



**METRO ADVISORY COMMITTEE (MAC) MEETING AGENDA
AUGUST 20, 2025 – 6:00 PM
HYBRID MEETING**

Members of the public may attend in-person or participate remotely via Zoom.

**METRO Admin Office
110 Vernon Street
Santa Cruz, CA 95060**

**Zoom [Link](#)
Dial In: 1-669-900-9128
Meeting ID: 863 1881 6960**

The METRO Advisory Committee (MAC) Meeting Agenda Packet can be found online at www.scmttd.com and is available for inspection at the Santa Cruz METRO's Administrative Office at 110 Vernon Street, Santa Cruz.

Public comment may be submitted via email to mac@scmttd.com. Please indicate in your email the agenda item to which your comment applies. Comments submitted before the meeting will be provided to the staff before or during the meeting. Comments submitted after the meeting is called to order will be included in the correspondence that is posted online at the meeting packet link. Oral public comments will also be accepted during the meeting through Zoom. Each public comment is limited to three minutes or less. The Committee Chair has the discretion to manage the public comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting.

The Board of Directors may take action on each item on the agenda. The action may consist of the recommended action, a related action or no action. Staff recommendations are subject to action and/or change by the Board of Directors.

COMMITTEE ROSTER

Veronica Elsea, Chair
Joseph Martinez, Vice Chair
James Cruse
Jessica de Wit
Michael Pisano
Becky Taylor
James Von Hendy

NOTICE TO PUBLIC

At each meeting, every effort will be made to conclude MAC business by 8:00 PM. If there is concern that an item may not be adequately addressed in the time allowed, Committee members may choose to table the item until the next meeting, move the item earlier in the agenda or to extend the meeting if necessary.

MEETING TIME: 6:00 PM

NOTE: THE COMMITTEE CHAIR MAY TAKE ITEMS OUT OF ORDER

1. CALL TO ORDER

2. ROLL CALL

In accordance with Assembly Bill 2449, MAC members may participate remotely due to “just cause” or “emergency” circumstances. If applicable, following an announcement, the Committee will take action on approving MAC members’ emergency teleconference participation.

3. COMMUNICATIONS TO THE METRO ADVISORY COMMITTEE

This time is set aside for MAC members and members of the general public to address any item not on the agenda which is within the subject matter jurisdiction of the Committee. No action or discussion shall be taken on any item presented except that MAC members 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. Each public comment is limited to three minutes or less. The MAC Chair has the discretion to manage the public comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting. When addressing the Committee, the individual may, but is not required to, provide his/her name and address in an audible tone for the record.

3.1 Email dated 07/14/25 from Jay Wilson with METRO’s response

4. RECEIVE AND FILE MINUTES FROM THE METRO ADVISORY COMMITTEE MEETING OF APRIL 16, 2025

Veronica Elsea, Chair

5. COMMUNICATIONS FROM THE METRO ADVISORY COMMITTEE

5.1 MAC Chair’s oral report on the semi-annual update provided to the Board on 06/27/25

6. FY26 AND FY27 FINAL BUDGET UPDATE

Chuck Farmer, CFO

7. SANTA CRUZ COUNTY FAIR – SEPTEMBER 10 – 14, 2025

Margo Ross, COO

8. UPDATE ON THE STATUS OF THE NEW METRO WEBSITE AND APPS

Margo Ross, COO

9. UPDATE ON THE MOBILITY TRAINING COORDINATOR

Margo Ross, COO

10. SERVICE PLANNING UPDATE

John Uργο, Chief Planning and Innovation Officer

- a. Quarterly Ridership Report
- b. Bus Stops
 - i. Update on Braille Bus Stop Signage
 - ii. Update on Installation of Bus Stops on Islands
- c. Other Projects
 - i. Update on Reimagine METRO
 - ii. Update on River Front Transit Center
 - iii. Update on Pacific Station North
 - iv. Update on Watsonville Transit Center

11. COMMUNICATIONS TO THE METRO CEO/GENERAL MANAGER

12. COMMUNICATIONS TO THE METRO BOARD OF DIRECTORS

13. ITEMS FOR NEXT MEETING AGENDA

14. DISTRIBUTION OF VOUCHERS

Elizabeth Rocha, Administrative Specialist

15. ANNOUNCEMENT OF NEXT MEETING: WEDNESDAY, OCTOBER 15, 2025 AT 6:00 PM, METRO ADMIN OFFICE, 110 VERNON STREET, SANTA CRUZ

Veronica Elsea, Chair

16. ADJOURNMENT

Accessibility for Individuals with Disabilities

This document has been created with accessibility in mind. With the exception of certain third party and other attachments, it passes the Adobe Acrobat XI Accessibility Full Check. If you have any questions about the accessibility of this document, please email your inquiry to accessibility@scmtd.com. Upon request, Santa Cruz METRO will provide written agenda materials in appropriate alternative formats or disability related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number, and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested at least two days before the meeting. Requests should be emailed to mac@scmtd.com or submitted by phone to the Administrative Specialist at 831-426-6080. Requests made by mail (sent to the Administrative Specialist, Santa Cruz METRO, 110 Vernon Street, Santa Cruz, CA 95060) must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

Public Comment

If you wish to address the Committee, please follow the directions at the top of the agenda. If you have anything that you wish distributed to the Committee and included for the official record, please include it in your email. Comments that require a response may be deferred for staff reply.

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 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.

COMMUNICATIONS TO MAC



Turn Signals

From Jay Wilson [REDACTED]
Date Mon 7/14/2025 9:46 AM
To MAC <mac@scmtd.com>

This Message Is From an Untrusted Sender

You have not previously corresponded with this sender.

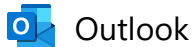
!!! Be cautious for phishing and do not click suspicious links from senders you do not know !!!

Hello SC Metro MAC!

I have some advice you might be interested in: Drivers, like many younger drivers these days, are Not using their turn signals. This is dangerous, as I cannot foresee what your drivers' intentions are. When drivers are departing their stops, please ask them to simply put their left signal on so I know they are planning on entering the roadway. We nearly had a collision on Portola and 30th yesterday at 3:30 pm as I was merging into the right lane (with signals) and your driver pulled into the lane from a stop without signals. I have a dashcam so it would be pretty easy to show CHP that your driver was negligent in not signaling.

Thank you,
Jay

COMMUNICATIONS TO MAC



Turn Signals

From Brandon Freeman <bfreeman@scmetro.org>

Date Mon 8/11/2025 10:28 AM

To [REDACTED]

Cc Elizabeth Rocha-Rocha <erocha@scmetro.org>; MAC <mac@scmtd.com>; Daniel Zaragoza <dzaragoza@scmetro.org>; Margo Ross <MRoss@scmtd.com>

Dear Jay,

Thank you for reaching out and taking the time to let us know about your recent experience. I'm truly sorry for the behavior of the operator and the lack of turn signal use you observed. We take safety very seriously, and hearing that this almost led to a collision is concerning and disappointing. This is not the standard we strive for at Santa Cruz METRO.

We will be reviewing the onboard video from the vehicle to better understand what happened. Once the details are confirmed, we will ensure the operator receives remedial action and retraining to reinforce proper safety practices.

Your willingness to bring this to our attention helps us improve and prevent future incidents. I encourage you to continue sharing any concerns, whether by calling our customer service team, submitting a ticket on our online form, or emailing me directly at **bfreeman@scmetro.org**.

Thank you again for taking the time to report this incident. Your feedback helps us keep our community safer.

Warm regards,
Brandon Freeman
Assistant Operations Manager – Fixed Route
Santa Cruz METRO

Brandon Freeman

SANTA CRUZ METRO

Assistant Operations Manager - Fixed Route

831-426-6080 x3119

scmetro.org | [@santacruzmta](https://twitter.com/santacruzmta) | facebook.com/santacruzmetro



*Be a Part of **METRO's** Movement*

MINUTES*

MAC MEETING OF APRIL 16, 2025



The METRO Advisory Committee (MAC) met on Wednesday, April 16, 2025. The meeting was held as a hybrid meeting. *Minutes are "summary" minutes, not verbatim minutes.

