

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

BOARD OF DIRECTORS REGULAR MEETING AGENDA

December 13, 2002 (Second Friday of Each Month)

*SCMTD ENCINAL CONFERENCE ROOM

370 ENCINAL STREET, SUITE 100

SANTA CRUZ, CALIFORNIA

9:00 a.m. – 11:00 a.m.

SECTION I: OPEN SESSION - 9:00 a.m.

1. ROLL CALL
2. ORAL AND WRITTEN COMMUNICATION
3. LABOR ORGANIZATION COMMUNICATIONS
4. METRO USERS GROUP (MUG) COMMUNICATIONS
5. METRO ACCESSIBLE SERVICES TRANSIT FORUM (MASTF) COMMUNICATIONS
6. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

CONSENT AGENDA

- 7-1. APPROVE REGULAR BOARD MEETING MINUTES OF NOVEMBER 8 AND NOVEMBER 22, 2002
Minutes: Attached
- 7-2. ACCEPT AND FILE PRELIMINARILY APPROVED CLAIMS
Report: Attached
- 7-3. ACCEPT AND FILE NOVEMBER RIDERSHIP REPORT
Report: Attached
Page 1 for November and December will be included in the Add-On Packet for the January Board Meeting
- 7-4. CONSIDERATION OF TORT CLAIMS: Deny the claims of: Sabrina McPherson, Claim #02-0033; Dorothy Parker, Claim #07-02-11
Claim: Attached (Claim for Parker will be distributed at Board Meeting)
- 7-5. ACCEPT AND FILE MINUTES OF MASTF COMMITTEE MEETING OF NOVEMBER 14, 2002
Minutes: Attached

* Please note: Location of Meeting Place

- 7-6. ACCEPT AND FILE MINUTES OF MUG COMMITTEE MEETING OF NOVEMBER 13, 2002
Minutes: Attached
- 7-7. ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR OCTOBER 2002, APPROVAL OF BUDGET TRANSFERS
Staff Report: Attached
- 7-8. ACCEPT AND FILE PARACRUZ STATUS REPORT FOR SEPTEMBER 2002
Staff Report: Attached
- 7-9. ACCEPT AND FILE HIGHWAY 17 STATUS REPORT FOR OCTOBER 2002
Staff Report: Attached
- 7-10. ACCEPT AND FILE UNIVERSITY OF CALIFORNIA, SANTA CRUZ SERVICE UPDATE
Staff Report: Attached
- 7-11. ACCEPT AND FILE METROBASE STATUS REPORT
Staff Report: Attached
- 7-12. CONSIDERATION OF CALL STOP AUDIT REPORT
Staff Report: Attached
- 7-13. CONSIDERATION OF RESULTS OF AMERICAN PUBLIC TRANSIT ASSOCIATION (APTA) SURVEY ON THE IMPACT OF ECONOMIC CONDITIONS ON TRANSIT
Staff Report: Attached
- 7-14. ACCEPT AND FILE NEW STORMWATER REGULATIONS IMPACT AT TRANSIT CENTERS AND BUS STOPS
Staff Report: Attached
- 7-15. CONSIDERATION OF ONE-YEAR TRIAL PROGRAM FOR INSTALLATION OF NEEDLE DISPOSAL PROGRAM AT TRANSIT CENTER RESTROOMS
Staff Report: Attached
- 7-16. STATUS REPORT FOR THE CONSTRUCTION, MAINTENANCE, AND OPERATION OF A TRANSIT-ORIENTED CHILD CARE AND APARTMENT COMPLEX CENTER FOR PROPERTY APN'S 17-011-51 AND 52 IN WATSONVILLE, PURSUANT TO A LEASE AGREEMENT BETWEEN THE CITY OF WATSONVILLE AND THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
Staff Report: Attached

7-17. CONSIDERATION OF REQUEST TO BEGIN ADVERTISING CONTRACT ON
JANUARY 1, 2003

Staff Report: Attached

REGULAR AGENDA

8. CONSIDERATION OF ISSUES OF PROCEDURE FOR UNION REPRESENTATIVES

Presented by: Jake Hurley, SEIU Representative

Staff Report: Verbal presentation

9. CONSIDERATION OF AWARD OF CONTRACT FOR PRINTING OF *HEADWAYS*

Presented by: Tom Stickel, Fleet Maintenance Manager

Staff Report: Attached

10. CONSIDERATION OF AWARD OF CONTRACT FOR VEHICLE BODY REPAIR AND
PAINT SERVICES

Presented by: Tom Stickel, Fleet Maintenance Manager

Staff Report: Attached

11. CONSIDERATION OF AMENDING HAZARDOUS WASTE DISPOSAL CONTRACT

Presented by: Tom Stickel, Fleet Maintenance Manager

Staff Report: Attached

12. CONSIDERATION OF AMENDING AWARD OF CONTRACT FOR RESIDENT BUS
INSPECTOR SERVICES

Presented by: Tom Stickel, Fleet Maintenance Manager

Staff Report: Attached

13. CONSIDERATION OF AMENDMENT AND REINSTATEMENT OF DISTRICT'S
DEFERRED COMPENSATION PLAN AND TRUST, IN ORDER TO IDENTIFY A NEW
TRUSTEE AND TO FACILITATE CHANGES IN THE LAWS FOR 457 PLANS

Presented by: Margaret Gallagher, District Counsel

Staff Report: Attached

14. CONSIDERATION OF SOLE SOURCE AWARD OF CONTRACT FOR HASTUS
ROSTERING SOFTWARE MODULE

Presented by: Tom Stickel, Fleet Maintenance Manager

Staff Report: Attached

15. CONSIDERATION OF CHANGE ORDER TO NEW FLYER OF AMERICA CONTRACT
FOR DIESEL LOW-FLOOR BUSES THAT CAN BE CONVERTED TO
COMPRESSED NATURAL GAS (CNG)

Presented by: Tom Stickel, Fleet Maintenance Manager

Staff Report: Attached

16. CONSIDERATION OF AMENDING AWARD OF CONTRACT FOR FOUR EACH COMPRESSED NATURAL GAS (CNG) POWERED PASSENGER VANS
Presented by: Tom Stickel, Fleet Maintenance Manager
Staff Report: Attached
17. CONSIDERATION OF BUS SHELTER REQUEST FOR FELTON TEEN CENTER
Presented by: Bryant Baehr, Operations Manager
Staff Report: Attached
18. CONSIDERATION OF ADOPTION OF ADA/504 POLICY AND PROCEDURE
Presented by: Margaret Gallagher, District Counsel
Staff Report: Attached
19. CONSIDERATION OF ALLOWING THE LAND TRUST OF SANTA CRUZ COUNTY TO ACQUIRE THE PROPERTY LOCATED AT 617 REDWOOD DRIVE, FELTON, CALIFORNIA, TO ENSURE THE MAINTENANCE OF THE PROPERTY BY THE NEIGHBORHOOD
Presented by: Margaret Gallagher, District Counsel
Staff Report: Attached
20. CONSIDERATION OF ADOPTING REVISIONS TO THE DRUG AND ALCOHOL TESTING POLICY REGULATION
Presented by: Margaret Gallagher, District Counsel
Staff Report: Attached
21. CONSIDERATION OF NOMINATION OF DIRECTORS TO SERVE AS BOARD OFFICERS FOR THE YEAR 2003, TRANSPORTATION COMMISSION, AND METRO USERS GROUP CHAIRPERSON ASSIGNMENTS
Presented by: Les White, General Manager
Staff Report: Attached
22. CONSIDERATION OF A RESOLUTION AUTHORIZING AN APPLICATION TO CALTRANS FOR FY 2002-2003 RURAL OPERATING ASSISTANCE
Presented by: Mark Dorfman, Assistant General Manager
Staff Report: Attached
23. CONSIDERATION OF AWARD OF CONTRACT FOR LONG-TERM DISABILITY INSURANCE
Presented by: Tom Stickel, Fleet Maintenance Manager
Staff Report: Attached
24. REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION: District Counsel
25. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

SECTION II: CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Pursuant to Subdivision (a) of Section 54956.9)
 - a. Name of Case: Lane, et al vs. Santa Cruz Metropolitan Transit District
 - b. Name of Case: Jeff Northon vs. Santa Cruz Metropolitan Transit District
(before the Workers' Compensation Appeals Board)
 - c. Name of Case: Jose Val Rodriguez vs. Santa Cruz Metropolitan Transit District
(before the Workers' Compensation Appeals Board)
 - d. Name of Case: Sandra & Neil Bass vs. Santa Cruz Metropolitan Transit District
(Staff Report will be provided at the Board Meeting)

SECTION III: RECONVENE TO OPEN SESSION

26. REPORT OF CLOSED SESSION

ADJOURN

NOTICE TO PUBLIC

Members of the public may address the Board of Directors on a topic not on the agenda but within the jurisdiction of the Board of Directors or on the consent agenda by approaching the Board during consideration of Agenda Item #2 "Oral and Written Communications", under Section I. Presentations will be limited in time in accordance with District Resolution 69-2-1.

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. Members of the public may address the Board of Directors on a topic on the agenda by approaching the Board immediately after presentation of the staff report but before the Board of Directors' deliberation on the topic to be addressed. Presentations will be limited in time in accordance with District Resolution 69-2-1.

The Santa Cruz Metropolitan Transit District does not discriminate on the basis of disability. The Encinal Conference Room is located in an accessible facility. Any person who requires an accommodation or an auxiliary aid or service to participate in the meeting, please contact Dale Carr 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 METRO regarding special requirements to participate in the Board meeting.

NOTICE

REMINDER: There will be no second Board Meeting in December. All action items will be taken at the December 13, 2002 Board Meeting.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Minutes- Board of Directors

November 8, 2002

A Regular Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Friday, November 8, 2002 at the District's Administrative Office, 370 Encinal Street, Santa Cruz, CA.

Vice-Chairperson Reilly called the meeting to order at 9:03 a.m.

SECTION 1: OPEN SESSION

1. ROLL CALL:

DIRECTORS PRESENT

Sheryl Ainsworth
Tim Fitzmaurice
Michelle Hinkle
Mike Keogh
Ana Ventura Phares
Emily Reilly
Pat Spence
Marcela Tavantzis

DIRECTORS ABSENT

Jeff Almquist (arrived after roll call)
Jan Beautz (arrived after roll call)
Dennis Norton
Ex-Officio Mike Rotkin (arrived after roll call)

STAFF PRESENT

Bryant Baehr, Operations Manager
Mark Dorfman, Asst. General Manager
Marilyn Fenn, Asst. Finance Manager
Terry Gale, IT Manager
Margaret Gallagher, District Counsel

David Konno, Facilities Maint. Manager
Steve Paulson, Paratransit Administrator
Elisabeth Ross, Finance Manager
Robyn Slater, Interim H.R. Manager
Tom Stickel, Fleet Maint. Manager

EMPLOYEES AND MEMBERS OF THE PUBLIC WHO INDICATED THEY WERE PRESENT

Tom Hiltner, SEA
Jake Hurley, SEIU
Manny Martinez, PSA
Bonnie Morr, UTU

Will Regan, VMU
Marian Taylor, League of Women Voters
Candace Ward, UCSC
Linda Wilshusen, SCCRTC

2. ORAL AND WRITTEN COMMUNICATION

A letter from Director Spence to MASTF and information regarding transit in Santa Clara County were distributed to the Board.

Bonnie Morr congratulated those Board members who were re-elected to their positions in the County and City governments.

Ms. Morr reiterated the need for trees to be cut along the bus routes in order to accommodate the added height of the CNG tanks on top of the new buses. She added that even without the CNG tanks, the buses are having problems with low hanging tree limbs during the rainy season. Mark Dorfman responded that Bryant Baehr has been coordinating this project with the city and county organizations responsible for this.

Ms. Morr also asked for a pending report regarding bringing the paratransit service in-house. Les White responded that a letter of correction was sent to Lift Line, which is a result of staff monitoring their actions. Staff is researching what would be needed to bring this service in-house.

3. LABOR ORGANIZATION COMMUNICATIONS

Tom Hiltner introduced himself to the Board as the new SEA President representing 66 employees of the SEIU.

DIRECTOR ALMQUIST ARRIVED.

Bonnie Morr was also re-elected as the President of the UTU for the next four years.

4. METRO USERS GROUP (MUG) COMMUNICATIONS

Nothing to report at this time.

5. METRO ACCESSIBLE SERVICES TRANSIT FORUM (MASTF) COMMUNICATIONS

Nothing to report at this time.

6. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

A revised Budget was distributed to the Board along with a new Attachment A to Item #13.

CONSENT AGENDA

7-1. APPROVE REGULAR BOARD MEETING MINUTES OF OCTOBER 11 AND OCTOBER 25, 2002

No questions or comments.

7-2. ACCEPT AND FILE PRELIMINARILY APPROVED CLAIMS

No questions or comments.

7-3. ACCEPT AND FILE OCTOBER 2002 RIDERSHIP REPORT

No questions or comments.

7-4. CONSIDERATION OF TORT CLAIMS: Deny the Claim of: Dorothy Spaventa, Claim #02-0031

No questions or comments.

7-5. ACCEPT AND FILE MINUTES OF MASTF COMMITTEE MEETING OF OCTOBER 17, 2002

Director Spence stated that when she read her letter at the MASTF meeting, she thought it would have been made an attachment to the MASTF minutes, but it wasn't.

7-6. ACCEPT AND FILE MINUTES OF MUG COMMITTEE MEETING OF OCTOBER 16, 2002

No questions or comments.

7-7. ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR SEPTEMBER 2002, APPROVAL OF BUDGET TRANSFERS

No questions or comments.

7-8. ACCEPT AND FILE PARACRUZ STATUS REPORT FOR AUGUST 2002

No questions or comments.

7-9. ACCEPT AND FILE HIGHWAY 17 STATUS REPORT FOR SEPTEMBER 2002

No questions or comments.

7-10. ACCEPT AND FILE UNIVERSITY OF CALIFORNIA, SANTA CRUZ SERVICE UPDATE

Mark Dorfman stated that the increase in UCSC ridership parallels the school registrations.

7-11. ACCEPT AND FILE METROBASE STATUS REPORT

No questions or comments.

7-12. CONSIDERATION OF ADOPTION OF RESOLUTION OF INTENTION TO APPROVE AN AMENDMENT TO THE CALPERS CONTRACT TO PROVIDE SECTION 21023.5 (PUBLIC SERVICE CREDIT FOR PEACE CORPS OR AMERICORPS: VISTA SERVICE)

No questions or comments.

7-13. CONSIDERATION OF CHANGE OF USE FROM CHILDREN'S CLOTHING STORE TO ELECTRONIC SUPPLY SHOP FOR WATSONVILLE TENANT FLOR BELLA

Margaret Gallagher explained that the current tenant wants to change his merchandise from children's clothing to electronic equipment in an effort to sell his business. He did not renew his lease for an additional year.

7-14. CONSIDERATION OF AMENDING CONTRACT FOR REVENUE AND NON-REVENUE TIRES

Tom Stickel informed the Board that this contract was originally bid and that this is for the option of one of the four additional years.

7-15. CONSIDERATION OF AWARD OF CONTRACT FOR FOUR EACH COMPRESSED NATURAL GAS (CNG) POWERED PASSENGER VANS

It was reported that these are standard size vans and are fueled at either the County yard or at PG&E on 7th Avenue. These vehicles are used to shuttle bus operators from their assignments back to the parking yard. These vehicles replaced those with over 300,000 miles.

7-16. CONSIDERATION OF CHANGING MENU TO INCLUDE BREAKFAST FOR SUSHI NOW, A SANTA CRUZ METRO CENTER TENANT

Margaret Gallagher explained that the tenant's menu is part of the lease and, therefore, a lease amendment needs to be approved by the Board when there is a menu change. Mr. White explained the history of being able to set a higher rental rate for tenants by offering the assurances of the non-complete clause with other tenants.

REGULAR AGENDA

**8. CONSIDERATION OF PRESENTATION OF EMPLOYEE LONGEVITY AWARDS
THIS PRESENTATION WILL TAKE PLACE AT THE NOVEMBER 22, 2002 BOARD MEETING**

No questions or comments.

9. ANNOUNCEMENT: NOTIFICATION OF MEETING LOCATION FOR NOVEMBER 22, 2002 – WATSONVILLE CITY COUNCIL CHAMBERS, 250 MAIN STREET, WATSONVILLE

No questions or comments.

10. CONSIDERATION OF WORKSHOP SESSION ON BUDGET ISSUES

a. Budget Workshop

Summary:

Elisabeth Ross made a Power Point Presentation on budget issues. She reviewed the various revenue sources: passenger revenues (passenger fares = 20%), non-transportation revenues

(rental income, interest income), transportation revenues (advertising), sales tax revenues (53%), TDA (18%) and federal assistance.

**DIRECTOR BEAUTZ ARRIVED.
EX OFFICIO DIRECTOR ROTKIN ARRIVED.**

DIRECTOR REILLY LEFT THE MEETING.

Director Keogh suggested that Ms. Ross consult with the bank economist at the District's banking facilities as an independent source for sales tax projections. Ms. Ross talked about the TDA funds and how the allocations are made to the District. She also discussed federal assistance received in the amount of \$46,701. Operating assistance for next year will be \$2,075.729 assuming there is no increase.

Ms. Ross' preliminary projections for operating expenses for next year are \$32.9 million with operating revenues being anticipated at \$29.9 million, leaving a shortfall of approximately \$3 million.

Expenses were reviewed with discussions taking place regarding paratransit savings that may be realized due to the recertification process. Bus operator overtime was discussed and Ms. Ross provided figures of overtime costs since the recent wave of retirements occurred. A substantial savings has been experienced due to people retiring, however, the amount of short-term medical leaves have tripled. Mr. White confirmed that the 20% revenue from passenger fares is double the national average. There were discussions regarding the projected 5% increase for fuel and the costs of employee fringe benefits. Ms. Ross mentioned that the employee medical insurance is the biggest concern when reviewing labor/benefit costs.

b. Consideration of potential fare alternatives that might be used to increase revenues

Summary:

Mark Dorfman stated that the last time METRO adjusted the fixed route fares in the county was August of 1992. The base fare was raised in 1990; the current \$1 fare has been in place for twelve years. During that time, there has been a 40% inflation rate. He cited three alternatives for the budget: 1) cut expenses, 2) raise fares, 3) combination of both. The proposed plan is to shift people away from paying at the farebox, which slows boarding. Mr. Dorfman presented the proposed increases to the current fare structure. He also proposed a new weekly pass, which would be for those riders who could not afford a monthly pass. This weekly pass would reward frequent use and would be valid for seven days – Monday – Sunday. Any increase to the current fare structure would also raise the paratransit fares which, in keeping with the federal rule, can be no more than twice the base fare.

Discussion:

Linda Wilshusen of the Regional Transportation Commission asked why the District would eliminate the convenience card since it doesn't need to be used within a week and is for the discretionary rider? Mr. Dorfman explained that the weekly pass would benefit students during

school vacations since the current student pass is good only Monday-Friday. Mr. Dorfman will supply the Board with the number of convenience cards sold. He will also supply information on the number of senior/disabled passes sold per month and the number of cash fares. Marion Taylor of the League of Women Voters asked when the youth passes were changed to be valid Monday – Friday only. Ms. Taylor asked for information on how many youth passes are sold and she inquired as to why youths aren't encouraged to ride the bus on the weekends.

The anticipated revenue derived from the proposed increases would be \$375,000. There was discussion regarding the need to raise fares on a more regular basis instead of once every twelve years. Director Almquist stated that the increase is too modest and that the Board should make a commitment to raise rates every three years. He added that since the District has no contract with Cabrillo College, their students should pay the regular monthly fare. Also, discounts given to senior/disabled should not be any larger than what is federally mandated. Mark Dorfman agreed that he could make these changes to show the implications to the budget. Mr. Dorfman added that whenever rates are raised, according to UCSC's contract, there is a twelve months period before the price of their pass is increased. There was discussion about raising the rates to such a level as to make it easier for riders to have the correct change (i.e. \$1.50 vs. \$1.35). Marion Taylor suggested a 5-day pass be offered to everyone, not just youths. Director Tavantzis suggested a pass that offers a slight savings on a round trip to and from work each day. Linda Wilshusen suggested raising the Highway 17 fares again.

Director Fitzmaurice asked for the following: 1) When does this decision need to be made? 2) What would be the impact to system if the "proposed" increases are implemented and impacts if the base rate is raised to \$1.50. 3) a passenger survey showing how they would respond to the different fare changes. 4) a report on comparisons of the base fares to other transit systems.

Staff will return to the Board with requested information in January. The decision on the fare increases needs to be made around April.

11. **CONSIDERATION OF ACCEPTANCE OF FINANCIAL STATEMENTS AND REPORTS OF INDEPENDENT AUDITOR FOR YEAR ENDING JUNE 30, 2002**

No questions or comments.

12. **CONSIDERATION OF AMENDING THE DRUG AND ALCOHOL TESTING POLICY WILL BE PRESENTED FOR CONSIDERATION AT THE NOVEMBER 22, 2002 BOARD MEETING**

13. **CONSIDERATION OF AMENDMENT AND REINSTATEMENT OF THE DISTRICT'S DEFERRED COMPENSATION PLAN AND TRUST, IN ORDER TO IDENTIFY A NEW TRUSTEE AND TO FACILITATE CHANGES IN THE LAWS FOR 457 PLANS**

Discussion:

Director Fitzmaurice asked for a report from the labor groups to see how their members perceive these changes. Ms. Gallagher will do a full presentation at either the November 22nd or December 13th Board meetings and will work with the unions for their input on these issues.

Director Almquist suggested that a chart format be utilized to show how each union feels on certain issues.

14. CONSIDERATION OF AWARD OF CONTRACT FOR BUS ADVERTISING ACTION IS REQUIRED AT THE NOVEMBER 8, 2002 BOARD MEETING

ACTION: MOTION: DIRECTOR ALMQUIST SECOND: DIRECTOR TAVANTZIS

Award the bus advertising contract (RFP 02-06) to Princeton Media, Inc. with direction to utilize adhesive advertising to maximize revenues.

Discussion:

Mark Dorfman explained that it would cost the District \$20,000 to outfit the fleet for framed advertising. This reason, plus obtaining less revenue for framed ads, is why staff is not recommending framed ads. The net revenue to METRO over five years would be \$325,000 for framed ads vs. \$611,000 for adhesive ads. It was specified in the contract that the adhesive ads would not go more than 5" into the windows, and no wrap advertising would be adhered to the buses. The contract with Princeton Media is for three years with two one-year options.

Obie Media has an obligation of up to \$50,000 to paint and repair any buses damaged by ads being removed. Any damages above \$50,000 would be absorbed by the District who could sue Obie for the additional damages. Mr. Dorfman added that Princeton Media plans to open an office locally to service both Santa Cruz and Monterey transit districts.

ACTION: MOTION: DIRECTOR ALMQUIST SECOND: DIRECTOR FITZMAURICE

Continue to meeting past 11:00 a.m.

Motion passed with Directors Norton and Reilly being absent.

Director Ainsworth asked staff to ensure that the ads do not cover up the METRO logo on the buses.

The Motion to award the advertising contract to Princeton Media passed with Director Fitzmaurice voting no and Directors Norton and Reilly being absent.

15. CONSIDERATION OF AUTHORIZATION TO PURCHASE PARATRANSIT VANS USING STATE CONTRACT

ACTION: MOTION: DIRECTOR ALMQUIST SECOND: DIRECTOR KEOGH

Move Items 11 & 15 to the Consent Agenda.

Motion passed with Director Norton and Reilly being absent.

**16. CONSIDERATION OF AMENDING CONTRACT FOR COMPRESSED NATURAL GAS (CNG) FUEL STATION EQUIPMENT
ACTION REQUIRED AT THE NOVEMBER 8, 2002 BOARD MEETING**

ACTION: MOTION: DIRECTOR ALMQUIST SECOND: DIRECTOR PHARES

Authorize the General Manager to amend the contract with Allsup Corporation for CNG Fuel Station equipment to add two features.

Motion passed with Directors Norton and Reilly being absent.

**17. CONSIDERATION OF APPROVAL OF 2003 FEDERAL LEGISLATIVE PROGRAM
WILL BE PRESENTED FOR CONSIDERATION AT THE NOVEMBER 22, 2002 BOARD MEETING**

**18. CONSIDERATION OF APPROVAL OF 2003 STATE LEGISLATIVE PROGRAM
WILL BE PRESENTED FOR CONSIDERATION AT THE NOVEMBER 22, 2002 BOARD MEETING – JOSH SHAW WILL BE IN ATTENDANCE AT THAT MEETING**

**19. CONSIDERATION OF AWARD OF CONTRACT FOR EXCESS WORKER'S COMPENSATION COVERAGE
WILL BE PRESENTED FOR CONSIDERATION AT THE NOVEMBER 22, 2002 BOARD MEETING**

20. REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION: District Counsel

Margaret Gallagher reported that the Board would be working with the labor negotiator regarding issues relevant to SEIU.

21. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

None

SECTION II: CLOSED SESSION

Chairperson Ainsworth adjourned to Closed Session at 11:10 a.m. and reconvened to Open Session at 11:34 a.m.

SECTION III: RECONVENE TO OPEN SESSION

22. REPORT OF CLOSED SESSION

There was nothing to report at this time.

ADJOURN

There being no further business, Chairperson Ainsworth adjourned the meeting at 11:34 a.m.

Respectfully submitted.

DALE CARR
Administrative Services Coordinator

DRAFT

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Minutes- Board of Directors

November 22, 2002

A Regular Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Friday, November 22, 2002 at the Watsonville City Council Chambers, 250 Main Street, Watsonville, CA

Chairperson Ainsworth called the meeting to order at 9:15 a.m.

SECTION 1: OPEN SESSION

1. ROLL CALL:

DIRECTORS PRESENT

Sheryl Ainsworth
Jeff Almquist
Michelle Hinkle
Mike Keogh
Dennis Norton
Ana Ventura Phares
Emily Reilly
Pat Spence
Marcela Tavantzis

DIRECTORS ABSENT

Jan Beautz
Tim Fitzmaurice
Ex-Officio Mike Rotkin

STAFF PRESENT

Bryant Baehr, Operations Manager
John Daugherty, Assess. Svcs. Coordinator
Margaret Gallagher, District Counsel
Herbert Palacios, Interpreter

Elisabeth Ross, Finance Manager
Robyn Slater, Interim H.R. Manager
Tom Stickel, Fleet Maint. Manager
Leslie White, General Manager

EMPLOYEES AND MEMBERS OF THE PUBLIC WHO INDICATED THEY WERE PRESENT

Connie/Shelly Day, Transit Riders
Tom Hiltner, SEA
Jake Hurley, SEIU
Manny Martinez, PSA
Bonnie Morr, UTU

Karena Pushnik, SCCRTC
Will Regan, VMU
Josh Shaw, Shaw & Yoder
Marian Taylor, League of Women Voters

2. ORAL AND WRITTEN COMMUNICATION

Oral:

Tila Guerrero of the Watsonville Chamber of Commerce and owner of the Watsonville McDonald's franchise welcomed the Transit Board to the Watsonville facilities. She thanked the Board for their efforts in regard to an incident that occurred in which one of her employees was accosted. She praised David Konno, Les White, Director Phares and

Directors Almquist and Beautz both of whom are on the County Board of Supervisors. A gate was installed as a deterrent to this happening in the future.

Jake Hurley of SEIU informed the Board that METRO staff was accommodating in dealing with issues and concerns related to his transition as the new field representative. He offered his thanks to the staff.

3. LABOR ORGANIZATION COMMUNICATIONS

Nothing to report.

4. METRO USERS GROUP (MUG) COMMUNICATIONS

Two Motions were made at the MUG meeting of 11/13/02:

- 1) MUG supports the Board of Directors in adopting the Draft ADA/504 Accessibility Policies & Procedures as written.
- 2) MUG recommends that the Talking Bus System be stabilized and running smoothly with the current call stop list prior to changing or adding any more call stops.

5. METRO ACCESSIBLE SERVICES TRANSIT FORUM (MASTF) COMMUNICATIONS

Connie Day stated to the Board that if METRO has cutbacks on service that the Route 71 not be cut. The following Motion was made at the November 14th MASTF Meeting:

If service cuts are needed, that they not be made in the Watsonville area.

6. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

Margaret Gallagher requested that an additional item be added to the agenda, as follows:

CONSIDERATION OF AMENDMENTS TO JESSICA'S GROCERY STORE LEASE AND THE METRO MARKET LEASE TO ALLOW TENANTS TO USE ROOFS OF THE TRANSIT CENTERS FOR WIRELESS EQUIPMENT FOR LOTTERY SALES. The tenants were given only until the end of November to facilitate this request, thus the need for this to be added to the agenda.

ACTION: MOTION: DIRECTOR ALMQUIST SECOND: DIRECTOR KEOGH

Move the item to the agenda and make the necessary findings.

Motion passed unanimously with Directors Beautz and Fitzmaurice being absent.

Chairperson Ainsworth added this as Item #23 to the agenda.

SECTION I:

ADD TO ITEM #2 ORAL AND WRITTEN COMMUNICATION
(Insert one letter: Letter from MASTF Chair)

CONSENT AGENDA:

ADD TO ITEM #7-3 ACCEPT AND FILE 2002 RIDERSHIP REPORT
(Insert Page 1)

DELETE ITEM #7-13 CONSIDERATION OF CHANGE OF USE FROM CHILDREN'S
CLOTHING STORE TO ELECTRONIC SUPPLY SHOP FOR
WATSONVILLE TENANT FLOR BELLA
(Tenant did not renew lease)

REGULAR AGENDA:

ADD TO ITEM #9 UPDATE FROM JOSH SHAW ON STATE LEGISLATIVE ISSUES
(Mr. Shaw will make an oral presentation)

DELETE ITEM #10 CONSIDERATION OF WORKSHOP SESSION ON BUDGET
ISSUES
(Presentation made at the 11/8/02 Board Meeting)

DELETE ITEM #12 CONSIDERATION OF AMENDING THE DRUG AND ALCOHOL
TESTING POLICY
(Unions requested additional time to review)

DELETE ITEM #13 CONSIDERATION OF AMENDMENT AND REINSTATEMENT OF
THE DISTRICT'S DEFERRED COMPENSATION PLAN AND
TRUST, IN ORDER TO IDENTIFY A NEW TRUSTEE AND TO
FACILITATE CHANGES IN THE LAWS FOR 457 PLANS
(Unions requested additional time to review)

DELETE ITEM #14 CONSIDERATION OF AWARD OF CONTRACT FOR BUS
ADVERTISING
(Action taken at the 11/8/02 Board Meeting)

DELETE ITEM #16 CONSIDERATION OF AMENDING CONTRACT FOR
COMPRESSED NATURAL GAS (CNG) FUEL STATION
EQUIPMENT
(Action taken at the 11/8/02 Board Meeting)

ADD TO ITEM #17 CONSIDERATION OF APPROVAL OF 2003 FEDERAL
LEGISLATIVE PROGRAM
(Add Staff Report)

- ADD TO ITEM #18** CONSIDERATION OF APPROVAL OF 2003 STATE LEGISLATIVE PROGRAM
(Add Staff Report)
- ADD TO ITEM #19** CONSIDERATION OF AWARD OF CONTRACT FOR LICENSED BROKER SERVICES FOR EXCESS WORKER'S COMPENSATION COVERAGE
(Add Staff Report)
- ADD TO ITEM #20** CONSIDERATION OF A RESOLUTION AUTHORIZING A GRANT APPLICATION THROUGH SANTA CRUZ COUNTY TO CALTRANS FOR BICYCLE TRANSPORTATION ACCOUNT FUNDS TO PURCHASE NEW BIKE RACKS FOR BUSES
(Add Staff Report)
- ADD TO ITEM #21** CONSIDERATION OF TALKING BUS SYSTEM STATUS
(Add Staff Report)
- ADD TO ITEM #22** CONSIDERATION OF SUBMITTING A RESPONSE TO THE GRAND JURY REGARDING PROVIDING BUS SERVICE TO THE SANTA CRUZ COUNTY JUVENILE DETENTION CENTER ON GRAHAM HILL ROAD
(Add Staff Report)

CONSENT AGENDA

- 7-1. APPROVE REGULAR BOARD MEETING MINUTES OF OCTOBER 11 AND OCTOBER 25, 2002
- 7-2. ACCEPT AND FILE PRELIMINARILY APPROVED CLAIMS
- 7-3. ACCEPT AND FILE OCTOBER 2002 RIDERSHIP REPORT
- 7-4. CONSIDERATION OF TORT CLAIMS: Deny the Claim of: Dorothy Spaventa, Claim #02-0031
- 7-5. ACCEPT AND FILE MINUTES OF MASTF COMMITTEE MEETING OF OCTOBER 17, 2002
- 7-6. ACCEPT AND FILE MINUTES OF MUG COMMITTEE MEETING OF OCTOBER 16, 2002
- 7-7. ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR SEPTEMBER 2002, APPROVAL OF BUDGET TRANSFERS
- 7-8. ACCEPT AND FILE PARACRUZ STATUS REPORT FOR AUGUST 2002
- 7-9. ACCEPT AND FILE HIGHWAY 17 STATUS REPORT FOR SEPTEMBER 2002
- 7-10. ACCEPT AND FILE UNIVERSITY OF CALIFORNIA, SANTA CRUZ SERVICE UPDATE
- 7-11. ACCEPT AND FILE METROBASE STATUS REPORT
- 7-12. CONSIDERATION OF ADOPTION OF RESOLUTION OF INTENTION TO APPROVE AN AMENDMENT TO THE CALPERS CONTRACT TO PROVIDE SECTION 21023.5 (PUBLIC SERVICE CREDIT FOR PEACE CORPS OR AMERICORPS: VISTA SERVICE)
- 7-13. DELETED

- 7-14. **CONSIDERATION OF AMENDING CONTRACT FOR REVENUE AND NON-REVENUE TIRES**
- 7-15. **CONSIDERATION OF AWARD OF CONTRACT FOR FOUR EACH COMPRESSED NATURAL GAS (CNG) POWERED PASSENGER VANS**
- 7-16. **CONSIDERATION OF CHANGING MENU TO INCLUDE BREAKFAST FOR SUSHI NOW, A SANTA CRUZ METRO CENTER TENANT**
- 7-17. **CONSIDERATION OF ACCEPTANCE OF FINANCIAL STATEMENTS AND REPORTS OF INDEPENDENT AUDITOR FOR YEAR ENDING JUNE 30, 2002**
(Moved to Consent Agenda at the November 8, 2002 Board Meeting. Staff report retained original numbering as Item #11)
- 7-18. **CONSIDERATION OF AUTHORIZATION TO PURCHASE PARATRANSIT VANS USING STATE CONTRACT**
(Moved to Consent Agenda at the November 8, 2002 Board Meeting. Staff report retained original numbering as Item #15)

ACTION: MOTION: DIRECTOR PHARES SECOND: DIRECTOR ALMQUIST

Approve Consent Agenda

Motion passed unanimously in lieu of a roll call vote for Item #7-12 with Directors Beautz and Fitzmaurice being absent.

