As of June 30, 2011, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$59,164,000 all of which was unfunded.

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 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 basic financial statements, presents 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.

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 Santa Cruz METRO. Turnover, mortality, and retirement rates were taken from the CalPERS actuarial table for miscellaneous employees, which closely matches Santa Cruz METRO experience. Healthcare inflation rates are based on the general health care environment. Actual healthcare premiums through 2013 were used and then projected to increase in future years by 8.5% (8.9% for Medicare eligible premiums) in 2014, with the increases gradually declining until reaching 5% in 2021 (5% future premiums increases assumed for all years after 2021). The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over 30 years from June 30, 2008, with 25 years remaining as of June 30, 2013.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events were evaluated by management through December 27, 2013, which is the date of issuance.

Attachment A

REQUIRED SUPPLEMENTARY INFORMATION

7-4.a35

Attachment A

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
SCHEDULE OF FUNDING PROGRESS
DEFINED BENEFIT PENSION PLAN
JUNE 30, 2013**

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>
6/30/2010	\$ 115,194,294	\$ 93,813,512	\$ 21,380,782	81.4%	\$ 16,109,672	132.7%
6/30/2011	\$ 124,377,660	\$ 98,667,566	\$ 25,710,094	79.3%	\$ 15,836,915	162.3%
6/30/2012	\$ 129,688,964	\$ 101,831,202	\$ 27,857,762	78.5%	\$ 16,260,443	171.3%

Attachment A

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2013**

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:

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	0.00%	\$ 16,065,532	275.18%
4/1/2010	\$ -	\$ 43,442,791	\$ 43,442,791	0.00%	\$ 16,109,672	269.67%
6/30/2011	\$ -	\$ 59,164,000	\$ 59,164,000	0.00%	\$ 15,925,000	371.52%

Attachment A

SUPPLEMENTARY INFORMATION

7-4.a38

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT STATEMENTS OF OPERATING EXPENSES FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Labor		
Operators' salaries and wages	\$ 8,205,568	\$ 7,124,710
Other salaries and wages	6,873,140	6,242,010
Overtime	2,646,928	1,997,538
	17,725,636	15,364,258
Fringe Benefits		
Absence with pay	3,365,073	2,951,594
Pension plans	3,051,264	2,664,532
Vision, medical, and dental plans	7,954,327	7,268,173
Workers' compensation insurance	720,545	1,311,380
Disability insurance	319,491	307,265
Other fringe benefits	210,898	198,651
Other postemployment benefits	3,488,569	3,189,417
	19,110,167	17,891,012
Services		
Accounting	75,241	77,560
Administrative and banking	282,609	275,529
Professional and technical services	402,112	496,404
Security	446,738	324,827
Outside repairs	890,197	817,411
Other services	159,147	140,309
	2,256,044	2,132,040
Materials and Supplies Consumed		
Fuels and lubricants	2,282,634	2,051,549
Tires and tubes	244,224	139,709
Vehicle parts	607,674	672,431
Other materials and supplies	376,959	314,611
	3,511,491	3,178,300
Utilities	518,566	472,076
Casualty and Liability Costs	186,736	1,096,512
Taxes and Licenses	40,531	41,987
Purchased Transportation Services		
Paratransit	185,875	260,687
Miscellaneous Expenses	239,989	185,703
Equipment and Facility Lease	228,780	231,780
Depreciation		
Property acquired with operator funds	318,679	288,640
Property acquired by federal, state, or TDA funds	6,448,814	6,153,463
	6,767,493	6,442,103
Total Operating Expenses	\$ 50,771,308	\$ 47,296,458

Attachment A

OTHER SCHEDULES AND REPORTS

7-4.a40

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor / Program Title	Federal CFDA No.	Pass-Through Grantor's Number	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Programs:			
Federal Transit Administration (FTA)			
Cluster Defined by the Department of Transportation			
Section 3/5309 Consolidation			
State of Good Repair (SGR) CNG Bus Purchase	20.500*	CA-04-0185	\$ 58,627
Pacific Station Expansion FY2006	20.500*	CA-04-0021	<u>6,362</u>
			<u>64,989</u>
Section 9/5307			
Operating Assistance	20.507*	CA-90-Z007	4,753,073
FY2009 Capital and Operating Assistance	20.507*	CA-90-Y751	<u>1,108,062</u>
			<u>5,861,135</u>
Section 18/5311-5317			
Rural Operating Assistance - 5311	20.509	642165	156,312
Section 18/5304			
SCCRTC - On-Board Transit Ridership Study	20.515	N/A	<u>572</u>
			<u>572</u>
Total Expenditures of Federal Awards			<u><u>\$ 6,083,008</u></u>

* Major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2013

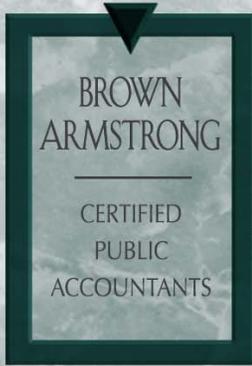
NOTE 1 – GENERAL

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.

Attachment A



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the 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, the financial statements of the Santa Cruz Metropolitan Transit District (Santa Cruz METRO), as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Santa Cruz METRO's basic financial statements, and have issued our report thereon dated December 27, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Santa Cruz METRO's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 METRO's internal control. Accordingly, we do not express an opinion on the effectiveness of Santa Cruz METRO's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Attachment A

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Cruz METRO'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*.

Purpose of this Report

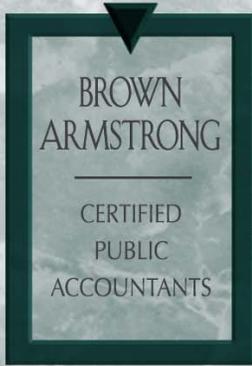
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Santa Cruz METRO's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Santa Cruz METRO's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 27, 2013

Attachment A



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

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Report on Compliance for Each Major Federal Program

We have audited the Santa Cruz Metropolitan Transit District's (Santa Cruz METRO) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Santa Cruz METRO's major federal programs for the year ended June 30, 2013. Santa Cruz METRO's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Santa Cruz METRO's major federal programs based on our audit of the types of compliance requirements referred to above. 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Santa Cruz METRO's compliance.

Opinion on Each Major Federal Program

In our opinion, Santa Cruz METRO complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.



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Attachment A

Report on Internal Control Over Compliance

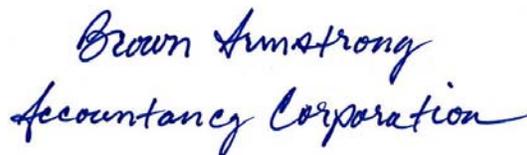
Management of Santa Cruz METRO is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Santa Cruz METRO's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 METRO's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

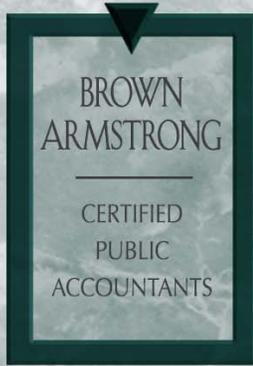
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
December 27, 2013

Attachment A



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH THE STATUTES, RULES, AND REGULATIONS OF THE CALIFORNIA TRANSPORTATION DEVELOPMENT ACT AND THE ALLOCATION INSTRUCTIONS AND RESOLUTIONS OF THE TRANSPORTATION COMMISSION

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

We have audited, 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, the financial statements of the Santa Cruz Metropolitan Transit District as of and for the year ended June 30, 2013, and have issued our report thereon dated December 27, 2013.

Compliance

As part of obtaining reasonable assurance about whether the 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. Additionally, we performed tests to determine that allocations made and expenditures paid by the Santa Cruz Metropolitan Transit District were made in accordance with the allocation instructions and resolutions of the 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 Metropolitan Transit District. In connection with our audit, nothing came to our attention that caused us to believe the Santa Cruz Metropolitan Transit District 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.

Also as part of our audit, we performed tests of compliance to determine whether certain state funds were received and expended in accordance with the applicable bond act and state accounting requirements.

Other Matters

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B). 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



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MEMBER of the American Institute of Certified Public Accountants

Attachment A

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, 2013, Santa Cruz Metropolitan Transit District received \$0 from the State's PTMISEA funds for the purpose of construction of the Consolidated MetroBase Project. As of June 30, 2013, PTMISEA interest received and funds expended were verified in the course of our audit as follows:

Schedule of PTMISEA Proposition 1B Funds For the Year Ended June 30, 2013	
Description	Amount
Balance – beginning of the year	\$ 13,495,804
Proceeds received:	
PTMISEA receipts	0
Interest earned	45,560
Expenses incurred:	
MetroBase Construction	(736,432)
Balance – end of year	<u>\$ 12,804,932</u>

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Santa Cruz Metropolitan Transit District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Santa Cruz Metropolitan Transit District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of 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
December 27, 2013

Attachment A

FINDINGS AND QUESTIONED COSTS SECTION

7-4.a49

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2013

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? Yes No

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

Material weakness identified? Yes No

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

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Clusters

20.500

Federal Transit Capital Investment Grants – Section 3

20.507

Federal Transit Formula Grants – Section 9

Dollar threshold used to distinguish type A and B programs: \$300,000

Auditee qualified as low risk auditee? Yes No

Attachment A

II. Findings Relating to Financial Statements Required Under Generally Accepted Government Auditing Standards

None.

III. Federal Award Findings and Questioned Costs

None.

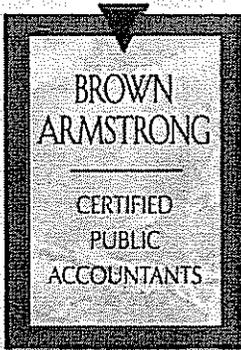
IV. State Award Findings and Questioned Costs

None.

V. A Summary of Prior Audit (all June 30, 2012) Findings and Current Year Status Follows

None.

Attachment B



BROWN ARMSTRONG

Certified Public Accountants

To the Santa Cruz Metropolitan Transit District
Santa Cruz, California

We have audited the financial statements of Santa Cruz Metropolitan Transit District (Santa Cruz METRO) for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 5, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Santa Cruz METRO are described in Note 1 to the financial statements. As discussed in Note 1 to the financial statements, during the year ended June 30, 2013, Santa Cruz METRO adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. We noted no transactions entered into by Santa Cruz METRO during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the accrued claims is based on management's past experience and expected useful life. We evaluated the key factors and assumptions used to develop the accrued claims in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the Annual OPEB Cost and Net OPEB Obligation in Note 15 and unpaid claims in Note 12 to the financial statements is based on actuarial assumptions adopted by management.

The financial statement disclosures are neutral, consistent, and clear.

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7-4.b1

Attachment B

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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 27, 2013.

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 Santa Cruz METRO'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 the 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.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Board of Directors and management of Santa Cruz METRO and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 27, 2013

7-4.b2

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SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 14, 2014

TO: Board of Directors

FROM: Erron Alvey, Purchasing Manager

SUBJECT: CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO SIGN A CONTRACT AMENDMENT WITH AMERICAN ASPHALT REPAIR & RESURFACING CO., INC. TO EXTEND THE CONTRACT THROUGH APRIL 30, 2014

I. RECOMMENDED ACTION

That the Board of Directors authorize the General Manager to execute an amendment to the contract with American Asphalt Repair & Resurfacing Co., Inc. to extend the contract through April 30, 2014.