1. **CALLED TO ORDER** at 6:02 PM by Chair Elsea.

2. **SAFETY DEBRIEF**

Gregory Strecker, Safety, Security & Risk Management Director, provided a safety debrief emphasizing the evacuation routes in case of an emergency.

3. **ROLL CALL** - The following MAC Members were **present**, representing a quorum:

Veronica Elsea, Chair
Joseph Martinez, Vice Chair
James Cruse
Jessica de Wit

Michael Pisano
Becky Taylor
James Von Hendy

4. **COMMUNICATIONS TO THE METRO ADVISORY COMMITTEE**

Chair Elsea mentioned the Week Without Driving event, which will run in the Fall from Monday, September 29, 2025 to Sunday, October 5, 2025. She also asked if anyone was interested in volunteering at one of the promotional events taking place in April 2025. She mentioned METRO will be offering free fares on Earth Day, which will be on Tuesday, April 22, 2025. Chair Elsea also mentioned that she had received several questions about certain bus stops. Discussion continued on bus stops.

Mr. Cruse spoke of his experience in Palo Alto and Monterey, riding their paratransit service.

Mr. Von Hendy mentioned that he is part of a Facebook group called Ben Lomond Neighbors, and on that group, there have been several complaints about Bus 35 not stopping for students. Staff will look into this issue further.

Hearing nothing further, Chair Elsea moved to the next agenda item.

5. **RECEIVE AND FILE MINUTES FROM THE METRO ADVISORY COMMITTEE MEETING OF FEBRUARY 19, 2025**

MOTION: ACCEPT AND FILE THE MINUTES FROM THE METRO ADVISORY COMMITTEE MEETING OF FEBRUARY 19, 2025 AS PRESENTED

MOTION: PISANO

SECOND: CRUSE

MOTION PASSED WITH 6 AYES: Elsea, Martinez, Cruse, Pisano, Taylor, Von Hendy. de Wit was absent.

6. **COMMUNICATIONS FROM THE METRO ADVISORY COMMITTEE**

Chair Elsea mentioned that she will be providing a semi-annual update to the Board of Directors (Board) at the Board meeting on June 27, 2025.

Hearing nothing further, Chair Elsea moved to the next agenda item.

7. UPDATE ON THE STATUS OF THE NEW METRO WEBSITE AND APPS

Communications & Marketing Manager, Michael Bois, provided an update on the new METRO website and apps. He reported that METRO is in the process of finalizing the notices and alert integration to the website to ensure that all service alerts are accessible. He also mentioned that METRO plans to begin testing in June 2025, with a tentative website launch set for late Summer 2025. METRO wants to make sure that the website is working as expected before the public launch. The website will include both the real-time module and service alerts.

Communications & Marketing Manager, Michael Bois, reported that the contract with the transit app, Transit Royale, was finalized. METRO is now moving into the implementation phase, with a tentative launch planned in about 6 to 8 weeks. The app will offer more features for riders and the community.

Hearing nothing further, Chair Elsea moved to the next agenda item.

8. UPDATE ON THE MOBILITY TRAINING COORDINATOR

Communications & Marketing Manager, Michael Bois, reported that the job description is currently under review. Discussion continued on the job description. Staff answered all questions and concerns.

Hearing nothing further, Chair Elsea moved to the next agenda item.

9. SERVICE PLANNING UPDATE

a. Quarterly Ridership Report

John Urgo, Chief Planning & Innovation Officer, provided an update on the quarterly ridership report. Overall, total ridership increased about 16.3% for Q3 of FY25. The full quarterly ridership report will be presented to the Board at the Board meeting on May 16, 2025.

b. Bus Stops

b.i. Update on Braille Bus Stop Signage

There are no new updates at this time. METRO will continue to work on this issue.

b.ii. Installation of Bus Stops on Islands

Officer Urgo discussed the two projects that are currently in the planning stages. The first project is located on the Bay Street corridor and the second one is on Soquel and Capitola Avenue corridor. The purpose of these projects is to speed up bus service. Discussion continued on bus stops, shelters, and islands.

c. Other Projects

c.i. Update on Reimagine METRO

Officer Urgo provided an update on Reimagine METRO. He reported that service has increased about 30%. He mentioned that the Winter 2024 service changes under Reimagine METRO were put on pause due to METRO's aging fleet. The increased mileage was putting a toll not only on the buses, but also on the maintenance shop's ability to keep up with the required maintenance.

c.ii. Update on River Front Transit Center

Officer Urgo provided an update on the River Front Transit Center. He mentioned that METRO will continue to monitor complaints that come in. No recent changes have been made to the bus stops in Area 1, 2, 3, and 4.

c.iii. Update on Pacific Station North

Officer Urgo reported that Pacific Station North is still scheduled to open in 2026.

c.iv. Update on Watsonville Transit Center

Officer Urgo provided an update on the Watsonville Transit Center. The project is moving into the design phase now. Discussion followed on affordable housing.

Hearing nothing further, Chair Elsea moved to the next agenda item.

10. COMMUNICATIONS TO THE METRO CEO/GENERAL MANAGER

None.

11. COMMUNICATIONS TO THE METRO BOARD OF DIRECTORS

None.

12. ITEMS FOR NEXT MEETING AGENDA

- Service Planning Updates
- Quarterly Ridership Report
- Update on Reimagine METRO
- Update on Transit Centers (Watsonville Transit Center, Pacific Station North, & River Front Transit Center)
- Update on Mobility Training Coordinator
- Budget Update
- Update on Website & Apps

13. DISTRIBUTION OF VOUCHERS

Vouchers distributed by Elizabeth Rocha, Administrative Specialist.

14. ANNOUNCEMENT OF NEXT MEETING

Chair Elsea announced the next MAC meeting will be held on Wednesday, August 20, 2025 at 6:00 PM at the METRO Admin Office, 110 Vernon Street, Santa Cruz.

15. ADJOURNMENT

Chair Elsea adjourned the meeting at 7:06 PM.

Respectfully submitted,

Elizabeth Rocha
Administrative Specialist

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COMMUNICATIONS FROM MAC

MAC CHAIR ORAL REPORT

Veronica Elsea

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FY26 & FY27 Operating Budget Review

METRO Advisory Committee
Chuck Farmer, Chief Financial Officer

Overview of Today's Presentation

- FY26 Final Operating Budget
 - FY25 – FY26 Budget Summary
 - Changes from May Budget
 - Budget Funding Sources
 - Transfers
 - FTE Changes
- FY27 Final Operating Budget
 - FY26 – FY27 Budget Summary
- Operating Budget Risks
- Projected Operating Reserves
- FY26 Capital Budget/Portfolio
- FY26 & FY27 Additional Information
- Budget Timeline
- Appendix

FY26 Final Operating Budget

FY26 Budget Summary - Final

\$000's	FY25 Budget	FY26 Budget	Year over Year Change	Year over Year Change %
Operating Revenue				
Passenger Fares	\$ 2,703	\$ 3,118	\$ 414	15.3%
Special Transit Contracts	6,776	7,576	801	11.8%
Total Operating Revenues	\$ 9,479	\$ 10,694	\$ 1,215	12.8%
Operating Expense				
Labor - Regular	\$ 28,287	\$ 27,630	(\$ 657)	(2.3%)
Labor - OT	896	935	39	4.4%
Fringe	23,647	23,656	9	0.0%
Non-Personnel	16,772	20,208	3,436	20.5%
Total OpEx	\$ 69,602	\$ 72,429	\$ 2,827	4.1%
Operating Surplus/(Deficit)	(\$ 60,123)	(\$ 61,735)	(\$ 1,612)	2.7%
<i>Farebox/Contract Recovery</i>	<i>13.6%</i>	<i>14.8%</i>		
Non-Operating Revenue/(Expense)				
Sales Tax/including Measure D	\$ 31,808	\$ 30,536	(\$ 1,272)	(4.0%)
Federal/State Grants	26,780	26,309	(471)	(1.8%)
TIRCP Grant	11,300	9,123	(2,177)	(19.3%)
Retiree Obligations	(4,524)	(4,992)	(468)	10.3%
Pension UAL/Bond Payment	(4,843)	(5,497)	(654)	13.5%
All Other	2,496	2,243	(253)	(10.1%)
Total Non-Operating Revenue	\$ 63,017	\$ 57,722	(\$ 5,295)	(8.4%)
Operating Surplus/(Deficit) before Transfers	\$ 2,894	(\$ 4,014)	(\$ 6,908)	(238.7%)