REGULAR AGENDA

8. CONSIDERATION OF PRESENTATION OF EMPLOYEE LONGEVITY AWARDS

The following employees were acknowledged with longevity certificates for their years of service:

FIFTEEN YEARS

Polly J. McGinnis, Bus Operator
Domingo Tovar, Bus Operator

TWENTY YEARS

Adela P. Bates, Customer Service Representative
Glenn A. Lynch, Bus Operator

TWENTY-FIVE YEARS

Arlette J. Abacherli, Bus Operator
Thomas J. Bradford, Transit Supervisor
Frederick B. Dempsey, Bus Operator

9. UPDATE FROM JOSH SHAW ON STATE LEGISLATIVE ISSUES

Josh Shaw of Shaw & Yoder and the California Transit Association made a power point presentation on the state of transit funds in the legislature. He discussed in detail the following

topics: Transit funds at risk, Dept. of Finance's projections, Legislative Analyst's projections, Impact on transit funding – TDA, PTA, TCRP, STA.

Mr. Shaw reviewed the state of the California State Budget citing the legislative analyst's prediction for FY 03/04 of a \$15 billion difference between anticipated revenues and expected expenditures.

Discussion:

CHAIRPERSON AINSWORTH LEFT THE MEETING.

Mr. Shaw discussed what could be done in light of the recent economic downturn. He suggested that METRO educate and send letters to Senator McPherson, Assembly Member Laird, County Supervisors, talk to local officials, such as, the City Council, SCCRTC, Labor Unions, Downtown Business Association, Chamber of Commerce, the Press, the riding public.

He informed the Board that there would be a special session of the legislature held on December 9, 2002 for the purpose of cutting \$5 billion out of the current budget. He will keep METRO staff informed as to the outcome of this special session.

ITEM #18 WAS TAKEN OUT OF ORDER

18. CONSIDERATION OF APPROVAL OF 2003 STATE LEGISLATIVE PROGRAM

Summary:

Mr. White segued right into this item from Josh Shaw's presentation.

Discussion:

The main concern at this point is the STA funds since these funds are used for any project that has a local match. This will affect the replacement of buses, the Metro Center redevelopment project and the MetroBase project all of which will require a local share of approximately twenty (20%) percent. This portion will either need to come from capital sources or the capital projects will need to be suspended. Mr. White re-stated that METRO is spending \$600,000 per year on leasing facilities. Mr. White stated that he will "step up" talking with Assembly Member Laird and other appropriate legislative leaders. He added that staff is ready to request an allocation from the CTC for fund in the Traffic Congestion Relief Program (TCRP) for acquisition of the Greyhound property which we are currently leasing. He expressed further concern regarding the twenty-nine (29) new buses scheduled to be received in approximately ninety (90) days and the \$6 million invoice that will accompany the shipment. Also, eleven (11) Highway 17 buses are scheduled to go into production this spring and will arrive in August with a \$3 million invoice. Historically, the CTC has treated signed contracts as "committed" money; however, these funds are still at risk.

Director Reilly asked that Mr. White add a ninth goal as follows: Prepare and implement a county-wide public awareness program to inform the public of the impacts of lowered or cancelled state funding on METRO service and projects. Involve all stakeholders in the design

and implementation of the program. Encourage communication of concerns to members of the State Legislature with emphasis on those individuals representing Santa Cruz County.

ACTION: MOTION: DIRECTOR NORTON SECOND: DIRECTOR KEOGH

Adopt the proposed METRO 2003 State Legislative Program attached to this staff report with the addition of the ninth goal and endorse the adopted Legislative Program of the California Transit Association.

Motion passed unanimously with Directors Ainsworth, Beautz and Fitzmaurice being absent.

10. **DELETED**

11. **MOVED TO CONSENT AGENDA AS ITEM #7-17**

12. **DELETED**

13. **DELETED**

14. **DELETED**

15. **MOVED TO CONSENT AGENDA AS ITEM #7-18**

16. **DELETED**

17. **CONSIDERATION OF APPROVAL OF 2003 FEDERAL LEGISLATIVE PROGRAM**

Summary:

Leslie White recapped the goals that METRO would like to achieve while working with Congress. With the Senate majority shifting to the Republican Party, Senator Shelby will be returning to sit on the Transportation Committee and will assume the Chair of the Banking Committee. This will affect multi-year transit and appropriating money on an annual basis. California and New York may be negatively impacted by his return to these two positions.

Discussion:

There was discussion regarding bringing Carolyn Chaney out to Santa Cruz to discuss the federal goals and the level of priority of these goals and the Metro Center project. There is a need for her to be here for the Reauthorization Committee for Highway 1 as well. February may be the target date for this. Mr. White stated that the Transportation Equity Act (TEA-21) Program would conclude on September 30, 2003. Director Phares suggested that all the legislative representatives be brought out at one time to meet with the Board and the public to publicly discuss transit issues. The Watsonville city officials will hold one of these meetings with Congressional and House representatives on December 13, 2002. Director Tavantzis will ensure that the state and federal METRO items are on their legislative agenda for that meeting.

ACTION: MOTION: DIRECTOR PHARES SECOND: DIRECTOR NORTON

Adopt the proposed METRO 2003 Federal Legislative Program attached to the staff report.

Motion passed unanimously with Directors Ainsworth, Beautz and Fitzmaurice being absent.

19. CONSIDERATION OF AWARD OF CONTRACT FOR LICENSED BROKER SERVICES FOR EXCESS WORKER'S COMPENSATION COVERAGE

Summary:

Tom Stickel reported that the District is self-insured up to \$350,000 for individual worker's compensation claims. This has been increased to a \$500,000 limit per claim for which the District would be liable. The Excess coverage would cover any amount over the \$500,000 limit.

ACTION: MOTION: DIRECTOR ALMQUIST SECOND: DIRECTOR NORTON

Authorize the General Manager to execute a contract for licensed broker services for excess worker's compensation coverage with Loveland and Smart Insurance Services, Inc.

Robyn Slater informed the Board that Loveland and Smart Insurance Services is the same vendor as before, with a name change only. Ms. Slater reviewed some of the more expensive claims to the District recently.

Motion passed unanimously with Directors Ainsworth, Beautz and Fitzmaurice being absent.

20. CONSIDERATION OF A RESOLUTION AUTHORIZING A GRANT APPLICATION THROUGH SANTA CRUZ COUNTY TO CALTRANS FOR BICYCLE TRANSPORTATION ACCOUNT FUNDS TO PUCHASE NEW BIKE RACKS FOR BUSES

Summary:

Tom Stickel reported that staff had worked with Sportworks to acquire the current bicycle racks on the buses. Santa Cruz has the highest degree of bicycle usage with more demand for bike slots than the buses' ability to carry them. The new bike rack accommodates three (3) bikes at a time and was recently viewed at the APTA Expo in Las Vegas. The new rack meets the state requirements for length and will allow independent loading and unloading of individual bikes.

Staff is recommending that the Board allow METRO staff to apply through Santa Cruz County Public Works for \$81,000 to purchase these new bike racks. Staff would also enter into an agreement with Sportworks to turn in the old bike racks for a credit against the cost of the new racks. By doing this, there would be no financial impact to the District for the new racks.

ACTION: MOTION: DIRECTOR ALMQUIST SECOND: DIRECTOR NORTON

Authorize a grant application through Santa Cruz County to Caltrans for Bicycle Transportation Account Funds to purchase new bike racks for buses.

Motion adopted the Resolution by unanimous roll call vote with Directors Ainsworth, Beautz and Fitzmaurice being absent.

Les White explained the reason for the bike racks not being installed on the back of the buses – bus operators cannot see behind the bus to know when the bike and bike rider are clear of the vehicle prior to departing.

21. CONSIDERATION OF TALKING BUS SYSTEM STATUS

Summary:

Bryant Baehr outlined three categories under this topic: programming and troubleshooting; the new 12-satelite GPS systems which are currently being installed, and a claim that bus operators are interfering with the Talking Bus System. Mr. Baehr addressed the last category by talking with bus operators and checking wiring to ensure no tampering had taken place. It was confirmed that no tampering had occurred. When Mr. Baehr reported back to the person making the allegation, however, he was not believed. The customer alleged that Fleet Maintenance was supplying information on how to disable the Talking Bus System. Mr. Baehr assured the Board that this complaint was promptly and thoroughly investigated and no evidence was found to back up the allegation of tampering.

ACTION: MOTION: DIRECTOR ALMQUIST SECOND: DIRECTOR SPENCE

Accept the report.

Motion passed unanimously with Directors Ainsworth, Beautz and Fitzmaurice being absent.

22. CONSIDERATION OF SUBMITTING A RESPONSE TO THE GRAND JURY REGARDING PROVIDING BUS SERVICE TO THE SANTA CRUZ COUNTY JUVENILE DETENTION CENTER ON GRAHAM HILL ROAD

Summary:

Margaret Gallagher reported that the Grand Jury recommended that METRO provide bus routes with stops available to those wanting to get to and from the Juvenile Hall facilities on Graham Hill Road. The Grand Jury requested a response from METRO and Ms. Gallagher had attached a proposed response to her staff report. It was further reported that METRO attempted to generate riders to Juvenile Hall via a special shuttle service in 1998. This route was unsuccessful in generating ridership at that time. Due to METRO's current financial situation and the fact that the bus cannot turn around in the Juvenile Hall parking lot, staff is recommending that no stops be available at this location.

ACTION: MOTION: DIRECTOR ALMQUIST SECOND: DIRECTOR REILLY

Approve submission of the proposed response to the Grand Jury indicating that METRO cannot provide bus service to the Santa Cruz County Juvenile Detention Center located on Graham Hill Road.

Director Almquist and Les White both gave a history of service provided to the Juvenile Hall, which resulted in less than one passenger a day even with an aggressive promotion of this service to the public.

Motion passed unanimously with Directors Ainsworth, Beutz and Fitzmaurice being absent.

23. CONSIDERATION OF AMENDMENTS TO JESSICA'S GROCERY STORE LEASE AND THE METRO MARKET LEASE TO ALLOW TENANTS TO USE ROOFS OF THE TRANSIT CENTERS FOR WIRELESS EQUIPMENT FOR LOTTERY SALES

Summary:

Margaret Gallagher stated that the California Lottery approached owners of both Jessica's Grocery Store and Metro Market regarding installation of wireless equipment on the roofs of these businesses to facilitate the sale of lottery tickets. There was initially a deadline of November 6th for a decision to be made, however, the deadline was then moved to the end of November. Staff is requesting Board approval to permit lease amendments to allow the California Lottery to use the roofs for their wireless equipment.

ACTION: MOTION: DIRECTOR ALMQUIST SECOND: DIRECTOR REILLY

Approve lease amendments to Jessica's Grocery and Metro Market to allow for wireless equipment to be installed on the roofs to facilitate sale of California Lottery tickets.

Motion passed unanimously with Directors Ainsworth, Beutz and Fitzmaurice being absent.

Bonnie Morr of UTU spoke on three items previously discussed on the Agenda. 1) ADA reporting on Talking Buses – Ms. Morr reiterated the commitment from all the bus operators to do their jobs. She confirmed that there has been no tampering with this equipment. 2) No bus operators or Union representatives have been informed of or have seen any information on the new bike racks. She would like UTU to be included in this process. 3) Regarding Josh Shaw's report on the state of the California budget, she wanted to remind the Board of the power of the unions both on a state and federal level. She requested a copy of all handouts from Mr. Shaw's presentation today. She added that the more informed the unions are, the more assistance they can offer on both state and federal levels.

24. REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION: District Counsel

Ms. Gallagher reported that the Board would discuss the existing litigation case of Jeff Long, Nina Carlotta and Lane/Loya in Closed Session. She also asked that the case of Bass vs.

SCMTD be added to the Closed Session Agenda since a piece of the proposed agreement needs to be discussed.

ACTION: MOTION: DIRECTOR ALMQUIST SECOND: DIRECTOR TAVANTZIS

Add a discussion on the Bass case to the agenda and make the necessary findings to do so.

Motion passed unanimously with Directors Ainsworth, Beautz and Fitzmaurice being absent.

25. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

None

SECTION II: CLOSED SESSION

Vice Chairperson Reilly adjourned to Closed Session at 11:13 a.m. and reconvened to Open Session at 11:45 a.m.

SECTION III: RECONVENE TO OPEN SESSION

26. REPORT OF CLOSED SESSION

There was nothing to report at this time.

ADJOURN

There being no further business, Vice-Chairperson Reilly adjourned the meeting at 11:45 a.m.

Respectfully submitted,

DALE CARR
Administrative Services Coordinator

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
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DATE: 11/01/02 THRU 11/30/02

CHECK NO	CHECK DATE	CHECK VENDOR AMOUNT	VENDOR NAME	VENDOR TRANS. TYPE NUMBER	TRANSACTION DESCRIPTION	TRANSACTION COMMENT AMOUNT
74	11/01/02	9,636.19 001043	VISION SERVICE PLAN	80367	NOV VISION INSURANCE	9,636.19
75	11/01/02	9,482.03 001063	NEW FLYER INDUSTRIES LIMITED	80370	REV VEH PARTS 3154	3,133.63
				80371	REV VEH PARTS 1203	1,203.03
				80372	REV VEH PARTS 1371	1,371.16
				80373	REV VEH PARTS 363	363.44
				80374	REV VEH PARTS 3143	3,143.25
				80375	REV VEH PARTS 268	267.52
76	11/01/02	1,712.61 001230	CAPITOL CLUTCH AND BRAKE, INC	80376	REV VEH PARTS	1,712.61
77	11/01/02	531.00 001257	DOMINICAN HOSPITAL OF S C	80377	SEP DRUG TESTING	531.00
78	11/01/02	432.00 001263	ABBOTT STREET RADIATOR	80378	REPAIR RADIATOR/8308	432.00
79	11/01/02	219.51 001296	LEXISNEXIS MATTHEW BENDER	80379	CA EMPLOYMENT LAW	219.51
80	11/01/02	198.00 001523	SANTA CRUZ MEDICAL CLINIC	80380	SEP MEDICAL EXAMS	198.00
81	11/01/02	35,894.47 001616	UNUM	80381	NOV LTD INSURANCE	35,894.47
82	11/01/02	560.88 001711	MOHAWK MFG. & SUPPLY CO.	80382	REV VEH PARTS 339	338.88
				80383	REV VEH PARTS 2 2 2	222.00
83	11/01/02	4,559.42 001745	HARTFORD LIFE	80384	NOV LIFE/AD&D INS	4,559.42
84	11/01/02	298.00 001752	THOMPSON PUBLISHING GROUP, INC.	80385	FAIR LABOR HANDBOOK	298.00
85	11/01/02	210,754.32 001762	COMMUNITY BRIDGES	80386	SEP ADA PARATRANSIT	210,754.32
86	11/01/02	259.00 001896	NATIONAL BUSINESS INSTITUTE	80387	1/9/03 SEMINAR	259.00
87	11/01/02	152.05 002028	WESTCOAST LEGAL SERVICE	80388	PROF/TECH SVCS	152.05
88	11/01/02	38.85 002063	COSTCO	80389	PHOTO PROCESS/OPS	18.58
				80390	LOCAL MEETING EXP	20.27
89	11/01/02	71.50 002069	A TDQL SBEV INC.	80391	EQUIPMENT RENTAL	71.50
90	11/01/02	18,271.22 002116	HINSHAW, EDWARD & BARBARA	80392	120 DUBOIS 8/30-6/30	18,271.22
91	11/01/02	215.41 002170	KIM SUPPLY, INC	80393	REPAIRS/MAINT 103	215.41
92	11/01/02	233.85 002313	HARTSELL & OLIVIERI	80394	TRANSCRIPT	80.60
				80395	TRANSCRIPT	153.25
93	11/01/02	45.00 002388	DOGHERRA'S	80396	OUT REPAIR OTHER VEH	45.00
94	11/01/02	49.95 002411	BIG O TIRE	80397	OUT REPAIR OTHER VEH	49.95
95	11/01/02	52.50 002447	SETON IDENTIFICATION PRODUCTS	80398	NAME PLATES	52.50
96	11/01/02	1,767.75 002607	CTC ANALYTICAL SERVICES INC.	80399	OUT REPAIR REV VEH	1,767.75
97	11/01/02	3,201.79 002686	WATERLEAF ARCHITECTURE	80400	PROF SVCS TO 9/27	3,201.79
98	11/01/02	24.33 002707	PITNEY BOWES CREDIT CORP	80401	POSTAGE METER/PLANS	24.33
99	11/01/02	2,106.00 002713	SANTA CRUZ AUTO TECH, INC	80402	OUT REPAIR/#8109	311.91
				80403	OUT REPAIR/#906	1,794.09
00	11/01/02	342.56 007	UNITED PARCEL SERVICE	80404	FREIGHT OUT	342.56
01	11/01/02	10.51 009	PACIFIC GAS & ELECTRIC	80405	9/27-10/25 SAKATA LN	10.51
02	11/01/02	612.39 013	MCI SERVICE PARTS, INC.	80406	REV VEH PARTS	226.50
				80407	REV VEH PARTS	385.89
03	11/01/02	17.00 014	CABRILLO COLLEGE	80408	PRE-EMPLOYMENT EXAM	17.00
04	11/01/02	1,203.00 017	SUN MICROSYSTEMS, INC.	80409	10/1-12/31 SVCS	1,203.00
05	11/01/02	4,542.31 018	SALINAS VALLEY FORD SALES	80410	REV VEH PARTS	1,510.20
				80411	OUT BEPAIR OTHER VEH	3,032.11
06	11/01/02	1,707.22 057	U.S. BANK	80412	4251-2400-0574-2697	1,070.53
				80413	4251-2400-0554-7229	636.69
07	11/01/02	331,226.89 086	NEW FLYER OF AMERICA	80414	QTY 1 CNG BUS	331,226.89
08	11/01/02	852.76 104	STATE STEEL COMPANY	80415	PARTS & SUPPLIES	852.76
09	11/01/02	1,652.22 117	GILLIG CORPORATION	80416	REV VEH PARTS	1,059.96
				80417	REV VEH PARTS	592.26
10	11/01/02	1,431.49 148	ZEP MANUFACTURING COMPANY	80418	PARTS & SUPPLIES	273.19

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
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DATE: 11/01/02 THRU 11/30/02

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				80419	CLEANING SUPPLIES	1,158.30	
211	11/01/02	1,186.54	HOSE SHOP, INC. THE	80420	PARTS & SUPPLIES	1,186.54	
212	11/01/02	206.32	CROWN TOOL AND SUPPLY INC.	80421	PARTS & SUPPLIES	206.32	
213	11/01/02	3,417.72	VEHICLE MAINTENANCE PROGRAM	80422	REV VEH PARTS 561	560.50	
				80423	REV VEH PARTS 2720	2,719.88	
				80424	REV VEH PARTS 137	137.34	
214	11/01/02	236.74	FEDERAL EXPRESS	80425	SEP/OCT MAILINGS	236.74	
215	11/01/02	6,545.77	STEWART & STEVENSON	80426	REV VEH PARTS	1,319.03	
				80427	REV VEH PARTS/SUPPLY	4,178.98	
				80428	REV VEH PARTS	933.80	
				80429	REV VEH PARTS	113.96	
216	11/01/02	610.00	DIRECT SAFETY	80430	PARTS & SUPPLIES 610	610.00	
217	11/01/02	73.49	APPLIED GRAPHICS, INC.	80431	FUEL CARDS/FLEET	73.49	
218	11/01/02	1,610.85	TRANSIT INFORMATION PRODUCTS	80432	GRAPHIC SVCS	1,610.85	
219	11/01/02	295.00	PAGE PUBLICATIONS	80433	TRANSIT ACCESS RPT	295.00	
220	11/01/02	88.88	WEST GROUP PAYMENT CTR	80434	SEP ACCESS CHGS	88.88	
221	11/01/02	449.88	BRENTON SAFETY, INC.	80435	SAFETY SUPPLIES	449.88	
222	11/01/02	1,530.00	FAST RESPONSE ON-SITE	80436	PROF/TECH SVCS	1,530.00	
223	11/01/02	165,226.28	PUBLIC EMPLOYEES'	80437	NOV MEDICAL INS	165,226.28	
224	11/01/02	205.34	CUMMINS WEST, INC	80438	REV VEH PARTS	205.34	
225	11/01/02	3,520.00	BROWN ARMSTRONG	80439	AUDIT SERVICES	3,520.00	
226	11/01/02	70.00	MAGDALENO, CARMEN	80440	INTERPRETING SVCS	70.00	
227	11/01/02	3,731.17	RANKIN, LANDSNESS, LAHDE.	80441	LEGAL SERVICES	2,985.10	
				80442	LEGAL SERVICES	746.07	
228	11/01/02	50.00	SALDANA, ERNESTINA	80443	PARACRUZ HEARING	50.00	
229	11/01/02	50.00	WOOD, JOHN	80444	PARACRUZ HEARING	50.00	
230	11/01/02	740.52	STRINGER BUSINESS - OAKLAND	80445	OUT REPAIR EQUIP	740.52	
231	11/01/02	240.00	MCBRIDE & ASSOCIATES	80446	TRANSCRIPT	240.00	
232	11/01/02	16,445.00	ORTHOPAEDIC HOSPITAL	80447	SEP PROF/TECH SVCS	16,445.00	
233	11/01/02	353.98	I.M.P.A.C. GOVERNMENT SERVICES	80448	4055019201231022	353.98	
234	11/01/02	50.00	AINSWORTH, SHERYL	80452	OCT BOARD MEETING	50.00	
235	11/01/02	100.00	ALMQUIST JEFF	80453	OCT BOARD MEETING	100.00	
236	11/01/02	100.00	BEAUTZ, JAN	80454	OCT BOARD MEETING	100.00	
237	11/01/02	100.00	FITZMAURICE, TIM	80455	OCT BOARD MEETING	100.00	
238	11/01/02	50.00	HINKLE, MICHELLE	80456	OCT BOARD MEETING	50.00	
239	11/01/02	100.00	KEDGH, MICHAEL	80457	OCT BOARD MEETING	100.00	
240	11/01/02	100.00	REILLY, EMILY	80459	OCT BOARD MEETING	100.00	
241	11/01/02	100.00	SPENCE, PAT	80460	OCT BOARD MEETING	100.00	
242	11/01/02	100.00	VENTURA PHARES, ANA	80458	OCT BOARD MEETING	100.00	
243	11/01/02	100.00	CITY OF WATSONVILLE	80461	OCT BOARD MEETING	100.00	
244	11/01/02	242.00	HARRELL, LAURA	80450	NOV MEDICAL INS	242.00	
245	11/01/02	124.50	BLUE CROSS	80451	DEC MEDICAL PREMIUM	124.50	
246	11/01/02	1,677.13	CITY OF WATSONVILLE	80449	SETTLEMENT CLAIM	1,677.13	
247	11/08/02	181.03	WASTE MANAGEMENT OF S C	80463	OCT MT HERMON/KINGS	55.77	
				80464	OCT KINGS VILLAGE	125.26	
248	11/08/02	94,449.41	DEVCO OIL	80465	OCT FUEL	94,449.41	
249	11/08/02	1,178.94	CITY OF SANTA CRUZ	80466	02/03 STORM WATER	1,178.94	
250	11/08/02	608.88	SCOTTS VALLEY WATER DISTRICT	80467	8/12-10/9 KINGS VLG	29.12	
				80468	8/12-10/9 KINGS VLG	579.76	
251	11/08/02	253.80	IOS CAPITAL	80469	11/22-12/21 CANON	253.80	

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
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DATE: /01/02 THRU 11/30/02

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352	11/08/02	6,302.72	009	PACIFIC GAS & ELECTRIC	80470 9/27-10/25 SAKATA LN 80471 9/27-10/29 BEACH ST 80472 9/27-10/29 RODRIGUEZ 80473 9/27-10/29 RODRIGUEZ 80474 10/1-10/30 HARVEY 80475 10/1-10/30 111 DUBO 80476 10/1-10/30 111 DUBO 80477 10/1-10/30 370 ENC 80478 10/1-10/30 370 ENC	10.80 141.85 22.81 1,488.80 39.66 918.19 389.54 3,159.29 131.78
353	11/08/02	11,919.70	079	SANTA CRUZ MUNICIPAL UTILITY	80479 8/28-10/29 PACIFIC 80480 8/28-10/29 PACIFIC 80481 8/28-10/28 GOLF CLUB 80482 8/28-10/28 ENCINAL 80483 8/28-10/28 ENCINAL 80484 8/28-10/28 RIVER ST 80485 8/28-10/28 111 DUBO 80486 SEP LANDFILL	70.52 3,766.44 1,516.38 1,552.20 171.37 3,550.39 1,278.40 14.00
354	11/08/02	158.28	434	VERIZON WIRELESS-PAGERS	80487 NOV PAGERS	158.28
355	11/08/02	53.40	434B	VERIZON CALIFORN A	80488 MT. BIEWLASKI	53.40
356	11/08/02	356.89	E030	FENN. MARILYN	80489 ACCTG & AUDIT CONF 80490 EMPLOYEE TRAVEL	275.00 81.89
357	11/08/02	34.00	E154	MARTINEZ, MANUEL	80491 DMV FEES	34.00
358	11/08/02	44.00	E422	FLORES JUAN	80492 DMV/VTT FEES	44.00
359	11/08/02	35.95	E495	WHITE, LES	80493 EMPLOYEE TRAVEL	35.95
360	11/08/02	1,236.08	R311	CALIFORNIA STATE AUTO AS SC.	80494 SETTLEMENT CLAIM	1,236.08
361	11/15/02	595.24	001	PACIFIC BELL/SAC	80499 NOV LINE - IT	595.24
362	11/15/02	98.68	001020	EMED COMPANY	80500 SAFETY SUPPLIES 91	98.68
363	11/15/02	2,676.72	001063	NEW FYEER INDUSTRIES LIMITED	80501 REV VEH PARTS 1969 80502 REV VEH PARTS 236 80503 REV VEH PARTS 472	1,968.98 236.17 471.57
364	11/15/02	125.98	001296	LEXISNEXIS MATTHEW BENDER	80504 EMP LAW DESKBOOK	125.98
365	11/15/02	604.00	001427	BIRD-X INC.	80505 REPAIRS/MAINT 590	604.00
366	11/15/02	730.04	001433	MOORE MATERIAL HANDLING GROUP	80506 OUT REPAIR EQUIPMENT	730.04
367	11/15/02	420.00	001492	EVERGREEN OIL INC.	80507 HAZ WASTE DISPOSAL	420.00
368	11/15/02	78.03	001627	NEW PIG CORPORATION	80508 REPAIRS/MAINT 70	78.03
369	11/15/02	1,652.50	001800	THERMO KING OF SALINAS, INC	80509 OUT REPAIR/#8301	1,652.50
370	11/15/02	305.92	001856	BAY COMMUNICATIONS	80510 OUT REPAIR EQUIPMENT 80511 OUT REPAIR EQUIPMENT	165.92 140.00
371	11/15/02	5,384.04	001881	PACIFIC GAS & ELECTRIC CO.	80594 ELECTRICAL EXT/CNG 80595 GAS EXTENSION/CNG	270.00 5,114.04
372	11/15/02	10.00	001944	SANTA CRUZ COUNTY LAW LIBRARY	80512 COPIES/LEGAL	10.00
373	11/15/02	70.62	001996	JAMES PUBLISHING, INC	80513 DEPOSITION & CD ROM	70.62
374	11/15/02	1,998.47	001A	PACIFIC BELL/WORLDCOM	80514 OCT PHONE LINE 80515 OCT PHONES	92.00 1,906.47
375	11/15/02	1,205.28	002106	AMERICAN SUPPLY COMPANY	80516 CLEANING SUPPLIES	1,205.28
376	11/15/02	3,497.46	002192	BAY EQUIPMENT & REPAIR	80517 OUT REPAIR/#8106	3,497.46
377	11/15/02	2,000.00	002267	SHAW & YODER, INC.	80518 SEP LEGISLATIVE SVCS	2,000.00
378	11/15/02	569.89	002278	CHEMSEARCH	80519 PUREWASH SYSTEMS	569.89
379	11/15/02	7,372.93	002287	CALIFORNIA SERVICE EMPLOYEES	80520 NOV MEDICAL	7,372.93
380	11/15/02	750.00	002302	SCOTT, CEL A	80521 9/17-10/24 PROF SVCS	750.00

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281	11/15/02	118.80 002319	MC CARTY'S WINDOW FASHIONS	80522	WINDOW BLINDS/METRO	118.80
282	11/15/02	3,750.00 002346	CHANEY, CAROLYN & ASSOC., INC.	80523	NOV LEGISLATIVE SVCS	3,750.00
283	11/15/02	135.00 002380	MOBILE STORAGE GROUP, INC.	80524	10/21-11/18 CONTAINR	135.00
284	11/15/02	720.00 002385	OPTIMUM BUSINESS MACHINES	80525	MAINTENANCE COPIER	720.00
285	11/15/02	1,475.15 002412	BORDEN DECAL CO., INC.	80526	REV VEH PARTS	1,475.15
286	11/15/02	17.08 002447	SETON IDENTIFICATION PRODUCTS	80527	SIGNAGE/METRO	25.69
				80528	NAME PLATES/CREDIT	-8.61
287	11/15/02	3,030.20 002626	NELSON\NYGAARD	80529	PROF/TECH SVCS	3,030.20
288	11/15/02	19.15 002639	NEXTEL COMMUNICATIONS	80530	9/26-10/25 PHONES	19.15
289	11/15/02	105.81 002689	B & B SMALL ENGINE REPAIR	80531	REPAIRS/MAINTENANCE	105.81
290	11/15/02	3,713.46 002713	SANTA CRUZ AUTO TECH, INC	80532	OUT REPAIR/#8016	734.69
				80533	OUT REPAIR/#907	494.81
				80534	OUT REPAIR/#904	1,796.88
				80535	OUT REPAIR/#905	425.83
				80536	OUT REPAIR/#906	261.25
291	11/15/02	1,108.96 004	NORTH BAY FORD LINC-MERCURY	80537	REV VEH PARTS	1,108.96
292	11/15/02	6,804.49 009	PACIFIC GAS & ELECTRIC	80538	9/30-10/30 RIVER ST	57.96
				80539	9/30-10/30 RIVER ST	2,372.13
				80540	9/30-10/30 GOLF CLUB	209.26
				80541	9/30-10/30 GOLF CLUB	2,050.48
				80542	10/5-11/4 PACIFIC	1,259.84
				80543	10/5-11/4 PACIFIC	694.56
				80544	10/6-11/4 PACIFIC	160.21
293	11/15/02	905.62 018	SALINAS VALLEY FORD SALES	80545	OUT REPAIR/#002	905.62
294	11/15/02	341.48 020	ADT SECURITY SYSTEMS,	80546	NOV ALARMS	341.48
295	11/15/02	457.97 039	KINKO'S INC.	80547	OCT PRINTING	457.97
296	11/15/02	144.17 042	ORCHARD SUPPLY HARDWARE	80548	MISC SUPPLIES	144.17
297	11/15/02	302.43 045	ROYAL WHOLESALE ELECTRIC	80549	REPAIRS/MAINTENANCE	302.43
298	11/15/02	1,024.92 059	BATTERIES USA, INC.	80550	REV VEH PARTS	1,024.92
299	11/15/02	90.00 067	ROTO-ROOTER SEWER/PLUMBING	80551	OUT REPAIR BLDG/IMP	90.00
300	11/15/02	487.86 075	COAST PAPER & SUPPLY INC.	80552	CLEANING SUPPLIES	487.86
301	11/15/02	21.49 081	KAR PRODUCTS	80553	PARTS & SUPPLIES	21.49
302	11/15/02	11,609.51 085	DIXON & SOY, INCORPORATED	80554	OUT REPAIR REV VEH	3,077.10
				80555	OCT TIRES/TUBES	8,532.41
303	11/15/02	225.15 087	RECOGNITION SERVICES LTD.	80556	EMP INCENTIVE 213	225.15
304	11/15/02	213.19 104	STATE STEEL COMPANY	80557	PARTS & SUPPLIES	213.19
305	11/15/02	951.40 107	SAN LORENZO LUMBER CO., INC.	80558	REPAIRS/MAINTENANCE	951.40
306	11/15/02	1,142.03 117	GILLIG CORPORATION	80559	REV VEH PARTS	1,142.03
307	11/15/02	2,153.50 134	DAY WIRELESS SYSTEMS	80560	NOV OUT REPAIR EQUIP	2,153.50
308	11/15/02	1,025.81 135	SANTA CRUZ AUTO PARTS, INC.	80561	REV VEH PARTS/SUPPLY	1,025.81
309	11/15/02	184.29 147	ZEE MEDICAL SERVICE	80562	SAFETY SUPPLIES	184.29
310	11/15/02	139.79 166	HOSE SHOP, INC., THE	80563	REPAIRS/MAINTENANCE	108.88
				80564	REPAIRS/MAINTENANCE	30.91
311	11/15/02	1,107.32 191	GOLDEN GATE PETROLEUM	80565	OCT FUEL - FLEET	1,107.32
312	11/15/02	346.12 221	VEHICLE MAINTENANCE PROGRAM	80566	REV VEH PARTS 346	346.12
313	11/15/02	97.21 267	B & R MANUFACTURING, INC.	80567	REV VEH PARTS 90	97.21
314	11/15/02	142.50 367	COMMUNITY TELEVISION OF	80568	TV COVERAG 10/25 MTG	142.50
315	11/15/02	1,784.69 378	STEWART & STEVENSON	80569	REV VEH PARTS	469.23
				80570	OUT REPAIR/#8105	416.00
				80571	REV VEH PARTS	10.51