II. SUMMARY OF ISSUES

- Santa Cruz METRO entered into a contract with American Asphalt Repair & Resurfacing Co., Inc. for Bus Stop Construction and Improvements on February 7, 2013.
- Based on an inspection of the work required by the contract, additional work is required by American Asphalt Repair & Resurfacing Co., Inc. before Santa Cruz METRO can accept the work as completed.
- This contract will expire on February 14, 2014. Staff recommends extending the contract by 75 calendar days to allow additional time for American Asphalt Repair & Resurfacing Co., Inc. to complete the work required by the contract.

III. DISCUSSION

Santa Cruz METRO entered into a contract with American Asphalt Repair & Resurfacing Co., Inc. for Bus Stop Construction and Improvements on February 7, 2013. This contract will expire on February 14, 2014. An inspection of the work required by the contract has revealed that additional work is required by American Asphalt Repair & Resurfacing Co., Inc. before Santa Cruz METRO can accept the work as complete.

Staff recommends that the Board of Directors authorize the General Manager to execute an amendment to the contract with American Asphalt Repair & Resurfacing Co., Inc. to extend the term of the contract to April 30, 2014, with Robert Cotter, Maintenance Manager, continuing to serve as the Contract Administrator. This amendment will be for a time extension only.

IV. FINANCIAL CONSIDERATIONS

No additional funding is required at this time.

V. ATTACHMENTS

Attachment A: Renewal letter from American Asphalt Repair & Resurfacing Co., Inc.

Attachment B: Contract Amendment



February 3, 2014

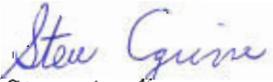
Erron Alvey
Purchasing Manager
Santa Cruz METRO
110 Vernon Street
Santa Cruz, California 95060

Re: EXTENSION – Santa Cruz METRO Contract No. 13-08 for Bus Stop
Construction and Improvements – Letter of Intent.

Dear Erron,

American Asphalt agrees with the contract extension from February 15, 2014 through
April 30, 2014.

Sincerely,


Steve Aguirre
C.O.O.

Attachment B

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT FIRST AMENDMENT TO CONTRACT NO. 13-08 FOR BUS STOP CONSTRUCTION AND IMPROVEMENTS

This First Amendment to Contract No. 13-08 for Bus Stop Construction and Improvements is made effective February 15, 2014 between the Santa Cruz Metropolitan Transit District, a political subdivision of the State of California (“Santa Cruz METRO”), and American Asphalt Repair & Resurfacing Co., Inc. (“Contractor”).

I. RECITALS

- 1.1 Santa Cruz METRO and Contractor entered into a Contract for Bus Stop Construction and Improvements (“Contract”) on February 7, 2013.
- 1.2 Certain items of work that Contractor is required by the Contract to complete remain unfinished.
- 1.3 The Contract allows for the extension upon mutual written consent.
- 1.4 Santa Cruz METRO and Contractor desire to extend the term of the Contract to allow time for Contractor to complete the work required.

Therefore, Santa Cruz METRO and Contractor amend the Contract as follows:

II. TERM

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

Pursuant to the First Amendment to the Contract, the expiration date of the Contract is April 30, 2014.

III. REMAINING TERMS AND CONDITIONS

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

IV. AUTHORITY

- 4.1 Article 8 is amended to include the following language:

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

Signed on _____

Santa Cruz METRO –
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

Contractor –
AMERICAN ASPHALT REPAIR & RESURFACING CO., INC.

By _____
Allan A. Henderson
President and Treasurer

Approved as to Form:

Leslyn Syren
District Counsel

7-5.b2

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SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 14, 2014

TO: Board of Directors

FROM: Erron Alvey, Purchasing Manager

SUBJECT: REQUEST AUTHORIZATION TO USE THE STATE OF CALIFORNIA DEPARTMENT OF GENERAL SERVICES CONTRACT FOR THE PURCHASE OF THREE COMPACT SEDANS IN A TOTAL AMOUNT NOT TO EXCEED \$60,000

I. RECOMMENDED ACTION

That the Board of Directors authorize the General Manager to use the State of California, Department of General Services contract for the purchase of three compact sedans in a total amount not to exceed \$60,000.

II. SUMMARY OF ISSUES

- Santa Cruz METRO has a need to purchase three compact sedans to replace aging driver relief vehicles in its non-revenue fleet.
- The Federal Transit Administration (FTA) Circular that governs procurement for federally funded purchases encourages joint purchasing when the procurement includes the applicable federally mandated clauses.
- The State of California, Department of General Services has issued a cooperative vehicle procurement contract for the purchase of these vehicles.
- Santa Cruz METRO has identified the Ford Focus offered on this contract by Downtown Ford as meeting its needs.
- Santa Cruz METRO requests the use of the State of California vehicle procurement contract as a means of streamlining the procurement process.
- Staff recommends that the Board of Directors authorize the General Manager to use the State of California, Department of General Services contract for the purchase of three each compact sedans from Downtown Ford Sales.

III. DISCUSSION

Santa Cruz METRO needs to purchase three compact sedans to replace aging driver relief vehicles in its non-revenue fleet. Each year the State of California prepares bids for vehicles, trucks, vans and utility vehicles. The resulting cooperative purchasing contracts allow smaller public agencies to purchase vehicles based on statewide government agency requirements. This

process allows for better pricing than Santa Cruz METRO would normally obtain due to the greater quantities requested in the state bid.

The FTA encourages grant recipients to utilize cooperative purchasing agreements whenever it is practical as a means of saving money and streamlining the procurement process.

Staff recommends that the Board authorize the General Manager to use the State of California vehicle procurement contract for the purchase of three Ford Focus compact sedans from Downtown Ford Sales for a total amount not to exceed \$60,000.

IV. FINANCIAL CONSIDERATIONS

Funds to support this procurement are included in the FY14 Non-Revenue Vehicle Replacement Capital Budget.

V. ATTACHMENTS

None

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 14, 2014

TO: Board of Directors

FROM: Erron Alvey, Purchasing Manager

SUBJECT: CONSIDERATION OF ISSUING A FORMAL INVITATION FOR BIDS FOR FURNISHING OF UNIFORMS, FLAT GOODS, AND LAUNDRY SERVICES

I. RECOMMENDED ACTION

Authorize the Purchasing Manager to issue a formal Invitation for Bids for Furnishing of Uniforms, Flat Goods, and Laundry Services.

II. SUMMARY OF ISSUES

- Santa Cruz METRO requires the services of a contractor to furnish uniforms, flat goods, and laundry services.
- Santa Cruz METRO's current contract with Mission Linen & Uniform Company will expire on April 30, 2014.

III. DISCUSSION

Santa Cruz METRO requires the services of a contractor to furnish uniforms, flat goods, and laundry services. Santa Cruz METRO's current contract for these services, with Mission Linen & Uniform Company, is due to expire on April 30, 2014. It has been in effect since May 1, 2009, and all options to extend the term of the contract have been exhausted.

Staff is recommending the issuance of a formal Invitation for Bids for these services.

IV. FINANCIAL CONSIDERATIONS

Funds to support a resulting contract are included in the Facilities Maintenance, Fleet Maintenance, ParaCruz and Purchasing Department FY14 Uniforms and Laundry budgets, and planned for the FY15 Uniforms and Laundry budgets.

BEFORE THE BOARD OF DIRECTORS OF THE
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Resolution No. _____

**RESOLUTION AUTHORIZING THE PURCHASING MANAGER
TO SOLICIT BIDS FOR FURNISHING OF UNIFORMS, FLAT GOODS, AND
LAUNDRY SERVICES**

WHEREAS, the Santa Cruz Metropolitan Transit District has a need for furnishing of uniforms, flat goods, and laundry services;

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT AS FOLLOWS:

THAT, the Purchasing Manager is authorized to issue an Invitation for Bids for the services and supplies described above; and

THAT, the IFB is approved for release pursuant to the provisions of the Santa Cruz Metropolitan Transit District's Procurement Policy.

PASSED AND ADOPTED this 14th day of February, 2014, by the following vote:

AYES: Directors -

NOES: Directors -

ABSTAIN: Directors -

ABSENT: Directors -

APPROVED: _____
DANIEL DODGE
Board Chair

ATTEST: _____
LESLIE R. WHITE
Secretary/General Manager

APPROVED AS TO FORM:

LESLYN K. SYREN
District Counsel

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 14, 2014

TO: Board of Directors

FROM: Erron Alvey, Purchasing Manager

SUBJECT: CONSIDERATION OF AWARD OF CONTRACT WITH FLYERS ENERGY, LLC FOR PURCHASE OF OFF-SITE FUELING SERVICES IN AN AMOUNT NOT TO EXCEED \$1,020,000

I. RECOMMENDED ACTION

Authorize the General Manager to execute a contract with Flyers Energy, LLC for Off-site Fueling Services in an amount not to exceed \$1,020,000, and designate Robert Cotter, Maintenance Manager, as Contract Administrator.

II. SUMMARY OF ISSUES

- Santa Cruz METRO has a need for Off-site Fueling Services to fuel non-revenue and ParaCruz fleet vehicles with regular unleaded gasoline. Facilities Maintenance requires red-dyed diesel for emergency generators.
- A competitive procurement was conducted to solicit bids from qualified firms.
- One firm submitted a bid for Santa Cruz METRO's review.
- Staff has reviewed the submitted bid and is recommending that the Board of Directors authorize a contract with Flyers Energy, LLC.

III. DISCUSSION

Santa Cruz METRO requires off-site fueling of its ParaCruz and non-revenue vehicles with regular unleaded gasoline. Facilities Maintenance requires red-dyed diesel for emergency generators.

On November 18, 2013, Santa Cruz METRO legally advertised and distributed Invitation for Bids ("IFB") No. 14-07 to six firms, posted notice on its website, and sent an email notice to all GovDelivery subscribers. On December 20, 2013, a single bid was received and opened from Flyers Energy, LLC. Staff has reviewed the bid submitted by Flyers Energy, LLC, and has determined that it is responsive to all the requirements of the IFB.

A Bidder's Poll was conducted to determine why firms receiving the IFB did not submit bids. Reasons reported were: firm only able to accept credit cards for transactions, instead of issuing

user cards to be billed on a net 30 account; firm did not have the technology program to issue any of the required reports or issue individual user cards; and firm only interested in bulk fuel delivery. Santa Cruz METRO's specifications were determined to be non-exclusionary as it has successfully entered into multiple contracts previously with these same specifications and the single bidder was able to meet all requirements.

Staff recommends that the Board of Directors authorize the General Manager to execute a contract with Flyers Energy, LLC for Off-site Fueling Services in an amount not to exceed \$1,020,000 on behalf of Santa Cruz METRO. Contractor will provide all equipment and materials meeting all Santa Cruz METRO specifications and requirements of the contract. Robert Cotter, Maintenance Manager, will serve as the Contract Administrator and will ensure contract compliance.

IV. FINANCIAL CONSIDERATIONS

Funds to support this contract are contained in the Fleet Maintenance FY14 revenue and non-revenue fuel and lubricants operating budget, and planned for the FY15 and FY16 operating budgets.

V. ATTACHMENTS

Attachment A: Contract with Flyers Energy, LLC

Note: The IFB along with its Exhibits and any Addendum(s) are available for review at the Administration Office of Santa Cruz METRO.

Attachment A

CONTRACT FOR PROCUREMENT OF OFF-SITE FUELING SERVICES (14-07)

THIS CONTRACT is made effective on March 1, 2014 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (“Santa Cruz METRO”), a political subdivision of the State of California, and FLYERS ENERGY, LLC (“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 which has its principal office at 110 Vernon Street, Santa Cruz, California 95060.