- Projected Operational Expense growth of \$2.8M, or 4.1%, outpace Operating Revenue growth of \$1.2M, or 12.8%, driven by pay increases, benefit increases, inflation, and one-time nonrecurring costs for Strategic Services programs
- Non-Operating Revenue/Expense decrease \$5.3M, primarily due to lower sales taxes and reduced grant allocations

FY25 – FY26 Final Budget Walkdown

\$000's

Adopted FY25 Operating Surplus before Transfers **\$ 2,894**

Changes in Operating Revenue

Ridership increases for FR of 10.0%, Hwy 17 of 15.0%, ParaCruz of 5.0% **\$ 414**

Special Transit Contracts increase, primarily City/County of Santa Cruz and LCTOP Grant for the Youth Cruz Free program **801**

\$ 1,215

Changes in Operating Expense

Updated Active FTE Salary/Fringe, net decrease 30.5 FTE **\$ 609**

Strategic Services and Marketing Campaigns **(1,035)**

Net increase for Hybrid Batteries (9), Engine replacement for Hwy 17 (3) and ARTIC (3) buses **(347)**

New Preventive Maintenance contract for buses **(180)**

Increase Parts Inventory/Tires due to purchase of 53 Hydrogen buses **(691)**

Property, PD & Liability, Other insurance **(665)**

Line of Credit/Bridge Loan Interest **(1,080)**

Net decrease fuel costs **1,026**

All Other **(464)**

(\$ 2,827)

Changes in Non-Operating Revenue/(Expense)

Sales Tax/including Measure D **(\$ 1,272)**

Net, Federal/State/Local Grants **(471)**

TIRCP Grants **(2,177)**

Retiree Obligations **(468)**

Pension UAL/Bond Payment **(654)**

All Other, primarily Advertising and Interest Income **(253)**

(\$ 5,295)

FY26 Operating Deficit before Transfers - Updated **(\$ 4,014)**

- Excluding one-time Strategic Marketing campaigns and Line of Credit/Bridge Loan, Final FY26 Budget Operating Loss would be \$1.9M
- Sales Tax projection based on current outlook, expected to be down 4% YOY, County of SC shows 2% growth – potential upside of \$1.9M

FY26 Changes from May 2025 Presentation

<i>\$000's</i>	May FY26 Budget	Changes	Final June FY26 Budget
Operating Revenue			
Passenger Fares	\$ 3,283	(\$ 166)	\$ 3,118
Special Transit Contracts	7,193	384	7,576
Total Operating Revenues	\$ 10,476	\$ 218	\$ 10,694
Operating Expense			
Labor - Regular	\$ 29,123	(\$ 1,492)	\$ 27,630
Labor - OT	896	39	935
Fringe	25,656	(2,000)	23,656
Non-Personnel	20,134	74	20,208
Total OpEx	\$ 75,808	(\$ 3,379)	\$ 72,429
Operating Surplus/(Deficit)	(\$ 65,332)	\$ 3,597	(\$ 61,735)
<i>Farebox/Contract Recovery</i>	<i>13.8%</i>		<i>14.8%</i>
Non-Operating Revenue/(Expense)			
Sales Tax/including Measure D	\$ 30,536	-	\$ 30,536
Federal/State Grants	26,301	7	26,309
TIRCP Grant	9,123	-	9,123
Retiree Obligations	(4,992)	-	(4,992)
Pension UAL/Bond Payment*	(5,497)	-	(5,497)
All Other	2,243	-	2,243
Total Non-Operating Revenue	\$ 57,714	\$ 7	\$ 57,722
Operating Surplus/(Deficit) before Transfers	(\$ 7,618)	\$ 3,604	(\$ 4,014)

FY26 Walkdown from May 2025 Presentation

\$000's

FY26 May 2025 Operating Deficit before Transfers	(\$ 7,618)
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Changes in Operating Revenue

Ridership decreases for FR of 4.7% and Hwy 17 of 6.4%	(\$ 166)
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Special Transit Contracts increase, primarily LCTOP Grant for the Youth Cruz Free program	384
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\$ 218

Changes in Operating Expense

Update Active FTE Salary/Fringe, net decrease 22.5 FTE	\$ 2,453
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Reduced Worker's Comp Insurance	1,000
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Reduced lease costs for Watsonville due to planned purchase of property	117
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All Other, primarily reduced Settlement costs	(191)
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\$ 3,379

Changes in Non-Operating Revenue/(Expense)

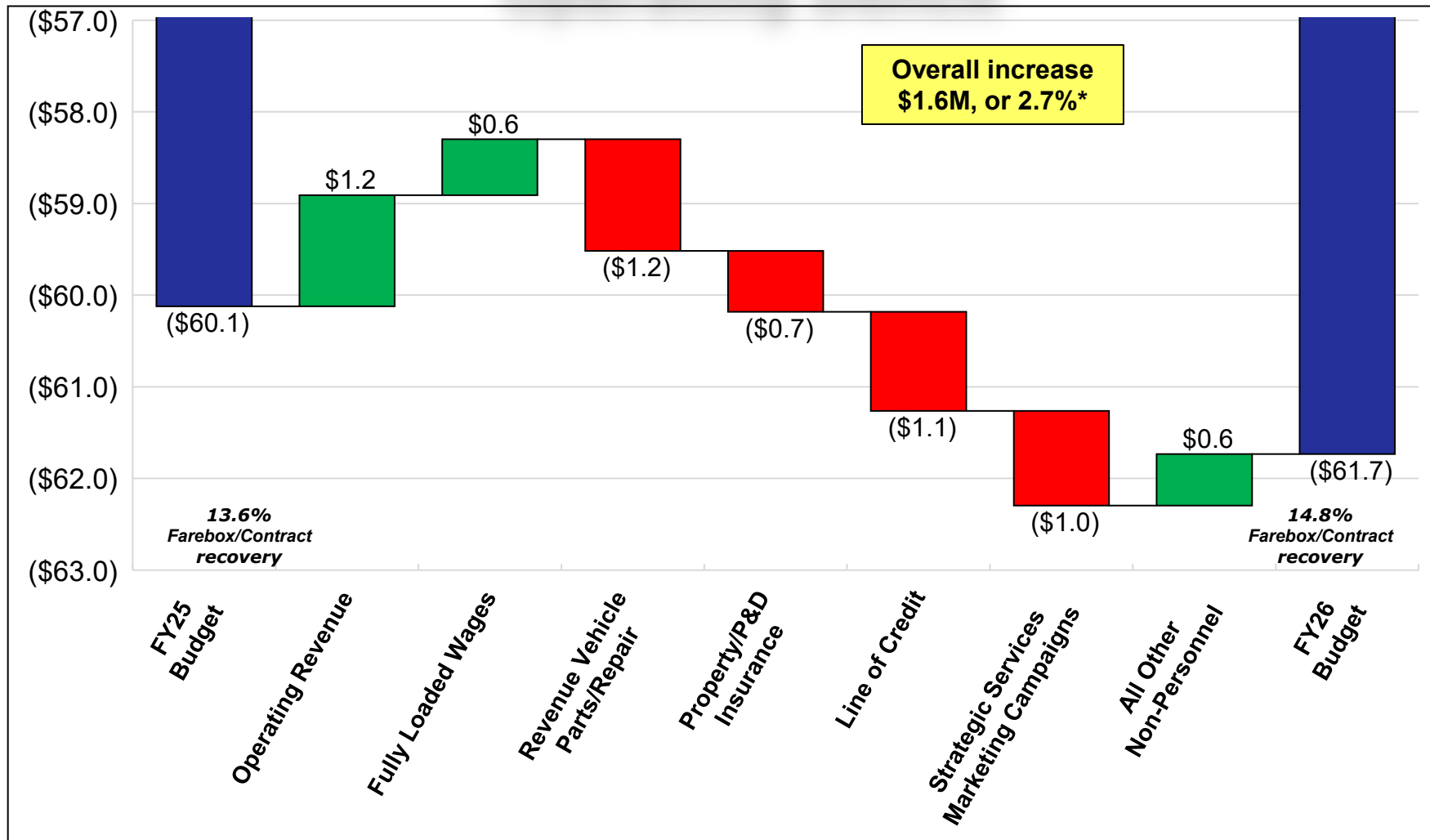
Net, Federal/State/Local Grants	\$ 7
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\$ 7