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				80572	OUT REPAIR/TRANSMISN	844.88
				80573	REV VEH PARTS	44.07
3316	11/15/02	601.98 389	KENS AUTO PARTS, INC.	80574	CLEANING SUPPLIES	601.98
3317	11/15/02	755.60 395	APPLIED GRAPHICS, INC.	80575	WORK ORDER FORMS	755.60
3318	11/15/02	200.00 452	DEPARTMENT OF CONSUMER AFFAIRS	80576	M FENN/CPA LICENSE	200.00
3319	11/15/02	6,383.34 480	DIESEL MARINE ELECTRIC	80577	REV VEH PARTS	961.20
				80578	REV VEH PARTS/SUPPLY	5,422.14
3320	11/15/02	322.66 486	BRENTON SAFETY, INC.	80579	SAFETY SUPPLIES	322.66
3321	11/15/02	93.96 511	LUMINATOR	80580	R/V VEH PARTS 90	93.96
3322	11/15/02	40.00 632	GOVERNMENT FINANCE OFFICERS	80581	PENSION NEWS/FINANCE	40.00
3323	11/15/02	2,850.00 639	72 DEGREES	80582	OUT REPAIR BLDGS/IMP	2,850.00
3324	11/15/02	790.43 664	BAY COUNTIES PITCOCK PETROLEUM	80583	FUEL - FLEET	790.43
3325	11/15/02	17,500.00 683	TRISTAR RISK MANAGEMENT	80584	OCT/NOV UC SVC FEE	17,500.00
3326	11/15/02	81,578.25 705	BUSTICHI CONSTRUCTION, INC.	80585	MMF CONST/RETROFIT	81,578.25
3327	11/15/02	378.30 727	ET MIDWEST	88566	REV VEH PARTS 297	378.30
3328	11/15/02	1,568.57 782	BLMYER ENGINEERS, INC.	Em67	SE? PROF SVCS	34,974.00
3329	11/15/02	34,974.05 800	DELTA DENTAL PLAN	80588	NOV DENTAL	
3330	11/15/02	1,420.20 854	AMERICAN SEATING COMPANY	80539	REV VEH PARTS	1,420.20
3331	11/15/02	7,132.18 903	KEYSER MARSTON ASSOCIATES, INC	80590	SEP PROF SVCS	7,132.18
3332	11/15/02	1,200.00 907	ANNAMALAI ASHOKAN, M.D.	80596	11/21 DEPOSITION (1)	600.00
				80597	11/21 DEPOSITION (2)	600.00
3332P	11/15/02	-1,200.00 907	ANNAMALAI ASHOKAN, M.D.	80598	VOID CHECK	-1,200.00 PRE-PAID
					VOID CHECK	
3333	11/15/02	980.00 950	PARADISE LANDSCAPE	180591	OCT MAINT/IRRIGATION	980.00
3334	11/15/02	15.98 973	SANTA CRUZ DODGE	80592	REV VEH PARTS	15.98
3335	11/15/02	126,833.31 975	TRISTAR RISK MANAGEMENT NC. 2	80593	OCT TRUST ACCOUNT	126x333.31
3336	11/19/02	600.00 907	ANNAMALAI ASHOKAN, M.D.	80599	11/21 DEPOSITION (1)	600.00
3337	11/19/02	600.00 907A	ANNAMALAI ASHOKAN, M.D.	80600	11/21 DEPOSITION (2)	600.00
3338	11/22/02	480.33 001	PACIFIC BELL/SAC	80601	NOV PHONE LINES	86.14
				80602	NOV PHONE LINES	394.19
3339	11/22/02	39.08 001025	COUNTY OF SANTA CRUZ	80603	OCT REFUSE	39.08
3340	11/22/02	291.90 001033	KIMMERLE BROS., INC	80604	OUT REPAIR EQUIPMENT	291.90
3341	11/22/02	6,127.43 001063	NEW FLYER INDUSTRIES LIMITED	80605	REV VEH PARTS 375	375.44
				80606	REV VEH PARTS 55	55.78
				80607	REV VEH PARTS 3877	3,877.48
				80608	REV VEH PARTS 1819	1,818.73
3342	11/22/02	1,366.07 001119	MAGERICH PARTNERSHIP, LP, THE	80609	DEC-CAPITOLA MALL	1,366.07
3343	11/22/02	847.80 001263	ABBOT? STREET RADIATOR	80610	REPAIR RADIATOR/8099	432.00
				80611	REPAIR RADIATOR/9802	415.80
3344	11/22/02	4,150.00 001346	CIT? OF SANTA CRUZ	80612	PROF SVCS/METRO CNTR	4,150.00
3345	11/22/02	269.00 001492	EVERGREEN OIL INC.	80613	HAZ WASTE DISPOSAL	269.00
3346	11/22/02	1,062.50 001573	SCOTT P.E., ROBERT W.	80614	PROF SVCS 8/1-10/31	1,062.50
3347	11/22/02	700.00 001857	SWRCB	80615	STORM WATER PERMIT	700.00
3348	11/22/02	820.98 001936	WORLDCOM TECHNOLOGIES, INC.	30616	OCT LONG DISTANCE	820.98
3349	11/22/02	1,401.26 002005	TRANSIT RESOURCES, INC.	80617	REV VEH PARTS	1,133.96
				80618	REV VEH PARTS	267.30
3350	11/22/02	84.21 002063	COSTCO	80619	PHOTO PROCESS/OPS	40.92
				80620	PHOTO PROCESS/OPS	36.29
3351	11/22/02	89.42 002106	AMERICAN SUPPLY COMPANY	80621	PARTS & SUPPLIES	89.42
3352	11/22/02	29,766.12 002116	HINSHAW, EDWARD & BARBARA	80622	DEC - 370 ENCINAL	22,701.79

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				80623	DEC - 120 DUBOIS	6,066.33	
353	11/22/02	10,529.37	002117 IULIANO, NICK	80624	DEC - 111 DUBOIS	10,529.37	
354	11/22/02	1,055.59	002504 TIFCO INDUSTRIES	80625	PARTS & SUPPLIES	955.59	
355	11/22/02	540.00	002542 WILDPACKETS	80626	SW MAINT 12/3/02-04	540.00	
356	11/22/02	2,328.16	002610 FREDERICK ELECTRONICS CORP.	80627	DEC - 375 ENCINAL	2,328.16	
357	11/22/02	2,240.00	002654 VNA OF SANTA CRUZ	80628	10/17 FLU IMMUNIZE	2,240.00	
358	11/22/02	711.42	009 PACIFIC GAS & ELECTRIC	80629	10/11-11/8 KINGS VLG	24.93	
				80630	10/11-11/8 KINGS VLG	49.69	
				80631	10/11-11/8 KINGS VLG	540.26	
				80632	10/15-11/14 PA W SWT	86.34	
359	11/22/02	229.05	013 MCI SERVICE PARTS, INC.	80633	REV VEH PARTS	52.53	
				80634	REV VEH PARTS	176.52	
360	11/22/02	128.87	036 KELLY-MOORE PAINT CO INC.	80635	MISC PAINT SUPPLY	123.87	
361	11/22/02	2,759.03	041 MISSION UNIFORM	80636	OCT UNIFORMS/LAUNDRY	466.18	
				80637	OCT UNIFORMS/LAUNDRY	801.75	
				80638	OCT UNIFORMS/LAUNDRY	2,212.10	
362	11/22/02	2,782.40	043 PALACE ART & OFFICE SUPPLY	80707	OFFICE SUPPLIES	2,782.40	
363	11/22/02	137.37	061A RESISTER PAJARONIAN	80639	CLASSIFIED ADS	137.37	
364	11/22/02	157.23	067 ROTO-ROOTER SEWER/PLUMBING	80640	OUT REPAIR BLDG/IMP	157.23	
365	11/22/02	177.69	074 KENVILLE & SONS LOCKSMITH	80641	SEP/OCT LOCKS/KEYS	177.69	
366	11/22/02	20.94	079 SANTA CRUZ MUNICIPAL UTILITY	80642	@CT LANDFILL	20.94	
367	11/22/02	2,218.00	080 STATE BOARD OF EQUALIZATION	80643	OCTOBER USE TAX	2,218.00	
368	11/22/02	131.50	090 CRYSTAL SPRINGS WATER CO.	80644	OCT WATER FLEET	131.50	
369	11/22/02	2,305.76	110 JESSICA GROCERY STORE, INC.	80645	DEC CUSTODIAN SVCS	2,305.76	
370	11/22/02	2,450.00	115 SANTA CRUZ COMMUNITY	80646	6/1-8/31 PROF SVCS	2,450.00	
371	11/22/02	382.45	117 GILLIG CORPORATION	80647	REV VEH PARTS	227.23	
				80648	REV VEH PARTS	155.17	
372	11/22/02	94.76	130 WATSONVILLE CITY WATER DEPT.	80649	10/1-11/1 SAKATA LN	13.09	
				80650	10/1-11/1 RODRIGUEZ	9.25	
				80651	10/1-11/1 SAKATA LN	72.42	
373	11/22/02	84.65	147 ZEE MEDICAL SERVICE	80652	SAFETY SUPPLIES	64.05	
373P11/22/02		-84.55	147 ZEE MEDICAL SERVICE	80836	VOID CHECK	-84.65	PRE-PAID
					VOID CHECK		
374	11/22/02	465.96	149 SANTA CRUZ SENTINEL	80653	b&T ADVERTISING	465.96	
375	11/22/02	15.39	155 WELDERS SUPPLY THE	80654	REPAIRS/MAINTENANCE	16.39	
376	11/22/02	244.64	172 CENTRAL WELDERS SUPPLY, INC.	80655	PARTS & SUPPLIES	30.80	
				80656	SAFETY SUPPLIES	213.34	
377	11/22/02	1,245.00	174 SAYLOR & HILL COMPANY	80657	AMENDED F ROP RENEWAL	1,245.00	
378	11/22/02	1,486.76	191 GOLDEN GATE PETROLEUM	80658	OCT FUEL - FLEET	1,486.76	
379	11/22/02	437.44	260 SANTA CRUZ GLASS CO., INC.	80659	OUT REPAIR BLDG/IMP	437.44	
380	11/22/02	322.71	282 BRAINGER INC, W. W.	80660	REV VEH PARTS	233.28	
				80661	DRILL PRESS VISE 5"	39.43	
381	11/22/02	379.40	291 STANLEY ACCESS TECHNOLOGIES	80662	OUT REPAIR EQUIPMENT	379.40	
382	11/22/02	437.50	292 NORTH COUNTY RECOVERY & TOWING	80663	OUT REPAIR REV VEH	437.50	
383	11/22/02	293.77	294 ANDY'S AUTO SUPPLY	80664	REV VEH PARTS/SUPPLY	293.77	
384	11/22/02	2,171.24	433 AMPAC BUILDING MAINTENANCE	80665	OCT CUSTODIAL SVCS	2,171.24	
385	11/22/02	45.00	440 RUNFOROFFICE.COM	80666	OCT-DEC LOBBY REPORT	45.00	
386	11/22/02	360.00	473 BEE CLENE	80667	CARPETS/OPS	360.00	
387	11/22/02	160.00	481 PIED PIPER EXTERMINATORS, INC.	80668	OCT PEST CONTROL	160.00	
388	11/22/02	315.00	490 FAST RESPONSE ON-SITE	80669	PROF/TECH SVCS	315.00	

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3389	11/22/02	22,591.76 500	PAIGE'S SECURITY SERVICES, INC	80670	OCT SECURITY	22,591.76
3390	11/22/02	191.92 510	ASCOM HASLER LEASING	80671	DEC EQUIP RENTAL	191.92
3391	11/22/02	68.04 546	GRANITE ROCK COMPANY	80672	REPAIRS/MAINTENANCE	68.04
3392	11/22/02	253.96 566	CALISTOGA SPRING WATER CO.	80673	OCT WATER ADMIN	253.98
3393	11/22/02	231.19 579	LAB SAFETY SUPPLY INC.	80674	SAFETY SUPPLIES 210	231.19
3394	11/22/02	1,900.00 592	R & S ERECTION OF	80675	DOOR RETROFIT/GOLF	1,900.00
3395	11/22/02	729.91 664	PAY COUNTIES PITCOCK PETROLEUM	80676	FUEL - FLEET	729.91
3396	11/22/02	11,757.32 667	CITY OF SCOTTS VALLEY	80708	ZONE 1/BLUEBONNET LTN	7,877.90
				99799	ZONE 2/WASTEWATER	3,879.42
3397	11/22/02	80.00 691	EAGLE AUTOMOTIVE	89677	OUTREPAIR/GTHVEH	80.00
3398	11/22/02	872.47 724	NAPA AUTO PARTS	80678	REVVEH PARTS	872.47
3399	11/22/02	414.94 729	BROWNCOR INTERNATIONAL	80679	PARTS & SUPPLIES 358	414.94
3400	11/22/02	229.47 774	CALIFORNIA SAFETY & SUPPLY CO.	80680	SAFETY SUPPLIES	229.47
3401	11/22/02	329.23 782	BLMYER ENGINEERS, INC.	80681	SEP PROF SVCS	329.23
3402	11/22/02	429.00 794	MCBRIDE & ASSOCIATES	80682	TRANSCRIPT	429.00
3403	11/22/02	397.00 828	M. LEE SMITH PUBLISHERS LLC	80683	CA EMP LAW LETTER	397.00
3404	11/22/02	900.00 840	BOUCHARD, BRENT	69684	DEE - VERNON LGT	900.00
3405	11/22/02	5,510.00 847	ROMA DESIGN GROUP	80685	8/1-9/30 PROF SVCS	5,510.00
3406	11/22/02	367.68 932	A.L. LEASE COMPANY, INC.	80686	HOTWATERHEATERS	367.68
3407	11/22/02	86,940.00 976	TRISTAR INSURANCE SERVICES	80710	EXCESS WORK COMP	86,940.00
3408	11/22/02	93.52 980	MCMASTER-CARR SUPPLY CO	80687	REPAIRS/MAINTENANCE	93.52
3409	11/22/02	44.00 E060	LIMAR LEOPOLDO	80688	DMV/VTT FEES	44.00
3410	11/22/02	100.00 E404	WILSON, BONNIE	80689	WINTER BID CHANGE	100.00
3411	11/22/02	306.00 M001	HORTON, JOSEPH	89699	DEE MEDICAL PREMIUM	396.99
3412	11/22/02	306.00 M002	RACKLEY, EARL	80691	DEC MEDICAL PREMIUM	306.00
3413	11/22/02	153.00 M003	WYANT, JUDI	80692	DEC MEDICAL PREMIUM	153.00
3414	11/22/02	153.00 M005	ROSS, EMERY	80693	DEC MEDICAL PREMIUM	153.00
3415	11/22/02	397.00 M006	VAN DER ZANDE, E D	80694	DEC MEDICAL PREMIUM	397.00
3416	11/22/02	298.00 M007	BLAIR-ALWARD, GREGORY	80695	DEC MEDICAL PREMIUM	298.00
3417	11/22/02	298.00 M008	CAMPOS, ARVILLA	80696	DEC MEDICAL PREMIUM	298.00
3418	11/22/02	567.00 M009	FREEMAN, MARY	80697	DEC MEDICAL PREMIUM	567.00
3419	11/22/02	170.00 M010	SHORT, SLOAN	80698	DEC MEDICAL PREMIUM	170.00
3420	11/22/02	178.00 M011	LANSON, LOIS	80699	DEC MEDICAL PREMIUM	178.00
3421	11/22/02	50.00 M012	ROSE, JACK	80700	DEC MEDICAL PREMIUM	50.00
3422	11/22/02	170.00 M013	JAHNKE, EILEEN	80701	DEC MEDICAL PREMIUM	170.00
3423	11/22/02	50.00 M015	HETH, KATHRYN	80702	DEC MEDICAL PREMIUM	50.00
3424	11/22/02	25.00 M016	HICKLIN, DONALD KENT	80703	DEE MEDICAL PREMIUM	25.00
3425	11/22/02	25.00 M017	PORTILLA, EARLENE	80704	DEC MEDICAL PREMIUM	25.00
3426	11/22/02	25.00 M018	SANDRETTI, ALFRED	80705	DEC MEDICAL PREMIUM	25.00
3427	11/22/02	42.00 M019	WILLIAMS, ROBERT	80706	DEC MEDICAL PREMIUM	42.00
		1,557,630.31	COASTCOMMERCIALBANK		TOTALCHECKS 256	1,557,630.31

BUS OPERATOR LIFT TEST *PULL-OUT* (ACCESSIBLE FLEET ONLY)

VEHICLE CATEGORY	TOTAL BUSES	AVG # DEAD IN GARAGE	AVG #AVAIL. FOR SERVICE	AVG # IN SERVICE	AVG # SPARE BUSES	AVG # LIFTS OPERATING	% LIFTS WORKING ON PULL-OUT BUSES
FLYER/HIGHWAY 17 - 40'	7	2	5	4	1	4	100%
FLYER/LOW FLOOR - 40'	12	2	10	10	0	10	100%
FLYER/LOW FLOOR - 35'	18	3	15	14	1	14	100%
FLYER/HIGH FLOOR - 35'	25	4	21	19	2	19	100%
GILLIG/SAM TRANS - 40'	10	3	7	5	2	5	100%
GILLIG/FOOTHILL - 40'	20	3	17	10	7	10	100%
GMC/HIGHWAY 17 - 40'	8	2	6	2	4	2	100%
CHAMPION	4	1	3	2	1	2	100%

Service Interruption Summary Report
Lift Problems
11 /01/2002 to 11/30/02

AM Peak Hour/Mile	Midday Hour/Mile	PM Peak Hour/Mile	Other Hour/Mile	Weekday Hour/Mile	Saturday Hour/Mile	Sunday Hour/Mile
00:00/0	00:00/0	00:00/0	00: 0010	00: 0010	00:00/0	00:00/0

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

PASSENGER LIFT PROBLEMS

MONTH OF NOVEMBER, 2002

BUS #	DATE	DAY	REASON
8080F	11/05/02	TUESDAY	Bus loses air pressure when using kneel
8082F	11/15/02	FRIDAY	Kneel - when released causes IO-20 psi drop in air pressure
8086F	11/01/02	FRIDAY	Kneel won't stay down
8087F	11/07/02	THURSDAY	Lift not working
8090F	11/08/02	FRIDAY	Lift not operable after closing door, have to shut down & restart for it to work
8094F	11/01/02	FRIDAY	Problem with kneel, maybe the switch
8094F	11/04/02	MONDAY	Intermittent problem with kneel switch
8094F	11/05/02	TUESDAY	Problem with hold button
8094F	11/06/02	WEDNESDAY	Hold position continues to fail
8096F	11/10/02	SUNDAY	Lift will not stow
81 00F	11/07/02	THURSDAY	Kneel will not disengage, will rise but have to disengage back door to ride
8101F	11/06/02	WEDNESDAY	Please check outer P/L barrier, passenger tried to drive chair over it
89066	11/06/02	WEDNESDAY	Lift will not stow step
89066	11/07/02	THURSDAY	Lift not operable
89076	11/14/02	THURSDAY	Lift barrier will not stow, it repeatedly hits the ground
89076	11/27/02	WEDNESDAY	Lift barrier does not stow all the way
89096	11/11/02	MONDAY	Lift will not work
8911G	11/15/02	FRIDAY	Problems with kneel
8911G	11/19/02	TUESDAY	Lift will not raise with wheelchair passenger loaded
8912G	11/07/02	THURSDAY	Kneel beeps but doesn't lower
8913G	11/04/02	MONDAY	Lift will form platform but will not lower
8913G	11/06/02	WEDNESDAY	Kneel does not work
8917G	11/05/02	TUESDAY	Kneel does not lower coach
8917G	11/26/02	TUESDAY	Platform has slight bend when extended
9828LF	11/08/02	FRIDAY	Kneel/Wheelchair warning beeper out
98326	11/06/02	WEDNESDAY	Lift would not raise passenger up higher than 1 ft.
98326	11/15/02	FRIDAY	Air bags seem to not fill up after kneeling
98386	11/03/02	SUNDAY	Kneel sticking on the right side
9838G	11/08/02	FRIDAY	When put kneel in raise position air will start leaking

- F New Flyer
- G Gillig
- GR Grumman
- C Champion
- LF Low Floor Flyer
- GM GMC

Note: Lift operating problems that cause delays of less than 30 minutes.

GOVERNMENT TORT CLAIM



RECOMMENDED ACTION

TO: Board of Directors
FROM: District Counsel
RE: Claim of: Sabrina McPherson Received: 1/1/05/02 Claim #: 02-0033
Date of Incident: 1/0/24/02 Occurrence Report No.: SC 1 0-02-2 1

In regard to the above-referenced Claim, this is to recommend that the Board of Directors take the following action:

- 1. Deny the claim.
- 2. Deny the application to file a late claim.
- 3. Grant the application to file a late claim.
- 4. Reject the claim as untimely filed.
- 5. Reject the claim as insufficient.
- 6. Approve the claim in the amount of \$___ and reject it as to the balance, if any.

By Margaret Gallagher
Margaret Gallagher
DISTRICT COUNSEL

Date: December 2, 2002

I, Dale Carr, do hereby attest that the above Claim was duly presented to and the recommendations were approved by the Santa Cruz Metropolitan Transit District's Board of Directors at the meeting of December 13, 2002.

Dale Carr
Recording Secretary

Date

MG/hp

370 Encinal Street, Suite 100, Santa Cruz, CA 95060 (831) 426-6080 FAX (831) 426-6117
METRO OnLine at <http://www.scmttd.com>

CLAIM AGAINST THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Secretary to the Board of Directors
370 Encinal Street, Suite 100
Santa Cruz, CA 95060

1. Claimant's Name: Sabrina Lee McPherson

Claimant's Address/Post Office Box: 3320 3rd Del Monte Blvd #43
Marina, CA 93933

Claimant's Phone Number: 831/384-1542

2. Address to which notices are to be sent: 3320 Del Monte Blvd #43
Marina, CA 93933

3. Occurrence: 1200 River St.

Date: 10-24-02 Time: 2:30 p.m. Place: parking lot

Circumstances of occurrence or transaction giving rise to claim: a city bus
hit my left fender which damaged
my bumper, hood, left tire, front
alignment. This is only on visual inspection

4. General description of indebtedness, obligation, injury, damage, or loss incurred so far as is known: A city bus hit my vehicle. See
attached estimates

5. Name or names of public employees or employees causing injury, damage, or loss, if known: Richard Dollenste

6.	Amount claimed now	\$123.98
	Estimated amount of future loss, if known	\$2147.47
	TOTAL	\$2271.45

7. Basis of above computations: see estimates

Sabrina McPherson

11.4.02
DATE

CLAIMANT'S SIGNATURE OR
COMPANY REPRESENTATIVE'S SIGNATURE OR
PARENT OF MINOR CLAIMANT'S SIGNATURE

Note: Claim must be presented to the Secretary to the Board of Directors, Santa Cruz Metropolitan Transit District

10/25/02

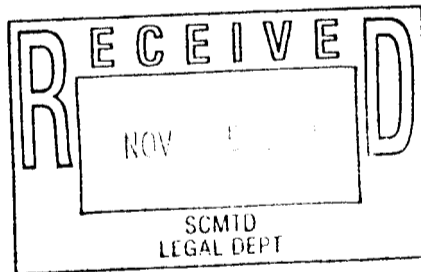
7:35 am

Sabrina metherson

I went to my car to get my Insurance papers to give Frank (dispatch) my policy #. Frank stated to me that I need to move my car by tonight. that it is not to be parked on the yard over night, and that I should move my car to the front of ^{operations}. Frank also stated that ~~it should~~ "If I rack up too many bills the district will not pay for the damage!"

Sabrina Metherson

I contacted my Insurance company and informed them on this situation, ~~also~~ also contacted the S.C.P.D.



Jamie Furr
 Manager
 150 North Ridge Center
 Salinas, CA 93906
 Phone: (831) 449-4494
 Fax: (831) 449-9112

1993 NISSAN SENTRA XE
 Lic #: 3EIH860 CA Vin #:
 In: 10/26/02 1:23PM Mileage: 134,249
 Out: 10/26/02 2:33PM Mileage: 134,249

RETAIL SALE BAR# AD1 01769, EPA# CAD982001 182

Description:
MASTERCARE STANDARD ALIGNMENT SERVICE TR
 SYMPTOM:
 FOUR WHEEL ALIGNMENT
 MASTERCARE STANDARD ALIGNMENT SERVICE TR
 Inspect steering and suspension system including tire
 condition and air pressure
 Put vehicle on alignment rack, mount and compensate
 sensors, and print out the initial alignment readings
 Align all four wheels using adjustments provided by
 manufacturer, to manufacturer's specification
 Print out final alignment readings to verify alignment is
 within specifications
 Road test vehicle
COURTESY CHECK
~~COURTESY CHECK~~
FIRESTONE TIRES WITH UNIT, PACKAGE
 106887 AFFINITY LH30 PI 75/70R13 TLBL PS
 2 qty DOT # W2EVLHO2402
 DISPOSAL FEE/CA RECYCLE FEE
 WHEEL BALANCE WEIGHT
 WHEEL BALANCE LABOR
 RUBBER VALVE STEM
 TIRE INSTALLATION

Article Number	T#	Qty	Unit Price	Extended Price	Job Total
					69.99
7029866	12	1	69.99	69.99	
7004067	12	1	N/C	N/C	
	12				
	12				
	12				
	12				
	12				
7046930	12	1	N/C	N/C	
					135.96
106887	12	2	53.99	107.98	
7046655	12	2	1.00	2.00	
7018708	12	2	3.99	7.98	
7018716	12	2	6.00	12.00	
7015040	12	2	3.00	6.00	
7015016	12	2	N/C	N/C	

Technician(s):
 12 JULIO CURREA

Payment History:
 Cash Tendered 220.00
 Total Tendered 220.00
 Change Due 5.21

Summary:
 Parts 121.96
 Labor 83.99
 Shop Supplies 0.00
 Sub-Total 205.95
 Tax (7.25%) 8.84
 Total \$214.79

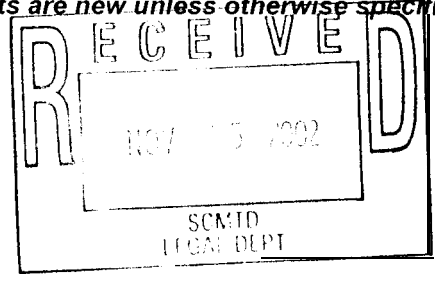
I have received the above goods and/or services. If this is a credit card purchase, I agree to pay and comply with my cardholder agreement with the issuer.

Revision History:

Revision	Rev Amt	Init
10/26/2002 02:26PM 831.384.1542 MCPHERSON, SABRINA	-27.27	

Customer Signature

All parts are new unless otherwise specified.



I acknowledge notice and oral approval of an increase in the original estimated price.

Signature or Initials

See reverse side for Warranty Information

012875
REPAIR
ORDER

GARCIA'S AUTO SERVICE
A.G. (Tina) GARCIA
218 Reindollar Ave, B3 - Phone 964-4005
Marina, California 93933
EARI No. AC 069035 R

NEW USED REBUILT O-EM A-AFTER MARKET
Y. * PART NO. OR DESCRIPTION SALE AMOUNT
N1 Silt Ten 1. n
78400 Dist corp 16.48
77200 N.S.R. Rets. 9.60
1 Disk 50466 Spark plugs 15.00
1 07m200 Fuel Filter 14.98
1 02000 Air Filter 12.87
EC5612 Spark plug Wires 38.80
G67617 Spark L.S. 104.76
G67618 Spark R.S. 104.76
Bes-09814 Spark plug Wires 76.05
SHK 142561- Spark Housing 34.78

NAME: Garcia, Mercedes DAY: 8-8-00
ADDRESS: 3320 Del Monte Blvd #413
CITY: Marina STATE: CA ZIP: 93933
PHONE: 83-9138 NO: 93 MAKE: Nissan TYPE OR MODEL: SEATRAVE
RES. BUS. 84 1542 VEH. ID.#: 116-171-3FTH860 MOTOR: 1.6L
TIME REC'D: 11:17 A.M. TIME PROM. GROSS VEH. WT. ORD. WRITTEN BY: 1.6L
CUST. ORDER NO. 1695

OPER. NO. 1695
REPAIR ORDER - DESCRIPTION OF WORK
Oil Filter Service
Timing And replace 5 spark
Plugs wires and O.K. on test
And road test
Replace and replace both front
struts and replace both upper
struts
Check Right Side Strut Miss (Poping)
Road Test on Seams

MAINTENANCE INSPECTION	<input type="checkbox"/>
LUBRICATION	<input type="checkbox"/>
CHANGE OIL GRADE	<input type="checkbox"/>
CHANGE OIL FILTER CART.	<input type="checkbox"/>
TRANS.	<input type="checkbox"/>
DIFF.	<input type="checkbox"/>
ROTATE TIRES	<input type="checkbox"/>
ALIGN FRONT END	<input type="checkbox"/>

ORIGINAL ESTIMATE \$	668.94	DATE	11/9/92	TIME	355 min	TOTAL LABOR	190.95	
REVISED ESTIMATE \$						TOTAL PARTS	434.81	
REVISED ESTIMATE \$						GAS, OIL & GREASE	9.00	
HAZARDOUS WASTE DISPOSAL								2.00
SUBLET REPAIRS								
SMOG CERTIFICATE								
SUB TOTAL								636.76
TAX								32.18
PAY THIS AMOUNT								668.94

TERMS ARE CASH UNLESS OTHER PRIOR ARRANGEMENTS ARE MADE
SEE IMPORTANT INFORMATION ON BACK

Best time to call
Replaced parts requested by customer YES NO
I hereby authorize the above repair work to be done along with necessary materials. You and your employees may operate above vehicle for purpose of testing, inspection or delivery at my risk. An express mechanic's lien is acknowledged on above vehicle to secure the amount of repairs thereto. You will not be held responsible for loss or damage to vehicle or articles left in vehicle in case of fire, theft, accident or any other cause beyond your control. In the event legal action is necessary to enforce this contract, I understand that I am solely responsible for all costs including attorney's fees and court costs. I understand and understand above and acknowledge receipt of an estimate. BY LAW YOU MAY CHOOSE ANOTHER LICENSED SMOG FACILITY TO PERFORM ANY NEEDED REPAIRS OR ADJUSTMENTS WHICH THE SMOG CHECK TEST INDICATES ARE NECESSARY.

SALE AMOUNT: 1. n
TOTAL PARTS: 434.81
TOTAL SUBLET REPAIR: 0
TOTAL SUBLET REPAIR RECOMMENDED: 0
GAS, OIL & GREASE: 9.00
GALS. GAS: 0
LBS. GREASE: 0
GAS, OIL & GREASE: 9.00
TOTAL: 434.81

RECEIVED: 11/9/92
GAS, OIL & GREASE: 9.00
HAZARDOUS WASTE DISPOSAL: 2.00
SUBLET REPAIRS: 0
SMOG CERTIFICATE: 0
SUB TOTAL: 636.76
TAX: 32.18
PAY THIS AMOUNT: 668.94

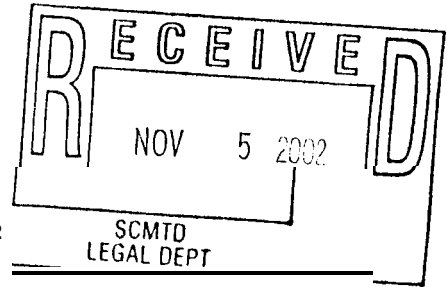
INTEREST WILL BE CHARGED AT A RATE OF 1% PER MONTH ON ACCOUNTS OVER 30 DAYS.
THANK YOU

JERRY GRAHAMS AUTO BODY, INC.
 101 CALLE DEL OAKS DEL REY OAKS, CA 939406701
 (831) 3945166
 Fax: (831) 3948324
 Tax ID: 94-2584005 BAR #: AH-671579 EPA #: 981367873

Damage Assessed By: J.C. COOPER

Type of Loss: Property Damage
 Deductible: UNKNOWN
 Claim Number: 0560360

Insured: SABRINA MCPHERSON
 Address: 3320 DEL MONTE BLVD #43 MARINA, CA 93933
 Telephone: Work Phone: (831) Sol-2078 Home Phone: (831) 384-1542



Mitchell Service: 916776

Description: 1993 Nissan Sentra SE Vehicle Production Date: 6/93
 Body Style: 2D Sed Drive Train: 1.6L Inj 4 Cyl 4A
 VIN: 1N4EB32A0PC809004 License: 3EIH860 CA
 Mileage: 134,614
 OEM/ALT: 0 Search Code: C93940
 Color: RED MET
 Options: AIR CONDITIONING, POWER STEERING, ELECTRIC DEFOGGER, AM-FM STEREO
 AUTOMATIC TRANSMISSION

"ALL CRASH PARTS ON THIS ESTIMATE ARE "NEW" ORIGINAL EQUIPMENT MANUFACTURER PARTS, UNLESS OTHERWISE SPECIFIED. PARTS DESCRIBED AS RECHROMED, RECORDED, REMANUFACTURED OR, RECONDITIONED ARE CONSIDERED "REBUILT" PARTS. CRASH PARTS DESCRIBED AS "QUALITY REPLACEMENT PARTS" ARE NON-ORIGINAL EQUIPMENT MANUFACTURER AFTERMARKET PARTS."

Line Item	Entry Number	Labor Type	Operation	Line Item Description	Part Type/ Part Number	Dollar Amount	Labor Units
1	AUTO	BDY	OVERHAUL	FRT COVER ASSY			1.6 #
2	601200	BDY	REMOVE/REPLACE	FRT BUMPER COVER	62022-5B411	179.28	INC
3	AUTO	REF	REFINISH	FRT BUMPER COVER			C 2.4
4	601260	BDY	REMOVE/REPLACE	L FRT BUMPER IMPACT BRACKET	62223-65Y00	15.60	0.2 #
5	602570	BDY	REMOVE/REPLACE	L MARKER LAMP ASSEMBLY	B6180-65Y00	29.17	INC #
6	602810	BDY	REPAIR	HOOD PANEL	Existing		6.0"
7	AUTO	REF	REFINISH	HOOD OUTSIDE			C 2.7
8	605370	BDY	REMOVE/REPLACE	L FENDER PANEL	63101-65Y35	177.00	1.4 #
9	AUTO	REF	REFINISH	L FENDER OUTSIDE			c 1.9
10	AUTO	REF	REFINISH	L FENDER EDGE			c 0.5
11	900600	BDY	REMOVE/REPLACE	CAR COVER	Sublet	6.00'	0.1'
12	608930	MCH	REMOVE/REPLACE	R FRT SUSP STRUT ASSY -M	54302-58Y29	79.99	1.1 #
13	900500	MCH*	ADD'L LABOR OP	ALIGN FRT SUSP	Sublet	48.00 *	0.0'
14	608940	MCH	REMOVE/REPLACE	L FRT SUSP STRUT ASSY -M	54303-58Y29	79.99	0.9 #
1b	AUTO	REF	ADD'L OPR	CLEAR COAT			2.0

ESTIMATE RECALL NUMBER: 10/31/2002 16:03:17 0560360

Mitchell Data Version: OCT_02_A
 UltraMate Version: 4.8.011

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16	833003	BDY *	ADD'L OPR	TINT COLOR	
17	AUTO		ADD'L COST	PAINT/MATERIALS	275.50 .
18	AUTO		ADD'L COST	HAZARDOUS WASTE DISPOSAL	4.75 *

* - Judgement Item
 # - Labor Note Applies
 C - Included in Clear Coat Calc

I. Labor Subtotals	Units	Rate	Add'l Labor Amount	Sublet Amount	Totals	II. Part Replacement Summary	Amount
Body	8.8	58.00	0.00	0.00	510.40	Taxable Parts	660.93
Refinish	9.5	58.00	0.00	0.00	551.00	Sales Tax @ 7.250%	40.67
Mechanical	2.0	65.00	0.00	48.00	178.00	Non-Taxable Parts	5.00
		Non-Taxable Labor			1,239.40	Parts Adjustments	1.2s
Labor Summary	20.3				1,239.40	Total Replacement Parts Amount	607.85
III. Additional Costs						IV. Adjustments	
					Amount	Customer Responsibility	Amount
Taxable Costs					276.60		0.00
Sales Tax			@ 7.250%		19.97		
Non-Taxable Costs					4.7s		
Total Additional Costs					300.22		
						I. Total Labor:	1,239.40
						II. Total Replacement Parts:	607.86
						III. Total Additional Costs:	300.22
						Gross Total:	2,147.47
						IV. Total Adjustments:	0.00
						Net Total:	2,147.47

This is a preliminary estimate.
Additional changes to the estimate may be rewired for the actual repair.