1.02 Santa Cruz METRO’s Need for Off-site Fueling Services

Santa Cruz METRO requires the purchase of Off-site Fueling Services to fuel its non-revenue and ParaCruz fleets, and to obtain red-dyed diesel for its emergency generators.. In order to obtain said Off-site Fueling Services, Santa Cruz METRO issued an Invitation for Bids, dated November 18, 2013, setting forth specifications for such Off-site Fueling Services. The Invitation for Bids is attached hereto and incorporated herein by reference as Exhibit A.

1.03 Contractor’s Bid Form

Contractor is a supplier of Off-site Fueling Services desired by Santa Cruz METRO and whose principal place of business is 2360 Lindbergh Street, Auburn, California 95602. Pursuant to the Invitation for Bids issued by Santa Cruz METRO, Contractor submitted a bid for Provision of said Off-site Fueling Services, which is attached hereto and incorporated herein by reference as Exhibit B.

1.04 Selection of Contractor and Intent of Contract

On January 13, 2014, Santa Cruz METRO selected Contractor as the lowest responsive, responsible bidder to provide said Off-site Fueling Services. The purpose of this Contract is to set forth the provisions of this procurement.

1.05 Contractor and Supplier Synonymous

For the purposes of this Contract, the terms “contractor” and “supplier” are synonymous.

Santa Cruz METRO and Contractor agree as follows:

2. INCORPORATED DOCUMENTS AND APPLICABLE LAW

2.01 Documents Incorporated in This Contract

The documents listed 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 of the General Conditions to the Contract.

- a) Exhibit A

Santa Cruz Metropolitan Transit District's "Invitation for Bids" dated November 18, 2013.

b) Exhibit B (Bid Form)

Contractor's Bid Form to Santa Cruz METRO for Off-site Fueling Services, signed by Contractor and dated December 20, 2013.

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 supersede Exhibit B.

2.03 Recitals

The Recitals set forth in Article 1 are part of this Contract.

3. TIME OF PERFORMANCE

3.01 General

Contractor shall perform work under this Contract at such times to enable it to meet the service level specified in the Specifications Section of the IFB. The Contractor shall not be responsible for interruption in service or supply caused by force majeure events described in Section 3 of the General Conditions of the Contract.

3.02 Term

The term of this Contract will be for an initial period of three (3) years 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 one (1) additional two-year term upon mutual written consent.

4. COMPENSATION

4.01 Terms of Payment

Upon written acceptance, Santa Cruz METRO agrees to pay Contractor the rates as identified in the Bid Form, Exhibit B, for satisfactory completion of all work under the terms and provisions of this Contract within thirty (30) days thereof. Contractor understands and agrees that if he/she exceeds the \$1,020,000 maximum amount payable under this contract, that it does so at its own risk.

Payment shall be made to the Contractor in accordance with monthly invoices submitted by Contractor that reflect the amount of fuel gallons actually supplied during each month. The supplies and materials called for under the specifications will be used by Santa Cruz METRO in the performance of a governmental function and are exempt from taxation by the United States Government. Santa Cruz METRO will, if requested, furnish a tax exemption certificate and any and all affidavits and documents that may be necessary to establish such exemption. Santa Cruz METRO is exempt from the payment of Federal Excise Tax or Superfund Surcharges, and State Excise and Transportation taxes, but is responsible for the California Oil Spill Surcharge and California Sales Tax. Contractor will add applicable taxes and surcharges at the time of invoicing.

Compensation rates for an additional two-year term are subject to negotiation and shall not exceed the annual percentage change in the Consumer's Price Index for the San Francisco/Oakland/San Jose area effective at the time of negotiation. Costs for any enhancement in service will be negotiated.

4.02 Invoices

Contractor shall submit monthly invoices of services provided to Santa Cruz METRO that include the following information:

- a) Vehicle ID number and mileage;
- b) Employee's unique ID number;
- c) Date services was provided;
- d) Contract unit price(s) of services(s) performed;
- e) Total monthly dollar amount of services performed; and
- f) Santa Cruz METRO assigned purchase order number.

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 services. No expenses shall be paid by Santa Cruz METRO unless specifically allowed by this Contract.

5. 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

Flyers Energy, LLC
999 Bayhill Drive
San Bruno, CA 94066

Attention: Lynn Olson
lynno@4flyers.com

Telephone: (650) 873-8200, x:2515

6. 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 it. 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 –
FLYERS ENERGY, LLC

By _____
Rick Teske
General Manager

Approved as to Form:

Leslyn Syren
District Counsel

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 14, 2014
TO: Board of Directors
FROM: Angela Aitken, Finance Manager
SUBJECT: CONSIDERATION OF RESOLUTION APPROVING THE FY14 REVISED BUDGET

I. RECOMMENDED ACTION

That the Board of Directors adopt a resolution approving the FY14 Revised Budget, as presented in Attachments A - C.

II. SUMMARY OF ISSUES

- The **FY14 Revised Budget** is a revised one-year budget. The Board of Directors adopted the previous FY14 Final one-year budget in June of 2013.
- The proposed **FY14 Revised Operating Budget – Attachment B** totals \$45,253,322, which is an increase of approximately \$310K or 0.7% from the FY14 Final Budget.
- Major variances in **Operating Revenue** in the FY14 Revised Budget from the FY14 Final Budget include:
 - Increase in Passenger Fares, Special Transit Fares, and Highway 17 Payments, 3.3%, 7.6%, and 82.2%, respectively
 - Decrease in Advertising Income and Interest Income, 9.4% and 25%, respectively
 - 2.4% increase in Sales Tax
 - Increase in AMBAG/CTC/Misc. Grant Funding
 - Increase in STA – Operating (Current Year)
 - Decrease in Fuel Tax Credit
 - Increase in Carryover from Previous Years
 - Decrease in Transfer (to)/from Operating Reserves
- Major variances in **Operating Expenses** in the FY14 Revised Budget from the FY14 Final Budget include:
 - Decrease in anticipated Labor and Fringe Benefits costs, 0.8%
 - 5.1% increase in Services
 - 13.3% increase in Mobile Materials & Supplies
 - 9% increase in Other Materials & Supplies

- 12% increase in Utilities
- 18.7% decrease in Leases & Rentals
- The proposed **FY14 Revised Capital Budget – Attachment C** totals \$26,770,626, which is a decrease of \$4,068,716 from the FY14 Final Capital Budget, adopted in June 2013.

III. DISCUSSION

The proposed FY14 Revised Operating Budget (Attachment B) is a revised one-year budget. The Board of Directors adopted the previous FY14 Final one-year budget in June of 2013.

A. Operating Revenues

The proposed **FY14 Revised Operating Budget's** Total Revenue is \$45,253,322, which is an increase of 0.7 % from the FY14 Final Operating Budget. Variances in Total Revenue between the FY14 Revised Budget and the FY14 Final Operating Budget are depicted below:

- **Fare Revenue** accounts have been projected based on actual revenue data for the first three months of the fiscal year, as well as regression models employing time as the single independent variable and expressing and forecasting annual fare revenue as a function of time. The regression models are built using actual revenue information from nine to four prior fiscal years.
 - **Passenger Fares** is projected to increase by 3.3% or approximately \$132K. As of October 31, 2013, Passenger Fares is 1% or \$9K over budget. According to the quadratic model, built for passenger fares for the last nine years, the trend is likely to continue and accelerate in the future.
 - **Special Transit Fares** is projected to increase by 7.6% or approximately \$234K. As of October 31, 2013, Special Transit Fares is 10% or \$72K over budget. The increase in collected revenue is consistent with the increase in UCSC ridership, 4.79% over last fiscal year, as of December 31, 2013. Similarly, the adjusted monthly model for the last four years suggests an increase in Special Transit Fares, as well.
 - **Paratransit Fares** is projected to increase by 10% or approximately \$29K. The suggested increase is consistent with collected revenue and ridership data for the first quarter of the fiscal year, as well as with the finding of the quadratic regression model for the past nine years.
 - **Highway 17 Fares** is projected to decrease slightly by 1.2% or approximately \$20K. As of October 31, 2013, Highway 17 Fares is 10% or \$57K under budget. More moderate decrease in Highway 17 Fares for FY14 is suggested due to the projections of the linear regression model, built for the last nine years, coupled with the recent ridership data showing an increase of 7.66% year-over-year, as of December 31, 2013.

- **Highway 17 Payments** is projected to increase by 82.2% or approximately \$199K primarily due to an increase in billable hours for Highway 17 service on weekends.
- **Advertising Income** is projected to decrease by 9.4 % or \$25K due to less advertising than expected for the first few months of the fiscal year.
- **Interest Income** is projected to decrease by 25% or \$25K due to reduced cash balance at the Treasury.
- **Sales Tax** is projected to increase by 2.4% or approximately \$425K based on actual receipts for the first seven months of the fiscal year exceeding budget projections and last year actual receipts by 2.1% and 7.3%, respectively. The projected increase in Sales Tax is also consistent with the forecast from the monthly regression model built with data for the last four fiscal years and updated quarterly.
- **AMBAG/CTC/Misc. Grant Funding** is projected to increase approximately \$49K due to the receipt of funds for Santa Cruz METRO staff time to develop a passenger rail study: \$9K (from a grant awarded to the Regional Transportation Commission), as well as the AMBAG FY14 FTA 5304 Transit Planning Student Internship funds: \$40K.
- **STA – Operating (Current Year)** is projected to increase approximately \$2.8M due to staff's recommendation to revise the order of using funds to balance operating budgets, and use STA funds from the current year, when available, after STIC and before Carryover from Previous Years and Transfers (to)/from Reserves in order to abide by the Generally Accepted Accounting Principles (GAAP) and fund current year expenditures with current year revenues first.
- **Fuel Tax Credit** is projected to decrease by 50% or \$270K as this incentive expired December 31, 2013.
- **Carryover from Previous Years** is projected to increase by 100% due to available funds from previous years.
- **Transfers (to)/from Operating Reserves** is projected to decrease by 76.7% or approximately \$3.5M due to the projected increase in operating revenue sources, discussed above; primarily the use of STA – Operating (Current Year) funds before Carryover from Previous Years and Transfers (to)/from Operating Reserves to bridge the budget gap.

B. Operating Expenses - Consolidated

The proposed **FY14 Revised Operating Budget's** Total Expenses are estimated at \$45,253,322, which is an increase of 0.7% from the FY14 Final Operating Budget. Variances in Total Expenses between the FY14 Revised Operating Budget and the FY14 Final Operating Budget are depicted below:

- **Personnel Expenses (Labor and Fringe Benefits)** are projected to decrease overall by 0.8% or approximately \$313K primarily due to the following:

- Budget savings achieved when retired employees that were on the high end of the pay scale, due to seniority, have been replaced by new employees hired at the low end of the pay scale.
- Updated insurance premium rates and coverage, which resulted in additional budget savings due to lower than anticipated increase in Medical, Dental, Vision, Life, State Disability, Long Term Disability, and State Unemployment insurance premium rates. Insurance premium rates were projected to increase by 3%, effective January 2014, except for Medical insurance premiums, where the increase was projected at 8% due to historical trends and market conditions, but the actual increases in premium rates were lower.