FY26 Operating Deficit before Transfers - Updated	(\$ 4,014)
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FY25-FY26 **Final** Budget Drivers of Operating Deficit

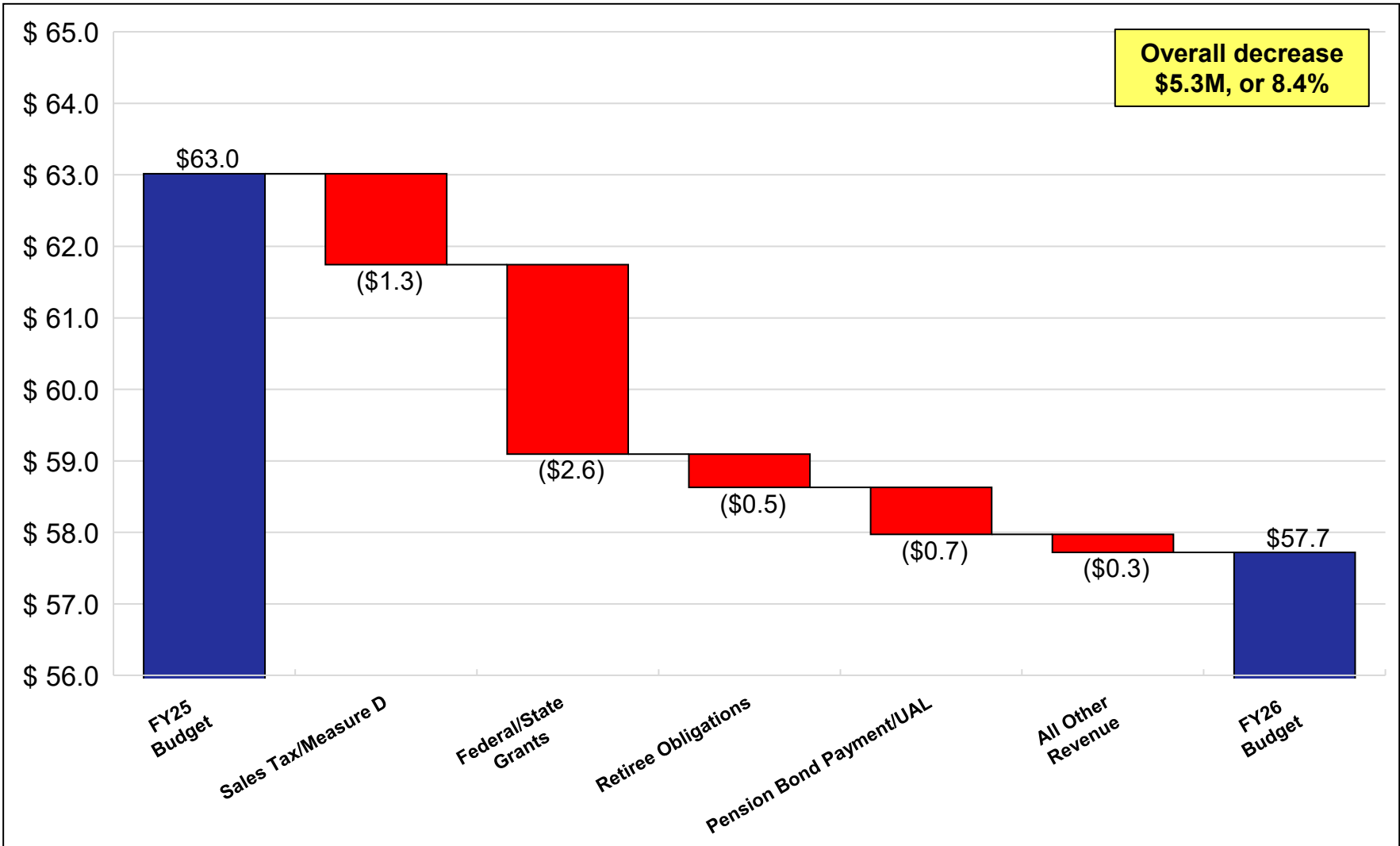
\$ in millions



* Excluding one-time charges for Line of Credit and Strategic Marketing Campaigns, Operating Deficit declines \$0.5M, or 0.8%