WARNING: Accidental air bag deployment is possible. Personal injury may result. Avoid area near steering wheel and instrument panel even if air bags have deployed. Dual-stage air bag modules may be present that could contain an undeployed stage. When disposing of a deployed dual-stage air bag, always treat it as a "live" module. See appropriate MITCHELL@ AIR BAG SERVICE & REPAIR MANUAL, or OEM information.

ESTIMATE RECALL NUMBER: 10/31/2002 16:03:17 0560360

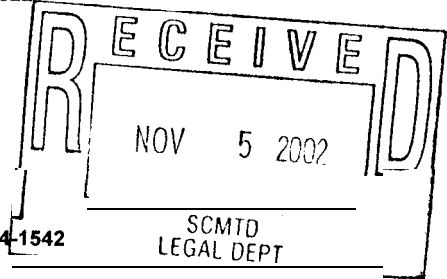
Mitchell Data Version: OCT_02_A
 UltraMate Version: 4.8.011
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Santa Cruz Autobody Inc.
 324 A River Street Santa Cruz, CA 95060
 (831) 4236321
 Fax: (831) 423-8920
 Tax ID: 77-0311473 BAR #: AF167522

Damage Assessed By: CRYSTAL GIOVINAZZO

Deductible: UNKNOWN

Owner: SABRINA MCPHERSON
 Address: 3320 DELMONTE BLVD MARINA, CA 93933
 Telephone: Work Phone: (831) 384-1732 Home Phone: (831) 384-1542



Mitchell Service: 916776

Description: 1993 Nissan Sentra XE
 Body Style: 2D Sed
 VIN: 1N4EB32A0PC809004

Drive Train: 1.6L Inj 4 Cyl 4A

Line Item	Entry Number	Labor Type	Operation	Line Item Description	Part Type/ Part Number	Dollar Amount	Labor Units
1	AUTO	BDY	OVERHAUL	FRT COVER ASSY			1.6 #
2	601200	BDY	REMOVE/REPLACE	FRT BUMPER COVER	62022-5B411	179.28	INC
3	AUTO	REF	REFINISH	FRT BUMPER COVER			C 2.4
4	602025	BDY	CHECK/ADJUST	HEADLAMPS			0.4
5	602570	BDY	REMOVE/REPLACE	L MARKER LAMP ASSEMBLY	B6180-65Y00	29.17	INC #
6	900500	FRM	REPAIR	BENCHANDMEASURE	Existing		1.5"
7	900500	MCH*	ALIGN	2 WHEEL ALIGNMENT	Existing		1.5*
8	602810	BDY	CHECK/ADJUST	HOOD PANEL	Existing		o.s*
9	605370	BDY	REMOVE/REPLACE	L FENDER PANEL	63101-65Y35	177.00	1.4 #
10	AUTO	REF	REFINISH	L FENDER OUTSIDE			C 2.3
11	AUTO	REF	REFINISH	L FENDER EDGE			c 0.5
12	605560	BDY	REMOVE/INSTALL	L FENDER ADHESIVE MOULDING	Existing		0.2*
13	607910	BDY	REMOVE/REPLACE	WHEEL COVER	ORDER FROM DEALER	45.15	
14	900500	BDY *	REMOVE/REPLACE	DECALE LT FRT DOOR	New	15.00	* 0.0*
15	608930	MCH	REMOVE/REPLACE	R FRT SUSP STRUT ASSY	54302-58Y29	79.99	1.1 #
16	608940	MCH	REMOVE/REPLACE	L FRT SUSP STRUT ASSY	54303-58Y29	79.99	0.9 #
17	620680	REF	BLEND	L FRT DOOR OUTSIDE			c 1.0
18	621034	BDY	REMOVE/INSTALL	L FRT BELT MLDG			0.3
19	621066	BDY	REMOVE/INSTALL	L FRT REAR VIEW MIRROR			0.3
20	600022	BDY	REMOVE/INSTALL	L FRT DOOR ADHESIVE MOULDING	Existing		0.3*
21	621540	BDY	REMOVE/INSTALL	L FRT DOOR TRIM PANEL			INC
22	621970	BDY	REMOVE/INSTALL	L FRT DOOR HANDLE			0.7 #
23	AUTO	REF	ADD'L OPR	CLEAR COAT			1.7
24	933003	BDY	ADD'L OPR	TINT COLOR			0.5*
25	933018	BDY *	ADD'L OPR	MASK FOR OVERSPRAY		5.00	0.05*
26	AUTO		ADD'L COST	PAINT/MATERIALS		213.30	
27	AUTO		ADD'L COST	HAZARDOUS WASTE DISPOSAL			*

ESTIMATE RECALL NUMBER: 10/31/02 14:56:59 7434

Mitchell Data Version:
 UltraMate Version:

OCT_02_A
 4.8.011

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* - Judgement Item
 # - Labor Note Applies
 C - Included in Clear Coat Calc

I. Labor Subtotals	Units	Rate	Add'l Labor Amount	Sublet Amount	Totals	II. Part Replacement Summary	Amount
Body	6.7	60.00	5.00	0.00	467.00	Taxable Parts	605.58
Refinish	7.9	60.00	0.00	0.00	474.00	Sales Tax @ 8.000%	48.45
Frame	1.5	60.00	0.00	0.00	90.00		
Mechanical	3.5	60.00	0.00	0.00	210.00	Total Replacement Parts Amount	654.03
Non-Taxable Labor					1,181.00		
Labor Summary	19.6				1,181.00		
III. Additional Costs					Amount	IV. Adjustments	Amount
Taxable Costs					213.30	Customer Responsibility	0.00
Sales Tax @ 8.000%					17.06		
Non-Taxable Costs					5.00		
Total Additional Costs					235.36		
					I. Total Labor:		1,181.00
					II. Total Replacement Parts:		654.03
					III. Total Additional Costs:		235.36
					Gross Total:		2,070.39
					IV. Total Adjustments:		0.00
					Net Total:		2,070.39

This is a preliminary estimate.
Additional changes to the estimate may be required for the actual repair.

ALL WORKMANSHIP GUARANTEED FOR AS LONG AS THE CUSTOMER OWNS THE CAR.
 (WITH AN EXCEPTION OF RUST REPAIR)
 ALL OF OUR TECHNICIAN'S ARE I-CAR AND ASE CERTIFIED

The above is an estimate based on our inspection and does not cover additional parts and labor which may be required after the work has been opened up. Because of this the above prices are not guaranteed. All parts are subject to invoice. We are not responsible for fire and theft.

Work Authorized By _____ Date _____

ESTIMATE RECALL NUMBER: 10/31/02 14:56:59 7434

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Metro Accessible Services Transit Forum (MASTF)*
(*An official Advisory group to the Metro Board of Directors
and the ADA Paratransit Program)
Thursday December 19, 2002, 2:00-4:00 p.m.
The NIAC Building in the Board Room
333 Front Street, Santa Cruz, CA.

“AGENDA”

ELIGIBLE VOTING MEMBERS FOR THIS MEETING:

Sharon Barbour, Jim Bosso, Ted Chatterton, Connie Day, Shelley Day Michael Doern, Kanoa Dynek, Michael Edwards, Kasandra Fox, Norm Hagen, Michelle Hinkle, Ed Kramer, Deborah Lane, Kurtis Lemke, Fahmy Ma’Awad, Jan McGinniss, Pop Papadopulo, Barbie Schaller, Patricia Spence, Link Spooner, David Taylor, Adam Tomaszewski, John Wood and Lesley Wright.

“Public participation in MASTF meeting discussions is encouraged and greatly appreciated.”

- I. Call to Order and Introductions
- II. Approval of the October 17, 2002 MASTF Minutes and the November 14, 2002 MASTF Minutes
- III. Amendments to this Agenda
- IV. Oral Communication and Correspondence

MASTF will receive oral and written communications during this time on items NOT on this meeting agenda. Topics presented must be within the jurisdiction of MASTF. Presentations may be limited in time at the discretion of the Chair. MASTF members will not take action or respond immediately to any presentation, but may choose to follow up at a later time.

- V. Ongoing Business

MASTF Agenda
December 19, 2002
Page Two

Note: Ongoing Business, MASTF Committee Reports and Other Reports are tabled until the January 16, 2003 MASTF meeting.

VI New Business

- 6.1 Presentation of MASTF Certificates of Appreciation (Sharon Barbour)
- 6.2 Next Month's Agenda Items

VII. Adjournment

Note: This meeting is held at a location that is accessible to persons using wheelchairs. If you have questions about MASTF, please phone John Daugherty at (831) 423-3868.

METRO ACCESSIBLE SERVICES TRANSIT FORUM (MASTF)*

(* An official Advisory group to the Metro Board of Directors
and the ADA Paratransit Program)

MINUTES

The Metro Accessible Services Transit Forum met for its monthly meeting on November 14, 2002 in the Board Room of the NIAC Building, 333 Front Street, Santa Cruz CA.

MASTF MEMBERS PRESENT: Sharon Barbour, Jim Bosso, Ted Chatterton, Connie Day, Shelley Day, Michael Doern, Kanoa Dynek, Michael Edwards, Kasandra Fox, Norm Hagen, Michelle Hinkle, Ed Kramer, Deborah Lane, Fahmy Ma'Awad, Pop Papadopulo, Patricia Spence, David Taylor, John Wood and Lesley Wright.

METRO STAFF PRESENT:

Bryant Baehr, Operations Department Manager
A. John Daugherty, Accessible Services Coordinator
Beverly Edwards, UTU Representative
Peggy Gallagher, METRO District Counsel
Rita Gentry, Bus Operator

BOARD MEMBERS PRESENT:

Michelle Hinkle
Patricia Spence

*****MASTF MOTIONS RELATED TO THE METRO BOARD OF DIRECTORS**

- 1) MASTF has discussed and accepts the draft METRO ADA/504 policy.
The Chairperson will write a letter to the Board that supports this Motion.
- 2) If service cuts are needed, that service cuts not be made in the Watsonville area.

RELEVANT ATTACHMENTS FORWARDED TO THE BOARD: None.

***MASTF MOTIONS RELATED TO METRO MANAGEMENT**

If service cuts are needed, that service cuts not be made in the Watsonville area.

I. CALL TO ORDER AND INTRODUCTIONS

Chairperson Deborah Lane called the meeting to order at 2:04 p.m. Connie Day requested that no interruptions or outbursts occur during this meeting.

II. APPROVAL OF THE OCTOBER 17, 2002 MASTF MINUTES

Kasandra Fox presented a Motion to approve the Minutes of the October 17th MASTF meeting. Sharon Barbour seconded that motion. Highlights of discussion that followed the Motion included:

- 1) Norm Hagen discussed two issues: First, Mr. Hagen brought attention to a statement attributed to him on Page Three of the Minutes. He noted that he wanted to change voting eligibility criteria, not “address the issue” as noted in the Minutes.

Second, Mr. Hagen noted there was a “serious omission” in his copy of the Minutes. “”I didn’t have anything after Page Six,” he shared.

- 2) John Daugherty noted that technical problems with assembly of the MASTF packet had been reported to him. Mr. Daugherty also noted that he had sent two complete packets after receiving two requests. He shared that the technical problems were not intentional.
- 3) During discussion, a few members estimated that four to six packets sent out to persons present were incomplete. Mr. Daugherty offered his phone number – (831) 423-3868 – so that anyone could request a complete packet.

4) Ms. Barbour noted that she had “reasoned it out” when she received an incomplete packet. She shared that she had phoned Mr. Daugherty for a replacement packet.

5) During discussion, the following Motion was withdrawn:

**MASTF Motion: To approve the October 17, 2002 MASTF Minutes.
M/S/Withdrawn: Fox, Barbour**

6) The withdrawn Motion was replaced by the following Motion:

MASTF Motion: That approval of the October 17, 2002 MASTF Minutes be postponed until the MASTF meeting next month to allow all members a chance to review the complete Minutes.

M/S/C: Kramer, C. Day (12 votes in favor, none opposed and one abstention)

7) Patricia Spence recommended that future packets include a page count of Minutes and Attachments. Mr. Daugherty responded that a page count could be included.

Note: The complete Minutes for the MASTF meeting on October 17, 2002 (Attachment A) are included in the MASTF packet for the meeting next month.

III. AMENDMENTS TO THE AGENDA

John Wood shared concern that the Brown Act (i.e. when an emergency action item can be added to an Agenda, who can vote, etc.) and parliamentary procedure are not widely understood. Mr. Wood noted: “The procedure is not clear to many people...So I’m making a friendly amendment that we give ... an education (so) that we have some way to advocate for people that are under represented in MASTF.”

Ms. Lane shared that the Brown Act is “very clear” on the issues raised by Mr. Wood. She noted that free copies of the Brown Act are available at the public library. She added that copies (including copies in alternative formats) could also be obtained from the State Attorney General’s office.

IV. ORAL COMMUNICATION AND CORRESPONDENCE

Mr. Daugherty shared that MASTF had received two pieces of correspondence since the last MASTF meeting:

- 1) An Agenda to a Santa Cruz County Regional Transportation Commission (SCCRTC) meeting.
- 2) The recent Central Coast Reporter newsletter produced by the Association of Monterey Bay Area Governments (AMBAG).

Mr. Daugherty placed the correspondence into a folder and circulated the folder to the group.

Mr. Daugherty shared several highlights of parliamentary procedure. For example, he noted that the Chairperson assigns the floor to a speaker and that there is one speaker at a time.

Ms. Barbour shared that she has been involved in MASTF for at least five years. “This is the first time the Minutes have been muddled,” she noted.

Fahmy Ma’Awad asked if letters in the meeting packet would be discussed. Ms. Barbour noted that she would discuss her letter later during the meeting today.

Mr. Wood noted that he was here today for the first Agenda item in New Business, the Election of MASTF Executive Committee Officers. “We have to vote our conscience,” he shared, “We have to look deep... Not to question who can vote, but who can lead here. That’s sort of what we have to fine tune

today... I do hope, and I do believe in this process. And I hope we have a successful meeting today.”

Ms. Spence noted that she had “unfinished business” to present to the group. She circulated print and diskette copies of a brochure to publicize MASTF that she had completed with assistance from her daughter. She noted that corrections to the brochure follow the corrections approved by MASTF earlier this year. She also noted that she has produced a poster that could accompany the brochures or be posted inside buses.

Ms. Spence shared that the brochure and poster (Attachments B and C) would assist the effort at recruitment of new members that could lead to a “resurgence” of MASTF. Mr. Hagen requested that there also be printed a Spanish language version of the poster and brochure. Bryant Baehr noted that Metro pays individuals for translation services.

V. ONGOING BUSINESS

5.1 Announcement of Honorees for 2002 MASTF Certificates of Appreciation (Deborah Lane)

Ms. Lane announced that the following group and five individuals would receive Certificates of Appreciation during the MASTF meeting on December 19, 2002:

- 1) One certificate to honor the group working in METRO’s Fleet Maintenance Department (that group includes METRO’s bus mechanics).
- 2) Coco Conklin, METRO Bus Operator.
- 3) Michael (“Mickey”) Booton, METRO Bus Operator.
- 4) Brad Neily, long time MASTF member.

5) Dianna Dunn, SEIU Field Representative.

6) And Bryant Baehr, honored for being a “Marathon Manager”.

5.2 MASTF Review and Vote on Metro ADA/504 Policy

Ms. Lane shared that numerous drafts of Metro’s draft ADA/504 policy have been worked on. She noted that a committee including her, Mr. Baehr, Mr. Neily, Mr. Daugherty and Ms. Gallagher have worked over the last few drafts.

Mr. Gallagher pointed out that the policy is not just a grievance procedure for members of the public. For example, she noted that the policy also requires ongoing evaluation by Metro to ensure that its services, activities and programs are “readily accessible.”

Highlights of discussion on this topic included:

- 1) Ed Kramer asked if the policy is where concern about implementation of CFR Section 37.167 (definition of “transfer points”) should be brought up. Ms. Gallagher responded that if a person believes that Metro is out of compliance with the Americans with Disabilities Act (ADA), “ you could file a grievance and use this process.”
- 2) Mr. Ma’Awad asked who is making the judgement after a person files a grievance. Ms. Gallagher responded that the policy indicates the General Manager or “his/her designee”, and then the Chair of the Board if the complainant is not satisfied. She also noted that a complainant has other options than the policy, including filing a lawsuit and filing a complaint with the Federal Transit Administration (FTA).

The following Motion to the METRO Board concluded discussion:

MASTF Motion: MASTF has discussed and accepts the draft METRO ADA/504 policy. The Chairperson will write a letter to the Board that supports this Motion.

M/S/C: Barbour, C. Day (11 votes in favor, none opposed and one abstention)

Note: A copy of the MASTF letter sent to the Board (Attachment D) is included in the packet for the meeting next month.

VI NEW BUSINESS

6.1 Election of MASTF Executive Committee Officers for December 2002-November 2003 (John Daugherty)

Mr. Daugherty described the election process. He read aloud the title of each Executive Committee position. He read aloud the job description for each of the six positions before opening the floor for nominations for each position.

Highlights of activity during the election process included:

- 1) Mr. Daugherty answered several questions on voting procedure. Two examples: In response to questions from Michael Edwards on whether the Chairperson could vote during the election, Mr. Daugherty noted that the voting limitation in the By Laws (the Chairperson only voting in case of a tie) has historically applied to Motions, not elections. Mr. Daugherty also shared that ***Roberts Rules of Order*** recognizes the Chair to be a voting member of the body.

Second example: In response to a question from Michael Doern, Mr. Daugherty noted that a show of hands, and not paper ballots, would be used to elect an officer when there was more than one candidate for an office. Mr. Daugherty noted that the Brown Act “frowns” on secret ballots and mail ballots.

2) Three nominations were received for the position of Chairperson:

Mr. Kramer nominated Ms. Lane. David Taylor seconded this first nomination. Ms. Lane declined her nomination (N/S/D: Kramer, Taylor).

Mr. Edwards nominated Pop Papadopulo. Mr. Hagen seconded this second nomination. Mr. Papadopulo accepted his nomination (N/S/A: Edwards, Hagen).

Ms. Barbour was nominated by Ms. Day. Ms. Lane seconded this third nomination. Ms. Barbour accepted her nomination (N/S/A: C. Day, Lane).

By show of hands:

Ms. Barbour received 8 votes.

Mr. Papadopulo received 6 votes.

There was one abstention.

By a majority of votes cast, Ms. Barbour was elected Chairperson.

There was one nomination for the position of Vice Chairperson:

Ms. Lane accepted the only nomination (N/S/A: Fox, C. Day).

By acclamation, Ms. Lane was elected Vice Chairperson

Three nominations were received for the position of Bus Stop Improvement Committee Chairperson:

Mr. Kramer accepted the first nomination (N/S/A: Lane, C. Day)

Mr. Edwards declined the second nomination (N/S/D: Wood, Chatterton)

Ted Chatterton declined the third nomination (N/S/D: Doern, Hagen)

By acclamation, Mr. Kramer was elected Bus Stop Improvement Committee Chairperson.

Two nominations were received for the position of Bus Services Committee Chairperson:

Mr. Hagen declined the first nomination (N/S/D: Papadopulo, Chatterton).

Ms. Day accepted the second nomination (N/S/A: Lane, Fox).

By acclamation, Ms. Day was elected Bus Services Committee Chairperson.

Three nominations were received for the position of Training and Procedures Committee Chairperson:

Lesley Wright accepted the first nomination (N/S/A: Doern, Chatterton).

Ms. Fox accepted the second nomination (N/S/A: Lane, C. Day).

Mr. Papadopulo declined the third nomination (N/S/D: Hagen, Wright).

By show of hands:

Ms. Wright received 7 votes.

Ms. Fox received 5 votes.

There was one abstention.

By a majority of votes cast, Ms. Wright was elected Training and Procedures Committee Chairperson.

Two nominations were received for the position of Paratransit Services Committee Chairperson:

Ms. Fox accepted the first nomination (N/S/A: Lane, C. Day).

Kurtis Lemke was not present to accept the second nomination that was made by Mr. Doern and seconded by Mr. Wood. As required by the MASTF By Laws (Section 7, under the “Nominations” section starting on Page 7), Mr. Daugherty asked if any Executive Committee member had received oral or written confirmation from Mr. Lemke that he accepted a nomination. No confirmation was provided.

By acclamation, Ms. Fox was elected Paratransit Services Committee Chairperson.

- 6.2 Discussion of Proposals for MASTF By Law Amendments (Deborah Lane)
- a) Date for MASTF Meetings
 - b) Eligibility to Vote
 - c) Timing of Nominations

Ms. Barbour read aloud her October 25th letter to MASTF membership that was included in the packet for this meeting. Her letter states, in part:

“At the October MASTF meeting, there was dissatisfaction expressed about some of the by-laws that govern our organization, including issues around membership and voting.

“... Any changes in the by-laws deserve deep thought and consideration. Changes to the makeup of membership and voting are major and should not be taken lightly.

“... I suggest MASTF designate the January meeting as a by-law review session, the focus of the meeting to be discussion of the current by-laws and development of possible changes to those by-laws. This will allow members to examine the by-laws sent in the November packet and to send to John Daugherty suggestions for changes...”

After she read the letter aloud, Ms. Barbour presented a Motion to postpone this Agenda item until the MASTF meeting in January. Mr. Kramer seconded her Motion. Highlights of discussion on the Motion included:

- 1) Ms. Spence shared that the process to amend By Laws should not be rushed. She suggested that a committee be formed to review input on proposed changes, reach consensus and then bring back recommendations to the membership. Recalling previous experience in amending By Laws, she noted that, "This is something that you can not work through in two months."
- 2) Mr. Hagen shared: "... First it's tabled, (then we are) read a letter that was thrown in it, before I got a chance to say anything about the Motion that I asked to put on the Agenda. And now it's being pushed off until February. And I have to say I am disgusted. I also wanted to speak about the membership, the lack of it from South County, but I suppose that probably won't be heard either. Thank you."
- 3) Mr. Ma'Awad shared: "I want to take the personal attitude out... This committee was based on complete democracy. And it was of the disabled community, for the disabled community and from the disabled community. And I'd like to keep it that way, open for everybody to come and voice their opinion, and voice their vote. This is the only place where we can actually do that. We have a right, and we can influence the process. Or we'll be just like every city council or every Board of Directors... We want everybody to feel empowered and not disempowered. Thank you very much."
- 4) Ms. Wright offered a friendly amendment: If here is an overhaul of the By Laws, a committee should be formed to review input.
- 5) The following Motion to MASTF Membership emerged from discussion:

**MASTF Motion: MASTF will form a committee in January to review and revise the By Laws. The notification of this (committee) formation will be prominent in the packet so that people who are interested will know.
M/S/C: Barbour, Kramer (6 votes in favor, one opposed and no abstentions)**

Before discussion of the next Agenda item began, the following Motion was approved:

**MASTF Motion: To extend the meeting time by 15 minutes.
M/S/C: Barbour, C. Day (5 votes in favor, one opposed and one abstention)**

6.3 Weekend Bus Service in South County

Ms. Barbour shared: “They (South County residents) don’t have sufficient service. And I don’t know that they can get any more now. But I think it might be well to remind METRO that when resources are available, that is a prime area of interest.”

Mr. Baehr responded: “Ideas should be out there for new and improved service. When money becomes available, that list comes out and we start talking about where we can put service.”

Mr. Baehr also shared that the METRO Board got a look at a potential \$3, 000, 000 deficit in the budget beginning July 1st at its last meeting. He added that the Board also saw what a fare increase might look like.

Mr. Baehr also explained that METRO Board supports holding public hearings whenever a decrease in bus service is proposed. He noted that he would continue to work with advisory groups, as information on service becomes available.

Two other topics were also noted: Mr. Kramer noted the need for more bus service to the Cabrillo College Extension facility in Watsonville. Ms. Lane noted that a bus stop shelter had been reinstalled in front of the senior center on Capitola Road at 17th Avenue.

The following Motion to METRO Management and Board emerged from discussion:

MASTF Motion: If service cuts are needed, that service cuts not be made in the Watsonville area.

M/S/C: Barbour, C. Day (6 votes in favor, none opposed and one abstention)

- 6.4 Use of Discount Fare Convenience Cards for Paratransit Fare (Sharon Barbour)
- MASTF Committee Reports
- 6.5 Training and Procedures Committee Report (Pop Papadopulo)
- 6.6 Bus Service Committee Report
 - a) Metro Users Group (MUG) Report
 - b) Service Planning and Review (SPARC) Committee Report- Action Item
- 6.7 Bus Stop Improvement Committee Report (Ed Kramer)
- 6.8 Paratransit Services Committee Report
- Other Reports
- 6.9 Paratransit Update
 - a) Paratransit Report
 - b) CCCIL Transportation Advocacy
- 6.10 UTU Report (Beverly Edwards)
- 6.11 SEIU/SEA Report
- 6.12 Next Month's Agenda Items

Ms. Lane shared that a person was checking the room because another group was scheduled to use it. She entertained a Motion to adjourn the meeting.

MASTF Minutes
November 14, 2002
Page Fourteen

VII ADJOURNMENT

The meeting was adjourned at 4:03 p.m.
M/S/PU: Kramer, C. Day

Note: Due to Adjournment, Agenda item 6.12, "Next Month's Agenda Items", was tabled until the MASTF meeting on December 19, 2002. The remaining New Business Agenda items (Agenda items 6.4 through 6.11) were tabled until the January 16, 2003 MASTF meeting.

Respectfully submitted by: A. John Daugherty, Accessible Services
Coordinator

NOTE: NEXT REGULAR MASTF MEETING IS: Thursday December 19, 2002 from 2:00-4:00 p.m., in the Board Room of the NIAC Building, 333 Front Street, Santa Cruz, CA.

NOTE*: NEXT S.C.M.T.D. BOARD OF DIRECTORS MEETING IS: Friday December 13, 2002 at 9:00 a.m. at the S.C.M.T.D. Administrative Offices, 370 Encinal Street, Santa Cruz, CA.

*** The SCMTD Board meets only once in December; all Board items will be covered at this meeting.**

Santa Cruz Metropolitan Transit District

Minutes-METRO Users Group

November 13, 2002

The Santa Cruz Metropolitan Transit District METRO Users Group met at 2:10 p.m., Wednesday, November 13, 2002, at the METRO Center Conference Room, 920 Pacific Avenue, Santa Cruz.

MEMBERS PRESENT

Ted Chatterton, Transit User
Connie Day, Transit User
Shelley Day, Transit User
Michelle Hinkle, Chair, Board Member
Paul Marcelin, Transit User

SCMTD STAFF PRESENT

Bryant Baehr, Operations Manager
Margaret Gallagher, District Counsel

VISITORS PRESENT

None

MUG MOTIONS TO METRO BOARD OF DIRECTORS

1. MUG supports the Board of Directors in adopting the Draft ADA/504 Accessibility Policies & Procedures as written.
 2. MUG recommends that the Talking Bus System be stabilized and running smoothly with the current call stop list prior to changing or adding any more call stops.
-

MUG MOTIONS TO METRO MANAGEMENT

None

3. CALL TO ORDER AND INTRODUCTION

Due to Chair Michelle Hinkle's loss of voice, Bryant Baehr, Operations Manager, called the meeting to order at 2:15 p.m. During introductions, Paul Marcelin introduced himself as a new member of MUG.

4. ORAL AND WRITTEN COMMUNICATIONS AND ANNOUNCEMENTS

Ted Chatterton stated that he believes MUG meetings should be open meetings, allowing people to enter and leave at will. He considers today's meeting "closed" since the conference room at the METRO Center has restricted access. Mr. Chatterton suggested that the meetings move back to Encinal because the Route 4 leaves the METRO Center 15 minutes before every hour and arrives at Encinal on every hour. Bryant Baehr replied that this could be addressed under Item #7c.

3. ADDITIONS AND DELETIONS TO THE AGENDA

Paul Marcelin had six items to be considered today or at future meetings. 1) Poster

campaign for the buses to recruit new MUG members. 2) Report on the presentation Paul gave to the UCSC student union assembly (student government) last week. 3) Proposal for incentives to promote membership in MUG. 4) Discussion of reviving the Speakers Bureau. 5) Operating revenue projections for FY 03-04 indicating a 9% shortfall. 6) Discussion of Proposals for Fare Increases, which is a current Board report.

Bryant Baehr categorized each item under existing agenda headings and asked for clarification on the Speakers Bureau, which involved members of MUG and METRO Staff speaking to organizations about transit. Paul then asked for clarification on proposing items for future agendas. Bryant explained that at the end of every meeting, the Chair asks for new agenda items for the next meeting. He went on to say that under the Brown Act, agendas are publicized 72 hours prior to the meeting and additions not related to a current agenda item cannot be made unless voted as Emergency Action Items.

4. **CONSENT AGENDA**

Receive and Accept:

- a) Minutes of October MUG Meeting
- b) Monthly Attendance Report
- c) Minutes of October Board of Directors Meeting
- d) September Ridership Report

Paul Marcelin questioned the Ridership Report. He pointed out that Column #2 – titled “Revenue” is meaningless because it does not cover all the kinds of riders who use the service. He said it does not seem to include “Special Fares Revenue,” which is revenue from UCSC and Cabrillo, and that this affects the other columns and makes it appear that the University lines perform poorly. He also commented that the last column titled “Monthly Pass” should be broken down according to discount monthly passes for seniors and disabled riders and full-fare monthly passes. He asked for clarification on the “S/D (Seniors and Disabled) Day Pass” column and added that he felt there is some ambiguity in the figures which makes them not very useful.

Bryant Baehr replied that he would pass Mr. Marcelin’s concerns on to the Assistant General Manager, who prepares this report. Bryant did clarify that the number of passes sold can be shown, but not the usage. He explained that when someone uses any pre-paid media, the fareboxes do not recognize the difference between a Day Pass, Monthly Pass, or Employee Pass –they all go into one category.

ACTION: MOTION: Connie Day
APPROVE CONSENT AGENDA

SECOND: Ted Chatterton
Motion passed unanimously

5. **ON-GOING ITEMS**

5a) **Review of Current Board Agenda Items**

Bryant Baehr reported that the Board would be considering the discussion of fare

increases and budget issues. Last Friday, November 8, 2002, the Board of Directors had a budget workshop meeting. The first part of this workshop was the initial projections for the FY03-04 budget with a potential shortfall estimated at \$3 million if expenses remain the same or increase. The District relies on revenues from the fareboxes, the ¼ cent sales tax and ¼ cent from the SCCRTC. With the new fiscal year beginning July 1, 2003, the Board is starting to look at how money is spent and the potential of generating new revenue. Bryant went on to say that the second part of the workshop was discussion of initial thoughts (emphasizing the word *thoughts*) of how much revenue would be generated by a fare increase. The Board is not taking any action right now; rather Staff is being directed to look at a number of ways to be prepared for the potential \$3 million budget deficit on July 1, 2003 without cutting service.

Paul Marcelin wanted to make sure that all MUG members receive a copy of the current Board report on the discussion of a fare increase. Mr. Marcelin believes it is MUG's duty to respond to this, perhaps by MUG's own fare proposal. Bryant replied that this report would be sent out to all MUG members right away. Margaret Gallagher reported that the Board asked for a timeline and indicated that a final decision would not be made until April 2003, with discussion continuing until then. Ms. Gallagher added that MUG's comments are very appropriate to begin MUG's discussion of the same issues that are going to the Board.

Ted Chatterton and Connie Day stated that they heard rumors of service cuts. Mr. Baehr replied that there were no reductions planned and reminded the committee that any service cuts are presented to MUG and MASTF for their input twice before any action is taken. The Board's focus is how to generate more revenue vs. cutting service to balance the budget.

Margaret Gallagher suggested inviting the Assistant General Manager to the next MUG meeting to give a presentation on the proposed fare increases and budget balancing efforts.

5b) Review of *Headways* Redesign Issues

Bryant reported that last month, the Board approved printing *Headways* twice a year instead of four times, which will save approximately \$40,000 per year. The next *Headways* will be from December through June 2003, with no service changes anticipated. Bryant said the December issue will include a MUG advertisement.

Paul Marcelin pointed out that roughly 20 out of 80 pages in *Headways* are informational and do not change regularly. He asked if money could be saved by printing a smaller version of *Headways* that does not include the informational section each time. Bryant acknowledged that at least 30% of *Headways* does not change, but some of it needs to be published for legal reasons. Bryant said a separate informational "How To" guide could be produced, but that could be confusing and people are used to having one document to refer to. Bryant offered to look into the cost involved if that was MUG's request. MST's brochures were brought up and Bryant said he would obtain

some and see what ideas may work well for *Headways*. Discussion continued about MST's brochures and the size of MST vs. METRO.

5c) Service and Planning Update

Bryant Baehr stated there was nothing new to report and added that there was absolutely no money for any service improvements.

5d) Cabrillo College

Since Carolyn O'Donnell left the TMA, there is no Cabrillo College representative to attend MUG meetings. Bryant added that the TMA is still in the process of filling the vacancy. Bryant did report that there have been requests to put up tents at the campus bus stops to keep people out of the rain and that David Konno, Facilities Maintenance Manager, is working on that.

5e) Bus Procurement

Bryant Baehr reported that the 29 low-floors are now in production and are expected to arrive January-February 2003. Bryant said that the District has a Resident Inspector on-site to make sure the buses are being produced to the District's specifications. These buses will replace the buses acquired from Foothill and some of the high-floor Flyers. Bryant went on to explain that it takes approximately 1 to 1 ½ weeks to inspect and accept each bus upon delivery. The 11 Highway 17 buses from Orion are expected to arrive in August 2003.

Connie Day was concerned about the lack of railings to hang on to when boarding some of the buses. Bryant replied that those buses are being replaced by the new buses. Ted Chatterton added that there are some buses without straps. Bryant responded that currently, only the low floors have what are called "strap hangers". Bryant said people have requested the straps, so the District is demonstrating them now on a bus up in the SLV area that has a lot of school kids. If it works out well, the straps will be put on all the buses.