Additional budget revisions to Labor and Fringe Benefits include the following:

- Added costs for a planning intern in Administration due to the receipt of an internship funding from AMBAG (FTA 5304 Transit Planning Student Internship funding).
 - Projected increase in overtime costs in Administration due to shortages in staff (due to vacant positions and employees on extended leave of absence).
 - Increase in Worker's Compensation Premium (from CSAC) due to increased estimate for FY14 (original estimate was based on projected payroll cost for prior fiscal year, FY13, but actual payroll was higher than originally estimated).
 - Increase in Labor and Fringe Benefits resulting from updated pay rates and benefits due to position reclassifications that occurred after June 2013 and therefore were not captured in the FY14 Final Budget, adopted in June 2013.
- **Non - Personnel Expenses** are projected to increase overall by 7.5% or approximately \$622K due to the following:
 - **Services** are anticipated to increase by 5.1% or approximately \$132K primarily due to increases in Legal Services (funds added due to recent bus accidents) and Security Services.
 - **Mobile Materials & Supplies** are anticipated to increase by 13.3% or \$435K due to increases in Fuels & Lubricants – Rev Veh (service enhancements and higher than anticipated fuel prices for the first half of the fiscal year), Tires & Tubes (currently restocking inventory and purchases of tires for 27 vans going out of warranty), and Rev. Vehicle Parts (adding more in-house repairs, restocking inventory, as well as vans and buses going out of warranty).
 - **Other Materials & Supplies** are anticipated to increase by 9% or approximately \$33K primarily due to an increase in Repair/Maint Supplies (kiosk repairs not previously budgeted).
 - **Utilities** are anticipated to increase by 12% or approximately \$64K due to increase in Gas & Electric (higher than anticipated costs for 115 Dubois) and

Water & Garbage (increase in rates and higher than anticipated costs for 115 Dubois).

- **Leases & Rentals** are anticipated to decrease by 18.7% or \$48K due to a decrease in Facility Lease (reclass of lease expenses for 115 Dubois to the MetroBase project).

Significant departmental changes between the FY14 Revised Operating Budget and the FY14 Final Operating Budget include:

- 3.3% or approximately \$60K increase in **Administration** primarily due to added costs for a planning intern and increased overtime costs in the department.
- 6.3% or approximately \$123K decrease in **Finance** due to the transfer of funds for Insurance - Property and Insurance - PL/PD to **Paracruz** due to regulatory reporting requirements.
- 5.2% or approximately \$30K increase in **District Counsel** due to the transfer of funds from **Risk Management** to Legal Services for the MetroBase Construction project.
- 20% or \$50K increase in **Risk Management** due to an increase in Legal Services (funds added due to recent bus accidents).
- 3.3% or approximately \$24K increase in **Purchasing** due to the transfer of anticipated costs resulting from the transfer of the Parts to Purchasing at the beginning of FY14.
- 2.2% or approximately \$58K increase in **Facilities Maintenance** primarily due to the increase in Gas & Electric and Water & Garbage due to higher than anticipated expenses for 115 Dubois, as well as in Repair/Maint Supplies for kiosk repairs.
- 1.2% or approximately \$205K decrease in **Bus Operators** due to budget savings achieved when retired employees that were on the high end of the pay scale, due to seniority, have been replaced by new employees hired at the low end of the pay scale.
- 5.8% or approximately \$449K increase in **Fleet Maintenance** primarily due to increases in Fuels & Lubricants – Rev Veh (service enhancements and higher than anticipated fuel prices for the first half of the fiscal year), Tires & Tubes (currently restocking inventory and purchases of tires for 27 vans going out of warranty), and Rev. Vehicle Parts (adding more in-house repairs, restocking inventory, as well as vans and buses going out of warranty).

C. Capital Budget

The proposed **FY14 Revised Capital Budget – Attachment C** totals \$26,770,626, which is a decrease of \$4,068,716 from the FY14 Final Capital Budget, adopted in June 2013. Major variances between the FY14 Revised Capital Budget and the FY14 Final Capital Budget are depicted in Attachment C. These include year- to- date Board approved additions to the F14 Capital Budget, as well as FY13 year-end spending adjustments.

IV. FINANCIAL CONSIDERATIONS

The proposed **FY14 Revised Operating Budget (Attachment B)** is \$45,253,322, which is an increase of approximately \$310K or 0.7% from the FY14 Final Budget. The FY14 Revised Operating Budget includes anticipated savings from Labor and Fringe Benefits of \$1,250,000. The anticipated savings are only an estimate. The savings are the result of budgeting all funded positions, and subsequent savings due to vacant positions, and extended unpaid leaves of absence during the year.

The proposed FY14 Revised Operating Budget is a balanced budget with the use of funds from the Operating and Capital Reserves account. However, the proposed FY14 Final Operating Budget is not a structurally balanced budget. This means that recurring expenses exceed recurring revenues. For a variety of reasons, true structural balance may not be possible at a given time. In such a case, using reserves to balance the budget may be considered, but only in the context of a plan to return to structural balance, replenish fund balances, and ultimately remediate the negative impacts of any other short-term balancing actions that may be taken.

The Government Finance Officers Association (GFOA) recommends adopting policies aimed at achieving and maintaining a structurally balanced budget and reserve accounts. The policies should include parameters for achieving and maintaining structural balance where recurring revenues are equal to recurring expenditures in adopted budgets. Further, the plan should be clear about the time period over which returning to structural balance, replenishing reserves, and remediating the negative impacts of balancing action are to occur.

Finance is working on draft financial policies to address the Operating and Capital Budget as well as the Operating and Capital Reserve accounts for the Board to consider in the future.

The proposed **FY14 Revised Capital Budget – Attachment C** totals \$26,770,626, which is a decrease of \$4,068,716 from the FY14 Final Capital Budget, adopted in June 2013

V. ATTACHMENTS

- Attachment A:** FY14 Budget Resolution
- Attachment B:** FY14 Revised Operating Budget
- Attachment C:** FY14 Revised Capital Budget

Prepared by: Kristina Mihaylova, Sr. Financial Analyst

Date Prepared: January 29, 2014

Attachment A

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:

A RESOLUTION OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT AUTHORIZING A REVISION TO THE FY14 OPERATING AND CAPITAL BUDGET

WHEREAS, it is necessary to revise the adopted FY14 Operating and Capital Budget of the Santa Cruz Metropolitan Transit District to provide for revisions in the FY14 Operating and Capital budgets.

NOW, THEREFORE, BE IT RESOLVED, the budgets are hereby amended per the attached Attachment B – C.

PASSED AND ADOPTED this 14th day of February 2014, by the following vote:

AYES: Directors -

NOES: Directors -

ABSENT: Directors -

ABSTAIN: Directors -

Approved _____

DENE BUSTICHI

Board Chair

ATTEST _____

LESLIE R. WHITE

General Manager

APPROVED AS TO FORM:

LESLYN SYREN

District Counsel

Attachment B

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT FY14 REVISED OPERATING BUDGET REVENUE SOURCES

REVENUE SOURCE	FINAL BUDGET FY14	REVISED BUDGET FY14	% CHANGE FINAL BUDG FY14 REV BUDG FY14	\$ CHANGE FINAL BUDG FY14 REV BUDG FY14
1 Passenger Fares	3,994,304	4,126,659	3.3%	\$ 132,355
2 Special Transit Fares	3,074,664	3,308,391	7.6%	\$ 233,727
3 Paratransit Fares	285,786	314,364	10.0%	\$ 28,578
4 Highway 17 Fares	1,612,042	1,592,430	-1.2%	\$ (19,612)
5 Highway 17 Payments	242,646	442,000	82.2%	\$ 199,354
6 Commissions	5,600	5,600	0.0%	\$ -
7 Advertising Income	265,225	240,225	-9.4%	\$ (25,000)
8 Rent Income	160,935	160,935	0.0%	\$ 0
9 Interest Income	100,000	75,000	-25.0%	\$ (25,000)
10 Other Non-Transp Revenue	18,000	18,000	0.0%	\$ -
11 Sales Tax (1/2 cent)	18,050,076	18,474,890	2.4%	\$ 424,814
12 SLPP Backfill for Metro Base	(2,800,000)	(2,800,000)	0.0%	\$ -
13 Transp Dev Act (TDA) Funds	6,104,531	6,114,316	0.2%	\$ 9,785
14* FTA Sec 5307 - Op Assistance	4,068,224	4,068,224	0.0%	\$ -
15 Prop 84 - TOD	-	-	0.0%	\$ -
16 FTA Sec 5311 - Rural Op Asst	207,574	207,574	0.0%	\$ -
17 AMBAG/CTC/Misc. Grant Funding	10,000	59,281	492.8%	\$ 49,281
18 STIC	1,443,685	1,443,685	0.0%	\$ -
19 STA - SLPP Backfill for Metro Base	2,800,000	2,800,000	0.0%	\$ -
20 STA - Operating (Current Year)	-	2,754,365	100.0%	\$ 2,754,365
21 Fuel Tax Credit	540,000	270,000	-50.0%	\$ (270,000)
22 Carryover from Previous Years	-	309,859	100.0%	\$ 309,859
23 Medicare Subsidy	75,000	75,000	0.0%	\$ -
24 Transfer (to)/from Operating Reserves	4,554,935	1,062,525	-76.7%	\$ (3,492,410)
25 Anticipated RTC Route 6 Receivable	130,000	130,000	0.0%	\$ -
TOTAL REVENUE	44,943,226	45,253,322	0.7%	\$ 310,096

* FTA funding is used solely to fund labor expense

Attachment B

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT FY14 REVISED OPERATING BUDGET

Consolidated Expenses

ACCOUNT	FINAL BUDGET FY14	REVISED BUDGET FY14	% CHANGE FINAL BUDG FY14 REV BUDG FY14	\$ CHANGE FINAL BUDG FY14 REV BUDG FY14
LABOR				
501011 Bus Operator Pay	9,194,934	9,069,147	-1.4%	(125,787)
501013 Bus Operator OT	2,081,174	2,050,601	-1.5%	(30,573)
501021 Other Salaries	7,481,519	7,521,718	0.5%	40,198
501023 Other OT	450,448	460,869	2.3%	10,421
Totals	19,208,075	19,102,334	-0.6%	(105,741)
FRINGE BENEFITS				
502011 Medicare/Soc. Sec.	332,669	330,825	-0.6%	(1,843)
502021 Retirement	3,869,305	3,844,367	-0.6%	(24,938)
502031 Medical Ins	8,096,722	7,980,488	-1.4%	(116,234)
502041 Dental Ins	561,089	535,022	-4.6%	(26,067)
502045 Vision Ins	140,218	132,991	-5.2%	(7,227)
502051 Life Ins/AD&D	49,571	46,993	-5.2%	(2,578)
502060 State Disability Ins (SDI)	228,647	220,290	-3.7%	(8,357)
502061 Long Term Disability Ins	148,069	141,432	-4.5%	(6,636)
502071 State Unemployment Ins (SUI)	95,939	78,638	-18.0%	(17,300)
502081 Worker's Comp Ins	1,300,000	1,325,000	1.9%	25,000
502101 Holiday Pay	615,250	610,201	-0.8%	(5,048)
502103 Floating Holiday	81,746	83,737	2.4%	1,992
502109 Sick Leave	973,367	966,051	-0.8%	(7,316)
502111 Annual Leave	1,920,055	1,910,272	-0.5%	(9,783)
502121 Other Paid Absence	144,137	142,954	-0.8%	(1,183)
502251 Phys. Exams	14,110	14,110	0.0%	-
502253 Driver Lic Renewal	4,656	4,656	0.0%	-
502999 Other Fringe Benefits	75,014	75,654	0.9%	640
Totals	18,650,563	18,443,683	-1.1%	(206,880)

Attachment B

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT FY14 REVISED OPERATING BUDGET