FY25-FY26 **Final** Budget Drivers of Non-Operating - Revenue/Expense

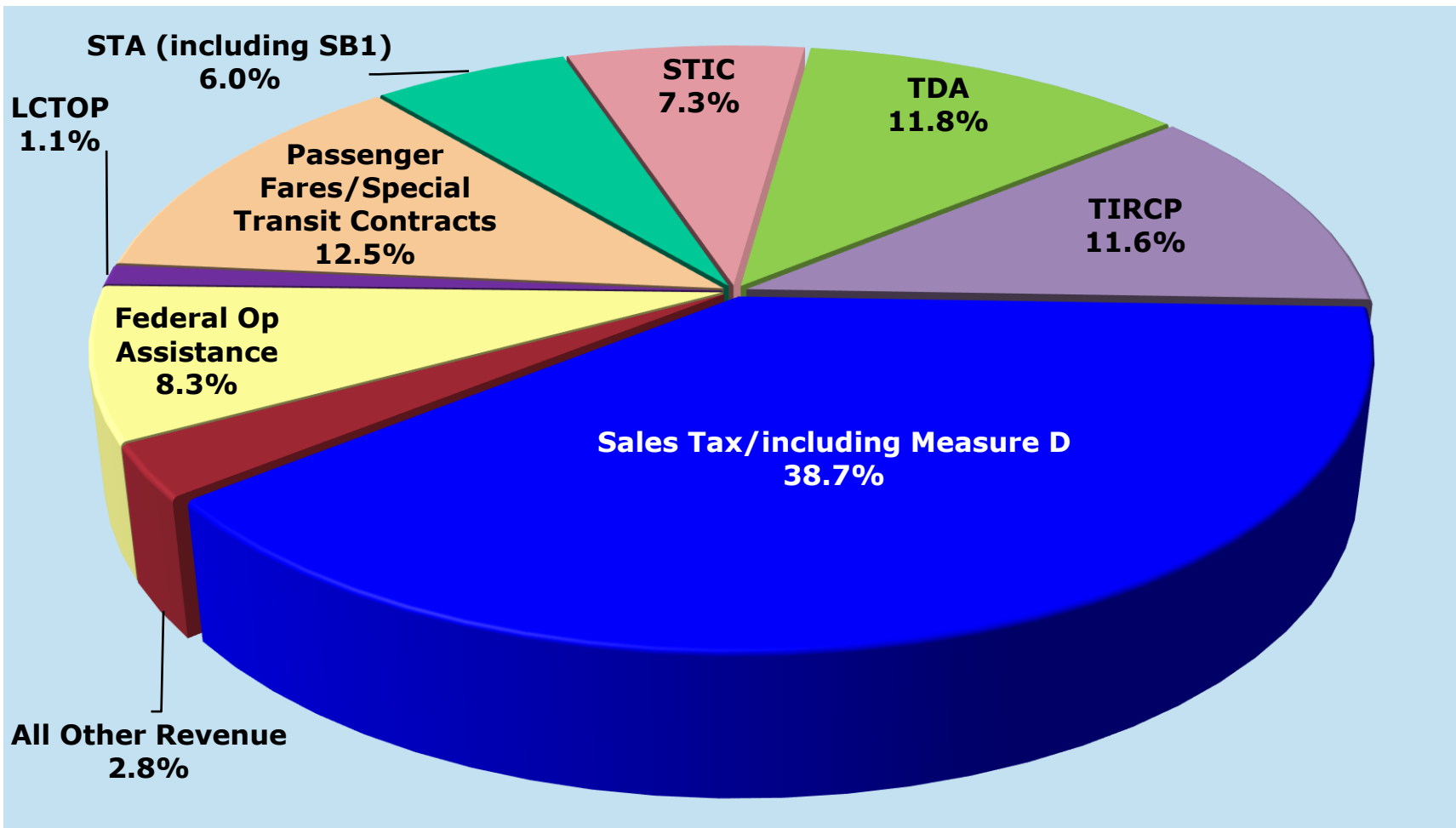
\$ in millions



FY26 **Final** Budget Income – Funding Source

\$ in millions

Operating Revenue total - \$78.9M*



Sales Tax/including Measure D	\$ 30.5	LCTOP	\$ 0.8	STIC	\$ 5.7
TIRCP	9.1	Passenger Fares/Special Transit Contracts	9.8	TDA	9.3
Federal Op Assistance	6.5	STA (including SB1)	4.7	All Other Revenue	2.2
					Total
					\$ 78.9

* Numbers may not foot due to rounding

6.10

Transfers – Consolidated **Final**

Total transfers decrease \$5.3M, or 54.6%, vs. FY25 budget

- CalPERs UAL & OPEB liability – decreased to zero, as the fund balance of \$10M was reached in FY25
- Fuel Tax Credit – decreased to zero, has not been renewed
- Grant Matching Operating/Capital Reserves – decreased to \$1M from \$4M; amount had been increased during the time that COVID related grants were available

<i>\$000's</i>	FY25 Budget	FY26 Budget	Year over Year Change	Year over Year Change %
Operating Surplus/(Deficit) before Transfers	\$ 2,894	(\$ 4,014)	(\$ 6,908)	(238.7%)
Transfers and Other				
Capital/Bus Replacement Fund	\$ 2,351	\$ 2,578	\$ 227	9.7%
CalPERs UAL & OPEB liability	2,000	-	(2,000)	(100.0%)
Fuel Tax Credit	146	-	(146)	(100.0%)
Reserve Replenishments	1,245	849	(396)	(31.8%)
Total Operating/Capital Transfers	\$ 9,741	\$ 4,427	(\$ 5,314)	(54.6%)
Operating Surplus/(Deficit) after Transfers	(\$ 6,847)	(\$ 8,441)	(\$ 1,593)	23.3%
Funding (To)/From COVID Recovery Fund	\$ 6,847	\$ 8,441	\$ 1,593	23.3%
OPERATING BALANCE	-	-	-	

FY24 – FY27 FTE Budget

Department	Funded FY24 2023	Funded FY25 2024	Funded FY26 2025	Funded FY27 2025
Administration - 1100	4.0	4.0	3.0	3.0
Finance - 1200	11.0	11.0	9.0	8.0
Customer Service - 1300	11.0	10.0	9.0	9.0
Marketing - 1325	2.0	3.0	4.0	4.0
Human Resources - 1400	7.0	7.0	7.0	7.0
Information Technology - 1500	6.0	6.0	6.0	6.0
Planning, Grants, Governmental Affairs - 1600	5.0	6.0	6.0	6.0
Safety, Security, and Risk Management - 1800	2.0	2.0	2.0	2.0
Purchasing - 1900	4.0	4.0	4.5	4.0
Inventory Mgmt - 2000	5.0	5.0	5.0	5.0
Facilities Maintenance - 2200	18.0	17.0	17.0	17.0
Paratransit - 3100	45.0	49.0	49.0	49.0
Operations - 3200	18.0	27.0	24.0	25.0
Bus Operators - 3300	155.0	250.0	220.0	230.0
Fleet Maintenance - 4100	38.0	42.0	47.0	47.0
Total Full-Time Equivalents (FTEs)	331.0	443.0	412.5	422.0

YoY Increase

112.0

(30.5)

9.5

- Increase in headcount from FY24 to FY25 and beyond primarily driven by Reimagine Metro
- Bus operators account for 75 of the 91 net FTE increase projected through FY27

FY26 – FY27 Operating Budget Risks

FY26 & FY27 Operating Budget Risks

- **Revenues**

- Passenger Fares and Paratransit Fares
 - Fluctuations in Paid Ridership
 - Cancellation of Bus Trips, Service
- Special Transit Contracts
 - Change in Contracts
- Sales Tax and TDA – LTF
 - Consumer spending uncertain as inflation continues and the country faces a possible recession
 - Passage of 2026 Sales Tax ballot measure
- Federal FTA 5307, STIC, 5311
 - Subject to appropriation/reauthorization
- RTC and delegation of funding to Metro
- Economic downturn from recession
- Natural disaster such as fires, floods or earthquakes

FY26 & FY27 Operating Budget Risks

- **Expenses**

- Bus engine and other mechanical failures
- Fuel costs volatility
- Workers Comp Insurance
- Medical Insurance
 - Final costs come out in January 2026
- Contract renewals and rebids
 - Costs could come in higher than budgeted
- Settlement Costs
 - Costs could come in higher than previous years
- Aging Fleet
 - Increased maintenance costs
- Changes in unfunded mandates

**Projected Operating Reserve
Balances
As of June 30, 2025
(estimate)**

FY25 Operating Reserves as of 06/30/2025:

(estimate as of 6/18/2025)

\$2.6M



Fully Funded

\$1.0M



Fully Funded

\$20.7M



Fully Funded

\$3.0M



Fully Funded

No minimum Balances for these Funds

A wooden bucket with two dark brown horizontal bands. The text "Bus Replacement Fund**" is printed in black on the front.

**Bus
Replacement
Fund****

\$8.8M

A wooden bucket with two dark brown horizontal bands. The text "Operating & Capital Reserve Fund**" is printed in black on the front.

**Operating &
Capital
Reserve Fund****

\$14.9M***

A wooden bucket with two dark brown horizontal bands. The text "COVID Recovery Fund" is printed in black on the front.

**COVID
Recovery
Fund**

\$28.1M***

A wooden bucket with two dark brown horizontal bands. The text "UAL & OPEB" is printed in black on the front.

**UAL &
OPEB**

\$10.0M

Fully Funded

* Balances in the various Reserve categories are aligned with Metro Reserve Fund policy (revised and adopted by the Board on Nov 15, 2019). Bus Replacement Fund – Minimum \$3M annual commitment from Measure D sales tax and STA-SGR

** Balances committed for Projects in the FY26 Capital Portfolio

*** Estimated Balance includes Grant Receivables of \$29.2M

FY26 Operating Reserves as of 06/30/2026:

(estimate as of 6/18/2025)

\$2.6M



Fully Funded

\$1.0M



Fully Funded

\$21.6M



Fully Funded

\$3.0M



Fully Funded

No minimum Balances for these Funds

**Bus
Replacement
Fund****



\$7.5M

**Operating &
Capital
Reserve Fund****



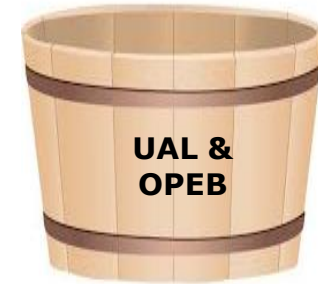
\$5.4M

**COVID
Recovery
Fund**



\$19.6M

**UAL &
OPEB**



\$10.0M

Fully Funded

* Balances in the various Reserve categories are aligned with Metro Reserve Fund policy (revised and adopted by the Board on Nov 15, 2019). Bus Replacement Fund – Minimum \$3M annual commitment from Measure D sales tax and STA-SGR