6. UPDATES

6a) Paratransit Issues

Bryant Baehr reported that Steve Paulson and his staff are giving a presentation on the ParaCruz program to the Inter-Agency Hospice Association, made up of the owners of Senior Centers and housing.

Ted Chatterton stated that there is no bus service near his house after 5:30 p.m. Mr. Chatterton said he has Taxi-Scrip but has never used it. Connie Day asked how old you have to be to get Taxi-Scrip. Bryant had Steve Paulson to come into the meeting and answer Connie's question. Mr. Paulson replied that Taxi-Scrip is provided through Lift-Line, not the District, and that questions should be directed to Lift-Line. Mr. Paulson was then asked to call Lift-Line for clarification on the requirements for the Taxi-Scrip program. Ted Chatterton asked if he could use ParaCruz in the evening after the bus service stops in his area. Bryant replied that ParaCruz is complementary to fixed route, so if there is no fixed route, there is no ParaCruz.

6b) MetroBase

Margaret Gallagher reported that the Draft EIR was published on October 31, 2002 and that there is a 45-day review period for public comments. It is anticipated that comments will be forwarded to the Board in December when they will be considered before certifying the EIR.

Ted Chatterton and Connie Day heard that the name "MetroBase" will be changed to "HomeBase" and asked for clarification. Bryant stated the name is not changing and Chair Michelle Hinkle reminded them that Debra Lane had suggested MetroBase change its name at last month's MASTF meeting.

7. NEW BUSINESS

7a) ADA/504 Accessibility Policies & Procedures

Margaret Gallagher asked for MUG's input on the draft policy, which was distributed at last month's MUG meeting. Ms. Gallagher reported that the December 13, 2002 Board meeting will be the only one in December and that Staff was hoping the Board would be able to review and adopt the policy at that time.

Steve Paulson returned to say that he had more information on the Taxi-Scrip program requirements. He reported that there are 2 ways to qualify. Those 60 years and over or disabled who had a METRO ID#, a Recertification, or a MediCal # would be qualified. Another way to qualify is if someone is not yet 60 years old, but below 200% of the poverty level.

Ms. Gallagher then explained the draft policy and asked for MUG's support to the Board in adopting the policy. Ms. Gallagher continued, saying that after the policy is adopted, a brochure would be developed and MUG will again be asked for their input.

The committee had positive comments and the following motion was made:

ACTION: MOTION: Connie Day SECOND: Paul Marcelin

MUG supports the Board of Directors in adopting the Draft ADA/504 Accessibility Policies & Procedures as written.

Motion passed unanimously

7b) Talking Bus

Bryant Baehr reported that the Talking Bus system has 2 volume components: one that automatically adjusts its volume according to the noise level it senses and a manual volume setting. Bryant explained that the factory defaults proved too loud and that the volume and microphones on each bus are being adjusted to be more consistent.

Bryant also reported that due to signal loss in the San Lorenzo Valley area, the GPS system is being upgraded from an 8 to a 12-satellite system at no cost. Bryant then said that since the Talking Bus Technology became operational, proposals have been made to the Board requesting that everything be announced including: every turn, every stop, every street, every landmark, etc. Ted Chatterton asked if businesses, such as Safeway, are paying for advertising on the call stop system. Bryant replied "No" and that whenever possible the use of street or plaza names were used in order to avoid specific business names. Bryant explained that while it is possible to program the system to talk non-stop, advertising businesses as the bus went by is not something the District is interested in pursuing. He went on to say passengers do not want to be overloaded with information and it would distract from the purpose of the Talking Bus technology. Bryant said that this is a new technology (to the District) with several components such as the volume, the GPS, the stops, the stop announcements, trigger points, etc. As problems are discovered, they are dealt with one at a time. This is not something that can be rushed – it takes time to make all the necessary adjustments to stabilize the system.

ACTION: MOTION: Paul Marcelin SECOND: Connie Day

MUG recommends that the Talking Bus System be stabilized and running smoothly with the current call stop list prior to changing or adding any more call stops.

Ted Chatterton reported that the Lower Bay, Route 19 announces "METRO Center" one block after leaving the METRO Center. Bryant said that sounds like a programming problem and he would look into it. Margaret Gallagher suggested that any comments or problems should be directed to Customer Service so corrections can be made sooner.

Motion passed unanimously

7c) Membership in MUG

Paul Marcelin reported that he had given a 4-minute presentation to the UCSC student union assembly on November 5, 2002 regarding campus transit issues. He encouraged people to come to MUG and signed up 14 students to be on an email list to receive information about MUG, but none of them showed for today's meeting. Because of their lack of interest, Mr. Marcelin believes that MUG needs to do a better job of involving students, as they represent 25% or more of the ridership and provide a majority of METRO's revenue. Ted Chatterton agreed that MUG does need more members, but has no meeting space to accommodate them unless the meeting is moved back to Encinal. Mr. Marcelin disagreed, stating that a Harvey West Park meeting location would discourage student and worker attendance. Connie Day agreed, adding that it is hard for her to get there. Mr. Marcelin asked where MASTF meets and Bryant explained again about the difficulties encountered with meeting at the NIAC building. Mr. Marcelin asked about MASTF meeting at the University Town Center in the past. Bryant said that room cost about \$100 per meeting so MASTF moved to the NIAC building. It was suggested that a larger meeting space be located after MUG membership increases. Connie Day questioned whether students would continue to

attend because many people only attend one or two meetings. Mr. Marcelin then distributed his proposal that MUG members be given incentives to attend meetings, which is attached as a part of these minutes. There was discussion on different incentives and Mr. Marcelin suggested the need of some assistance from the Board to attract new members. Chair Michelle Hinkle requested that the committee review Mr. Marcelin's ideas and talk about recommendations at next month's meeting. Mr. Marcelin made one correction to his document – that the MASTF *Executive* Committee receives free bus passes, not all MASTF members.

Mr. Marcelin then distributed and asked for input on his proposed poster campaign, which is attached as part of these minutes. It was agreed upon that the language should not be negative, must be simple, easily translated into Spanish and approved by Management and the Board.

Ted Chatterton left the meeting resulting in lost quorum.

7d) Meeting Dates & Times

Last month there was discussion about the meeting date and time and it was decided to meet at 2:10 p.m. on the 3rd Wednesday of every month. That way, anyone planning to attend would not have to know the schedule of the Board of Directors meetings. This month there was further discussion and the Chair carried this item over to next month's meeting.

8. OPEN DISCUSSION

Nothing to report.

9. ADJOURNMENT

Chair Hinkle adjourned the meeting at 4:00 p.m.

Respectfully submitted,

CINDI THOMAS
Administrative Secretary

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002
TO: Board of Directors
FROM: Elisabeth Ross, Finance Manager
SUBJECT: MONTHLY BUDGET STATUS REPORT FOR OCTOBER 2002, AND APPROVAL OF BUDGET TRANSFERS

I. RECOMMENDED ACTION

Staff recommends that the Board of Directors approve the budget transfers for the period of November 1 – 30, 2002.

II. SUMMARY OF ISSUES

- Operating revenue for the year to date totals \$8,445,223 or \$16,148 under the amount of revenue expected to be received during the first four months of the fiscal year, based on the budget revised in October.
- Total operating expenses for the year to date, in the amount of \$9,448,300, are at 30.4% of the revised budget.
- A total of \$3,810,352 has been expended through October 31st for the FY 02-03 Capital Improvement Program.

III. DISCUSSION

An analysis of the District's budget status is prepared monthly in order to apprise the Board of Directors of the District's actual revenues and expenses in relation to the adopted operating and capital budgets for the fiscal year. The attached monthly revenue and expense report represents the status of the District's FY 02-03 budget as of October 31, 2002. The fiscal year is 33.3% elapsed.

A. Operating Revenues

Revenues are \$16,148 under the amount projected to be received for the period. Passenger revenue is \$17,862 below budget projections due to lower ridership. Sales tax revenue is on budget since the expected revenue was reduced in the October budget revision. Variances are explained in the notes following the report.

B. Operating Expenses

Operating expenses for the year to date total \$9,448,300 or 30.4% of the final budget, with 33.3% of the year elapsed. Variances are explained in the notes following the report.

December 13, 2002

Board of Directors

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C. Capital Improvement Program

For the year to date, a total of \$3,810,352 has been expended on the Capital Improvement Program. The largest expenditure was for the purchase of buses in the amount of \$2,908,365.

IV. FINANCIAL CONSIDERATIONS

Approval of the budget transfers will increase some line item expenses and decrease others. Overall, the changes are expense-neutral.

V. ATTACHMENTS

Attachment A: Revenue and Expense Report for October 2002, and Budget Transfers

MONTHLYREVENUEANDEXPENSEREPORT
 OPERATING REVENUE - OCTOBER 2002

Operating Revenue	FY 02-03		FY 02-03 Budgeted MD	FY 01-02 Actual YTD	FY 02-03 Actual YTD	YTD Variance from Budgeted
	Budgeted for Month	Actual for Month				
Passenger Fares	5 293,121	5 276,557	\$ 1,060,643	5 1,113,143	5 1,055,598	5 (5,045)
Paratransit Fares	-5 38,604	5 35,686	5 57,892	5 54,060	5 59,044	5 1,152
Special Transit Fares	5 229,344	\$ 234,053	5 455,039	5 477,003	5 473,110	5 18,071
Highway 17 Revenue	5 81,002	5 78,997	5 303,574	5 296,162	5 271,534	5 (32,040)
Subtotal Passenger Rev	\$ 642,071	5 625,293	5 1,877,148	5 1,940,368	5 1,859,286	5 (17,862): See Note 1
Advertising Income	5 15,000	5 5,000	\$ 60,000	\$ 56,000	5 60,000	5
Other Aux Transp Rev	\$ 833	5 742	5 3,333	5 4,060	5 3,625	5 292
Rent Income	\$ 12,181	\$ 12,412	5 48,498	5 44,984	5 50,785	5 2,287
Interest - General Fund	\$ 40,767	5 39,769	5 165,073	5 343,416	5 164,075	5 (998)
Non-Transportation Rev	\$ 175	5 131	5 700	5 50,294	5 833	5 133
Sales Tax Income	5 11,7400	5 11,288,00	\$ 4,885,446	\$ 5,089,627	\$ 4,885,446	5 - See Note 2
TDA Funds	\$ -	\$ -	\$ 1,374,472	5 1,441,957	5 1,374,472	5 -
Other Local Funding	\$ -	\$ -	-	-	5 -	5 -
Other State Funding	\$ -	\$ -	5 -	-	\$ -	-
FTA Op Asst - Sec 5307	\$ -	\$ -	5 -	\$ 505,614	\$ -	\$ -
FTA Op Asst - Sec 5311	\$ 46,701	5 46,701	5 46,701	-	\$ 46,701	\$ -
Other Federal Grants	\$ -	\$ -	-	-	\$ -	-
Other Revenue	\$ -	\$ -	-	-	5 -	-
Total Operating Revenue	5 1,875,128	5 1,868,848	5 8,461,371	\$ 9,476,320	\$ 8,445,223	\$ (16,148)

**MONTHLY REVENUE AND EXPENSE REPORT
OPERATING EXPENSE SUMMARY - OCTOBER 2002**

	FY 02-03 Final Budget	FY 02-03 Revised Budget	FY 01-02 /Expended YTD	FY 02-03 Expended YTD	Percent Expended of Budget	
PERSONNEL ACCOUNTS						
Administration	\$ 617,973	\$ 618,414	\$ 170,220	\$ 191,476	31.0%	
Finance	\$ 526,788	\$ 526,979	\$ 155,757	\$ 163,414	31.0%	
Planning & Marketing	\$ 710,601	\$ 688,996	\$ 260,083	\$ 209,744	30.4%	
Human Resources	\$ 325,478	\$ 312,111	\$ 104,692	\$ 94,728	30.4%	
Information Technology	\$ 382,753	\$ 382,870	\$ 110,556	\$ 128,408	33.5%	
District Counsel	\$ 307,569	\$ 338,053	\$ 87,392	\$ 100,663	29.8%	
Risk Management	\$ -	\$ -	\$ -	\$ -	0.0%	
Facilities Maintenance	\$ 1,020,801	\$ 982,981	\$ 305,575	\$ 308,290	31.4%	
Paratransit Program	\$ 224,893	\$ 224,981	\$ -	\$ 60,020	26.7%	
Operations	\$ 1,873,101	\$ 1,864,430	\$ 576,958	\$ 597,977	32.1%	
Bus Operators	\$ 11,615,995	\$ 11,538,432	\$ 3,603,130	\$ 4,002,601	34.7%	See Note 3
Fleet Maintenance	\$ 3,935,369	\$ 3,884,577	\$ 1,106,486	\$ 1,167,977	30.1%	
Retired Employees Benefits	\$ 518,615	\$ 626,788	\$ 127,434	\$ 244,665	39.0%	See Note 4
Total Personnel	\$ 22,059,937	\$ 21,989,613	\$ 6,608,282	\$ 7,269,964	33.1%	
NON-PERSONNEL ACCOUNTS						
Administration	\$ 546,487	\$ 539,527	\$ 189,230	\$ 182,734	33.9%	See Note 5
Finance	\$ 728,785	\$ 707,015	\$ 228,695	\$ 422,760	59.8%	See Note 6
Planning & Marketing	\$ 174,080	\$ 146,076	\$ 90,821	\$ 41,201	28.2%	
Human Resources	\$ 97,500	\$ 90,500	\$ 45,765	\$ 4,284	4.7%	
Information Technology	\$ 113,025	\$ 106,875	\$ 63,738	\$ 18,260	17.1%	
District Counsel	\$ 26,007	\$ 24,707	\$ 52,789	\$ 4,927	19.9%	
Risk Management	\$ 269,455	\$ 255,982	\$ -	\$ 68,822	26.9%	
Facilities Maintenance	\$ 464,382	\$ 448,177	\$ 154,697	\$ 105,789	23.6%	
Paratransit Program	\$ 3,704,585	\$ 3,519,356	\$ 718,839	\$ 732,073	20.8%	See Note 7
Operations	\$ 470,079	\$ 459,779	\$ 117,732	\$ 116,052	25.2%	
Bus Operators	\$ 6,400	\$ 6,080	\$ -	\$ 178	2.9%	
Fleet Maintenance	\$ 2,936,353	\$ 2,789,535	\$ 803,694	\$ 695,240	24.9%	
Op Prog/SCCIC	\$ 2,925	\$ 2,778	\$ 300	\$ 53	1.9%	
Prepaid Expense			\$ (103,558)	\$ (214,037)	0.0%	See Note 8
Total Non-Personnel	\$ 9,540,063	\$ 9,096,387	\$ 2,362,740	\$ 2,178,336	23.9%	
Subtotal Operating Expense	\$ 31,600,000	\$ 31,086,000	\$ 8,971,022	\$ 9,448,300	30.4%	
Grant Funded Studies/Programs	\$ -	\$ -		\$ -	0.0%	
Transfer to/from Cap Program	\$ -	\$ -		\$ -	0.0%	
Pass Through Programs	\$ -	\$ -		\$ -	0.0%	
Total Operating Expense	\$ 31,600,000	\$ 31,086,000	\$ 8,971,022	\$ 9,448,300	30.4%	
YTD Operating Revenue Over YTD Expense				\$ (1,003,077)		

**CONSOLIDATED OPERATING EXPENSE
OCTOBER 2002**

	FY 02-03 Final Budget	FY 02-03 Revised Budget	FY 01-02 Expended YTD	FY 02-03 Expended YTD	% Exp YTD of Budget	
LABOR						
Operators Wages	6259873	\$ 6,211,208	\$ 2,000,797	\$ 1,907,509	30.7%	
Operators Overtime	\$ 968,512	\$ 968,512	\$ 316,574	\$ 320,059	33.0%	
Other Salaries & Wages	\$ 6,153,470	\$ 6,057,082	\$ 1,791,867	\$ 1,768,686	29.2%	
Other Overtime	\$ 245,893	\$ 245,893	\$ 111,496	\$ 68,577	27.9%	
	\$ 13,627,748	\$ 13,482,695	\$ 4,220,734	\$ 4,064,831	30.1%	
FRINGE BENEFITS						
Medicare/Soc Sec	\$ 130,765	\$ 135,062	\$ 42,283	\$ 43,182	32.0%	
PERS Retirement	\$ 970,685	\$ 958,135	\$ 286,212	\$ 288,074	30.1%	
Medical Insurance	\$ 2,270,455	\$ 2,360,163	\$ 625,550	\$ 852,389	36.1%	See Note 9
Dental Plan	\$ 414,391	\$ 431,387	\$ 156,512	\$ 137,494	31.9%	
Vision Insurance	\$ 113,077	\$ 128,401	\$ 37,472	\$ 49,291	38.4%	See Note 9
Life Insurance	\$ 56,570	\$ 59,726	\$ 17,444	\$ 21,655	36.3%	See Note 9
State Disability Ins	\$ 131,089	\$ 131,516	\$ 37,788	\$ 35,624	27.1%	
Long Term Disability Ins	\$ 509,251	\$ 508,264	\$ 139,880	\$ 182,742	36.0%	See Note 9
Unemployment Insurance	\$ 26,316	\$ 26,402	\$ 1,701	\$ 164	0.6%	
Workers Comp	\$ 1,248,362	\$ 1,248,434	\$ 269,779	\$ 593,243	47.5%	See Note 10
Absence w/ Pay	\$ 2,532,354	\$ 2,488,830	\$ 767,706	\$ 998,550	40.1%	See Note 11
Other Fringe Benefits	\$ 28,874	\$ 30,598	\$ 5,220	\$ 2,726	8.9%	
	\$ 8,432,189	\$ 8,506,918	\$ 2,387,548	\$ 3,205,133	37.7%	
SERVICES						
Acctng/Admin/Bank Fees	\$ 289,500	\$ 285,500	\$ 79,440	\$ 82,371	28.9%	
Prof/Legis/Legal Services	\$ 479,720	\$ 460,920	\$ 74,935	\$ 106,856	23.2%	
Temporary Help	\$ -	\$ -	\$ 67,135	\$ -	0.0%	
Uniforms & Laundry	\$ 35,300	\$ 34,980	\$ 10,736	\$ 8,665	24.8%	
Security Services	\$ 283,419	\$ 283,119	\$ 66,709	\$ 66,514	23.5%	
Outside Repair - Bldgs/Eqmt	\$ 174,450	\$ 163,495	\$ 69,337	\$ 49,850	30.5%	
Outside Repair - Vehicles	\$ 270,140	\$ 270,140	\$ 83,288	\$ 91,561	33.9%	See Note 12
Waste Disp/Ads/Other	\$ 226,240	\$ 217,740	\$ 60,334	\$ 40,193	18.5%	
	\$ 1,758,769	\$ 1,715,894	\$ 511,914	\$ 446,009	26.0%	
CONTRACT TRANSPORTATION						
Contract Transportation	\$ 50	\$ 50	\$ -	\$ -	0.0%	
Paratransit Service	\$ 3,474,485	\$ 3,289,256	\$ 670,214	\$ 681,662	20.7%	See Note 7
	\$ 3,474,535	\$ 3,289,306	\$ 670,214	\$ 681,662	20.7%	
MOBILE MATERIALS						
Fuels & Lubricants	\$ 1,357,168	\$ 1,275,283	\$ 334,838	\$ 351,353	27.6%	
Tires & Tubes	\$ 150,000	\$ 113,182	\$ 47,184	\$ 47,757	42.2%	See Note 13
Other Mobile Supplies	\$ 6,500	\$ 6,500	\$ 3,044	\$ 552	8.5%	
Revenue Vehicle Parts	\$ 645,000	\$ 615,000	\$ 167,949	\$ 39,319	6.4%	See Note 14
	\$ 2,158,668	\$ 2,009,965	\$ 553,015	\$ 438,980	21.8%	

CONSOLIDATED OPERATING EXPENSE
OCTOBER 2002

	FY 02-03 Final Budget	FY 02-03 Revised Budget	FY 01-02 Expended YTD	FY 02-03 Expended YTD	% Exp YTD of Budget	
OTHER MATERIALS						
Postage & Mailing/Freight	\$ 21,990	\$ 25,447	\$ 8,098	\$ 6,776	26.6%	
Printing	\$ 130,729	\$ 95,352	\$ 27,673	\$ 19,364	20.3%	
Office/Computer Supplies	\$ 66,686	\$ 64,682	\$ 19,321	\$ 11,912	18.4%	
Safety Supplies	\$ 23,175	\$ 20,175	\$ 7,438	\$ 2,663	13.2%	
Cleaning Supplies	\$ 65,000	\$ 62,000	\$ 14,195	\$ 13,748	22.2%	
Repair/Maint Supplies	\$ 37,700	\$ 34,700	\$ 20,995	\$ 13,098	37.7%	See Note 15
Parts, Non-Inventory	\$ 50,000	\$ 50,000	\$ 17,573	\$ 15,046	30.1%	
Tools/Tool Allowance	\$ 11,207	\$ 11,207	\$ 7,272	\$ 2,210	19.7%	
Promo/Photo Supplies	\$ 22,247	\$ 22,247	\$ 7,138	\$ 665	3.0%	
	\$ 428,734	\$ 385,810	\$ 129,703	\$ 85,480	22.2%	
UTILITIES						
	\$ 328,084	\$ 328,084	\$ 116,561	\$ 116,395	35.5%	See Note 16
CASUALTY & LIABILITY						
Insurance - Prop/PL & PD	\$ 429,000	\$ 415,000	\$ 59,016	\$ 124,693	30.0%	
Settlement Costs	\$ 100,000	\$ 100,000	\$ 11,857	\$ 42,290	42.3%	See Note 17
Repairs to Prop	\$ -	\$ -	\$ (463)	\$ (8,996)	0.0%	See Note 18
Prof/Other Services	\$ 55,000	\$ 49,527	\$ 36,121	\$ 72	0.1%	
	\$ 584,000	\$ 564,527	\$ 106,530	\$ 158,059	28.0%	
TAXES						
	\$ 44,667	\$ 44,667	\$ 21,830	\$ 6,445	14.4%	
MISC EXPENSES						
Dues & Subscriptions	\$ 55,505	\$ 54,720	\$ 24,141	\$ 34,988	63.9%	See Note 19
Media Advertising	\$ 5,000	\$ 5,000	\$ 17,041	\$ 129	2.6%	
Employee Incentive Program	\$ 11,450	\$ 11,450	\$ 1,765	\$ 1,889	16.5%	
Training	\$ 45,290	\$ 45,090	\$ 7,896	\$ 2,584	5.7%	
Travel & Local Meetings	\$ 42,225	\$ 40,888	\$ 11,000	\$ 6,927	16.9%	
Other Misc Expenses	\$ 13,500	\$ 12,850	\$ 3,219	\$ 3,486	27.1%	
	\$ 172,970	\$ 169,998	\$ 65,061	\$ 50,003	29.4%	
OTHER EXPENSES						
Leases & Rentals	\$ 589,636	\$ 588,136	\$ 187,911	\$ 195,302	33.2%	
Repower Project Reserve	\$ -	\$ -	\$ -	\$ -	0.0%	
Transfer to Capital	\$ -	\$ -	\$ -	\$ -	0.0%	
Pass Through Programs	\$ -	\$ -	\$ -	\$ -	0.0%	
	\$ 589,636	\$ 588,136	\$ 187,911	\$ 195,302	33.2%	
Total Operating Expense	\$ 31,600,000	\$ 31,086,000	\$ 8,971,022	\$ 9,448,300	30.4%	

MONTHLY REVENUE AND EXPENSE REPORT
FY 02-03 CAPITAL IMPROVEMENT PROGRAM

CAPITAL PROJECTS	Program Budget	Expended in	
		October	YTD Expended
Grant Funded Projects			
Consolidated Operating Facility	\$ 7,948,083	\$ 81,352	\$ 165,093
Urban Bus Replacement	\$ 7,546,472	\$ 384,799	\$ 2,908,365
Talking Bus Equipment	\$ 700,000		\$ 512,919
CNG Facilities for SCM, Ops	\$ 802,574	\$ 88,531	\$ 136,139
Metro Center Renovation Project	\$ 200,000	\$ 7,467	\$ 35,826
Engine Repower Project (carryover)	\$ 125,000		
ADA Paratransit Vehicle (carryover)	\$ 35,809		\$ 35,809
USL Financials Software (carryover)	\$		\$ 6,250
	\$ 17,357,938		
District Funded Projects			
Bus Stop Improvements	\$ 475,750		\$ 1,740
ADA Recertification Program	\$ 5,000		
IT - Giro Rostering Module	\$ 61,000		
IT - Servers	\$ 16,000		
Automated Telephone Info System	\$ 35,000		
Facilities Repairs & Improvements	\$ 89,712	\$ 7,212	\$ 7,212
Machinery/Equip Repair & Improvements	\$ 24,000		
Non-revenue Vehicle Replacement	\$ 145,000		
Office Equipment	\$ 30,000		\$ 999
Transfer to Operating Budget	\$ 1,200,000		
	\$ 2,081,462		
TOTAL CAPITAL PROJECTS	\$ 19,439,400	\$ 569,271	\$ 3,810,352
CAPITAL FUNDING SOURCES			
	Budget	Received in	
		October	YTD Received
Federal Capital Grants	\$ 13,553,939	\$ 509,030	\$ 2,655,419
State/Local Capital Grants	\$ 907,631	\$ 342,990	\$ 342,990
STA Funding	\$ 807,150	\$ -	\$ -
District Reserves	\$ 3,770,680	\$ -	\$ 811,943
Transfer from Bus Stop Imp Reserve	\$ 400,000	\$ -	\$ -
TOTAL CAPITAL FUNDING	\$ 19,439,400	\$ 852,020	\$ 3,810,352

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
NOTES TO REVENUE AND EXPENSE REPORT**

1. Passenger fares (farebox and pass sales) are \$5,045 or 0.5% under the revised budget amount for the year to date. Paratransit fares are \$1,152 over budget for the period since paratransit advance ticket sales are included with the revenue. Special transit fares (contracts) are \$18,071 or 4% over the budgeted amount. Highway 17 Express revenue is \$32,040 or 11% under the year to date budgeted amount. Together, all four passenger revenue accounts are under the budgeted amount for the first four months of the fiscal year by a net \$17,862 or 1.0%.
2. Sales tax income is at budget for the first four months since the budgeted revenue was reduced in the October budget revision to match the year-to-date sales tax revenue.
3. Bus operator personnel expense is at 34.7% of the revised budget due to high workers' compensation expenses.
4. Retired employee benefits are at 39.0% of the budget because some District-paid COBRA benefits are included in these expenses.
5. Administration non-personnel expense is at 33.9% of the revised budget due to payment of annual APTA dues.
6. Finance non-personnel expense is at 59.8% of the budget due to the annual payment of insurance premiums.
7. Paratransit program expense is only at 20.8% of the budget because the October billing was not submitted by the contractor by the report deadline.
8. Pre-paid expense adjustment provides for allocating large annual payments, such as casualty and liability insurance, over the entire year so that the total expenses District-wide for the month and year to date are not skewed.
9. Medical, vision, life and long term disability insurance are all slightly over budget since the November premium payments were included in the October report.
10. Workers Compensation insurance is at 47.5% of the budget due to higher claims paid out during the period than projected. The claims amount varies from month to month because the District is self-insured and there is no set premium amount.
11. Absence with pay is at 40.1% of the budget since more vacation time is taken in the summer months and many retirees were paid off for their accrued time when they separated from the District. Total payroll is within budget.
12. Outside repair for vehicles is at 33.9% of the budget due to repairs on aging support vehicles.
13. Tires and tubes expense is at 42.2% of the budget due to volume purchases.

14. Revenue vehicle parts expense is only at 6.4% of the budget due to a credit in the amount of \$124,777 for sale of excess inventory for the Gillig buses.
15. Repair and maintenance supplies are at 37.7% of the budget due to purchase of supplies for bus stop repairs.
16. Utilities are at 35.5% of the budget due to high gas and electric bills.
17. Settlement costs are at 42.3% of the budget since \$28,842 was expended during August. These payments fluctuate from month to month.
18. Repairs to property is a casualty and liability account to which repairs to District vehicles and property are charged when another party is liable for the damage. All collections made from other parties for property repair are applied to this account to offset the District's repair costs. Collections exceed expenses so far this year because some payments were received in August for expenses incurred in the last fiscal year.
19. Dues and subscriptions are at 63.9% of the budget due to the annual payment of APTA dues, and other subscription renewals.

**FY 02-03 BUDGET TRANSFERS
11/1/02-11130102**

	ACCOUNT #	ACCOUNT TITLE	AMOUNT
TRANSFER 03-008			
TRANSFER FROM:	504215-3100	Printing	\$ (377)
TRANSFER TO:	50901 I-3100	Dues & Subscriptions	\$ 295
	509125-3100	Other Misc. Expense	\$ 82
			<u>\$ 377</u>

REASON: To cover account overruns for Paratransit Department.

TRANSFER 03-009			
TRANSFER FROM:	50431 I-1300	Office Supplies	\$ (4)
TRANSFER TO:	502999-I 300	Other Fringe Benefits	\$ 4

REASON: To cover account overrun in the Planning & Marketing Dept.

TRANSFER 03-010			
TRANSFER FROM:	50431 I-1200	Office Supplies	\$ (88)
TRANSFER TO:	50431 I-3200	Office Supplies	\$ 88

REASON: To cover cost of payroll envelopes for Finance Dept.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002
TO: Board of Directors
FROM: Steve Paulson, Paratransit Administrator
SUBJECT: METRO PARACRUZ STATUS MONTHLY UPDATE

I. RECOMMENDED ACTION

This report is for information only- no action requested

II. SUMMARY OF ISSUES

- The METRO ParaCruz Monthly update now consists of two distinct areas— Eligibility/Recertification Update and Operational Statistics
- Eligibility/Recertification Statistics are through November 30, 2002
- Operational Statistics are for the Month of September, 2002

III. DISCUSSION

RECERTIFICATION UPDATE

By the end of November, a total of 900 assessments had been held. 530 assessments for existing riders, 370 new. The denial rate for existing riders is 4%, for new applicants it is 11%.

Staff has been tracking frequency of use for riders using the service 6 or more times within any single month. Through October that list consists of 1030 registered riders. 442 riders on that list have participated in the recertification process. 19 have been determined to be not eligible. 54 more have been removed for failure to complete the process.

Appeals

The appeals rate remains under 2% of the individuals assessed. Through the month of November, the cumulative total of appeals heard reached 11. Of the 7 appeals heard in November, 5 were unchanged. Two appellants received an increase in their eligibility determination.

Operational Statistics

	This Sept	Last Sept	% of prior	YTD	Last YTD	% of prior
Cost	\$228,092.32	\$168,772.40	135.1%	\$681,662.43	\$536,530.67	127.1%
Revenue	\$17,748.00	\$17,144.00	103.5%	\$53,828.00	\$52,146.00	103.2%
Subsidy	\$210,344.32	\$151,628.40	138.7	\$627,834.43	\$484,384.67	129.6%
Rides performed (205 cert rides)	9541	8572	111.3%	27,581	26,073	105.8%
Number of Riders	1188	unknown	N/A	1573	unknown	N/A
Cost/ Ride	\$23.91	\$19.69	121.4%	\$24.71	\$20.58	120.1%
% rides on taxi	70.9%	68.9%	102.9%	67.23%	68.6%	98.0%
Program Registrants	7274	9051	80.4	250 new riders	261 new riders	95.8%
Rides per registrant	1.31	.947	138.3%			
Productivity	1.995/hour	unknown	N/A	2.065/hour	unknown	N/A
On-time performance	95.8%	unknown	N/A		unknown	N/A
Average hold times	97.2% < 2 minutes	unknown	N/A	97.4 < 2 minutes	unknown	N/A

September
2002 areas on contract non-compliance:

- 30 missed / excessively late trips. (20 instances greater than 100 minutes late.)
- 388 pick-ups more than 15 minutes before scheduled (contract allows up to 15 minutes early)
- 4 non-ADA trips in District vehicles, including three outside the service area
- 1968 (20.6%) rides on non-compliant vehicles (excessive age)

IV. FINANCIAL CONSIDERATIONS

None

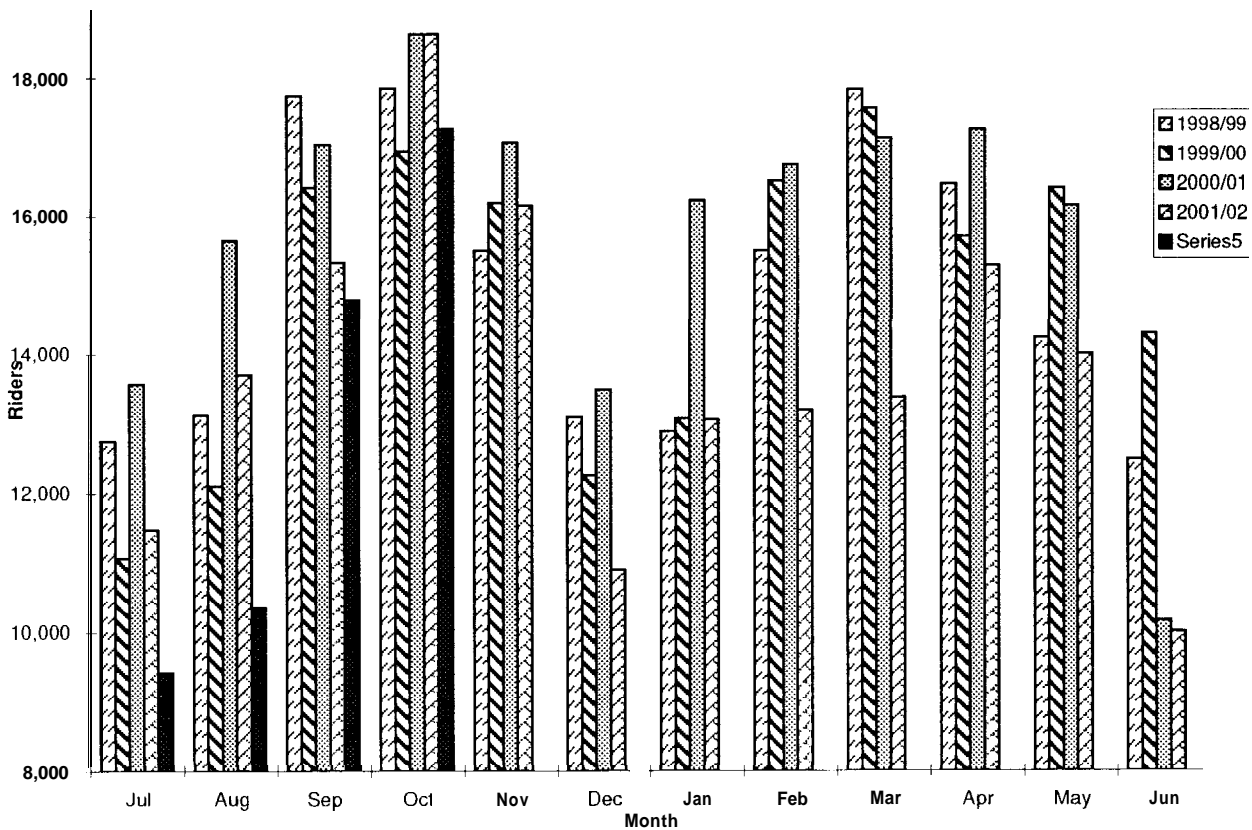
V. ATTACHMENTS

None

HIGHWAY 17 - OCTOBER 2002

	October			YTD		
	2002103	200'1102	%	2002103	2001102	%
FINANCIAL						
Cost	\$1,100,16	\$1,218,03	(9.7%)	\$ 416,146	\$ 455,436	(8.6%)
Farebox	\$ 37,819	\$ 38,211	(1.0%)	\$ 126,101	\$ 132,031	(4.5%)
Operating Deficit	\$ 67,237	\$ 79,705	(15.6%)	\$ 280,513	\$ 315,760	(11.2%)
Santa Clara Subsidy	\$ 33,618	\$ 39,853	(15.6%)	\$ 140,257	\$ 157,880	(11.2%)
METRO Subsidy	\$ 33,618	\$ 39,853	(15.6%)	\$ 140,257	\$ 157,880	(11.2%)
San Jose State Subsidy	\$ 4,960	\$ 3,887	27.6%	\$ 9,532	\$ 7,645	24.7%
STATISTICS						
Passengers	17,245	18,633	(7.4%)	51,813	59,115	(12.4%)
Revenue Miles	34,414	34,414	0.0%	130,174	130,174	0.0%
Revenue Hours	1,338	1,338	0.0%	5,063	5,063	0.0%
PRODUCTIVITY						
Cost/Passenger	\$ 6.38	\$ 6.54	(2.4%)	\$ 8.03	\$ 7.70	4.3%
Revenue/Passenger	\$ 2.19	\$ 2.05	6.9%	\$ 2.43	\$ 2.23	9.0%
Subsidy/Passenger	\$ 4.19	\$ 4.49	(6.7%)	\$ 5.60	\$ 5.47	2.3%
Passengers/Mile	0.50	0.54	(7.4%)	0.40	0.45	(12.4%)
Passengers/Hour	12.89	13.92	(7.4%)	10.23	11.68	(12.4%)
Recovery Ratio	34.4%	31.4%	9.6%	30.3%	29.0%	4.5%

HIGHWAY 17 RIDERSHIP



SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002
TO: Board of Directors
FROM: Bryant J. Baehr, Manager of Operations
SUBJECT: UNIVERSITY OF CALIFORNIA - SANTA CRUZ SERVICE UPDATE

I. RECOMMENDED ACTION

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

II. SUMMARY OF ISSUES

- Student billable trips for October 2002 decreased by (7.93%) versus October 2001. Year to date student billable trips have increased by .5%.
- Faculty / staff billable trips for October 2002 decreased by (.3%) versus October 2001. Year to date faculty / staff billable trips have increased by 7.3%.
- Revenue received from UCSC for October 2002 was \$181,368 versus \$195,845 a decrease of (7.4%).
- A strike held on October 14 –15, 2002 negatively effected ridership and the income received by the Transit District for October 2002.