Consolidated Expenses

ACCOUNT	FINAL	REVISED	% CHANGE	\$ CHANGE
	BUDGET FY14	BUDGET FY14	FINAL BUDG FY14 REV BUDG FY14	FINAL BUDG FY14 REV BUDG FY14
SERVICES				
503011 Accting/Audit Fees	80,250	80,250	0.0%	-
503012 Admin/Bank Fees	330,050	330,050	0.0%	-
503031 Prof/Technical Fees	398,604	398,604	0.0%	-
503032 Legislative Services	105,000	105,000	0.0%	-
503033 Legal Services	55,000	125,000	127.3%	70,000
503034 Pre-Employment Exams	10,475	10,475	0.0%	-
503041 Temp Help	-	-	0.0%	-
503161 Custodial Services	76,500	76,500	0.0%	-
503162 Uniforms/Laundry	21,200	23,700	11.8%	2,500
503171 Security Services	469,272	534,272	13.9%	65,000
503221 Classified/Legal Ads	16,100	16,100	0.0%	-
503222 Legal Ads	-	-	0.0%	-
503225 Graphic Services	5,000	5,000	0.0%	-
503351 Repair - Bldg & Impr	68,000	58,000	-14.7%	(10,000)
503352 Repair - Equipment	527,945	527,945	0.0%	-
503353 Repair - Rev Vehicle	350,000	354,000	1.1%	4,000
503354 Repair - Non Rev Vehicle	17,000	17,000	0.0%	-
503363 Haz Mat Disposal	41,000	41,000	0.0%	-
Totals	2,571,396	2,702,896	5.1%	131,500
MOBILE MATERIALS & SUPPLIES				
504011 Fuels & Lubricants - Non Rev Veh	88,100	88,100	0.0%	-
504012 Fuels & Lubricants - Rev Veh	2,333,076	2,448,076	4.9%	115,000
504021 Tires & Tubes	205,000	245,000	19.5%	40,000
504161 Other Mobile Supplies	-	-	0.0%	-
504191 Rev Vehicle Parts	644,017	924,017	43.5%	280,000
Totals	3,270,193	3,705,193	13.3%	435,000

Attachment B

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT FY14 REVISED OPERATING BUDGET

Consolidated Expenses

ACCOUNT	FINAL	REVISED	% CHANGE		\$ CHANGE	
	BUDGET FY14	BUDGET FY14	FINAL BUDG FY14	REV BUDG FY14	FINAL BUDG FY14	REV BUDG FY14
OTHER MATERIALS & SUPPLIES						
504205 Freight Out	2,601	2,601		0.0%	-	-
504211 Postage & Mailing	13,250	13,250		0.0%	-	-
504214 Promotional Items	1,000	1,200		20.0%	200	200
504215 Printing	97,650	82,450		-15.6%	(15,200)	(15,200)
504217 Photo Supp/Process	3,600	3,600		0.0%	-	-
504311 Office Supplies	67,444	68,944		2.2%	1,500	1,500
504315 Safety Supplies	19,400	19,400		0.0%	-	-
504317 Cleaning Supplies	52,270	52,270		0.0%	-	-
504409 Repair/Maint Supplies	87,000	123,300		41.7%	36,300	36,300
504417 Tenant Repairs	-	10,000		100.0%	10,000	10,000
504421 Non-Inventory Parts	10,100	10,100		0.0%	-	-
504511 Small Tools	9,000	9,000		0.0%	-	-
504515 Employee Tool Replacement	3,000	3,000		0.0%	-	-
Totals	366,315	399,115		9.0%	32,800	32,800
UTILITIES						
505011 Gas & Electric	256,550	304,000		18.5%	47,450	47,450
505021 Water & Garbage	121,200	155,200		28.1%	34,000	34,000
505031 Telecommunications	150,000	132,100		-11.9%	(17,900)	(17,900)
Totals	527,750	591,300		12.0%	63,550	63,550
CASUALTY & LIABILITY						
506011 Insurance - Property	100,000	100,000		0.0%	-	-
506015 Insurance - PL/PD	450,000	450,000		0.0%	-	-
506021 Insurance - Other	750	750		0.0%	-	-
506123 Settlement Costs	150,000	150,000		0.0%	-	-
506127 Repairs - District Prop	-	-		0.0%	-	-
Totals	700,750	700,750		0.0%	-	-

Attachment B

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT FY14 REVISED OPERATING BUDGET

Consolidated Expenses

ACCOUNT	FINAL BUDGET FY14	REVISED BUDGET FY14	% CHANGE FINAL BUDG FY14 REV BUDG FY14	\$ CHANGE FINAL BUDG FY14 REV BUDG FY14
TAXES				
507051 Fuel Tax	14,000	14,000	0.0%	-
507201 Licenses & Permits	17,600	17,600	0.0%	-
507999 Other Taxes	18,000	18,000	0.0%	-
Totals	49,600	49,600	0.0%	-
PURCHASED TRANS.				
503406 Contract/Paratransit	250,000	250,000	0.0%	-
Totals	250,000	250,000	0.0%	-
MISC EXPENSE				
509011 Dues/Subscriptions	67,625	68,285	1.0%	660
509081 Advertising - District Promo	14,000	14,000	0.0%	-
509101 Employee Incentive Program	13,500	13,500	0.0%	-
509121 Employee Training	128,100	128,100	0.0%	-
509122 BOD Travel	-	15,700	100.0%	15,700
509123 Travel	100,359	91,866	-8.5%	(8,493)
509125 Local Meeting Expense	5,100	5,100	0.0%	-
509127 Board Director Fees	12,600	12,600	0.0%	-
509150 Contributions	-	-	0.0%	-
509198 Cash Over/Short	-	-	0.0%	-
Totals	341,284	349,151	2.3%	7,867
LEASES & RENTALS				
512011 Facility Lease	230,400	185,000	-19.7%	(45,400)
512061 Equipment Rental	26,900	24,300	-9.7%	(2,600)
Totals	257,300	209,300	-18.7%	(48,000)
PERSONNEL TOTAL				
Savings from Labor and Fringe Benefits	37,858,638	37,546,017	-0.8%	(312,621)
NON-PERSONNEL TOTAL	(1,250,000)	(1,250,000)	-	-
TOTAL OPERATING EXPENSES	44,943,226	45,253,322	0.7%	310,096

Attachment B

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT FY14 REVISED OPERATING BUDGET

Departmental Expenses

DEPARTMENT	FINAL BUDGET FY14	REVISED BUDGET FY14	% CHANGE FINAL BUDG FY14 REV BUDG FY14	\$ CHANGE FINAL BUDG FY14 REV BUDG FY14
1100 Administration	1,782,198	1,841,817	3.3%	59,618
1200 Finance	1,958,984	1,835,634	-6.3%	(123,349)
1300 Customer Service	687,032	696,735	1.4%	9,704
1400 Human Resources	719,837	713,746	-0.8%	(6,091)
1500 Information Technology	843,579	842,572	-0.1%	(1,006)
1700 District Counsel	579,880	609,978	5.2%	30,099
1800 Risk Management	250,000	300,000	20.0%	50,000
1900 Purchasing	737,518	761,557	3.3%	24,039
2200 Facilities Maintenance	2,608,210	2,666,522	2.2%	58,312
3100 Paratransit Program	5,109,442	5,092,991	-0.3%	(16,451)
3200 Operations	3,082,244	3,071,642	-0.3%	(10,602)
3300 Bus Operators	17,562,242	17,357,280	-1.2%	(204,962)
4100 Fleet Maintenance	7,773,354	8,222,678	5.8%	449,324
5100 Capital Funded Labor	-	-	0.0%	-
9001 Cobra Benefits	-	-	0.0%	-
9005 Retired Employee Benefits	2,498,407	2,489,869	-0.3%	(8,538)
700 SCCIC/COPS	300	300	0.0%	-
<i>Savings from Labor and Fringe Benefits</i>	<i>(1,250,000)</i>	<i>(1,250,000)</i>	<i>0.0%</i>	<i>-</i>
TOTAL OPERATING EXPENSES	44,943,226	45,253,322	0.7%	310,096

Attachment C

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT FY14 PROPOSED REVISED FINAL CAPITAL BUDGET 02/14/14

PROJECT/ACTIVITY	NON-RESERVED RETAINED EARNINGS	PLEGGED - STA - SLPP BACKFILL (1)	RESTRICTED - SAKATA/LAW SUIT	RESTRICTED - STA	RESTRICTED - STATE BOND FUNDS (1B) (2)	RESTRICTED - FY09-11 PTMISEA (1B)	LOCAL OPERATING IN KIND MATCH - SALARIES	TOTAL
Estimated Balance @ December 31, 2013:	\$ 11,400,000	\$ 4,550,000	\$ 1,335,000	\$ 625,000	\$ 930,000	\$ 11,150,000	\$ 10,000	\$ 30,000,000
Grant-Funded Projects								
MetroBase Project - FY11 Allocation Operations Bldg. (STA, SAKATA, PTMISEA)	\$ -	\$ 4,550,000	\$ 1,335,000	\$ -	\$ -	\$ 11,010,047	\$ -	\$ 16,895,047
MetroBase Project - Operations Bldg. / Other (SLPP)	\$ 4,550,000							\$ 4,550,000
MetroBase Project - FY10 Allocation (PTMISEA)						\$ 139,953		\$ 139,953
State of Good Repair #2 - 6 Buses, 42 MDC's (FTA, RES. RET. EARN.)	\$ 2,441,010							\$ 2,441,010
Video Surveillance Project - CCTV (STATE-1B)					\$ 489,495			\$ 489,495
Land Mobile Radio Project - LMR (STATE-1B)					\$ 440,505			\$ 440,505
Bus Stop Improvements (STIP)	\$ 141,401							\$ 141,401
Non-Revenue Vehicle Replacement (MBJAFCD, STA)	\$ 100,717			\$ 27,000			\$ 10,000	\$ 137,717
Pacific Station/Metro Center - Conceptual Design (FTA, RES. RET. EARN)	\$ 384,498							\$ 384,498
Pacific Station/Metro Center - MOU City of SC (FTA, RES. RET. EARN.)	\$ 220,500							\$ 220,500
Watsonville Transit Center - Conceptual Design (RES. RET. EARN., STA)	\$ 130,000			\$ 30,000				\$ 160,000
Subtotal	\$ 7,968,126	\$ 4,550,000	\$ 1,335,000	\$ 57,000	\$ 930,000	\$ 11,150,000	\$ 10,000	\$ 26,000,126
IT Projects								
Automated Purchasing System Software - Puridium (STA)				\$ 40,000				\$ 40,000
Subtotal	\$ -		\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
Facilities Repair & Improvements								
Metro Center Repairs (RES. RET. EARN., STA)	\$ 260,000			\$ 26,000				\$ 286,000
Bus Stop Repairs / Improvements (RES. RET. EARN.)	\$ 53,000							\$ 53,000
WTC Renovations & Repairs (STA)				\$ 39,000				\$ 39,000
Repair SVT (STA)				\$ 45,000				\$ 45,000
Heater(s) for Customer Service Booth - Pac Station (STA)				\$ 7,500				\$ 7,500
Interactive White Board - ParaCruz (STA)				\$ 3,500				\$ 3,500
Subtotal	\$ 313,000		\$ -	\$ 121,000	\$ -	\$ -	\$ -	\$ 434,000