** Balances committed for Projects in the FY26 Capital Portfolio

Reserve Fund Explanations/Uses

Fund Title	Explanation and Use:
Operating and Capital Reserve Fund	Support operations and grant matching for Capital projects
Operations Sustainability Reserve Fund	3 Months of Reserves to cover all Operating Expenses
CalPERS UAL & OPEB Liability Reserve	Pay down future CalPERS unfunded pension liability and supplement the increasing costs for retiree health care liabilities
Cash Flow Reserve Fund	Funding to cover the timing of cash “inflows” and “outflows” during various time frames
COVID Recovery Reserve Fund	Reserves to cover operating losses as METRO recovers from COVID and help extend the Fiscal Cliff another year or two
Workers Compensation Reserve Fund	Funds set aside for the possible payment on the long term portion of workers compensation
Liability Insurance Reserve Fund	Funds set aside to pay the cost of outstanding liability and physical damage claims

FY26 Capital Budget/Portfolio

FY26 Capital Budget Summary

\$000's	FY26	Portfolio Total *
Construction Related Projects	\$ 21,803	\$ 46,322
IT Projects	707	3,245
Facilities Upgrades & Improvements	1,300	1,500
Revenue Vehicle Replacement	43,389	71,536
Revenue Vehicle Electrification Projects	-	-
Non-Revenue Vehicle Replacement	160	160
Fleet & Maintenance Equipment	-	-
Miscellaneous	500	500
Total	\$ 67,859	\$ 123,263

- Only projects with identified and approved funding are represented
- Portfolio Total includes FY25 and prior spending as well as FY26 and beyond spending for multi year projects

FY25 Capital Budget Projects, *continued*

Project	FY25 and Prior	FY26 Budget	FY27 and Beyond	Total Portfolio
<u>Construction Related Projects</u>				
Paracruz Facility	\$ 139	\$ 50	-	\$ 189
Pacific Station Redevelopment	3,991	500	-	4,491
Bus Rapid Enhancements	-	1,951	7,806	9,757
Watsonville Parking Lot	200	4,100	-	4,300
Watsonville Station Development	200	1,600	8,582	10,382
Hydrogen Fueling Station	594	11,846	-	12,440
Temporary Hydrogen Fueling Station	3,007	1,756	-	4,763
Total Construction Related Projects	\$ 8,131	\$ 21,803	\$ 16,388	\$ 46,322
<u>IT Projects</u>				
Workday - ERP	\$ 2,538	\$ 200	-	\$ 2,738
Integrated Ticketing and Scheduling	-	507	-	507
Total IT Projects	\$ 2,538	\$ 707	-	\$ 3,245
<u>Facilities Upgrades and Improvements</u>				
Maintenance Facilities Upgrades	\$ 200	\$ 1,300	-	\$ 1,500
Total Facilities Upgrades and Improvements	\$ 200	\$ 1,300	-	\$ 1,500
<u>Revenue Vehicles</u>				
44 - 40' Hydrogen Fuel Cell Buses	\$ 28,147	\$ 24,167	-	\$ 52,314
9 - 60" Hydrogen Fuel Cell Buses	-	17,647	-	17,647
Bus Wraps for Fuel Cell Buses	-	575	-	575
7 - Paracruz Vans	-	1,000	-	1,000
Total Revenue Vehicles	\$ 28,147	\$ 43,389	-	\$ 71,536

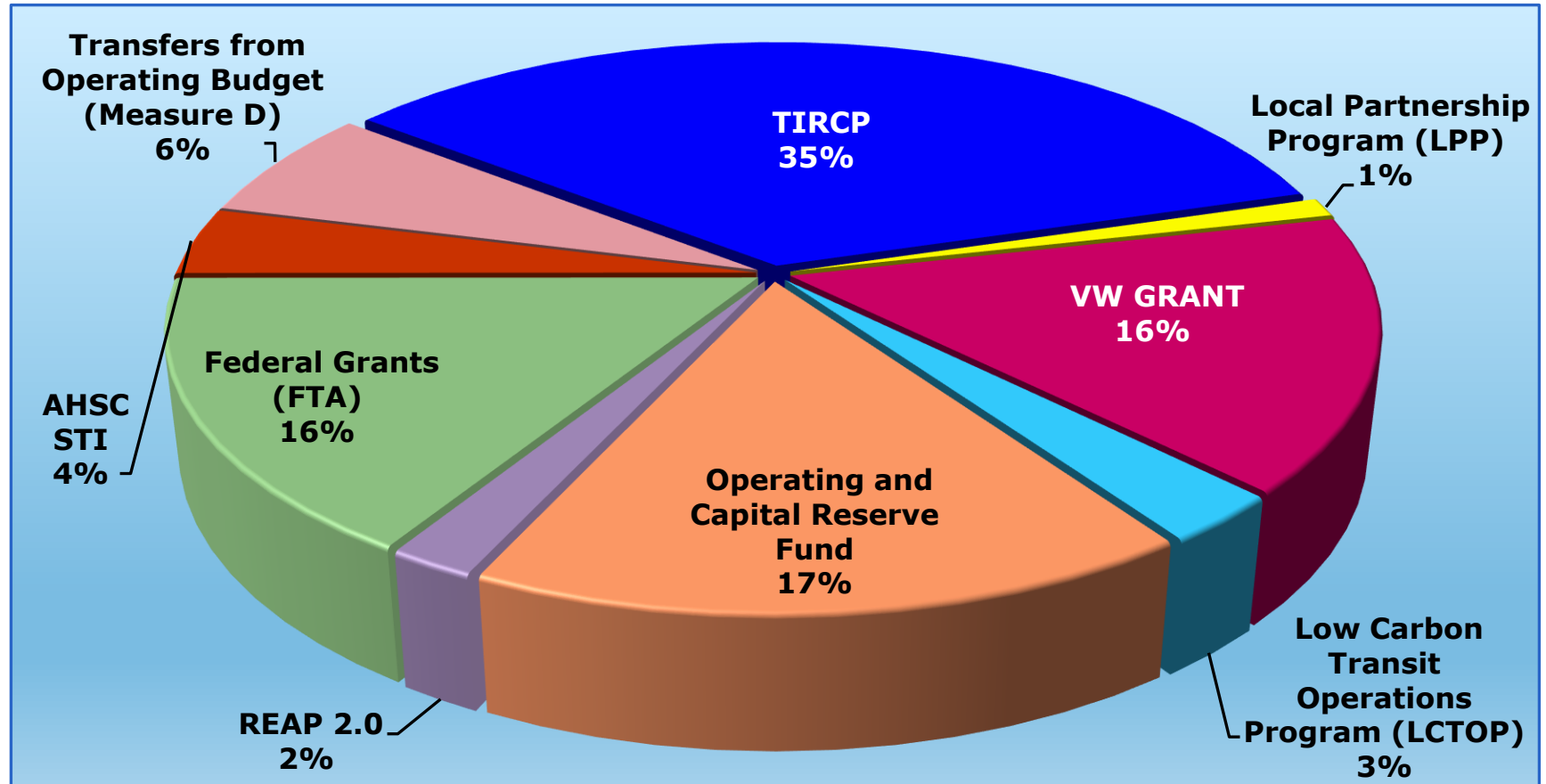
FY26 Capital Budget Projects, *continued*

Project	FY25 and Prior	FY26 Budget	FY27 and Beyond	Total Portfolio
<u>Non-Revenue Vehicles</u>				
2 - Fleet Cars	-	\$ 80	-	\$ 80
1 - Fleet Truck	-	80	-	80
Total Non-Revenue Vehicles	-	\$ 160	-	\$ 160
<u>Miscellaneous</u>				
Capital Contingency	-	\$ 500	-	\$ 500
Total Miscellaneous	-	\$ 500	-	\$ 500
Total Capital Projects	\$ 39,016	\$ 67,859	\$ 16,388	\$ 123,263

- FY25 and Prior includes projects currently on-going and expected to continue into FY26 and beyond
- Hydrogen Fuel Cell buses spending between Fiscal Years dependent on acceptance of buses – could move more spending from FY25 into FY26
- Total Spending primarily driven by Hydrogen Fuel Cell buses and Hydrogen Fueling stations (Permanent and Temporary)
- Only projects with identified and approved funding are represented