III. DISCUSSION

Full school-term transit service to the University of California – Santa Cruz started on September 16, 2002. Attached are charts detailing student and faculty / staff billable trips. A summary of the results is:

- Student billable trips for the month of October 2002 were 196,739 vs. 213,701 for October 2001 a decrease of (7.93%).
- Faculty / staff billable trips for the month of October 2002 were 11,835 vs. 11,866 for October 2001 a decrease of (.3%).
- Year to date Student billable trips increased by .5% and faculty / staff billable trips increased by 7.3%.
- In October 2002 the charge for service was \$181,368. The charge for October 2001 was \$195,845. This represents a 7.4% decrease in revenue for October 2002 versus October 2001.

IV. FINANCIAL CONSIDERATIONS

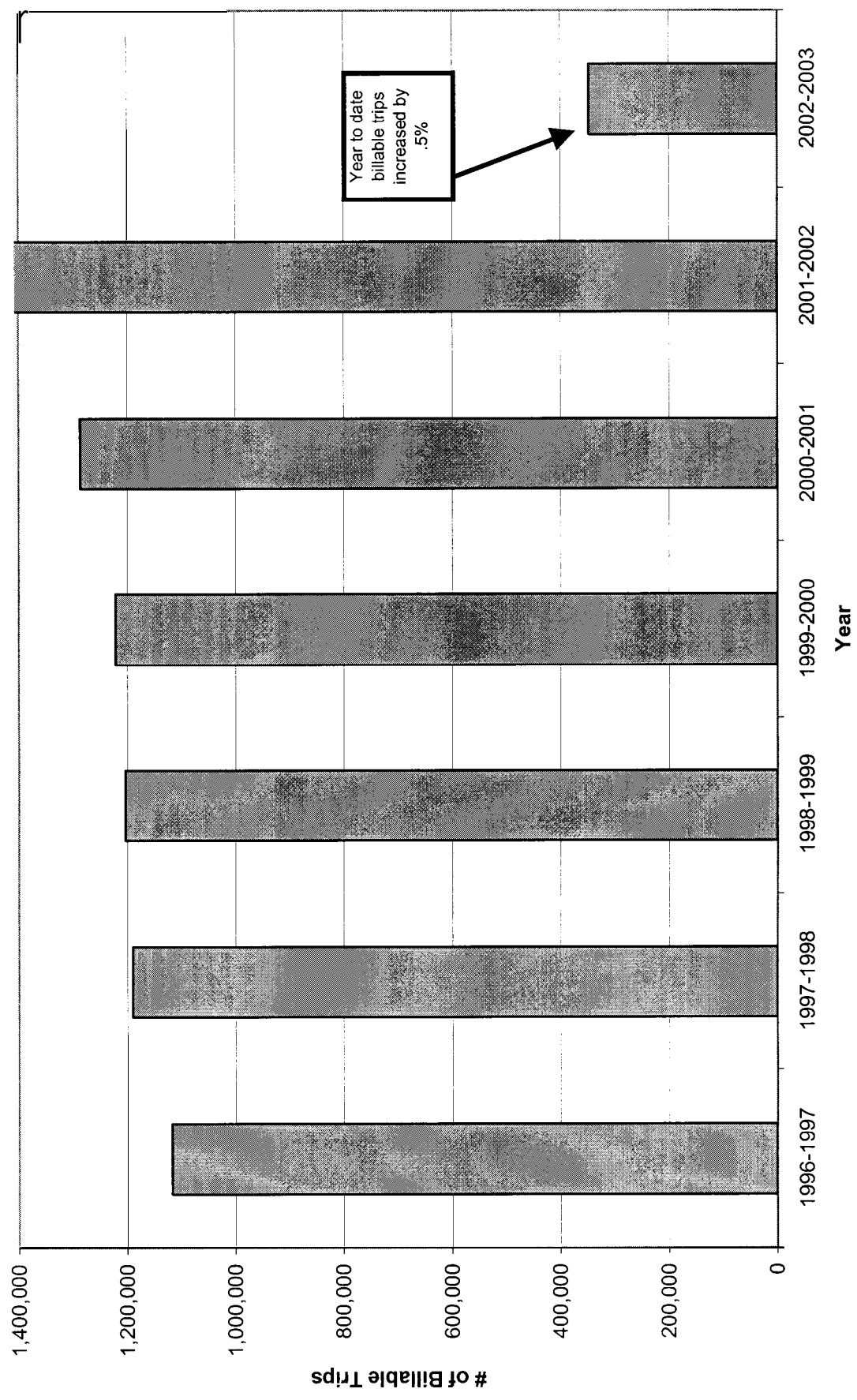
NONE

V. ATTACHMENTS

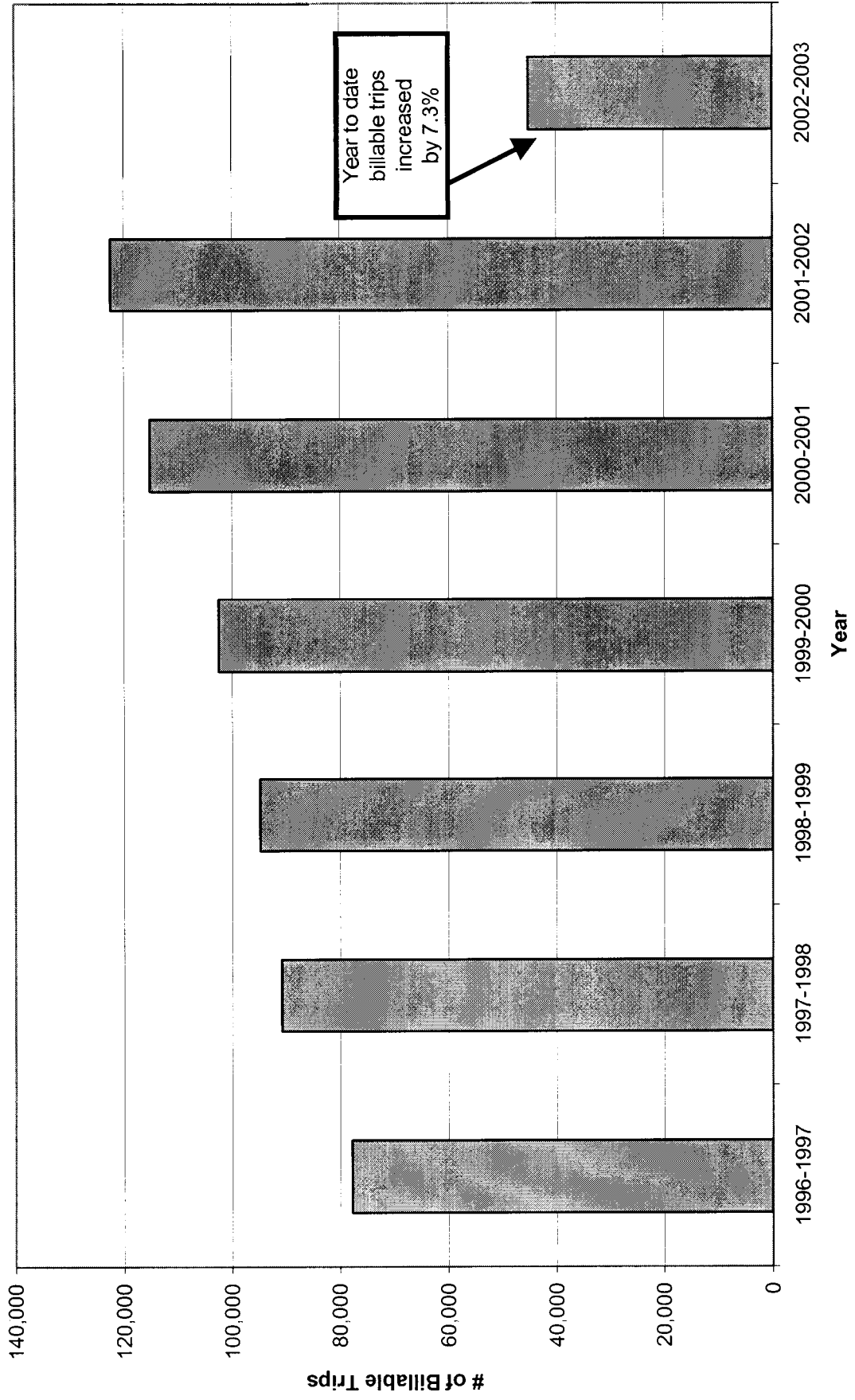
Attachment A: UCSC Student Billable Trips

Attachment B: UCSC Faculty / Staff Billable Trips

UCSC Student Billable Trips



UCSC Faculty / Staff Billable Trips



SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002
TO: Board of Directors
FROM: Leslie R. White, General Manager
SUBJECT: METROBASE PROJECT STATUS REPORT

I. RECOMMENDED ACTION

That the Board of Directors accept the status report on the MetroBase project.

II. SUMMARY OF ISSUES

- The MetroBase project is currently approximately seven (7) years behind schedule for implementation.
- On April 19, 2002, the Board of Directors selected the Harvey West Cluster No. 1 Option as the preferred alternative for the Environmental Impact Report. This was the third site to receive such designation.
- On May 17, 2002, the Board of Directors adopted a revised project schedule and requested that the project status report be included in the Board packet each month.
- Currently, the project schedule has been revised three times to allow additional time for the completion and circulation of the Draft EIR. The project schedule revision does not change the proposed construction schedule.

III. DISCUSSION

The 1989 Loma Prieta earthquake severely damaged the operating facilities at METRO. The Watsonville operating base was damaged to the degree that it became inoperable and the Santa Cruz operating base lost all fueling capabilities. From that time to the present, METRO has pursued the goal of constructing replacement facilities, which would restore cost effective maintenance and operations functions. METRO has pursued a consolidated facility approach in order to achieve the maximum amount of operating efficiency on a long-term basis. The use of a consolidated or closely clustered approach will achieve significant savings for METRO which can be used to restore service levels. The original schedule, developed for the construction of replacement facilities, identified 1995 as the target year for implementation. Unfortunately, the MetroBase project has suffered a number of setbacks over the past few years and is currently approximately seven (7) years behind schedule.

On April 19, 2002, the Board of Directors adopted a designation of the Harvey West Cluster No. 1 Option as the preferred alternative for the purposes of continuing the Environmental Impact

Report process on the MetroBase project. This is the third site to be designated as the preferred alternative.

On May 17, 2002, the Board of Directors adopted a revised project schedule (Attachment A) and requested that a status report be provided to the Board at each meeting so that any schedule slippage would be apparent immediately.

During the reference period certain tasks which were to be completed have been delayed and a revised schedule has been developed. The revised schedule is attached to this Staff Report. The Notice of Preparation/Notice of Intent was circulated on April 30, 2002 and the comment period concluded on May 30, 2002. On May 22, 2002, the scoping meeting was held to solicit comments from the public with regard to the revised project scope. In order to proceed with the Environmental Impact Report process, it was necessary to receive a revised site plan as well as other information from both METRO and Waterleaf Interiors, Inc. The information required to be submitted to Duffy & Associates on June 1, 2002 was delivered. The Administrative Draft EIR was received by METRO staff on August 5, 2002. Comments from METRO staff and consultants were transmitted to Denise Duffy and Associates on September 4, 2002. The next time point on the schedule was the delivery of the Screen-Check of the EIR to METRO by September 27, 2002. This date was modified for a third time to reflect a new date of October 17, 2002. The attached schedule has been adjusted to reflect the delay. The impact of this action was to delay the certification of the EIR to February 28, 2002. The beginning of ROW acquisition and Design activities has been moved to March 3, 2003. During the current reporting period the EIR circulation began. No actions have occurred during the reporting period that changed the schedule that is attached to this Staff Report.

METRO staff will continue to monitor the progress of the MetroBase project with regard to the items contained on the project schedule that address the Harvey West Cluster No. 1 Option.

IV. FINANCIAL CONSIDERATIONS

No actions have taken place during the reporting period that change the financial status of the MetroBase project.

V. ATTACHMENTS

Attachment A: Revised MetroBase Project Schedule

MetroBase Project Schedule

MetroBase HW 1 Cluster Alternative Revised Schedule				
Task	Adopted Schedule	Revision #1	Revision #2	Revision #3
FFIR Completed and Accepted by Board of Directors	04/19/02			
Board of Directors Amends Preferred Alternative Designation	04/19/02			
Circulate Notice of Preparation/Notice of Intent (30 days)	04/30/02			
Scoping Meeting	05/22/02			
NOP/NOI Circulation Period Ends	05/30/02			
Receive All Project Information from SCMTD & Architect	05/01/02			
Submit Administrative Draft EIR/EIS	07/15/02	08/05/02		
Review of ADEIR/EIS by SCMTD Complete	08/09/02	08/30/02		
Submit Screen-Check ADEIR/EIS to SCMTD	08/16/02	09/27/02	10/11/02	10/17/02
Review of Screen-Check ADEIR/EIS Complete	08/19/02	10/04/02	10/18/02	10/25/02
Start 45-Day Review Period	08/20/02	10/07/02	10/21/02	10/31/02
DEIR Review Period Ends	10/11/02	11/20/02	12/06/02	12/15/02
Submit Administrative Responses to Comments to SCMTD	11/04/02	12/13/02	12/27/02	01/13/03
Review of Admin Responses Complete	11/25/02	01/03/03	01/17/03	01/31/03
Circulate Responses (10 days)	12/09/02	01/13/03	01/31/03	02/07/03
End Circulation Period	12/19/02	01/23/03	02/10/03	02/19/03
Certify Final EIR	12/20/02	01/24/03	02/14/03	02/28/03
ROW Acquisition Actions Commence	01/01/03	01/27/03	02/17/03	03/03/03
Final Design and Engineering Activities Commence	01/01/03	01/27/03	02/17/03	03/03/03
Draft Construction Specifications Circulated	05/01/03		06/01/03	
Board of Directors Approves Construction Specifications	06/20/03			
Request for Construction Bids Issued	06/20/03			
Pre Bid Meeting Held	07/15/03			
Final Bid Documents Issued	08/01/03			
Construction Bid Received	10/01/03			
Construction Bids Evaluated	10/01/03 thru 11/01/03			
ROW Acquisition Completed	11/01/03			

MetroBase Project Schedule

MetroBase HW 1 Cluster Alternative Revised Schedule				
Task	Adopted Schedule	Revision #1	Revision #2	Revision #3
Board of Directors Award Construction Contracts	11/21/03			
Groundbreaking	01/09/04			
Construction Begins	01/12/04			
Fueling System Operational and online	07/01/05			
Fleet Maintenance Function Complete and online	09/30/05			
Operations Function Complete and online	11/30/05			
Facility Maintenance Complete and online	12/31/05			
Phase I Construction Complete	02/28/06			
Grand Opening & Celebration	03/15/06			

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002
TO: Board of Directors
FROM: Bryant J. Baehr, Manager of Operations
SUBJECT: CONSIDERATION OF CALL STOP AUDIT REPORT

I. RECOMMENDED ACTION

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

II. SUMMARY OF ISSUES

- At the November 2001 Board of Directors meeting, staff was authorized to conduct quarterly call stop compliance audits to determine the effectiveness of the call stop retraining that occurred in December 2001.
- Staff contracted with Mr. Emillo Martinez, a private investigator, to conduct the audit. The audit was conducted during the month of November 2002.
- Mr. Martinez reported that of the 232 call stops observed, 232 were successfully announced. That translates to a 100% call stop compliance rate.

III. DISCUSSION

At the November 2001 Board of Directors meeting, staff was authorized to conduct quarterly call stop compliance audits to determine the effectiveness of the call stop refresher training conducted in December 2001.

Staff contracted with Mr. Emillo Martinez, a private investigator, for the call stop audits. Mr. Martinez was authorized 100 hours to conduct a survey at a cost of \$5,000.00 each quarter.

Mr. Martinez conducted the call stop compliance audit during the month of November 2002. The results are as follows:

	April – May 2002	August 2002	November 2002
Call Stops observed	194	218	232
Call stops announced	186	190	232
Call stops not announced	8	28	0
Percent of call stops completed	96%	88%	100%
Percent of call stops not completed	4%	13%	0%

Mr. Martinez audited trips on the following routes: 2, 3A, 3B, 7, 8, 12A, 15, 31, 35A, 54, 60, 63, 66, 67, 69, 69A, 69W, 70, 71 and the 75.

IV. FINANCIAL CONSIDERATIONS

Randomly conducted call stop compliance audits cost approximately \$20,000 per year.

V. ATTACHMENTS

Attachment A: None

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002

TO: Board of Directors

FROM: Leslie R. White, General Manager

**SUBJECT: CONSIDERATION OF RESULTS OF AMERICAN PUBLIC
TRANSPORTATION ASSOCIATION (APTA) SURVEY ON THE
IMPACT OF NATIONAL ECONOMIC CONDITIONS ON TRANSIT.**

I. RECOMMENDED ACTION

That the Board of Directors review the results of the recent study on the impact of national economic conditions on the transit industry conducted by the American Public Transportation Association.

II. SUMMARY OF ISSUES

- Over the last 24 months, the economy in the United States has deteriorated significantly.
- Public transportation systems have experienced a loss in both ridership and tax revenue.
- In August 2002, the American Public Transportation Association conducted a survey to determine the magnitude of the impact of the economic downturn on the transit industry.
- The American Public Transportation Association has released the results of the survey of transit systems, outlining the impact of the current economic conditions on the responding systems.

III. DISCUSSION

Since March 2001, the United States economy has declined steadily. The events of September 11, 2001 accelerated the economic decline. Public transportation systems throughout the United States have experienced a loss of ridership due to increased unemployment as well as a loss in tax revenues. The result of the loss of ridership and tax revenues has been to require consideration of fare increases, service reductions and other measures by transit systems.

In August 2002, the American Public Transportation Association conducted a survey to determine the magnitude of the impact of the current economic condition on the transit industry. The study respondents indicated that fare increases and service cuts were being considered. Many transit systems have already increased fares; other transit systems are considering fare

increases in the coming 12 months. Service reductions have been implemented in most transit systems throughout the United States.

The conclusion of the study is that the transit industry has been heavily hit by corporate layoffs that resulted in reduced work-related transit trips. The loss of fare revenue, operating revenue from advertising, and tax funds has resulted in operating deficits in many transit systems throughout the United States. Most transit systems initially cut administrative expenses, depleted reserves and used non-service related strategies. As the economic situation continues to deteriorate, many transit systems have already increased fares and cut service or are actively considering doing so in the next few months.

Attached to this staff report, please find a copy of the cover letter and survey results distributed by the American Public Transportation Association.

IV. FINANCIAL CONSIDERATIONS

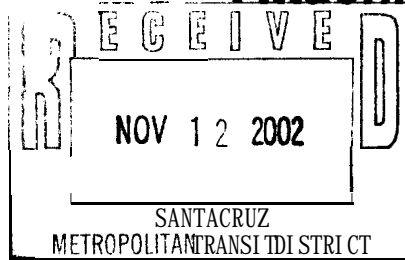
The information contained in this staff report and attachments is provided for information only and does not directly impact the current operating budget at METRO.

V. ATTACHMENTS

Attachment A: STUDY ON THE IMPACT OF NATIONAL ECONOMIC CONDITIONS ON THE TRANSIT INDUSTRY – American Public Transportation Association



Attachment **A**



Chair
Celia G. Kupersmith

First Vice Chair
George F. Dixon III

Secretary-Treasurer
Richard A. White

Immediate Past Chair
Peter M. Cipolla

Vice Chairs
Karen Anton
Research and Technology

Richard I. Bacigalupo
Government Affairs

Ronald L. Barnes
Bus and Paratransit Operations

Peter A. Cannito
Commuter and **Intercity** Roll

Gordon Diamond
Canadian Members

Nathaniel P. Ford, Sr.
Management and Finance

Carol I. Ketcherside
State Affairs

William D. Lochte
Business Members

Lawrence G. Reuter
Rail Transit

Michael J. Scanlon
Marketing

Howard Silver
Transit Board Members

William I. Volk
Small Operations

Linda S. Watson
Human Resources

Alan C. Wulkan
Business Member@large

President
William W. Millar

TO: APTA Members

FROM : William W. Millar
President

DATE: November 7, 2002

SUBJECT: **STUDY ON THE IMPACT OF NATIONAL ECONOMIC
CONDITIONS ON TRANSIT INDUSTRY**

The economic downturn experienced across the United States in the past eighteen months has negatively affected all transportation sectors. In August 2002, APTA conducted a survey to determine the magnitude of its impact on the transit industry. The results indicate that transit was particularly hard hit by worsening economic conditions, increased unemployment, and decreased dedicated sales tax and other revenues. Two-thirds of all responding transit agencies showed a reduction in ridership, with larger systems in urban areas bearing the major share of the decline. More than half of the agencies reported decreases in all revenues while insurance premiums continued to rise at an alarming rate.

Significantly, the study shows that our industry has been resilient. It has cut administrative expenses, delayed capital projects, frozen hiring, and reduced staff in response to the budget problems. Even so, 37% of transit respondents found it necessary to increase fares, and an additional 29% may have to do so in the near future. Service reductions, not a desirable solution for many systems, have already occurred.

An important implication of the study is that transit is facing critical challenges to its ability to continue providing quality services because of factors outside of its control. It is important that federal, state and local governments step up financial support to the industry at this time to revert further service decline and assist the industry in fulfilling its mission to provide transportation mobility to the public. In that regard, the study will provide useful background information for the upcoming reauthorization of TEA2 1 effort.

Additional details are shown in the attached paper, "Impact of 2001-02 Economic Slowdown on Public Transportation." We would like to thank transit agencies for participating in the survey. Your assistance has made this study possible. If you have any questions, please contact Dr. Larry Pham on the APTA staff at (202) 496-4813, email lpham@apta.com.

WWM:bt

Enclosure

Impact of 2001-02 Economic Slowdown on Public Transportation

November 2002

INTRODUCTION

The September 11, 2001 incidents and unfavorable economic conditions experienced across the United States since mid-2001 have taken a toll on all transportation sectors. Air travel dropped 8 percent in the past 12 months, thousands of small carriers in the trucking industry have gone out of business, and public transportation reported a ridership decline in the first six months of 2002 after six straight years of continuous increases.

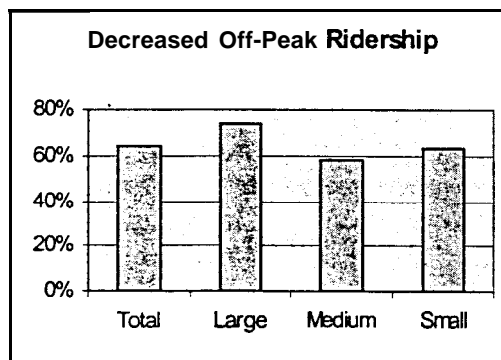
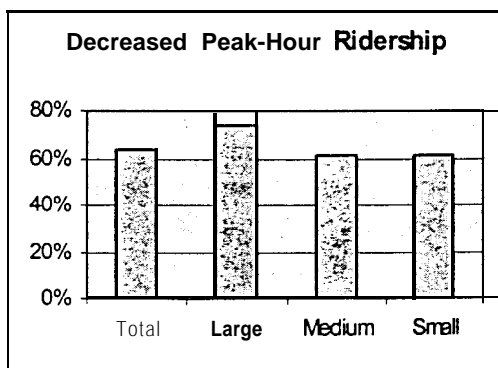
To determine the impact of this economic downturn on transit ridership and finance, the American Public Transportation Association (APTA) conducted a survey of its transit system members in August 2002. Questionnaires were sent to 350 transit system agencies in the United States and Canada. As of mid-September 2002, 114 responses were received, representing a response rate of 33%. The respondents included

- 23 large transit agencies (30 + million unlinked trips/year)
- 31 medium (5-30 million unlinked trips/year)
- 60 small (less than 5 million unlinked trips/year)

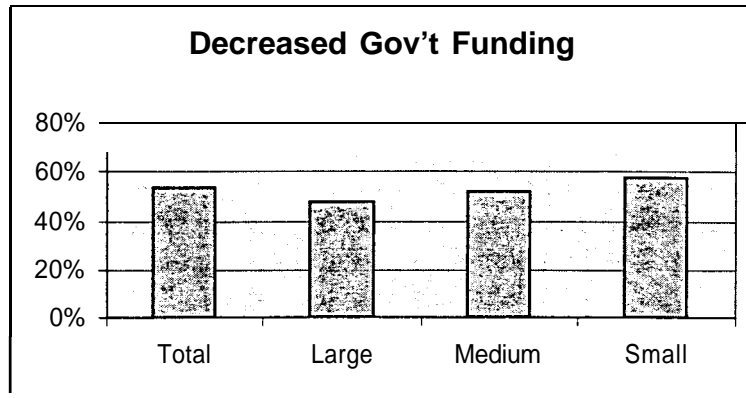
The survey shows that the economic downturn has produced substantial negative impacts on the transit industry. Details are below.

IMPACT

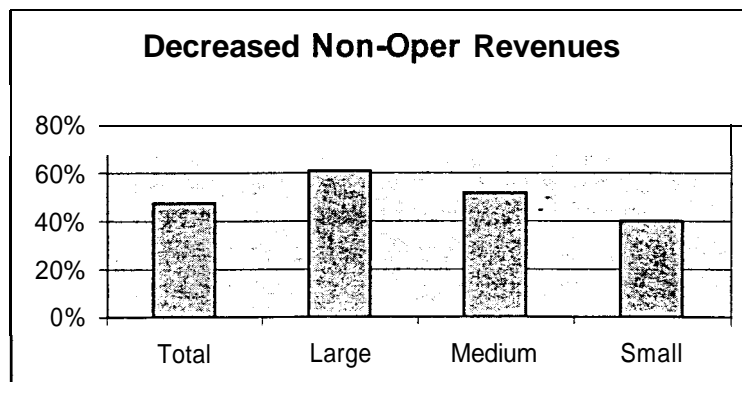
Decreased Ridership. Sixty-four percent of the transit agencies reported ridership declines in both peak and off-peak hours. “Large” transit systems in urbanized areas suffered the most. Seventy-four percent (nearly 3 quarters) of these properties reported ridership declines, while around 60% of medium and small-properties experienced a decline. It is likely that more transit systems experienced declines than were reported. However, many of these systems do not yet have official ridership numbers for this year, and decided to omit answering this question.



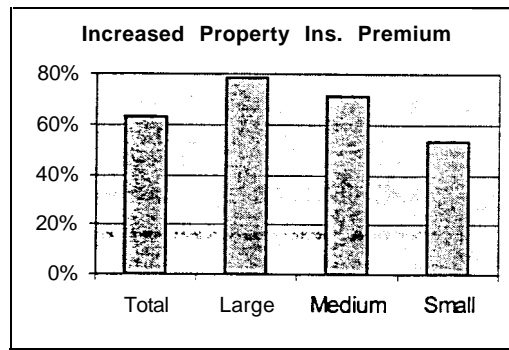
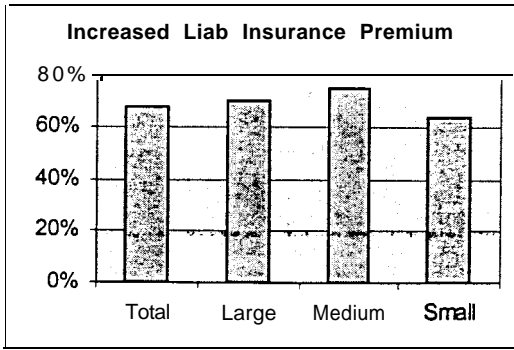
Decreased Government Funding. The problems for transit systems with decreased ridership and resulting drops in fare revenues are compounded by drops in state and local government contributions because of their own financial problems. Fifty-four percent of all reporting agencies showed a decrease in government funding. This problem, however, tends to be more severe for smaller transit systems that depend more on government assistance. Fifty-eight percent of smaller agencies reported government funding drops, compared to 48% for large agencies.



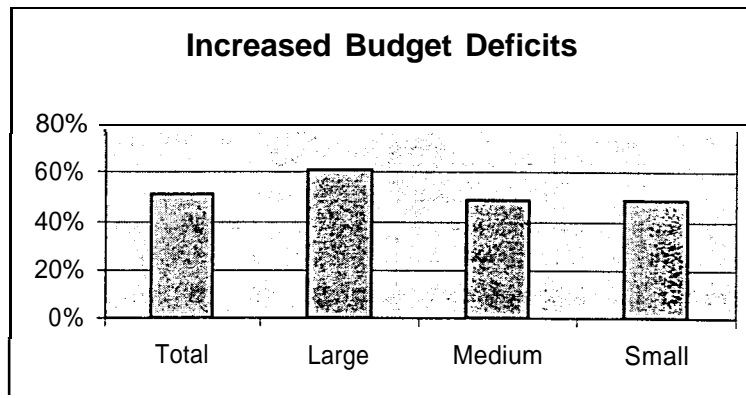
Decreased Non-Operating Revenues. Non-operating revenues, such as advertising revenues and interest earnings on short-term accounts, have also decreased for those systems that have such revenues. In this category, 61% of large systems reported a decrease while 52% and 40% of medium and small systems, respectively, experienced that trend.



Increased Premiums for Property and Liability Insurance. In this time of economic challenges - including the repercussions from the World Trade Center attacks, and a tightened reinsurance market - transit systems seeking to purchase or renew insurance policies have experienced steep increases in premiums for both property and liability insurance. Sixty-eight percent of the transit agencies reported liability insurance premium increases, and 63% showed increases in property insurance premiums. One-third of the systems predict increased costs for both types of insurance in the future.



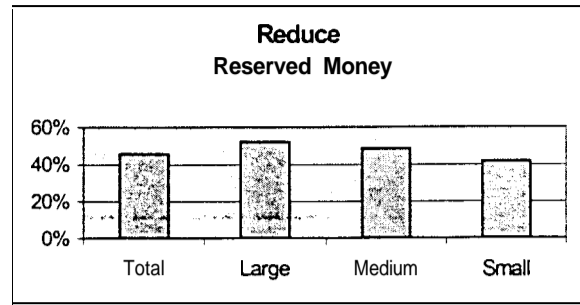
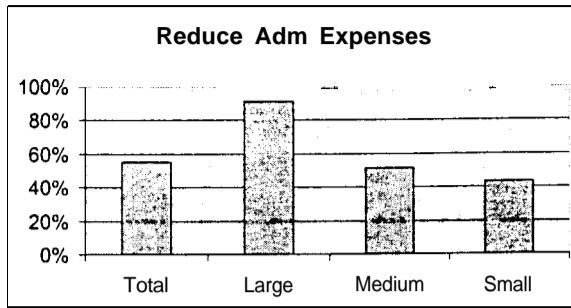
Increased Budget Deficits. All the above factors added to the unavoidable pressures on budgets of transit agencies. Even with substantial innovations and belt-tightening actions taken (see below), 51% of transit systems reported an increase in operating deficits. Because of larger ridership decreases, more large transit systems (61%) experienced increased deficits than medium and small systems (both 48%).



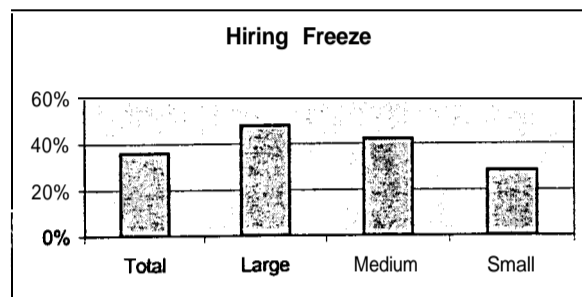
ACTIONS TAKEN

Facing drops in both fare revenues and government subsidies, transit systems have taken necessary actions. They have found ways to cut costs and increase revenues. Sometimes, they found it necessary to reduce services.