9.c1

Attachment C

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT FY14 PROPOSED REVISED FINAL CAPITAL BUDGET 02/14/14

PROJECT/ACTIVITY	NON-RESTRICTED - RESERVED RETAINED EARNINGS	PLEGDED - STA - SLPP BACKFILL (1)	RESTRICTED - SAKATA/LAW SUIT	RESTRICTED - STA	RESTRICTED - STATE BOND FUNDS (1B) (2)	RESTRICTED - FY09-11 PTMISEA (1B)	LOCAL OPERATING IN KIND MATCH - SALARIES	TOTAL
Revenue Vehicle Replacement								
No current projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal								
Non-Revenue Vehicle Replacement								
Replace 3 Relief Vehicles (STA)				\$ 66,000				\$ 66,000
Replace Supervisor Vehicle-SUV (STA)				\$ 43,500				\$ 43,500
Replace Supervisor Vehicle-SUV (STA) (fr FY13)				\$ 5,000				\$ 5,000
Subtotal	\$ -	\$ -	\$ -	\$ 114,500	\$ -	\$ -	\$ -	\$ 114,500
Fleet & Maint Equipment								
Small Vehicle Lift - Fleet (STA)				\$ 25,000				\$ 25,000
Torque Wrench Calibration Tool (STA)				\$ 3,000				\$ 3,000
Subtotal	\$ -	\$ -	\$ -	\$ 28,000	\$ -	\$ -	\$ -	\$ 28,000
Office Equipment								
Replace two (2) Photocopier / Scanners (STA)				\$ 52,000				\$ 52,000
Subtotal	\$ -	\$ -	\$ -	\$ 52,000	\$ -	\$ -	\$ -	\$ 52,000
Misc.								
Ticket Vending Machine-SLV (1) (STA, RES. RET. EARN.)	\$ 80,000			\$ 22,000				\$ 102,000
Subtotal	\$ 80,000	\$ -	\$ -	\$ 22,000	\$ -	\$ -	\$ -	\$ 102,000
TOTAL CAPITAL PROJECTS	\$ 8,361,126	\$ 4,550,000	\$ 1,335,000	\$ 434,500	\$ 930,000	\$ 11,150,000	\$ 10,000	\$ 26,770,626
Estimated Ending Balance @ June 30, 2014:	\$ 3,038,874	\$ 1,592,500 (3)	\$ 1,335,000	\$ 190,500	\$ -	\$ 3,902,500 (3)	\$ -	\$ 10,059,374

9.c2

Attachment C

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT FY14 PROPOSED REVISED FINAL CAPITAL BUDGET 02/14/14

PROJECT/ACTIVITY	NON-RESTRICTED - RESERVED RETAINED EARNINGS	PLEGGED - STA - SLPP BACKFILL (1)	RESTRICTED - SAKATA/LAW SUIT	RESTRICTED - STA	RESTRICTED - STATE BOND FUNDS (1B) (2)	RESTRICTED - FY09-11 PTMISEA (1B)	LOCAL OPERATING IN KIND MATCH - SALARIES	TOTAL
CAPITAL PROGRAM FUNDING								
PTMISEA (1B)						\$ 11,150,000		\$ 11,150,000
State Transit Assistance (STA)		\$ 4,550,000		\$ 434,500				\$ 4,984,500
Sakata / Lawsuit Proceeds			\$ 1,335,000					\$ 1,335,000
State Security Bond Funds (1B)					\$ 930,000			\$ 930,000
State-Local Partnership program (SLPP)	\$ 4,550,000 (4)							\$ 4,550,000
Federal Grants (FTA)	\$ 2,443,538 (4)							\$ 2,443,538
Statewide Transportation Improvement Program (STIP)	\$ 141,401 (4)							\$ 141,401
Monterey Bay Unified Air Pollution Control Dist (MBUAPCD)	\$ 100,717 (4)							\$ 100,717
Reserved Retained Earnings	\$ 1,125,470							\$ 1,125,470
Local Operating Match							\$ 10,000	\$ 10,000
TOTAL CAPITAL FUNDING BY FUNDING SOURCE	\$ 8,361,126	\$ 4,550,000	\$ 1,335,000	\$ 434,500	\$ 930,000	\$ 11,150,000	\$ 10,000	\$ 26,770,626
Non-Restricted Funds	\$ 1,125,470							\$ 1,125,470
Restricted Funds	\$ 7,235,656 (4)	\$ 4,550,000	\$ 1,335,000	\$ 434,500	\$ 930,000	\$ 11,150,000		\$ 25,635,156
Local Operating Match - provided by Salaries							\$ 10,000	\$ 10,000
TOTAL CAPITAL FUNDING	\$ 8,361,126	\$ 4,550,000	\$ 1,335,000	\$ 434,500	\$ 930,000	\$ 11,150,000	\$ 10,000	\$ 26,770,626
<p>(1) Approximate amount of STA funds on hand 12/31/13 - funds are being used to backfill the local sales tax match for the SLPP grant</p> <p>(2) Original PTMISEA (1B) Program Allocation Request:</p> <p>FY08 PTMISEA Allocation Received \$ 26,262,877</p> <p>FY09 PTMISEA Allocation Received \$ 4,404,019</p> <p>FY10 PTMISEA Allocation Received \$ 2,480,910</p> <p>FY11 PTMISEA Allocation Received \$ 2,491,923</p> <p>Subtotal PTMISEA Cash Receipts thru 2/10/12 \$ 11,010,047</p> <p>Unpaid balance of remaining PTMISEA funds requested \$ 20,386,899</p> <p>Unpaid balance of remaining PTMISEA funds requested \$ 5,875,978</p> <p>(4) Not all Metrobase Project PTMISEA and STA funds shown will be spent in FY14 due to construction in progress payments due on the Operations facility; 65% of the funds budgeted are projected to be spent by 6/30/2014</p> <p>(4) Funds to be reimbursed at a later date \$ 7,235,656</p>								

Attachment C

FY14 PROPOSED REVISED FINAL CAPITAL BUDGET REVISIONS THROUGH FEBRUARY 2014

FY14 FINAL CAPITAL BUDGET ADOPTED JUNE 28, 2013:			\$ 30,839,342
CAPITAL PROJECT	SOURCE	AMOUNT	TOTAL
Add: Increase funding to <u>Pacific Station Conceptual Design</u> Project Reason: BOD awarded a contract to Group 4 Architecture, Research + Planning, Inc. on June 28, 2013	FTA RESERVES	\$ 459,590 \$ 114,898	
Add: <u>State of Good Repair #2</u> - 6 Buses, 42 MDC's Reason: BOD approved the purchase of a 6th New Flyer bus on August 23, 2013	RESERVES	\$ 100,000	
Add: <u>Ticket Vending Machine</u> for SLV Reason: BOD approved funding for a 6th TVM for the residents of San Lorenzo Valley on September 13, 2013	RESERVES	\$ 80,000	
Add: Establish funding for <u>Pacific Station/MetroCenter - MOU City of SC</u> project for amendment to the MOU with the City of Santa Cruz for project management services on the Pacific Station/MetroCenter - Conceptual Design project Reason: BOD approved funding an amendment to the MOU with funds from FTA grant # CA-04-0102 in the amount of \$186,000 and cash reserves in the amount of \$46,500 on September 27, 2013	FTA RESERVES	\$ 186,000 \$ 46,500	
Add: Increase funding for <u>Watsonville Transit Center - Conceptual Design</u> Reason: BOD awarded a contract to B+U, LLP and approved additional funding of \$130K from cash reserves on September 27, 2013	RESERVES	\$ 130,000	
Transfer funds from: <u>Replace Supervisor Vehicle</u> - SUV project - to Non-Revenue Vehicle Replacement project Reason: Additional funds are required to augment the MBUAPCD Non-Revenue Vehicle Replacement grant for the purchase and replacement of a service body truck with a new CNG service body truck - Requested internally December 11, 2013	STA	\$ (6,500)	
Transfer funds from: <u>Replace Supervisor Vehicle</u> - SUV project - to Non-Revenue Vehicle Replacement project Reason: Additional funds are required to augment the MBUAPCD Non-Revenue Vehicle Replacement grant for the purchase and replacement of a service body truck with a new CNG service body truck - Requested internally December 11, 2013	STA	\$ 6,500	

9.c4

Attachment C

FY14 PROPOSED REVISED FINAL CAPITAL BUDGET REVISIONS THROUGH FEBRUARY 2014

CAPITAL PROJECT	SOURCE	AMOUNT	TOTAL
Reduce: <u>Metrobase Project</u> - Operations Bldg.	FTA-STIC	\$ (316,607)	
Reason: FTA-STIC grant fully disbursed			
Reduce: <u>Metrobase Project</u> - Operations Bldg.	PLEDGED-STA	\$ (406,502)	
Reason: Adjust for year-to-date spending			
Reduce: <u>Metrobase Project</u> - Operations Bldg.	SLPP	\$ (1,250,000)	
Reason: Adjust for year-to-date spending			
Reduce: <u>Metrobase Project</u> - Operations Bldg. FY10 Allocation	PTMISEA	\$ (723,964)	
Reason: Adjust for year-to-date spending			
Eliminate: <u>2nd LNG Tank</u> Project	PTMISEA	\$ (966,036)	
	MBUAPCD	\$ (3,345)	
Reason: Project completed - adjust project balance for funds spent			
Reduce: <u>State of Good Repair #2</u> - 6 Buses, 42 MDC's	FTA	\$ (855,000)	
	RESERVES	\$ (195,000)	
Reason: Adjust for year-to-date spending			
Increase / Reduce: <u>Video Surveillance & Land Mobile Radio</u> projects	STATE BONDS - 1B	\$ 440,505	
	STATE BONDS - 1B	\$ (176,346)	
Reason: To account for FY13 allocation of \$440,505 received in October 2013, and adjust for year-to-date spending			
Reduce: <u>Bus Stop Improvements</u>	STIP	\$ (115,899)	
Reason: Adjust for year-to-date spending			
Reduce: <u>Pacific Station Conceptual Design</u>	FTA	\$ (208,006)	
	STA	\$ (11,604)	
	RESERVES	\$ (40,400)	
Reason: Adjust for year-to-date spending			
Eliminate: <u>HR Software Upgrade</u> - iVantage	STA	\$ (10,000)	
Reason: Project completed at the end of FY13, funds remaining will be re-deposited to the STA Capital account			
Reduce: <u>Metro Center Repairs</u>	STA	\$ (14,000)	
Reason: Repairs to the Café Lena portion of this project completed in FY13			

9.c5

Attachment C

FY14 PROPOSED REVISED FINAL CAPITAL BUDGET REVISIONS THROUGH FEBRUARY 2014

CAPITAL PROJECT	SOURCE	AMOUNT	TOTAL
Reduce: <u>Bus Stop Repairs & Improvements</u>	RESERVES	\$ (110,000)	
Reason: Adjust for year-to-date spending			
Reduce: <u>WTC Renovations & Repairs</u>	STA	\$ (6,000)	
Reason: Repairs to the automatic doors portion of this project were completed in FY13			
Eliminate: <u>Replace Wi-Fi on Highway 17 buses</u>	STA	\$ (165,000)	
Reason: Project completed in FY14			
Reduce: <u>Replace Supervisor Vehicle</u>	STA	\$ (35,000)	
Reason: Adjust project balance to reflect spending			
Eliminate: <u>Vehicle Diagnostic Code Scanner Program & PC</u>	STA	\$ (3,500)	
Reason: Equipment purchased in FY13			
Reduce: <u>Ticket Vending Machine</u>	STA	\$ (14,000)	
Reason: Adjust project balance to reflect spending			
TOTAL APPROVED AND PROPOSED CAPITAL BUDGET REVISIONS YTD:			
	PTMISEA	\$ (1,690,000)	
	SLPP	\$ (1,250,000)	
	FTA	\$ (417,416)	
	PLEDGED-STA	\$ (406,502)	
	FTA-STIC	\$ (316,607)	
	STA	\$ (259,104)	
	STIP	\$ (115,899)	
	MBUAPCD	\$ (3,345)	
	STATE BONDS - 1B	\$ 264,159	
	RESERVES	\$ 125,998	
			\$ (4,068,716)
FY14 PROPOSED REVISED FINAL CAPITAL BUDGET AS OF FEBRUARY 2014:			\$ 26,770,626

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SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 14, 2014
TO: Board of Directors
FROM: Robyn D. Slater, Human Resources Manager
SUBJECT: CONSIDER APPROVAL OF A CLASS SPECIFICATION CHANGE OF THE SECRETARY, GENERAL MANAGER POSITION

I. RECOMMENDED ACTION

That the Board of Directors approve the revised class specification (job description) of the Secretary General Manager

II. SUMMARY OF ISSUES

- The contract with the current Secretary General Manager, Leslie R. White will expire in December 2014.
- Mr. White informed the Board that he intends to retire at or before the end of this contract period.
- Santa Cruz Metropolitan Transit District's (Santa Cruz METRO) Board of Directors appointed five (5) Board members to a committee in charge of recruiting a new General Manager and possibly Assistant General Manger.
- During one of the committee meetings there was a discussion about the need to revise the current class specification for the Secretary, General Manager position which was created in May 1982.
- The Human Resources Manager developed an updated class specification that incorporated the requirements specified by the committee.
- All the committee members have reviewed the class specification as presented.