FY26 Capital Budget/Portfolio* Funding Source

\$ in millions



Federal Grants (FTA)	\$ 13.5	Transfers from Operating Budget (Measure D)	\$ 5.6
REAP 2.0	1.7	TIRCP	29.4
Local Partnership Program (LPP)	0.9	VW GRANT	13.4
Low Carbon Transit Operations Program (LCTOP)	2.4	Operating and Capital Reserve Fund	14.1
AHSC STI	3.3	Total Capital Portfolio	\$ 84.2

* Projects that are funded and may or may not have yet been started. All commitments from the prior year rollover into the new year, excludes prior years spending

6.24

Appendix

FY26 Operating Revenue Assumptions

- **Operating Revenue**

- Passenger Fares increase \$414K, or 15.3%, increased ridership across all modes
 - Fixed Route increase \$155K, or 10.7%
 - Paratransit increase \$11K, or 5.0%
 - Highway 17 Fares increase \$247K, or 24.3%
- Special Transit Contracts increase \$801K, or 11.8% due to contractual increases
 - UCSC increase \$174K, or 3.5%
 - Cabrillo College decrease \$24K, or 3.9%, per contract
 - City/County of Santa Cruz increase \$295K, or 347.1%
 - Highway 17 increase \$46K, or 8.0%
 - LCTOP Grant for Youth Cruz Free increase \$309K, 57.8%
- Overall increase \$1,215K, or 12.8%, vs FY25 Budget

FY26 Operating Expense Assumptions

Personnel – Overall decrease \$609K, or 1.2%

- Regular Labor Costs – decrease \$657K, or 2.3%
 - COLA of 4% along with step and longevity increases
 - Net decrease of 30.5 FTE positions
- Overtime costs – virtually flat to FY25
- Fringe costs - virtually flat to FY25
- **Non-Personnel** - Overall increase \$3,436K, or 20.5%
- Strategic Services and Marketing Campaigns – increase \$1,035K, or 100.0%
- Outside Repair Revenue Vehicles - increase \$532K, or 59.6% primarily due to new preventive bus maintenance contract, battery replacement on 9 hybrid buses, and Engine replacement on San Diego ARTICs (3) and Highway 17 (3) buses
- Revenue Vehicle Parts - increase \$751K, or 55.9%, primarily related to the purchase of 53 Hydrogen Buses
- Casualty & Liability – increase \$749K, or 81.9%, primarily due to insurance costs
- Interest costs for bridge loan - \$1,055K or 100%
- Fuel for Revenue Vehicles – net decrease by \$1,026K, or 27.7%, primarily due to reduced CNG costs, partially offset by hydrogen fuel

FY26 Non-Operating Revenue/Expense Assumptions

- **Revenue** – Overall decrease \$4,173, or 5.8%
 - 1979 Sales Tax, including Measure D - decrease \$1,272K, or 4.0%
 - Federal/State Grants, net decrease \$2,648K, or 7.0%
 - TDA-STA – decrease \$1,310K, or 21.8%
 - TIRCP – decrease \$2,177K, or 19.3%
 - FTA 5307/STIC – increase \$328K, or 2.8%
 - TDA-LTF – increase \$630K, or 7.2%
 - Interest Income - decrease \$174K, or 8.0%, based on current trends and the cash balance at the Treasury
 - All Other Revenues decrease \$79K, or 24.5%, primarily due to reduced advertising revenues
- **Expense** – Overall increase \$1,122K, or 12.0%
 - Retiree Obligation increase \$468K, or 10.3%, *previously reported as part of Fringe in Operating Expense*
 - Unfunded Accrued Liability (UAL) increase of \$654K, or 13.5% based on the CalPERS Actuarial report

FY27 Operating Revenue Assumptions

- **Operating Revenue**

- Passenger Fares increase \$250K, or 8.0%, increased ridership across all modes
 - Fixed Route increase \$112K, or 7.0%
 - Paratransit increase \$11K, or 5.0%
 - Highway 17 Fares increase \$126K, or 10.0%
- Special Transit Contracts increase \$235K, or 3.1% due to contractual increases
 - UCSC increase \$180K, or 3.5%
 - Highway 17 increase \$12K, or 2.0%
 - LCTOP Grant for Youth Cruz Free increase \$42K, 5.0%
- Overall increase \$485K, or 4.5%, vs FY26 Budget

FY27 Operating Expense Assumptions

Personnel – Overall increase \$2,999K, or 5.7%

- Regular Labor Costs – increase \$1,148K, or 4.2%
 - Contractual step and longevity increases
 - Net increase of 9.5 FTE (Bus Operators)
- Overtime costs – flat to FY26
- Fringe costs - increase of \$1,851K, or 7.8%, primarily a result of increase costs for Medical/Dental/Vision insurance, including the increase of 9.5 FTE, that along with step/longevity impact Annual, Sick, and Holiday payments

Non-Personnel - Overall decrease \$780K, or 3.9%, primarily due to non-recurring costs from FY26, partially offset by higher fuel costs

- Strategic Services and Marketing Campaigns – decrease \$190K, or 18.4%
- Services - decrease \$1,927K, or 22.7% primarily due to major bus repairs (15 buses) along with Buy America audit for HFCB completed in FY26, as well as reduced security costs with the reopening of Pacific Station
- Revenue Vehicle Parts - decrease \$517K, or 24.7%, related to the purchase of 53 Hydrogen Buses in FY26
- Interest costs for bridge loan – decrease \$1,055K, or 100%
- Fuel for Revenue Vehicles – net increase by \$2,746K, or 103%, primarily due to increased hydrogen fuel volume

FY27 Non-Operating Revenue/Expense Assumptions

- **Revenue** – Overall increase \$4,484, or 6.6%
 - 2026 Sales Tax – increase \$6,609K, or 100%
 - Federal/State Grants, net decrease \$1,631K, or 4.6%
 - TDA-STA – decrease \$819K, or 17.4%
 - TIRCP – decrease \$1,297K, or 14.7%
 - FTA 5307/STIC – increase \$479K, or 4.0%
 - Interest Income - decrease \$500K, or 25.0%, based on projected trends and cash balance at the Treasury
 - All Other Revenues – virtually flat to FY26
- **Expense** – Overall increase \$1,177K, or 11.2%
 - Retiree Obligation increase \$569K, or 11.4%, *previously reported as part of Fringe in Operating Expense*
 - Unfunded Accrued Liability (UAL) increase of \$608K, or 11.1% based on the CalPERS Actuarial report

Board Authorized Metro Public Support Activities

Santa Cruz County Fair	Trunk or Treat (Soquel/Santa Cruz & Watsonville)
Special Route to Fairgrounds & Free Fares to the Fairgrounds	One Ride at a Time Events – ORAT 1-Year Anniversary Party, World Wetland's Day, Beach Clean-Ups, Youth Field Trips, etc.
Christmas Parade - Tentatively Santa Cruz & Watsonville	Youth Cruz Free Events – school outreach, events, etc.
4th of July Parades - Tentatively Scotts Valley, Aptos, & Watsonville	Grades K – 12
Leadership Santa Cruz	Press Events – to launch new campaigns to the public; including launch of Reimagine METRO Phase 2 & Free Fare Pilot Program
Santa Cruz County Chamber of Commerce Business Expo	Senior Events – for ParaCruz
Earth Day Event - SJ State University, Pacific Station, & potentially Watsonville	Transit Equity Day
CA Clean Air Day Event - Pacific Station & potentially Watsonville	Downtown Santa Cruz Kids Day
Stuff the Bus – Potentially one in November or December	Downtown Day (for UCSC students)
Back to School Nights	Career Fairs
Monarch Migration Festival	Metro Open House Events
Transition and Resource Fair - ParaCruz Event	Tabling Events @ UCSC & Cabrillo College
Farmers Market Events - Watsonville & Santa Cruz	Health Fairs
Fun Day	Touch a Truck