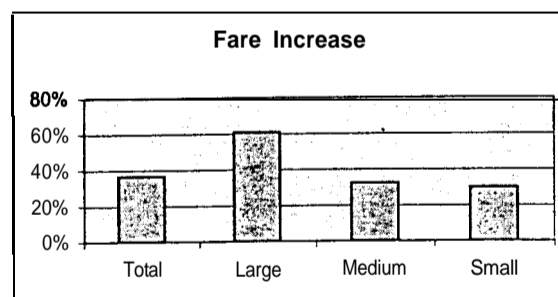
Cost Reduction. Administrative expenses were the most popular candidates for cost reduction. Fifty-one percent (51%) of respondents have reduced their administrative costs. Forty-two percent (42%) of systems have elected to delay their capital projects. Hiring freezes and staff reductions are next with about 35% taking these steps. The last resort is to defer maintenance because of its potential serious effects. Even so, 11% of transit respondents reported they had taken that route.



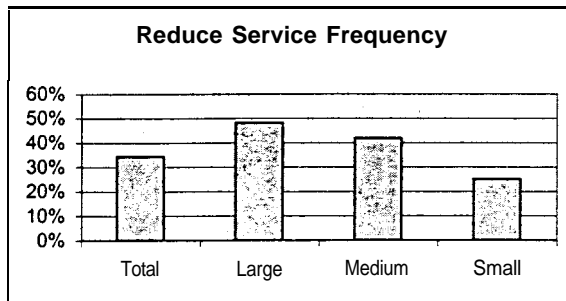
As expected, large transit systems that have experienced the greatest ridership decreases were forced to take more drastic actions. An impressive 91% of these systems reported they had cut administrative expenses, 65% delayed capital projects, between 48% and 57% froze hiring or reduced staff, and 22% were forced to defer maintenance.



Increase Revenues. The fastest way to increase operating revenues is to take money from reserves. However, many transit systems have no reserve funds; thus only about 46% of all respondents reported doing so. Increasing fares is the next option. However, it tends to involve more approval processes and requires more time to implement. The survey shows that 61% of large transit systems have done so, and 22% expect it to happen in the future. Altogether, nearly 9 out of 10 large transit systems will have to implement a fare increase due to the economic downturn. This percentage is 51% for medium systems and 67% for small systems.



Reduce Services. When cutting expenses and increasing revenues are not sufficient to reduce increasing budget deficits, transit systems must resort to reducing services. Seventeen percent (17%) reduced the fleet size and twice that, 34%, provided less frequent services. Thirty-nine (39%) percent of the respondents reported that they have delayed the implementation of new services and 18% have abandoned certain route segments. Again, facing a steeper decrease in ridership, large systems took more drastic actions.



CONCLUSION

The transit industry was heavily hit by corporate layoffs that resulted in reduced work-related transit trips. Fare revenues dropped, government funding decreased, and reduced dedicated tax revenues resulted in rising operating deficits. Transit systems have been forced to find means to deal with these problems. Cutting administrative expenses was first chosen by most transit systems. Fare increases and delayed implementation of new services were the next options. Service reductions, not a desirable solution for many systems, have already occurred and are expected to continue if economic conditions do not improve.

For additional information, contact Dr. Larry Pham at (202) 496-4813, email: lpham@apta.com

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002

TO: Board of Directors

FROM: David J. Konno, Manager of Facilities Maintenance

SUBJECT: NEW STORMWATER REGULATIONS IMPACT AT TRANSIT CENTERS AND BUS STOPS

I. RECOMMENDED ACTION

Information only at this time - No action required

II. SUMMARY OF ISSUES

- Received notification from the City of Santa Cruz regarding a new State Storm water regulation
- As of March 10, 2003, the State of California will prohibit the use of pressure washing, steam cleaning and hand scrubbing of sidewalks and other outdoor areas, unless the water is collected and disposed of into the sanitary sewer.
- For sanitary and safety reasons, the District steam cleans the sidewalks at transit centers and sheltered bus stops.
- A compliance strategy will have to be developed that will enable the District to continue to maintain the transit centers and bus stops.

III. DISCUSSION

As of March 10, 2003, the State of California will prohibit the use of pressure washing, steam cleaning and hand scrubbing of sidewalks and other outdoor areas, unless the water is collected and disposed of into the sanitary sewer. This new regulation will have a major impact on the cost of operating and maintaining the transit centers and bus stops. At this time, we are still in the process of discussing the regulation with Storm water regulatory agencies, both at the State and local levels and costing out the various scenarios that will allow us to keep the transit centers clean and safe for our passengers. The City of Santa Cruz, in anticipation of the new regulations, has of now, suspended all steam cleaning activities on Pacific Ave and at City facilities.

IV. FINANCIAL CONSIDERATIONS

None at this time

V. ATTACHMENTS

Attachment A: Letter from City of Santa Cruz

Attachment B: Letter from State of California



PUBLIC WORKS DEPARTMENT

809 Center Street, Room 201, Santa Cruz, CA 95060 . 831 420-5160 . Fax: 831 420-5161 . citypw@ci.santa-cruz.ca.us

FRT
Qm

November 12, 2002

Dear Business Owner or Manager:

The City of Santa Cruz Public Works Department would like to inform you of the new upcoming regulations, from the State of California, regarding the discharge of cleaning water to the storm drain system. As you may already know, the storm drain system includes any street, gutter, conduit, natural or artificial drain, channel or watercourse.

On March 2003, the State will issue the City of Santa Cruz a storm water discharge permit, which regulates all discharges to the storm drain system. The State is requiring the City to comply with and enforce these new regulations throughout the municipality including City operations, contractors, commercial and retail businesses, and industrial facilities. One **of the most significant new regulations is that pressure washing, steam cleaning, and hand scrubbing of sidewalks and other outdoor areas is prohibited as of March 10, 2003 unless the water is collected and disposed of into the sanitary sewer.** Other "outdoor areas" covered by the regulations include plazas, alleyways, outdoor eating areas, steps, building exteriors, and walls. In addition, this regulation applies to parking lots, loading docks, delivery areas, and driveways adjacent to retail and commercial facilities.

Realistically, this means that in order to clean sidewalks and other outdoor areas using pressure washing or steam cleaning equipment, the downstream storm drain(s) must be blocked or the wash area "**bermed**" prior to cleaning. After cleaning, all the water must be vacuumed up and disposed of into the sanitary sewer. As an alternative to pressure washing or steam cleaning, plain water from a regular garden hose may be used provided that: **1) no soap or cleansers are used; 2) spills are cleaned up using dry absorbents prior to washing; and 3) a metal screen, with a 1/2 inch mesh size, is inserted** in the downstream storm drain inlet(s). The screen must be made of expanded **metal** and have a metal hem on the perimeter. The screen must be sufficiently large enough to cover the entire catch basin or storm drain inlet. Particles and **debris** may not flow under or around the screen into the storm drain inlet.

As a reminder, the City's Storm Water ordinance also regulates discharges to the storm drain system. The Storm Water ordinance currently prohibits the discharge of wash water from the cleaning of garbage dumpster areas to the storm drain system. The wash water from dumpster areas must be collected and disposed of in the sanitary sewer. Prior to commencing cleaning, efforts must be taken to ensure that the wash water will not runoff or dram to the storm drain system.

This letter is to inform you of the upcoming regulations and new laws that affect your business so that you can make any necessary changes to be in compliance when the regulations take effect on March 10, 2003. We greatly appreciate your efforts to comply with the storm water regulations. If you have any questions about the new or current storm water regulations, please call Suzanne Healy, Environmental Programs Analyst, at (83 1) 420-5 13 1.

Sincerely,



Mark R. Dettle
Director of Public Works

cc: Parks and Recreation: Angela Curtis, Dennis Hogan, ^{420 6160} ~~Danettee~~ Shoemaker,
Public Works: Christophe ~~Schneiter~~, Steve Wolfman, Suzanne Healy, Akin Babatola,
Bob Nelson
Redevelopment: Daryl Doan, Julie Hendee, Joe Hall



California Regional, Water Quality Control Board Central Coast Region



Winston H. Hlckox
Secretary for
Environmental
Protection

Internet Address: <http://www.swrcb.ca.gov/rwqcb3>
81 Higuera Street, Suite 200, San Luis Obispo, California 93401-5411
Phone (805) 549-3147 • FAX (805) 543-0397

Gray Davis
Governor

August 13, 2002

Attachment B

Director of Public Works
City of Santa Cruz
809 Center Street, Room 206
Santa Cruz, CA 95060

WASTEWATER DISCHARGES ASSOCIATED WITH MAINTENANCE ACTIVITIES

Dear Sir/Madam:

There are a number of maintenance activities involving the discharge of wastewater **that** are becoming commonplace in most communities. These include power washing, steam cleaning, and hand scrubbing of areas such as sidewalks, gutters, outdoor eating areas, building facades, **trash** receptacles, **kitchen** mats and racks, and driveway areas immediately adjacent to retail facilities. Unfortunately, much of the **wastewater** generated by these activities is being allowed to enter storm drains and ultimately waters of the state. We recognize that cleaning is necessary for health, **safety**, and aesthetics. However, the present common method of disposing of the resulting wastewater to the storm sewer system must be eliminated. Such practices will degrade **the** receiving water and are **in violation** of the California Water Code, and the Federal Clean Water Act.

We are asking **all entities that** are or may be involved with **wash** down activity to curtail the practice. We encourage the practices, of picking up, sweeping up, and spot cleaning as environment-friendly alternatives to washing down. If wash down is the chosen method, the resulting **wastewater** must be captured and disposed of in a sanitary sewer or other acceptable disposal area.

Beginning March 10, 2003, many municipalities will be required to obtain NPDES Phase II Storm Water Permit coverage for their municipal separate storm sewer system (MS4). The discharge of wastewater to the MS4 will be a violation of that Phase II permit. Phase II municipalities must address this issue in their Storm Water Management Plan. Because this discharge is a threat to water quality, the discharge must be eliminated in all municipalities regardless of **population**.

If you have any questions or would like to discuss this matter, please call **Todd Stanley** at **(805) 542-4769** or **Jennifer Bitting** at **(805) 549-3334**.

Sincerely,

Roger W. Briggs
Executive Officer

File S:/StormWater/PowerWash-GenericDoc-August02

California Environmental Protection Agency



Recycled Paper

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002

TO: Board of Directors

FROM: David J. Konno, Manager of Facilities Maintenance

**SUBJECT: CONSIDERATION OF ONE-YEAR TRIAL PROGRAM FOR
INSTALLATION OF NEEDLE DISPOSAL PROGRAM AT TRANSIT
CENTER RESTROOMS**

I. RECOMMENDED ACTION

Authorize General Manager to enter into a MOU with the Santa Cruz Needle Exchange Program to establish and maintain an effective sharps disposal program at Metro Center, Watsonville Transit Center and Scotts Valley Transit Center.

II. SUMMARY OF ISSUES

- Purpose - To jointly deal with safe disposal of sharps in public restrooms
- Trial Term - January 2003 through December 2004

III. DISCUSSION

In the interest of public and employee safety, we are proposing that biohazard sharps' containers be installed at Metro Center, Watsonville Transit Center, and Scotts Valley Transit Center. The containers will be provided for the use of people who are self-medicating and have nowhere to dispose of their contaminated sharps. The District will provide and maintain the sharps' containers and the Santa Cruz Needle Exchange will dispose of their contents. The Needle Exchange will also provide educational material at each site regarding the Sharps Disposal program. This program is similar to the City of Santa Cruz Parks and Recreation's Department's Sharps Disposal Program, which is being used as the national model for sharps disposal programs.

IV. FINANCIAL CONSIDERATIONS

Start-up costs:

Sharps containers (Viscot Ind. #88-SFP) = \$78.00	X 6=	\$468.00
Plastic inserts (Viscot Ind. #22) = \$118.00	X 4=	\$472.00
	Total=	\$940.00

V. ATTACHMENTS

Attachment A: Copy of MOU between SC Needle Exchange and City of Santa Cruz

Attachment B: Sharps Disposal Program brochure

Attachment C: *Good Times* article- Dec. 4, 2002

**Memorandum of Understanding
Between
The Santa Cruz County Needle Exchange Program
And
City of Santa Cruz Parks & Recreation Department
Topic: Biohazard Sharps Containers & Enclosures**

Attachment A

I. Purpose :

The purpose of the Memorandum of Understanding is to establish and maintain an effective working relationship between members of the Santa Cruz County Needle Exchange Program and City of Santa Cruz Parks and Recreation Department.

It is the intent of the members to establish a new model of interagency collaboration to jointly deal with the safe disposal of syringes in public restrooms located within City of Santa Cruz Parks and Recreation Department facilities. Anticipated outcomes of this effort include the installation, monitoring and use of biohazard sharps containers for disposal of syringes.

II. Term:

The term of this Memorandum of Understanding shall commence May 15, 2002 and shall extend through August 1, 2003 and will be considered renewable each year unless any party should request on their part that this Memorandum of Understanding be considered void.

III. Description of Services:

The City of Santa Cruz Parks and Recreation Department will provide the ability for safe needle disposal for public users by installing biohazard **Sharps** containers in restroom facilities. The role of **City of Santa Cruz Parks and Recreation Department** will include:

- Purchase biohazard sharps containers & wall enclosures
- Develop & install **signage** for wall enclosures
- Install biohazard sharps containers, wall enclosures, padlocks & brackets
- Inform Santa Cruz County Needle Exchange Program of locations
- Replace/repair wall enclosures as needed
- Purchase replacement sharps containers & distribute to Santa Cruz County Needle Exchange Program staff as needed

The role of **Santa Cruz County Needle Exchange Program** will include:

- Provide staff to monitor and when necessary, replace Sharps biohazard liners in wall enclosures
- Inform City of Santa Cruz Parks & Recreation Department staff of monthly estimated total of syringes in containers

- Inform City of Santa Cruz Parks and Recreation Department staff of damage or replacement needs of Sharps biohazard containers, as needed
- Inform City of Santa Cruz Parks and Recreation Department staff of damage or replacement needs of wall enclosures or padlocks, as needed
- Dispose of Sharps biohazard containers per Santa Cruz County Health Department hazardous waste site procedures as needed

IV. Mutual Indemnity:

The Santa Cruz County Needle Exchange Program is insured as HIV Education Prevention Program. As such, it hereby agrees to indemnify, defend and hold the City of Santa Cruz harmless from any liabilities, costs, fees (including attorneys' fees) and any other expenses arising out of the performance or the failure to perform any of the functions assigned to the Santa Cruz County Needle Exchange Program in connection with this Agreement.

The City of Santa Cruz hereby agrees to indemnify, defend and hold harmless the Santa Cruz County Needle Exchange Program from any liabilities, costs, fees (including attorneys' fees) and any other expenses arising out of the performance or the failure to perform any of the functions assigned to the City of Santa Cruz in connection with this Agreement.

The Santa Cruz County Needle Exchange Program hereby agrees to provide a certificate of insurance verifying that it has a minimum of \$1,000,000 standard form commercial liability insurance coverage in effect during the entire term of this Agreement. The certificate shall name the City of Santa Cruz, its officers, agents and employees as additional insureds. The Santa Cruz County Needle Exchange Program hereby acknowledges that the City of Santa Cruz is legally self-insured and the City hereby acknowledges that its obligation to indemnify, defend and hold the Santa Cruz County Needle Exchange Program harmless, as herein set forth, shall extend to the officers, agents and employees of the Santa Cruz County Needle Exchange Program and that its obligation to additionally insure the Santa Cruz County Needle Exchange Program shall be co-extensive with the Santa Cruz County Needle Exchange Program's duty to additionally insure the City and the City's officers, agents and employees.

V. Amendments to this Memorandum of Understanding:

This Memorandum of Understanding is an evolving document. It may be amended in the future as deemed necessary by City of Santa Cruz Parks & Recreation Department or Santa Cruz County Needle Exchange Program. Amendments would be discussed at a meeting of the Parks and Recreation Department Safety Committee. Amendments must be agreed upon by both parties listed.

VI. Termination:

This Memorandum of Understanding may be terminated by either party in sixty (60) days of giving written notice of the intention to terminate the agreement.

The undersigned have read and agree to abide by the requirements set forth in the above Memorandum of Understanding.

Jim Lang, Parks & Recreation Department Director
City of Santa Cruz

Date

Heather Edney

Heather Edney, Executive Director
Santa Cruz County Needle Exchange Program

Date

Definition:

The Santa Cruz County Needle Exchange Program and the City of Santa Cruz Parks and Recreation Department have entered into a partnership to address the syringes that are found in the public restrooms in various locations around Santa Cruz. In the interest of public and employee safety, biohazard sharps containers have been installed inside the public restrooms for people who are self-medicating and have nowhere to dispose of their contaminated syringes. Each party in this partnership has different roles and responsibilities for this program. Detailed below are the policies and procedures for the duties that the Santa Cruz County Needle Exchange Program has agreed to.

Containers – Locations:

The containers are located in 13 public restrooms throughout the city of Santa Cruz. See the attached list of locations. Each number corresponds to a different container at a different location within the city and with a different contact number in case of a problem with the container. There are eight sites at the wharf, two at the **Louden** Nelson Center, and three at the Civic Auditorium.

Containers – Storage and disposal:

Inside of the metal, padlocked enclosures are regular biohazard sharps containers. The screw off lid should be off of the container and placed next to the container, inside of the enclosure. Containers must not exceed the fill line. New containers will be stored in the **SCCNEP's** storage unit. To order new containers, contact Cathy Agnone at **Louden** Nelson at 420-6177. Try to give a month's notice. Full containers are to be disposed of as **biohazardous** waste and in accordance with our policies for **safe** disposal of such material and destroyed at the County **Public Health Department**.

Keys:

The metal enclosures for the biohazard containers are padlocked. **All** the enclosures have the same padlock number and so the key will unlock all of the containers. The master key will be kept with Jim Lang at the Parks and Rec. Office in case of an emergency. Keep in mind that their hours of business are **9AM – 5PM**.

Procedure:

Once a week, a SCCNEP staff member will go to each of the thirteen restrooms. Follow these steps to insure a safe and efficient weekly monitoring at each enclosure location:

- 1) Check the **427-4557** voicemail for any questions of concerns regarding the enclosures. Respond within 24 hours.
- 2) Put on gloves. Be aware of the conditions in the bathroom and near/around the enclosure. Check for blood products and injection materials near the enclosure and on the floor. Observe the normal needle exchange precautions (i.e. closed toe shoes, long pants, etc.)
- 3) Observe the condition of the metal enclosure. If there is damage or graffiti to **any** part of the box or the locks, do not proceed further; instead **notify** the appropriate party immediately.
- 4) Check the disposal tube with the yellow pipe. Insert the pipe into the disposal tube to push any clogged materials into the biohazard container.
- 5) Open and remove the padlocks. Set aside.
- 6) Unlock and carefully open the enclosure. Before letting it hang all the way open, check for objects that may not have fallen into the biohazard container. Any objects should be placed in the biohazard. **REMEMBER, YOU SHOULD BE WEARING GLOVES!**
- 7) Check the level of the sharps container, Estimate the **number** of syringes within and record on the monitoring sheet. Record the presence of other injection supplies such as: alcohol wipes, cottons, water bottles, cookers,

bleach bottles, and tourniquets. Record also the presence of non-injection material such as garbage, tampons, etc.

- 8) Check if the **container** is at or near the fill line. If so, remove- it and close the lid, which is located next to the container (it's a white plastic lid inside the metal enclosure). Replace with a new empty container. Make sure the new container has a lid and that it is on the side.
- 9) Close and lock the enclosure. Re-attach **and** bck the padlocks.

SHARPS Enclosure Locations

Enclosure #	Location	Hours	Phone #
1 - Civic	Men's east side	8am - 5pm, M-F	420-5240
2 - Civic	Women's east side	8am - 5pm, M-F	420-5240
3 - Civic	Women's west side	8am - 5pm, M-F	420-5240
4 - Louden Nelson	Men's	8am - 9pm daily	420-6177
5 - Louden Nelson	Women's	8am - 9pm daily	420-6177
6 - Wharf	Men's, entrance west side	7am -sunset daily	420-6025
7 - Wharf	Women's, entrance west side	7am -sunset daily	420-6025
8 - Wharf	Men's, entrance east side	7am -sunset daily	420-6025
9 - Wharf	Women's, entrance east side	7am -sunset daily	420-6025
10 - Wharf	Men's, near Wharf HQ	5:30am - 2am daily	420-6025
11 - Wharf	Women's, near Wharf HQ	5:30am - 2am daily	420-6025
12 - Wharf	Men's, near Marini's	5:30am - 2am daily	420-6025
13 - Wharf	Women's, near Marini's	5:30am - 2am daily	420-6025

Date: _____

Name: _____

Enclosure #	Location	Est. # Sharps	Other materials inside container	comments or damage
1 -Civic	Men's east side			
2 - Civic	Women's east bide			
3 - Civic	Women's west side			
4 - Louden Nelson	Men's			
5 - Louden Nelson	Women's			
6 - Wharf	Men's, entrance west side			
7 - Wharf	Women's, entrance west side			
8 - Wharf	Men's, entrance east side			
9 - Wharf	Women's, entrance east side			
10 - Wharf	Men's, near Wharf HQ			
11 - Wharf	Women's, near Wharf HQ			
12 - Wharf	Men's, near Marini's			
13 - Wharf	Women's, near Marini's			

**SHARPS DISPOSAL PROGRAM
PROCEDURES FOR P&R EMPLOYEES**

The SC County Needle Exchange Program & the City of SC Parks & Recreation Department have entered in a partnership to address syringe disposal in public restrooms in various P&R locations.

LOCATIONS: The containers are located in restrooms at your facility. Each container has a number attached. This number will be used to identify that specific enclosure if attention is needed to deal with graffiti, vandalism or other problems.

KEYS: SC County Needle Exchange staff will have keys to padlocks on the enclosures. **CITY STAFF SHOULD NOT UNLOCK THESE ENCLOSURES!** If the enclosure must be unlocked for any reason, Needle Exchange staff should be called. Their phone number is on the enclosure. Leave a message if necessary; they will respond within 24 hours. In an emergency situation (perhaps the enclosure is hanging loose) & the enclosure must be taken down, access for the mounting hardware on the interior require keys available only from Supervisors at your facility. Do not unlock the enclosures without Supervisor approval.

PIPE CLOG: Using the specially designed "plunger", clear the debris by pushing it down into the enclosure. **NEVER INSERT FINGERS OR GRAB STICKS TO PULL ITEMS OUT!**
ALWAYS PUSH DEBRIS DOWN INTO ENCLOSURE USING PLUNGER.

BROCHURES: Informational brochures are available for staff & public. Check with your supervisor as to their location & for additional copies if necessary.

GRAFFITI: Any graffiti should be dealt with according to your current practices.

VANDALISM: If the box has been damaged, please contact your supervisor. If repairs can be made without opening the box, proceed as necessary. If replacement is necessary, call Needle Exchange to remove the interior bottle. **If** replacement must be done immediately, contact your supervisor as well as Needle Exchange so the restroom remains *open*.

NEEDLES FOUND: Dispose of needles with caution & care using your current established procedures.

Be mindful that, even with this sharps disposal container, established safe procedures should continue to be used to clean restrooms.

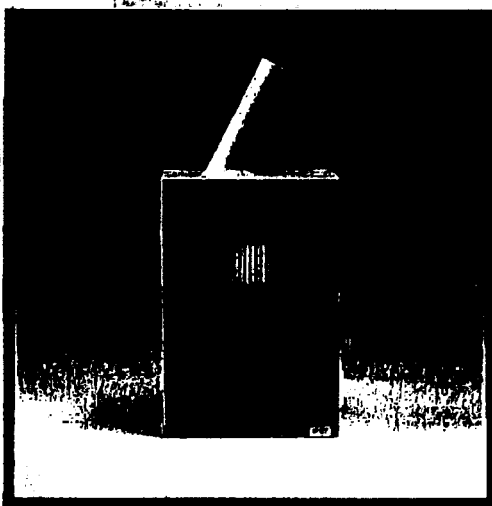
Contact your supervisor if you have questions, concerns or suggestions.

VINCENT J. MUCCIONE
PRESIDENT

**Viscot Sharp Containment System
High Security Areas**

150 BAYVIEW BLVD. SOUTH PLAINFIELD, NJ 07080 U.S.A.

**Maximum Security System
For Used Sharps**



CAT #88-SFP

*Kathy Aragona
Loudon Nelson*

454 2080

**Designed for use in Prisons, Jails, Treatment
Facilities and High Security Areas**

- Puncture Proof Metal Cabinet (16 Gauge Steel)
- Security Tube Extends 6.5" above Metal Cabinet
- Double Padlock Security (in addition to Locking Metal Cabinet)
- View Window - Helps prevent overfilling
- Use with Leaktight "Locking Top" Plastic Container #2201-LPBW - exceeds OSHA requirements

**UN NUEVO PROGRAMA DE
SALUD Y SEGURIDAD en el
Departamento de Parques y
Recreación de la Ciudad de Santa
Cruz**

**PROGRAMA PARA DESHECHAR
ARTICULOS PUNTIAGUDOS**



Este folleto se ha diseñado con el propósito de brindar **más información** y respuestas a **preguntas** relacionadas con este **Nuevo programa** en el Departamento de Parques y **Recreación** de la Ciudad de Santa Cruz.



El programa para Desechar Artículos Puntiguados ha sido diseñado para:

- Incrementar la seguridad pública y del empleado al brindar lugares apropiados y seguros para el deshecho de artículos puntiguados.
- Disminuir el contacto con jeringas desechadas en forma no apropiada. Los agujos o jeringas que son tirados o al basuro son peligrosos por que pueden lastimar o individuos que no saben que esas jeringas o agujos están allí. Los lastimados pueden incluir perforaciones o la piel e infecciones con enfermedades como hepatitis B o C, HIV/AIDS, u otras infecciones virales o bacteriales.

¿Que cosa es desechar un artículo puntigudo?

- Artículos puntiguados son agujas o jeringas que son usados para inyectar insulina, medicina, vitaminas, y drogas. El deshecho de un artículo puntigudo incluye un caja seguro de metal que contiene un contenedor el cual es supervisado y manejado por personal designado y entrenado.

¿Por que se están instalando unidades de deshecho?

- Durante el verano del 2001, muchas agujas fueron encontrados dentro y alrededor de varios baños de los centros de Parques y Recreación. Los residentes y el personal de la Ciudad encontraron estos artículos en los pisos, en las bolsas de basura, tirados en los rios, o en el océano.

¿Dónde se instalarán las unidades de deshecho?

- Los lugares pilotos escogidos para este programa son los baños de la playa, del Muelle, del Centro Comunitario do Loudon Nelson Center y del Auditorio Cívico.

¿Por qué se están instalando contenedores en los baños públicos?

- Los baños públicos son un lugar muy común para desechar artículos puntiguados en forma no apropiada. El personal de mantenimiento han sido lastimados al limpiar o al trabajar en los baños. Usted habrá notado que en la mayoría de los aeropuertos, casinos, u otros centros públicos ya se han instalado estos contenedores para proteger al público y a los empleados.

¿No se incrementará el número de agujas en las áreas donde se instalan unidades de deshecho?

- Muy seguido encontramos agujas en las áreas pilotos escogidos. Las unidades de deshecho van a permitir que se boten las agujas en forma apropiada.

¿Por que está involucrado el Programa de Intercambio de Agujas del Condado de Santa Cruz?

- El Programa de Intercambio de Agujas del Condado de Santa Cruz supervisora y botará los contenedores con las agujas o jeringas usadas. El personal de este programa está experimentado en manejar jeringas de todo tipo. Cada mes, el Programa de Intercambio de Agujas del Condado de Santa Cruz bota más de 20,000 artículos puntiguados de individuos. A pesar de sus esfuerzos, no todas las agujas son desechadas en forma apropiada. La participación de esta organización en nuestro programa es vital. Ellos reciben fondos del Departamento de Salud del Condado para educación y conservación.

¿No es ilegal tener una jeringa sin receta medica?

- Si, en el Estado de California, es una infracción tener un jeringo sin receta. Algunos individuos evitan cargar agujas y las botan inapropiadamente.

¿Entonces, por que se están proporcionando unidades de deshecho?

- Los individuos con o sin receta médica necesitan algún tipo de contenedor para desechar los artículos puntiguados en forma apropiada. El éxito de este programa en los aeropuertos y casinos indica que el público lo necesita.
- Sin importar como llegaron las agujas o los baños, es importante que brindemos el mismo sistema de deshecho seguro para disminuir el riesgo de que el público o el personal se contaminen.

¿Estos lugares no atraerán a drogadictos?

- Las estadísticas de otros programas de deshecho de artículos puntiguados en el mundo indican que no ha aumentado la actividad de drogas en los lugares donde se instalaron las unidades de deshecho. En efecto, un reporte indica una importante disminución en el número de empleados y público que se lastimaron a consecuencia del deshecho no apropiado. Los contenedores son metálicos, tienen condado, y son prácticamente indestructibles.

Si tiene más preguntas, favor de comunicarse con el Departamento de Parques y Recreación de Santa Cruz al Jim Lang, (831)420-5270 o al Programa de Intercambio de Agujas del Condado de Santa Cruz al Heather Edney, (831) 761-5746. Este programa es apoyado por el Departamento de Parques y Recreación de Santa Cruz, el Programa de Salud del Condado de Santa Cruz, el Programa de Intercambio de Agujas del Condado de Santa Cruz, y la Fundación Americana de Hígado del norte de California.

**A NEW
HEALTH & SAFETY PROGRAM
in the Parks & Recreation
Department
of the City of Santa Cruz.**

SHARPS DISPOSAL PROGRAM

This brochure has been written to provide more information and answer questions regarding this new program in the Parks & Recreation Department of the City of Santa Cruz.

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The SHARPS Disposal Program was developed to:

- Increase public & employee safety by providing safe & proper disposal sites for sharps.
- Lessen contact with improperly disposed syringes. Needles or syringes that are thrown away improperly are dangerous because they can injure individuals who are unaware of their presence. Injuries can include skin punctures & infection from diseases such as hepatitis B or C, HIV/AIDS & other viral or bacterial infections.

What is a sharp disposal?

- Sharps are needles or syringes that are used to inject insulin, medicine, vitamins & drugs. A Sharps disposal includes a secure metal enclosure which holds a biohazard container that is monitored & handled by designated & trained staff.

Why are disposal units being installed?

- During the summer of 2001, many needles were found in & around various restrooms within Parks & Recreation facilities. Citizens & City staff have found them on floors & in trash bags as well as dumped into the river or ocean. Many can end up eventually on our beaches & riverbed.

Where will sharps disposal units be installed?

- The chosen pilot locations for this program are the beach & wharf restrooms, Louden Nelson Community Center restrooms & the Civic Auditorium restrooms.

Why are sharps containers being installed in public restrooms?

- Public restrooms are a common place for improper disposal of sharps. They are found in trash bags & other areas by staff & citizens. Maintenance staff has been stuck when cleaning or working in the restroom. You may have noticed that major airports, casinos & other public facilities have already installed sharps containers to protect the public as well as their staff.

Won't having disposal units at these locations increase the number of needles in these areas?

- Needles are found on a regular basis in at least 2 of the chosen pilot sites. Disposal units will encourage proper disposal of needles at these sites. Presently there are no disposal units available for syringe users if they have forgotten theirs or do not have one.

Why is Santa Cruz County Needle Exchange Program involved?

- SC County Needle Exchange Program will be monitoring & disposing of biohazard containers as needed. Their staff is trained & experienced in dealing with syringes of all types. Each month the SC County Needle Exchange Program disposes of over 20,000 sharps for individuals. Despite this effort, not all used needles are disposed of properly. Their partnership in this program is vital & appreciated. They are funded by the SC County Health Department for education & counseling.

Isn't it illegal to have a syringe without a prescription?

- Yes, in the State of California, it is a misdemeanor to be in possession of a syringe without a prescription. Some individuals avoid carrying needles & may dispose of them improperly in order to avoid having them.

Then why are disposal units provided?

- Individuals with or without prescriptions require some type of container for proper sharps disposal. The success of the program at the airports & casinos indicates there has been a need by the public.
- Regardless of how the needle made its way to the restrooms, it is important to provide some safe disposal in order to lessen risks to public & staff.

Won't the units attract drug users to these sites?

- Statistics from other sharps disposal programs around the world indicate that there has not been an increase in drug activity to sites that install sharps containers. Programs, in fact, report a significant decrease in the number of employees and members of the public who become injured from improper disposal. The enclosures are metal, padlocked and virtually indestructible.

If you have further questions, please contact Jim Lang, City of SC Parks & Recreation Department at (831)420-5270 or Heather Edney, SC County Needle Exchange at (831)761-5746.

This program is supported by City of Santa Cruz Parks & Recreation Department, SC County Health Department, SC County Needle Exchange Program and the American Liver Foundation of No. California.

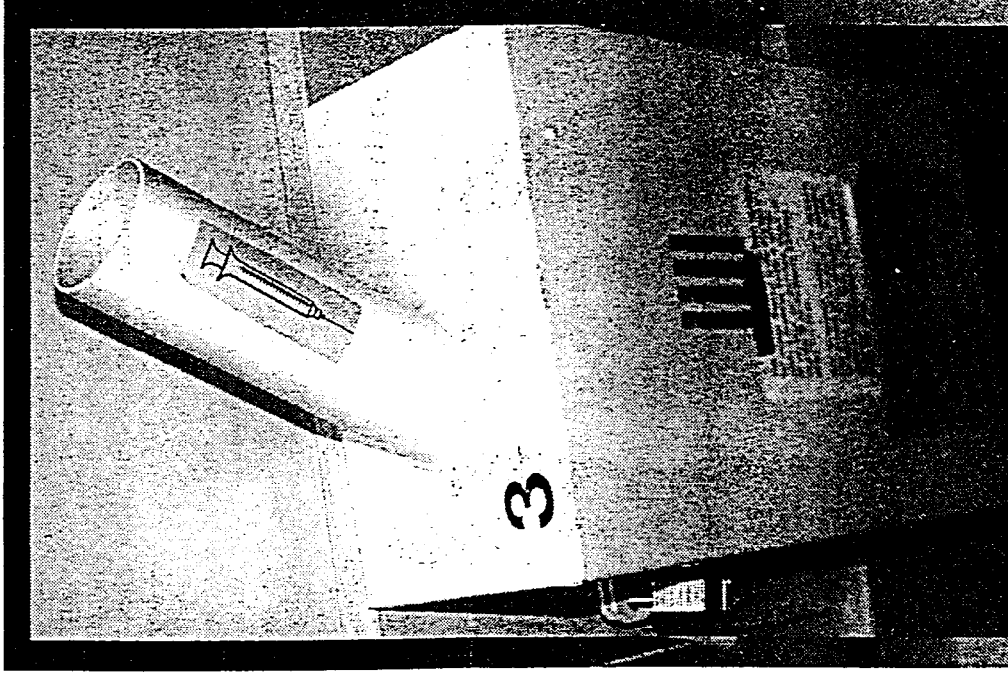
Sharp Trouble Shooting

Santa Cruz is ahead of the game with syringe disposal program

by Judith Welhier

“We believe it’s a good public health practice to get used needles off the streets. **We don’t want anybody to be injured [or] infected by needles.**”

Betsy McCarty, chief of public health for Santa Cruz County.