III. DISCUSSION

The contract with the current Secretary General Manager, Leslie R. White will expire in December 2014. After many years of service the current Secretary General Manager informed the Board of Directors that he will be retiring when the current employment contract expires.

Santa Cruz METRO's Board of directors appointed a five (5) member committee to work with an outside vendor to develop a recruitment strategy and timeline. The committee was also tasked with working with the recruiter to determine the finalist for the Secretary, General Manager position.

During one of the committee meetings the members reviewed the current class specification which was created in May 1982. Over the past 32 years changes have occurred that affect the role of the Secretary General Manager. The recruitment committee requested the Human Resources Manager revise the class specification to better reflect the needs of the organization and the community.

The recruitment committee provided the Human Resources with information on the roles and responsibilities that should be part of the General Manager position. The Human Resources Manager created a new class specification and provided it to the committee for review.

The committee reviewed and approved the attached class specification.

IV. FINANCIAL CONSIDERATIONS

This is a change to the class specification and does not alter the current wage scale for the position. There is no effect on the operating budget.

V. ATTACHMENTS

Attachment A: Revised General Manager Class Specification



GENERAL MANAGER

POSITION DESCRIPTION

Under the direction of the Board of Directors, assumes full responsibility for the administration, management and development of the Santa Cruz Metropolitan Transit District (Santa Cruz METRO); makes recommendations to the Board regarding the business affairs of Santa Cruz METRO and assumes the leadership role in executing the decisions of the Board; has overall responsibility for the functioning of Santa Cruz METRO to include the operational, maintenance, financial, human resources, and information technology departments; represents Santa Cruz METRO's interests as directed by the Board in legislative matters; responsible for maintaining positive and productive relationships with the public, employee unions, state, federal and local agencies, as well as transit districts within the state and throughout the country.

EXAMPLES OF DUTIES AND RESPONSIBILITIES

- Accountable for the overall administration of the agency including establishing management objectives.
- Using strong leadership skills provides strategic direction to the fixed route and ParaCruz operations, maintenance, finance, transportation planning, human resources, information technology, construction and general administrative functions.
- Seeks to understand current and/or potential problems and concerns at all levels of the organization and works with management staff to develop solutions.
- Understands the interests of local business and industry, community, community groups, local and federal government as well as the public.
- Acts as the official and informal liaison with a wide variety of local, state and federal professionals and officials in order to develop and obtain funding sources.
- Represents Santa Cruz METRO at national, state and local meetings of transit professionals, legislators and citizen's groups and works to promote the best interests of the agency.
- Prepares or oversees the preparation of reports and correspondence to provide information the Board may need to address issues of concern to the public or the successful functioning of Santa Cruz METRO.
- Provides the Board with information related to the transportation industry and assists the Board with the development of objectives that would best meet the needs of the public while maintaining a strong organization.
- Insures management and staff have the resources necessary to insure compliance with all

10.a1

applicable local, state, and federal laws.

- Promotes and enforces Equal Employment Opportunity/Affirmative Action programs. Promotes compliance with the Americans with Disabilities Act and works with staff to encourage disability awareness.
- Ensures the safety and reliability of Santa Cruz METRO.
- May act as Santa Cruz METRO's representative with radio, television and social media venues.
- May make presents at legislative, transportation and governmental events.
- Performs other duties as assigned by the Board of Directors.

EMPLOYMENT STANDARDS

Knowledge of:

- Principles and practices of public administration, business management, budgeting, procurement, accounting, and public transit operations.
- Transportation trends, long term fiscal planning needs, and requirements.
- Transit District facility service, management, and maintenance.
- Federal, State and local laws, ordinances and regulations pertaining to public transit operations.
- Regulations and procedures applicable to obtaining financial grants for public transportation.

Ability to:

- Achieve and implement a strategic plan as adopted by Santa Cruz METRO's Board of Directors
- Establish and maintain cooperative and effective working relationships with elected officials, other governmental and transit agencies, the business community, organized labor, senior and disabled communities, public constituencies, the press and social media applications.
- Effectively communicate in public, at meetings and with media sources both orally and in writing.
- Build consensus among the Board, staff, labor, internal and external groups.
- Establish management objectives and plan programs to accomplish them.
- Plan, organize and direct all Santa Cruz METRO activities.
- Select, supervise, motivate, mentor and evaluate personnel.
- Interpret and analyze fiscal, operational and planning data, user reactions and governmental regulations.
- Develop technical expertise in working with and controlling activities of a variety of consultants.

Training and Experience

Graduation from an accredited college with a bachelor's degree in a technical business, administrative, or related field

AND

seven (7) years of increasingly responsible management experience in the field of public transportation administration.

Experience in obtaining and administering state and federal funding is desirable.

Experience which demonstrates substantial knowledge and abilities pertinent to specific job functions may be substituted for the education requirement.

Additional Requirements

Must be able to work extended hours as needed, often outside regular business hours as required by the Board, and the demands of the job. Possession of, or the ability to obtain and maintain a California Class C drivers license.

Physical Requirements

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, reach with hands and arms. The employee is regularly required to stand, walk bend and twist at the neck. Occasional lifting of up to 20 pounds and overhead reaching is required. Visual abilities required include close vision, distance vision, and the ability to adjust focus.

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SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 14, 2014
TO: Board of Directors
FROM: Ciro F. Aguirre, Manager of Operations
**SUBJECT: CONSIDERATION OF NEW FLYER TECHNICAL SERVICE
INFORMATION BULLETIN – DISABLING FRONT-FACING FLIP-UP
SEATS**

I. RECOMMENDED ACTION

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

II. SUMMARY OF ISSUES

- On December 13, 2013, the New Flyer Corporation issued a Technical Service Information Bulletin (TSIB 13-02) informing of a potential hazard with the Front-Facing Flip-Up seats.
- The issue was that these seats did not have a barrier in front of them and the potential for persons falling out of the seats under hard braking conditions was a relevant factor.
- New Flyer research reported three incidents in which persons were severely injured from falling out of these seats.
- Research by Santa Cruz Metro (METRO) Staff of other agencies with similar seating configuration revealed that short-term action was being taken as proposed by the New Flyer TSIB.
- On January 23, 2014, METRO Staff, after careful consideration, decided to comply with the New Flyer proposal and proceeded to disable the two forward-facing flip-up seats in the interest of public safety.
- METRO Operators, Supervisors, and Customer Service personnel were made aware of the TSIB and its implications, and were instrumental in the public outreach.
- Notices were created and placed on all affected buses with more permanent decals being delivered from New Flyer for installation.
- METRO Staff will continue to pursue this issue with New Flyer and other transit agencies to determine if other options exist that will allow reinstatement of the affected seats.

III. DISCUSSION

On December 13, 2013, the New Flyer Corporation issued a Technical Service Information Bulletin (TSIB 13-02) to all customers with designated bus builds inclusive of SR- 511, 518, 804, 854, 855, 1014, 1219, 1220, 1491, and 1594. Since several of these builds are part of the METRO bus fleet, staff began reviewing the proposed action.

The New Flyer TSIB reported that due to the internal seating configuration on these builds, the front-facing flip-up seats did not have a barrier in front of them. The lack of this barrier increased the possibility of person/s falling out of the seats under sudden hard braking conditions (Refer to Attachment A).

Background information provided by New Flyer identified three transit agencies; Seattle, Houston, and Philadelphia where persons falling out of these seats under conditions previously mentioned, sustained severe injuries resulting in Incomplete Quadriplegic and Quadriplegia (Refer to Attachment B).

Although METRO has not experienced problems of this severity, staff contacted Santa Cruz METRO's insurance carrier, California Transit Insurance Pool (CalTIP) and spoke with Mr. Lee Sorenson, Risk Control Manager regarding the approach other transit agencies were taking with the front-facing seat issue. Mr. Sorenson explained that the seat configuration reported on by New Flyer was a common configuration designed by the manufacturers, and specified by many transit agencies. New Flyer was not the only manufacturer experiencing this issue but included North American Bus Industries (NABI), the Gillig Corporation, and others.

The recommendations by, CalTIP, and many other transit agencies, in addressing this issue, is compliance with New Flyer's TSIB in the disabling of these two seats as proposed, if duty cycle of the bus is to be five years or less. If the duty cycle of the bus is to be more than five years, then they recommend retrofitting the area with barriers. With both options, reduced seating capacity is to be expected. Additionally, it is recommended that future bus builds include barriers or Q'POD securement stations that have integrated barriers manufactured by Q'Straint. Currently, METRO has six buses with the Q'POD securement system, and is a system that will be incorporated in all future bus builds, as approved by METRO's Board of Directors.

It was further explained that the reason New Flyer distributed this TSIB was because King County Transit in Seattle tendered a claim to New Flyer on behalf of the person who sustained injuries, and settled the claim at a significant cost. It is now New Flyer's policy that buses manufactured with forward facing seats will have barriers in front of those seats.

On January 23, 2014, METRO Staff, after careful consideration, decided to comply with the New Flyer TSIB proposal, and proceeded to disable the two forward-facing flip-up seats in the interest of public safety on all affected buses. METRO Operators, Supervisors, and Customer Service personnel were made aware of the decision and provided information on

the TSIB and its implications; all involved employees were instrumental in conveying responses to rider inquiries and providing public outreach.

Notices were created by METRO Customer Service and installed on all affected buses by METRO Vehicle Service Workers as an interim approach (Refer to Attachment C & D), while more permanent decals were delivered by New Flyer for installation.

METRO Staff will continue to pursue this issue with New Flyer and other transit agencies to determine if other options exist that will allow reinstatement of the affected seats. Additional discussions are scheduled to be held at the next event of the American Public Transportation Association (APTA).

