



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)
FINANCE, BUDGET, AND AUDIT STANDING COMMITTEE
MEETING MINUTES*
FEBRUARY 14, 2025 – 8:00 AM**

A regular meeting of the Finance, Budget, and Audit Standing Committee of the Santa Cruz Metropolitan Transit District (METRO) was convened on Friday, February 14, 2025.

The Committee Meeting Agenda Packet can be found online at www.SCMTD.com. *Minutes are “summary” minutes, not verbatim minutes. Audio recordings of Board meeting open sessions are available to the public upon request.

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1 CALLED TO ORDER by Director Kalantari-Johnson at 8:04 AM.

2 SAFETY DEBRIEF

Gregory Strecker, Safety, Security & Risk Management Director, provided a debriefing on safety, emphasizing METRO’s response to a fire, earthquake and/or medical emergency, evacuation routes, and an active shooter situation.

3 ROLL CALL: The following Directors were **present**, representing a quorum:

Director Shebreh Kalantari-Johnson
Director Manu Koenig *AR 8:06 AM*
Director Donna Lind
Director Mike Rotkin

City of Santa Cruz
County of Santa Cruz
City of Scotts Valley
County of Santa Cruz

Corey Aldridge
Julie Sherman

METRO CEO/General Manager
METRO General Counsel

4 ORAL AND WRITTEN COMMUNICATIONS TO THE FINANCE, BUDGET AND AUDIT STANDING COMMITTEE

Having none, Director Kalantari-Johnson moved to the next agenda item.

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

Additional documentation was distributed to Board Members and public for Agenda Items 7 and 8 on February 13, 2025 and added to the posted agenda packet.

Hearing nothing further, Director Kalantari-Johnson moved to the next agenda item.

6 APPROVE: CONSIDERATION OF AUTHORIZING THE CEO/GENERAL MANAGER TO ENTER INTO A SHORT-TERM LINE OF CREDIT LOAN

Chuck Farmer, Chief Financial Officer, spoke to this item. He explained that METRO has a short-term cash flow issue to cover the funding needed when it receives the new buses and when it will receive the funding for them. He provided an overview of the costs, schedule for receiving the new buses and placing them into service, and the schedule for the temporary and permanent fueling stations. He reviewed the operating reserves as of January 31, 2025, timing of cash reimbursements, and emphasized that METRO needs to bridge the funding gap. He reviewed the two types of credit available and recommended the standing committee approve bringing this item to the full Board on February 28, 2025.

Further discussion followed on:

- Pros and cons of a bridge loan versus a line of credit
- Interest rates
- Pros and cons of a secured versus unsecured loan
- Using reserves first before borrowing on a line of credit
- Status of permits for hydrogen fueling stations
- Inspections to be performed by the OEM's (original equipment manufacturer) for warranty purposes
- Long term, METRO wants to develop and train its Mechanics
- Impacts to riders and how METRO is mitigating and refining those impacts to continually improve service
- Timing of sales tax measure and strategies METRO is taking to inform the public
- Implementation schedule to introduce the hydrogen buses to the public and time needed to train Bus Operators on the new technology
- Impacts to ARCHES (Alliance for Renewable Clean Hydrogen Energy Systems) with new administration
- Request to have another slide show a realistic number versus conservative scenario presented

Staff addressed all concerns.

There were no public comments.

Hearing nothing further, Director Kalantari-Johnson called for a voice vote.

MOTION: APPROVE AUTHORIZING THE CEO/GENERAL MANAGER TO BRING THIS ITEM OF ENTERING INTO A SHORT-TERM LINE OF CREDIT LOAN TO THE FULL BOARD ON FEBRUARY 28, 2025

MOTION: DIRECTOR ROTKIN

SECOND: DIRECTOR KOENIG

Motion passed unanimously with 4 AYES (Directors Kalantari-Johnson, Koenig, Lind and Rotkin).

7 YEAR-TO-DATE MONTHLY FINANCIAL REPORT AS OF JANUARY 31, 2025

Chuck Farmer, CFO, spoke to the presentation. He reviewed the key financial highlights affecting service, financials, capital and personnel and January's monthly

operating revenue and expenses as well as year-to-date figures in operating revenue and expenses.

Discussion followed on:

- Decrease in sales tax received
- Anticipated capital project spends
- Reimbursements expected to offset the capital expenditures

Staff addressed all concerns.

There were no public comments.

Hearing nothing further, Director Kalantari-Johnson moved to the next agenda item.

8 YEAR-TO-DATE KEY PERFORMANCE INDICATORS (KPI) REPORT FOR 2ND QUARTER THROUGH DECEMBER 31, 2024

Kristina Mihaylova, Finance Deputy Director, spoke to the presentation and, along with staff members, provided an overview of the farebox recovery; fixed route/commuter costs per revenue service hours; ParaCruz costs per trip; productivity of total ridership; UCSC, Cabrillo College, Highway 17 and local ridership; traffic accidents and passenger incidents; chargeable road calls on all routes; cancelled trips by cause and region; and pass-ups.

Further discussion focused on:

- Outsourcing the eligibility process for paratransit trips through ADA Ride
- Request to send the recent METRO press releases to Board Members
- How is METRO adjusting its Hwy. 17 targets knowing that people are not commuting as much and are the average targets for Q3 and Q4 realistic
- Youth Cruz Free ridership numbers
- Gearing up for on board ridership surveys in Spring to get feedback on service and improvements riders would like to see happen

Staff addressed all concerns.

There were no public comments.

Hearing nothing further, Director Kalantari-Johnson moved to the next agenda item.

9 ADJOURNMENT

Director Kalantari-Johnson adjourned the meeting at 9:18 AM.

Respectfully submitted,

Donna Bauer
Sr. Executive Assistant