Board Authorized Metro Public Support Activities - Continued

County School Events & Open Houses	Art about Big Basin
Family Fun Day	Watsonville Strawberry Festival - TBD
Pedestrian Safety - Aptos Stroll	Transit Month - September
Week without Driving - Free Fares, tentative	Blue Innovation Day
UCSC Cornucopia Event	County Chamber of Commerce After Hours Events - TBD
Open Art Studios	

Board Authorized Metro Employee Activities

Annual Employee Picnic	Internal Employee Event
Holiday Party	Transit Worker Appreciation Day
Roadeo	Operator Appreciation Day
Veterans Day	Customer Service Appreciation Day
Fundraisers - Food & Toy Drives - TBD	

Dues & Memberships

<u>Department</u>	<u>Details of Spending</u>	<u>FY26</u>	<u>FY27</u>
Administration	APTA	\$ 44,139	\$ 45,022
	CALACT	1,227	1,252
	Chat GPT	240	240
	Community Transportation Assn of America	4,538	4,629
	CTA	20,942	21,361
	CTE Center for Transportation	5,817	5,933
	Eastern Contra Costa Transit Agency	3,500	3,560
	Hydrogen Fuel Cell Bus Council DC	2,000	2,000
	Mercury News	241	246
	Monterey Bay Economic Partnership	5,000	5,100
	Santa Cruz Chamber of Commerce	1,700	1,700
	SC Sentinel	175	179
	The Bus Coalition	8,500	8,670
	The Pajaronian	72	73
	Total	\$ 98,091	\$ 99,965
Finance	CSMFO Membership	\$ 220	\$ 220
	GFOA Membership	280	280
	Total	\$ 500	\$ 500
Customer Service	Transportation Research Board, Misc TBD	\$ 500	\$ 510
	Total	\$ 500	\$ 510
Human Resources	CalChamber	\$ 988	\$ 1,008
	CALPELRA	1,163	1,186
	John Dash	685	685
	NCHRA	581	593
	SHRM	973	992
	Total	\$ 4,390	\$ 4,464

6.35

Dues & Memberships - Continued

<u>Department</u>	<u>Details of Spending</u>	<u>FY26</u>	<u>FY27</u>
Planning	Professional Associations	\$ 1,764	\$ 1,850
	Total	\$ 1,764	\$ 1,850
Safety & Risk Management	Professional Associations	\$ 465	\$ 474
	Total	\$ 465	\$ 474
Purchasing	Amazon Prime	\$ 550	\$ 550
	Costco	130	130
	Total	\$ 680	\$ 680
Fleet	All Data New	\$ 1,103	\$ 1,158
	Allison Transmission Software	2,200	2,310
	Cummins Insite Fleet Books Software	3,300	3,465
	Mitchell Online Vehicle Manuals	600	630
	RA Automotive Software- CARB Solutions INC	1,500	1,575
	SCR TTC Membership For Trainings	1,000	1,050
	Valley John Deere Software - Annual	2,600	2,730
	ZEB Transmission Software	1,100	1,155
	Total	\$ 13,403	\$ 14,073
	Grand Total	\$ 119,793	\$ 122,516

Board Member Travel

American Public Transportation Association (APTA) Meetings

Annual Conference September 2025 Boston, MA Two Board Members	Legislative Conference April 2026 Washington, SC Three Board Members
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California Transit Association (CTA) Meetings

Annual Meeting November 2025 Long Beach, CA One Board Member	Legislative Conference TBD in 2026 TBD One Board Member
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Additional Travel

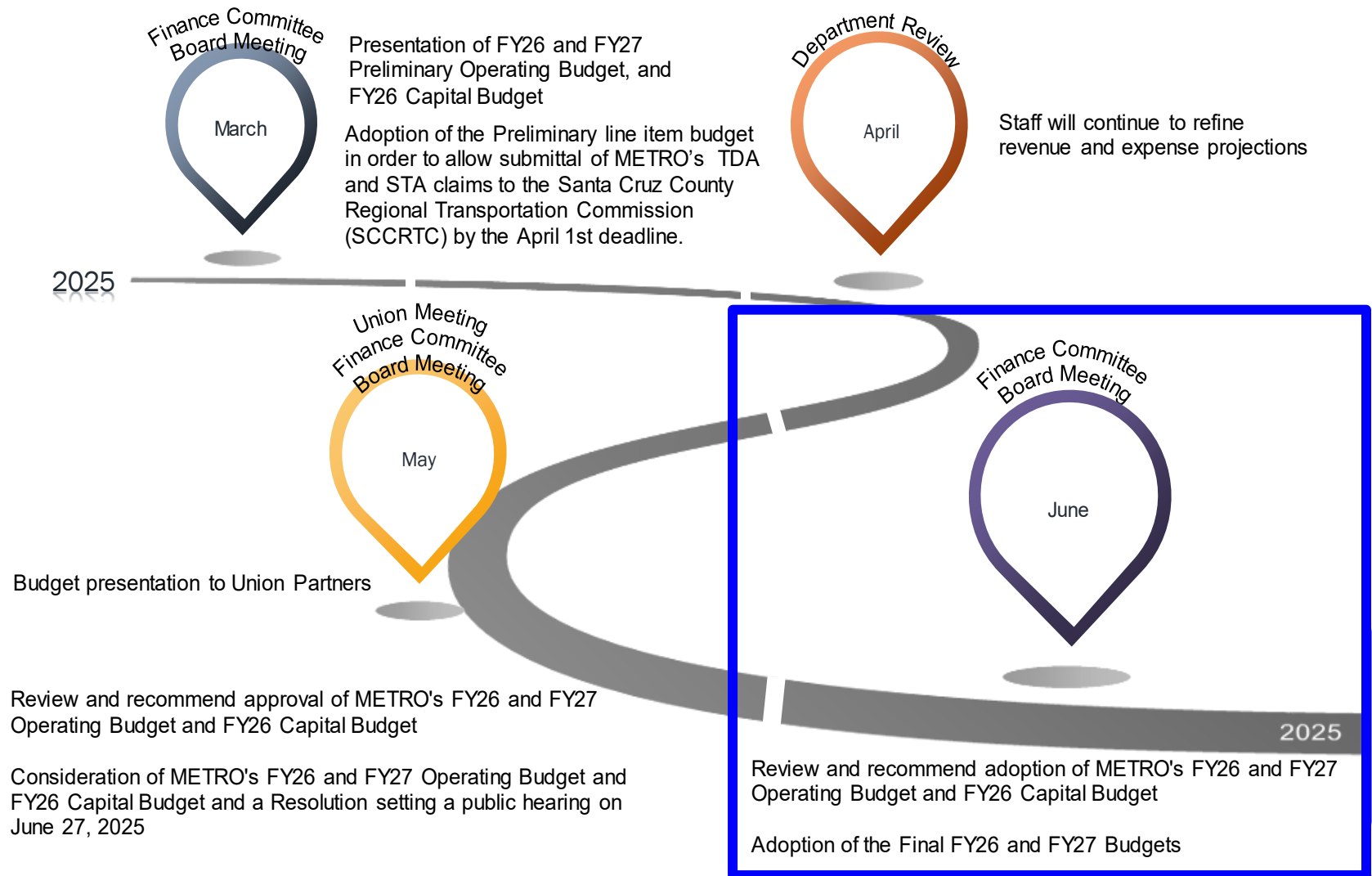
Meetings with legislators and government officials in Washington, San Francisco and Sacramento, as approved by the Chair of the Board.

Expenses related to Board Members meeting with CEO/General Manager and Staff.

Employee Incentive Programs:

Event/Activity	FY26	FY27	Department
Welcome Kits for New Hires	\$ 3,308	\$ 3,374	HR
	1,000	1,020	Finance
	2,000	2,100	Customer Service
	2,000	2,000	Facilities
Employee Appreciation Events	5,000	5,100	Operations
	2,000	2,100	Fleet
	300	300	Purchasing
	500	500	Inventory Management
	30,000	30,600	Administration
	2,750	2,800	ParaCruz
Awards	5,000	5,100	Fixed Route
	4,000	4,080	Administration
Bus Roadeo	20,000	21,000	Risk/Safety
Total	\$ 77,858	\$ 80,074	

Budget Timeline



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