IV. FINANCIAL CONSIDERATIONS

NONE

V. ATTACHMENTS

Attachment A: New Flyer Technical Service Information Bulletin 13-02

Attachment B: Background Information Table

Attachment C: Notice – Seat Display

Attachment D: Notice – Overhead Display

Attachment A



TECHNICAL SERVICE INFORMATION BULLETIN

TSIB 13-02		December 13, 2013
TO:	All Operators	
TITLE:	Disabling Front-Facing Flip-Up Seats	
APPLICABILITY:	All New Flyer buses where the first row of forward-facing, flip-up seats directly behind the wheelchair areas have no barriers in front of them. **	

New Flyer has learned of a rare safety risk associated with certain seating arrangements where the first row of forward-facing, flip-up seats directly behind the wheelchair areas on transit buses have no barriers in front of them. There have been three hard-braking incidents where passengers were ejected from these forward-facing seats and sustained quadriplegic injuries. These types of catastrophic injuries are rare. In 21 years and billions of passenger-miles, New Flyer is aware of only these three very serious incidents involving its buses. The Company believes that all of the industry's transit bus manufacturers have built buses with this type of seating configuration.

New Flyer does not believe the seats are defective or that a recall is necessary. The Company, however, has proposed that transit agencies disable the seats by modifying the locking rod on the seats so that the seat bottoms remain in the upright position. New Flyer recommends leaving the disabled seat row in place to act as barrier for the bus seats behind it.

** This bulletin does not relate to buses where there is a barrier in front of the first row of front-facing seats.

Direct all inquiries regarding this bulletin to:

Kerry Legg
Vehicle Safety & Regulatory Compliance Manager
New Flyer Service Organization
☎ (204) 224-6706
✉ Kerry_Legg@newflyer.com

Attachment A



NEW FLYER

1. Locate the forward facing flip up seats that do not have a "barrier" in front of them. See Figure 1 for the typical location.

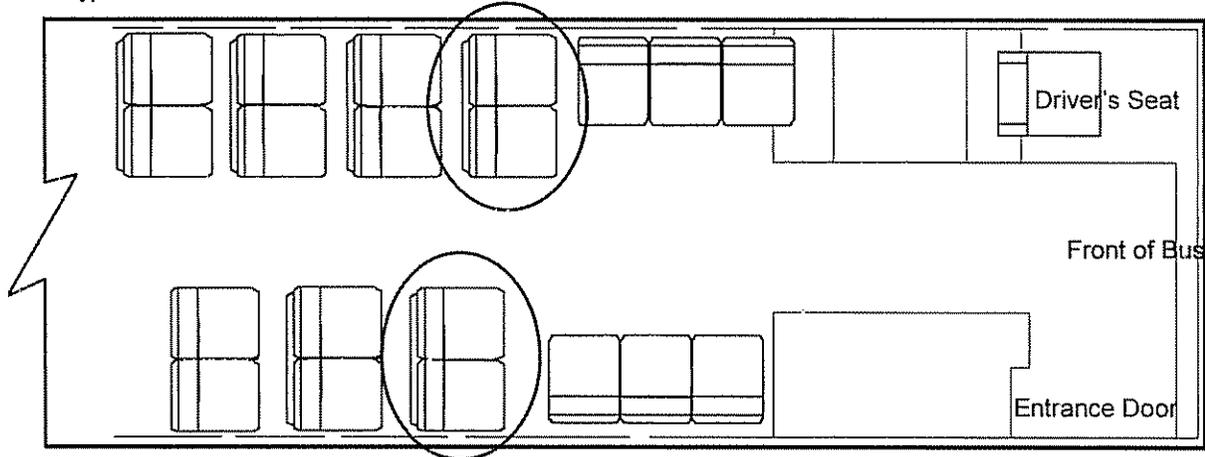


Figure 1: Typical Forward Facing Flip Up Seat Location

2. Flip the seats into the upright position and secure in place using a strap or equivalent.
3. Extend the locking rod and secure it in the extended position. See Figure 2.
4. Cut the pull handle of the locking rod off as close to the housing as possible. See Figure 2.

☞ **NOTE:** On some models, the seat bottom may need to be removed for improved access to the locking rod.

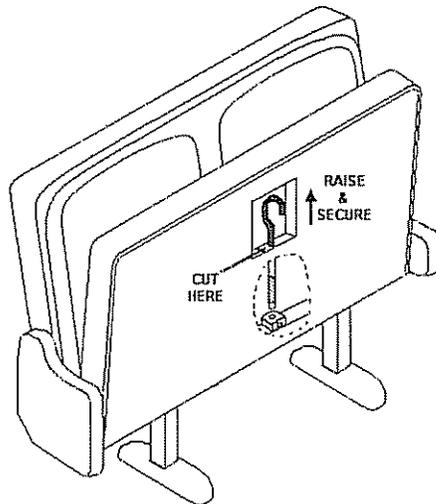


Figure 2: Typical Locking Rod in Extended Position

Attachment A



NOTE: The pictures in this bulletin are of a typical flip seat configuration. Your seat may look different but the basic operation will be very similar.

- Once the locking rod pull handle has been removed, unsecure the locking rod and let it recede into the seat bottom. See Figure 3.

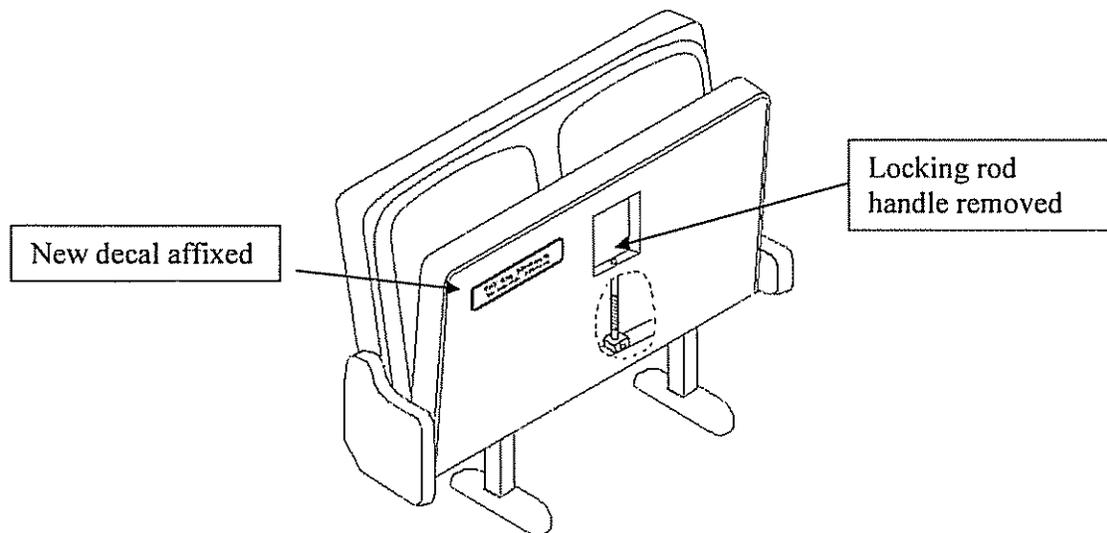


Figure 3: Locking Rod Handle Removed

- Verify that the seat is locked in the upright position and the locking rod is no longer able to be used.
- Make sure there are no sharp edges left on the cut locking rod or any parts that can be touched by a passenger. If there are any sharp edges, sand them smooth.
- Affix one of the "This seat has been disabled for safety reasons." decals in a visible area on the locked seat. Decals are available from the New Flyer Parts Order Desk @ 1-800-665-2637. Please request NF PN 544788 for English / Spanish decals or NF PN 544796 for English / French decals. See Figure 3 & Figure 4.

Attachment A

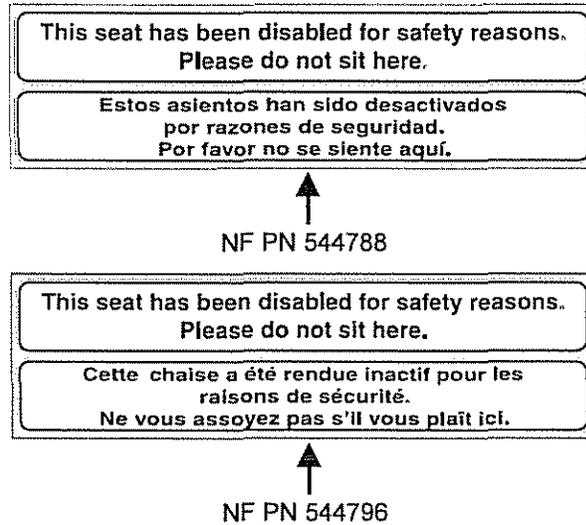


Figure 4: Disabled Seat Decals

NOTE: Each above part number comes with two separate language decals. These can be separated and affixed in the best visible location for the passengers. Languages that are not shown above can be made available on request.

If there are any additional questions please call Kerry Legg for more information (contact information is on page 1 of this bulletin).

Attachment B

Background Information re Three Incidents Involving Serious Injuries to Passengers in Front Fold-Down Seats in New Flyer Buses			
	Seattle	Houston	Philadelphia
Date & Time	August 31, 2005 @ 7:46 am	July 21, 2012 @ 8:57 am	July 21, 2012 @ 10:42 am
Location	6100 block of NE Bothell Way	Near intersection of Washington Avenue and Patterson Street	Near intersection of Girard Ave (six lanes, 25 mph) and Oxford Street (one lane, 25 mph)
Bus	New Flyer 2004 DE 60 LF	New Flyer 2001 DE 40 LFR	New Flyer 2001 DE 40 LF
Bus Operator	King County	First Transit, Inc., under contract with Houston MTA	SEPTA
Other Vehicle	1990 Jeep Cherokee	Nissan Juke	2001 Saturn
Seat Involved	Aisle side of front fold-down seat on the driver's side	Aisle side of front fold-down seat on the driver's side	Front fold-down seat (alleged)
Passenger	45-year old female	41-year old female	62-year old male
Injury	Quadriplegia	C7 fracture rendering her an incomplete quadriplegic (able to move her arms and has limited movement in her hands).	Quadriplegia
Circumstance	The bus was westbound in the outside "transit only" lane of NE Bothell Way when another westbound vehicle in the middle lane abruptly entered the lane in front of the bus in order to turn into a restaurant. The bus driver braked and the injured passenger was thrown forward and may have hit her head on the fare box next to the driver's seat or the windshield. The bus did not hit the Jeep.	The bus was westbound, likely between 30 and 40 mph, on Washington in the curbside lane. The Nissan, which had been stopped at the intersection of Washington and Patterson, proceeded onto Washington just as the bus approached. The bus had the right of way. The bus driver braked, but ended up hitting the driver's side front corner of the Nissan. The injured passenger was thrown forward and may have hit her head on the fare box next to the driver's seat. The driver of the Nissan was issued a ticket for failing to yield the right of way.	The bus was southbound on Oxford and the Saturn was westbound on Girard. The Saturn, not seeing the bus, turned left in front of it onto Oxford. The bus driver braked, but ended up rear-ending the Saturn. The injured passenger was thrown forward.

Attachment C

ADHERE
TO SEATS



**This seat has been disabled for
safety reasons.**

Please do not sit here.

**Estos asientos han sido desactivados por
razones de seguridad.**

Por favor no se siente aquí.



These seats have been disabled for safety reasons.

Please do not sit here.

Estos asientos han sido desactivados por razones de seguridad.

Por favor no se siente aquí.

**We are working to resolve this problem as quickly as possible.
Estamos trabajando para resolver este problema lo más pronto posible.**

11.01 We apologize for the inconvenience. / Discúlpenos por las molestias.