MATT SCOTT

SHARPS Containers are found in public restrooms in Santa Cruz.



LAUREL CHESKY

HEATHER EDNEY, executive director of Santa Cruz Needle Exchange.

Hundreds of used syringes are found by Santa Cruz city staff and citizens every year along the shore, in garbage cans, in toilets and on floors, and thrown into the river and ocean.

In an effort to combat this problem, the Santa Cruz Needle Exchange and the city's Parks and Recreation Department have teamed up to make disposal of needles and syringes—also known as sharps—safer. The City Council approved the plan in May, and since then 13 bio-hazardous waste containers, have been installed in public restrooms at the wharf, the Civic Auditorium and the Louden Nelson Center.

“We believe it’s a good public health practice to get used needles off the streets. We don’t want anybody to be injured [or] infected by needles,” says Betsy McCarty, chief of public health for Santa Cruz County. She also points out that needles are the second largest submission category for transmitting HIV—after sexual contact—and therefore proper needle disposal is vital.

Hospitals, medical centers, and waste management companies have organized a number of similar programs across the country, including mail-in needle collection. The so-called sharps containers have also been placed in airports and casinos. But the Sharps Program in Santa Cruz is unique. It’s the first city-wide effort in the nation that actively involves city department in needle collection and disposal.

The local Sharps Program is already expanding. The Public

Works Department is making plans to install additional sharps boxes in the public restrooms of downtown garages. “We have just received the containers, and once we get an agreement from the Needle Exchange, we will install them within 30 days,” says Mark Dettle, director of the Public Works Department.

Containers will be installed in both the Locust Street and the Soquel Avenue garages. “We had a lot of problems with sharps going down, plugging the toilet,” says Dettle. “We want to provide a safe disposal facility. It would also reduce maintenance costs.”

The cost of the boxes is minimal, easily affordable for the city, says Dannettee Shoemaker, interim director of the Parks and Recreation Department.

The Eye of a Needle

While injection drug users are often the most visible users of syringes, most syringes are, in fact, used by diabetics and other people who inject steroids, hormones, vitamins or other medications, explains Heather Edney, executive director of the Santa Cruz Needle Exchange.

Since August, the boxes have collected 75 needles, a drop in the bucket compared to the 20,000 needles the Needle Exchange collects and disposes of every month, but comparable to the hundreds found in the streets every year. “We are counting both, the needles in the boxes and those found elsewhere. This way we’ll see whether the sharps containers are at the right

place," says Shoemaker. "Even if we just save one person it was worth it."

According to Shoemaker, the locations chosen for sharps boxes are places where dirty needles are often found. "These used needles can be very dangerous because **skin punctures** can **cause** infection and diseases such as Hepatitis B or C, HIV/AIDS and other viral or bacterial **infections**," she says. "The Sharps Program was developed to increase public and employee safety."

However, not everyone has jumped on the Sharps Program bandwagon. Opponents of the program fear that the disposal units will attract drug users to the sites. Edney says she has heard negative feedback mostly from mothers worried about their children.

Otherwise, she says, the program has broad-based support, and supporters point out that children and others are much safer when the risk of finding improperly disposed-of needles is reduced.

The disposal units include a secure metal **enclosure** that holds a biohazard container, and, they are virtually indestructible. "We encouraged the Needle Exchange to use the safest possible disposal boxes, and they did," says McCarty. "It is very important that unauthorized people cannot open the boxes."

Needling the Law

The Sharps Program raises questions about whether the city is condoning drug use and illegal use of syringes. In the state of California, it is a misdemeanor to possess a syringe without a prescription. The so-called **Syringe Bill**, which would have allowed people to purchase syringes over-the-counter, was vetoed by Gov. Gray Davis earlier **this** year.

But **Sharps** Program organizers point out that the program **is** not about whether or not people should use drugs. Regardless of how a needle made its **way** to the restrooms, it **is** important to provide safe disposal facilities.

However, John Robinson, director of community relations for the Santa Cruz Seaside Company, **believes** that the needle boxes are not effective at getting to the root of the drug problem.

"I'm glad the boxes are being used, but it doesn't touch the larger **issue**," Robinson says the drug problem is a very serious matter in Santa Cruz, **and** the city should deal with that. "If they are serious about solving the needle problem and **protecting citizens**, they should solve the drug problem **first**."

"There were certainly many criticisms around the time that the project was approved, that in some way condones illegal drug use," says Santa Cruz Councilmember Ed Porter. "However, that criticism often seems to deny the hard reality **that** such drug use does occur, and therefore ignores the problem of innocent **people** being injured or infected by discarded needles."

Pointing to the Future

Tom Stopka, research scientist at the Prevention, Research and Evaluation section for the **California** Office of AIDS, says research **is** the key to knowing how successful the **Sharps** Program **ultimately is** in preventing needle-transmitted diseases while not encouraging drug use.

The findings of the so-called Red Box project **in** 1996 provided the first encouraging data for a community-based method of safe needle disposal. The

research was conducted at the John Hopkins School of Hygiene and **Public** Health and was designed to serve injection drug users. Mail collection boxes were **painted** red and used as needle drop boxes in locations with high drug use in east Baltimore. The research found that drug use **did** not increase **in** areas with the boxes.

Stopka points out that just as the Red Box project was a **pilot, research** project, the Santa Cruz Sharps Program could be a pilot needle-disposal program **in** California. "To expand the program statewide it would be necessary **to have** an organized study that could help elucidate how effectively the program 'works,'" he says.

Such a study could show how many syringes were returned, whether there are traces of HIV **antibodies**, how many people used them, and what **the** needles were used for.

Sharps Program organizers don't have sufficient funds to plan and conduct the necessary research, though, and any serious study would take a lot of time and money. The city could be a source of funding, but as Porter says, "While it does seem to **be** a worthwhile idea, we're in some very tight budget times right now."

The pilot program runs for one year after which its organizers will evaluate **its** effectiveness **and** **determine** its **future**. The Sharps Program suggests that the city is looking at new approaches to dealing **with** the drug problem.

"Some new steps are needed," says Porter. "We need programs that can get drug users into detox programs and maintenance programs **without** them **first** having to be arrested. I would think people **in** our community would support doing things of this sort."

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

STAFF REPORT

DATE: December 13, 2002

TO: Board of Directors

FROM: Margaret Gallagher, District Counsel

SUBJECT: STATUS REPORT FOR THE CONSTRUCTION, MAINTENANCE, AND OPERATION OF A TRANSIT ORIENTED CHILD CARE AND APARTMENT COMPLEX CENTER FOR PROPERTY APN'S 17-011-51 AND 52 IN WATSONVILLE, PURSUANT TO A LEASE AGREEMENT BETWEEN THE CITY OF WATSONVILLE AND THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

I. RECOMMENDED ACTION

No Action requested.

II. SUMMARY OF ISSUES

- On or about March 25, 1999, the City of Watsonville Redevelopment Agency expressed interest in acquiring the property located adjacent to the Watsonville Transit Center in Watsonville (APNs 17-011-51 and 52)
- The City of Watsonville Redevelopment Agency has been awarded grants from the Transit District and the Packard Foundation for analysis and construction of a child care center.
- On or about August, 2000, the Santa Cruz Metropolitan Transit District Board of Directors authorized the General Manager to execute a Lease Agreement with the City of Watsonville for a nominal amount in order to facilitate transit-related development on the site.

III. DISCUSSION

In 1988, the Santa Cruz Metropolitan Transit District purchased APNs 17-011-51 and 52 from the Alexander family, lots believed to be necessary for the construction of the Watsonville Transit Center. According to a Board report written in late 1987, the property was to be used for "off-street parking for occupants and customers of the adjacent transit center."

The Alexander property was never turned into a park and ride lot or a customer parking lot. In fact, in April 1999, the Board of Directors declared the property to be surplus. At that time the staff was directed to consider whether leasing the property was advantageous to the Transit District.

In August of 2000, this Board authorized the General Manager to execute a 99-year Lease with the City of Watsonville to enable the City to acquire this property located adjacent to the Watsonville Transit Center. The City had received various grants to develop a transit orientated child-care and apartment complex center.

Part of the Lease Agreement provided that the City of Watsonville would provide regular status updates for the Project to the Santa Cruz Metropolitan Transit District. Marcela Tavantzis, the Assistant City Manager of the City of Watsonville has asked that the attached information (update letter and color copies of the renderings) be provided to the Board of Directors. No action is necessary.

IV. FINANCIAL CONSIDERATIONS

None.

V. ATTACHMENTS

Attachment A: Letter dated October 31, 2002 from Marcela Tavantzis, P.E., Assistant City Manager of Watsonville

Attachment B: A 3-page architect's drawing of West Beach Street Housing and Child Care for the City of Watsonville, Option 2

CITY OF WATSONVILLE

"Opportunity through diversity; unity through cooperation"



ADMINISTRATION BUILDING

211 Union Street
Second Floor
Fax 831.761.0736

MAYOR & CITY COUNCIL

15 Union Street
831.728.6006

CITY MANAGER
831.728.6011

CITY ATTORNEY
831.728.6013

CITY CLERK
831.728.6001

PERSONNEL
831.728.6012

CITY HALL OFFICES

250 Main Street

COMMUNITY
DEVELOPMENT
831.728.6018

Fax 831.728.6173

FINANCE
831.728.6031

Fax 831.763.4066

HOUSING & ECONOMIC

DEVELOPMENT
831.728.6014

Fax 831.763.4114

PUBLIC WORKS &
UTILITIES

831.728.6049

Fax 831.763.4065

PURCHASING
831.728.6029

Fax 831.763.4066

AIRPORT

100 Aviation Way
831.728.6075

Fax 831.763.4058

FIRE

115 Second Street
831.728.6060

Fax 831.763.4054

LIBRARY

310 Union Street
831.728.6040

Fax 831.763.4015

PARKS, RECREATION & NEIGHBORHOOD SERVICES

30 Maple Avenue
831.728.6081

Fax 831.763.4078

October 31, 2002

Attachment A

Sheryl Ainsworth, Chair
SCMTD
370 Encinal Street, Suite 100
Santa Cruz, CA 95060

Dear Sheryl,

The City of Watsonville would like to update the Transit District regarding the progress of the project to be constructed on Transit District property leased to the City. It is expected that the project will not only serve many families, but will be very attractive as well.

In September of this year, after a competitive selection process, the Watsonville City Council selected a developer and a child care provider for the Transit Center Project. Child care services will be provided by Go Kids, Inc., and the developer will be Mid Peninsula Housing Coalition. Although not a requirement of the selection process, these two entities have a similar partnership at The Farm, a Santa Cruz County affordable housing project with child care.

The City Council had already selected Pyatok Architects for the design. After reviewing several possibilities, the proposed design features podium-type construction. This will allow for 58 parking spaces on the ground floor, with the units built on the podium. The child care center and adjacent playground will be on the ground floor. A second playground will be located above the podium. A total of 40 units will be developed, making the net density of the project 60 dwelling units per acre (or 60 D.U./Ac). The units will range from 1 to 3 bedrooms and will be for low and very low income residents. The site also features 8,500 s.f. of open space. This demonstrates the City Council's interest to maximize each parcel's potential for high-density infill development, while maintaining high quality-of-life standards.

The project is not required to meet current parking standards because it is being developed as a transit-oriented project. Regular transit users will be given some priority when the application period begins, while non-transit users will be encouraged to look at mass transit as a viable alternative.

P.O. BOX 50000 WATSONVILLE, CA 950774000

For this reason we respectfully request that the SCMTD look into a bus pass system for residents of projects like this. Agencies in the bay area are successfully offering this service in their communities.

We will continue to keep you informed of the progress of this project. This project would not have been possible without the supportive cooperation of the District Board and its staff. In the development of affordable housing projects, land costs and availability play the most significant roles. Thanks to the District's support and willingness to lease this land to the City we will be able to offer safe housing and child care services to very low income families.

Sincerely,

A handwritten signature in black ink, appearing to read "Marcela Tavantzis". The signature is written in a cursive, flowing style.

Marcela Tavantzis, P.E.
Assistant City Manager

Attach.

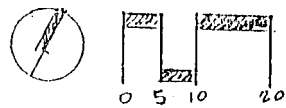
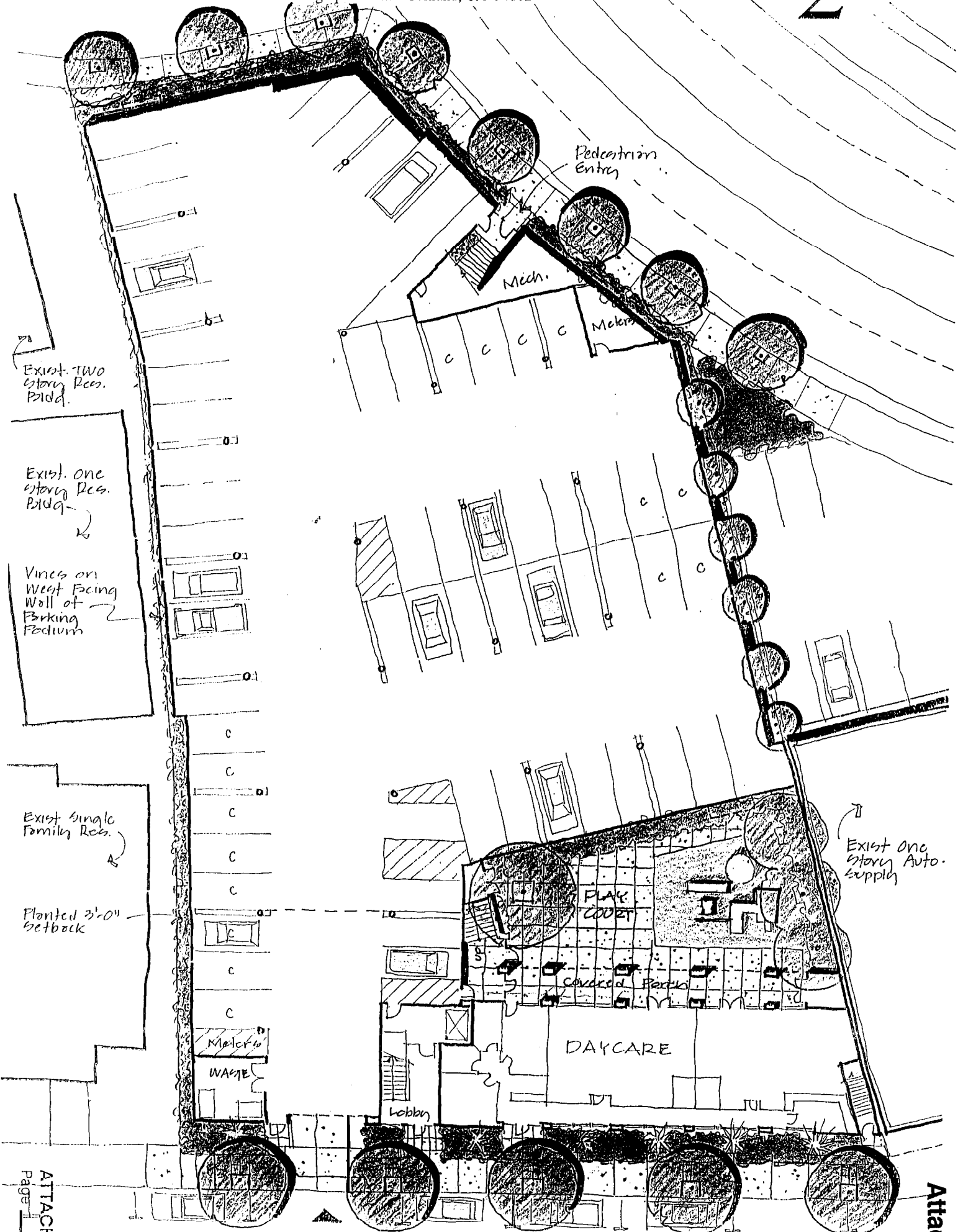
West Beach Street Housing and Child Care

For the City of Watsonville

PYATOK ARCHITECTS 1629 Telegraph Avenue Oakland, CA 94612

Optica

2



Lower Floor

West Beach Street

Option 2

1BR	7
2BR	17
3BR	16
Total Units	40
Residential Parking	58
Daycare	2500sf
Drop off Parking	8

ATTACHMENT
Page 1 of 3

Attachment B

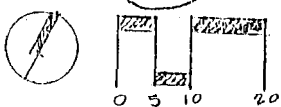
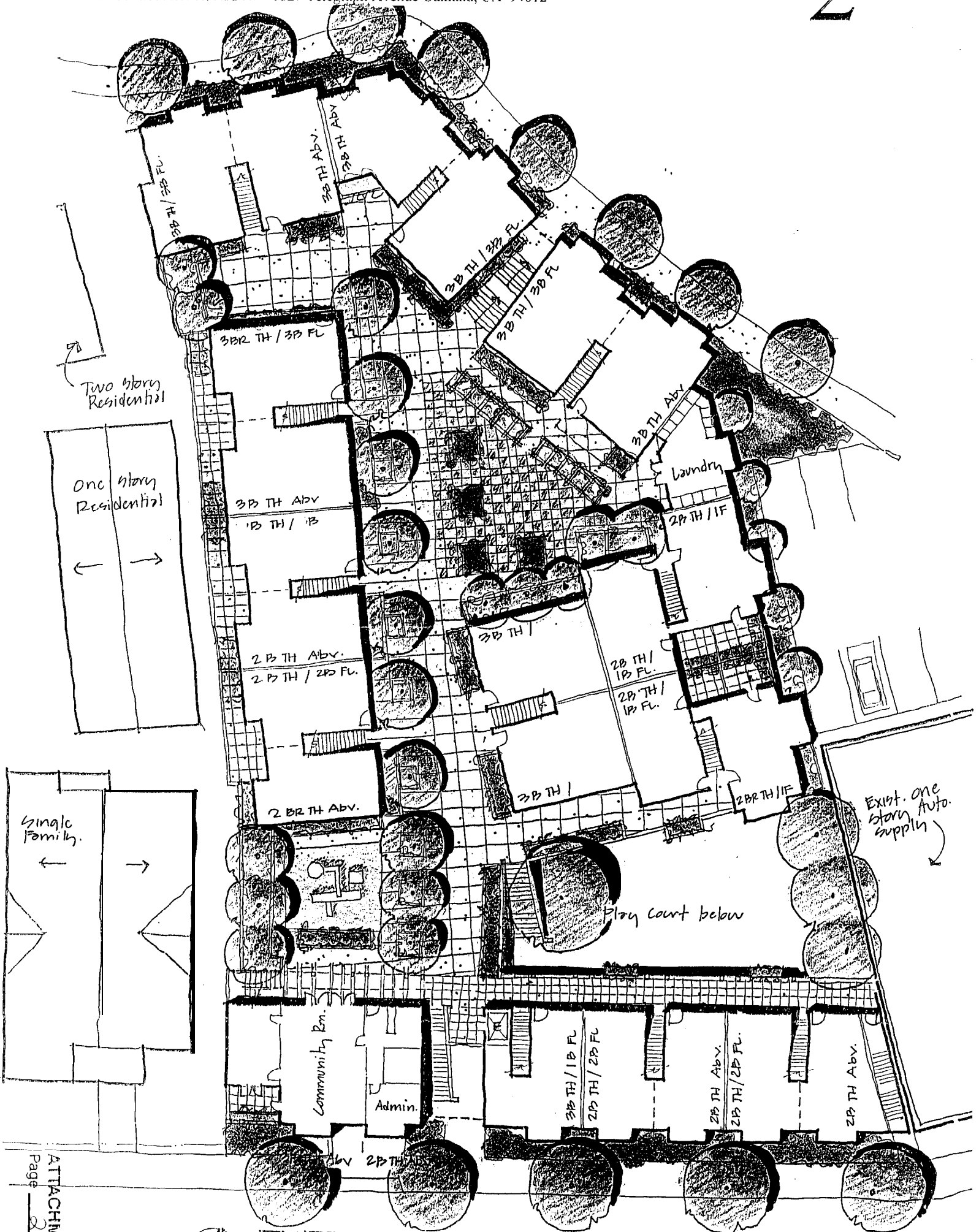
West Beach Street Housing and Child Care

For the City of Watsonville

PYATOK ARCHITECTS 1629 Telegraph Avenue Oakland, CA 94612

Option

2



West Beach Street

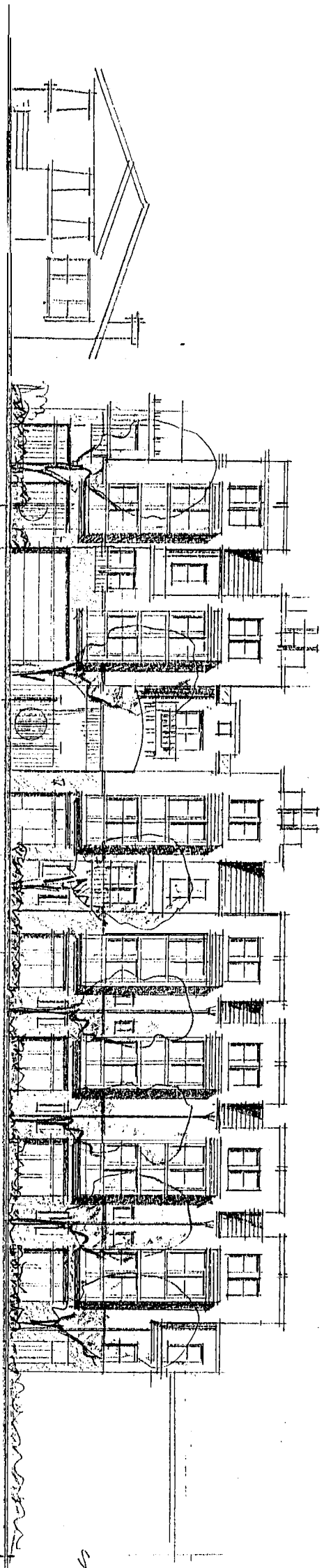
1 BR	7
2 BR	17
3 BR	16
Total Units	40
Residential Parking	58
Daycare	2500sf
Drop off Parking	5

Upper Floor

Option 2

ATTACHMENT
Page 2

of 3



WEST PORCH ST ELEVATION

Option

2

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002
TO: Board of Directors
FROM: Mark J. Dorfman, Assistant General Manager
**SUBJECT: CONSIDERATION OF REQUEST TO BEGIN ADVERTISING
CONTRACT ON JANUARY 1, 2003**

I. RECOMMENDED ACTION

Staff recommends that the Board of Directors authorize January 1, 2003 as the start date for the Bus Advertising contract.

II. SUMMARY OF ISSUES

- In November the Board authorized a contract with Princeton Media for Bus Advertising Services
- The original RFP was delayed multiple times due to the finalization of the Bus Advertising Policy.
- It has taken a while to get the contract finalized, and the vendor has requested that the start date for the contract be moved to January 1, 2003 rather than December 1, 2002.

III. DISCUSSION

At the November Board Meeting, an award was made to Princeton Media, Inc. for Bus Advertising. At that time there were numerous delays in the opening of the Request for Proposals due to the time that it took the District to adopt a Bus Advertising Policy. Once this was settled and the award was made, there was little time to finalize a contract and have the vendor initiate the contract. This was scheduled to occur on December 1, 2002, the expiration of the contract with Obie Media.

We received a request from Princeton Media asking that the start date be moved back to January 1, 2002 to allow for a reasonable start-up time for the contract. In light of our delay and the holiday season, it seems that the request to start the contract on January 1, 2003 is very reasonable. There is an \$8,000 impact to the current year budget as a result of this change. The overall contract value does not change, as the duration of the contract remains the same.

IV. FINANCIAL CONSIDERATIONS

The financial implication of the move is a decrease in revenue for this year's budget of \$8,000. There is no lost revenue to the overall bus advertising contract, as the total length of the contract does not change.

V. ATTACHMENTS

Attachment A: None

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002
TO: Board of Directors
FROM: Tom Stickel, Manager of Fleet Maintenance
SUBJECT: **CONSIDERATION OF AWARD OF CONTRACT FOR PRINTING OF
*HEADWAYS***

I. RECOMMENDED ACTION

District staff is recommending that the Board of Directors authorize the General Manager to enter into a contract with Folger Graphics for the printing of *Headways*.

II. SUMMARY OF ISSUES

- The Purchasing Office sent out an Invitation for Bid, No. 02-12 for a one-year contract to print the District's bus ride schedule, *Headways*.
- The District received responses from nine firms.
- District staff has reviewed all submitted bids.
- It is requested that the Board of Directors authorize the General Manager to enter into a contract with Folger Graphics to print *Headways*.

III. DISCUSSION

Headways is the District's bus schedule published to provide the community information with current service routes and timetables. The schedule will be printed twice a year.

On November 7, 2002, an Invitation for Bid, IFB No. 02-12, for the printing of *Headways* was mailed out to several vendors and legally advertised. The bid identified options for paper (recycled newsprint or 50# offset), ink color (one or two colors), and quantities (current 33,000 or additional 5,000copies). Options were requested for additional pages (additional four and eight pages) over what is currently being printed.

On December 4, 2002, bids were received and opened from nine printing companies. A list of the printing companies that submitted a bid and a summary of the bids received are provided in Attachment A. The printing company, Folger Graphics, submitted the lowest responsive base bid.

District staff is recommending that a contract be established with Folger Graphics to provide printing of *Headways*. District staff has reviewed Contractor's bid and is satisfied that Contractor will meet all District specifications and requirements.

IV. FINANCIAL CONSIDERATIONS

Annual costs for two production runs of *Headways* with a quantity of 33,000 schedules per run will cost \$11,383.20. These costs are included as part of the Planning and Marketing budget.

V. ATTACHMENTS

- A. Summary of bids received for IFB 02-12
- B. Contract with Folger Graphics – **Note: Exhibits to the contract were distributed to the Board only, however, they will be available for review at the Administration Office.**

District IFB No. 02-12 Printing of *Headways*

Summary of Bids Received

Company	Price per Production Run Less Sales Tax
1. Folger Graphics, Hayward, California	\$ 5,270.00
2. Southwest Offset Printing, Gardena, California	\$ 5,800.00
3. Casey Printing, Inc., King City, California	\$ 6,587.00
4. Rodgers & McDonald Graphics, Carson, California	\$ 6,592.00
5. Alonzo Printing, Hayward, California	\$ 6,846.00
6. Profess Printing, Inc., San Jose, California	\$ 9,084.00
7. Linotext USA, San Jose, California	\$10,269.00
8. Sonoma Valley Publishing, Sonoma, California	Bid Was Not Signed Bid Was Rejected
9. Par Global Resources, Santa Clara, California	Did Not Quote On Base Bid Quantities Bid Was Rejected

CONTRACT FOR PRINTING OF HEADWAYS (02-12)

THIS CONTRACT is made effective on January 1, 2003 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("District"), and **FOLGER GRAPHICS** ("Contractor").

1. RECITALS

1.01 District's Primary Objective

District is a public entity whose primary objective is providing public transportation and has its principal office at 370 Encinal Street, Suite 100, Santa Cruz, California 95060.

1.02 District's Need for Printing of HEADWAYS

District requires the Printing of HEADWAYS to be used for standard purposes. In order to obtain said services, the District issued an Invitation for Bids, dated November 7, 2002 setting forth specifications for such service. 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 printing services desired by the District and whose principal place of business is 2339 Davis Avenue, Hayward, California. Pursuant to the Invitation for Bids by the District, Contractor submitted a bid for Provision of said printing services, which is attached hereto and incorporated herein by reference as Exhibit B.

1.04 Selection of Contractor and Intent of Contract

On December 13, 2002, District selected Contractor as the lowest responsive, responsible bidder to provide said printing 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.

District and Contractor agree as follows:

2. INCORPORATED DOCUMENTS AND APPLICABLE LAW

2.01 Documents Incorporated in This Contract

The documents 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 of the Contract.

a) Exhibit A

Santa Cruz Metropolitan Transit District's "Invitation for Bids" dated November 7, 2002 including Addendum No. 1.

b) Exhibit B (Bid Form)

Contractor's Bid Form to the District for Printing of HEADWAYS signed by Contractor and dated December 4, 2002.

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 time schedules specified in the Specifications Section of the IFB. The Contractor shall not be responsible for delays caused by force majeure events described in Section 2 of the General Conditions of the Contract.

3.02 Term

The term of this Contract commences on the date of execution and shall remain in force for a one (1) year period thereafter. At the option of the District, this contract may be renewed for four (4) additional one (1) year terms under the same conditions and prices. District and Contractor may extend the term of this Contract at any time for any reason upon mutual written consent.

4. COMPENSATION

4.01 Terms of Payment

Upon written acceptance, District agrees to pay Contractor according to the price schedule identified in the Bid Form, Exhibit B, for satisfactory completion of all work under the terms and provisions of this Contract within forty-five (45) days thereof.

4.02 Invoices

Contractor shall submit invoices with a project number provided by the District on a monthly basis. Expenses shall only be billed if allowed under the contract.

Said invoice records shall be kept up-to-date at all times and shall be available for inspection by the District (or any grantor of the District, 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 the District are (1) actually incurred; (2) reasonable in amount; (3) related to this contract; and (4) necessary for performance of the services. The District shall pay no expenses 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.

DISTRICT

Santa Cruz Metropolitan Transit District
370 Encinal Street
Suite 100
Santa Cruz, CA 95060
Attention: General Manager

CONTRACTOR

Folger Graphics
2339 Davis Ave
Hayward CA 94545-1 111
Attention: Bill H. Briggs, Account Executive

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 _____

DISTRICT--SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR – FOLGER GRAPHICS

BY _____
Linda Torre
Vice President, Administration

Approved as to Form:

Margaret Rose Gallagher
District Counsel

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002
TO: Board of Directors
FROM: Tom Stickel, Manager of Fleet Maintenance
SUBJECT: CONSIDERATION OF AWARD OF CONTRACT FOR VEHICLE BODY REPAIR AND PAINT SERVICES

I. RECOMMENDED ACTION

District Staff recommends that the Board of Directors authorize the General Manager to execute a contract for vehicle body repair and paint services with Classic Graphics.

II. SUMMARY OF ISSUES

- A request for proposals (RFP) was sent out to solicit proposals from qualified firms.
- Seven firms submitted proposals for the District's review.
- A five-member evaluation committee comprised of District staff reviewed and evaluated the proposals.
- The evaluation committee is recommending that a contract be established with Classic Graphics to provide vehicle body repair and paint services.

III. DISCUSSION

The District sought proposals to provide body repair and painting services, as required, for the District's buses, cars, service trucks and utility vehicles. These services include, but are not limited to the following: body panel/structure repair and replacement; repair and replacement of glazing frames and glazing; painting; and addition or production of truck/bus accessory body parts as specified by the District.

On October 23, 2002, District Request for Proposal No. 02-08 was mailed to several firms and was legally advertised. On November 20, 2002, proposals were received and opened from seven firms. These firms are listed in Attachment A. A five-member evaluation committee comprised of District staff has reviewed and evaluated the proposals.

The evaluation committee used the following criteria as contained in the Request for Proposals:

CRITERIA	PRIORITY
Cost	1
Experience and Qualifications	2
Proposed Turnaround Time for Repaints and Repairs	3
References	4

Disadvantaged Business Enterprise (DBE) participation	5
---	---

Based on the above criteria, the selection committee ranked all proposals received and is recommending that a contract be established with Classic Graphics to provide vehicle body repair and paint services. See Attachment A for a list of all firms and rank order. District staff is satisfied that Contractor will provide all services meeting District specifications and requirements.

IV. FINANCIAL CONSIDERATIONS

Funding for this contract is contained in the Operating Budget of the Fleet Maintenance Department.

V. ATTACHMENTS

- A- List of firms submitting proposals and rank order
- B- Contract with Classic Graphics - **Note: Exhibits to the contract were distributed to the Board only, however, they will be available for review at the Administration Office.**

Vehicle Body Repair and Paint Services RFP No. 02-08

List of Firms Submitting Proposals and Ranking Order

1. Classic Graphics, Newark, California
2. Bay Equipment and Repair, Hayward California
3. Coach Specialties, Inc., Alameda, California
4. Hiller Aircraft Corporation, Marina, California
5. Coast Counties Truck and Equipment Company, Inc., San Leandro, California
6. Chuck Fanucci Auto Body, Santa Cruz, California
7. Williamson's Body and Paint Shop, Prunedale, California

PROFESSIONAL SERVICES CONTRACT FOR VEHICLE BODY REPAIR AND PAINT SERVICES (02-08)

THIS CONTRACT is made effective on January 1, 2003 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("District"), and CLASSIC GRAPHICS ("Contractor").

1. RECITALS

1.01 District's Primary Objective

District is a public entity whose primary objective is providing public transportation and has its principal office at 370 Encinal Street, Suite 100, Santa Cruz, California 95060.

1.02 District's Need for Vehicle Body Repair and Paint Services

District has the need for Vehicle Body Repair and Paint Services. In order to obtain these services, the District issued a Request for Proposals, dated October 23, 2002, setting forth specifications for such services. The Request for Proposals is attached hereto and incorporated herein by reference as Exhibit "A".

1.03 Contractor's Proposal

Contractor is a firm/individual qualified to provide Vehicle Body Repair and Paint Services and whose principal place of business is 7969 Enterprise Drive, Newark, California. Pursuant to the Request for Proposals by the District, Contractor submitted a proposal for Vehicle Body Repair and Paint Services, which is attached hereto and incorporated herein by reference as Exhibit "B."

1.04 Selection of Contractor and Intent of Contract

On December 13, 2002, District selected Contractor as the offeror whose proposal was most advantageous to the District, to provide the Vehicle Body Repair and Paint Services described herein. This Contract is intended to fix the provisions of these services.

District and Contractor agree as follows:

2. INCORPORATED DOCUMENTS AND APPLICABLE LAW

2.01 Documents Incorporated in this Contract

The documents 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.

A. Exhibit "A"

Santa Cruz Metropolitan Transit District's "Request for Proposals" dated October 23, 2002

B. Exhibit "B" (Contractor's Proposal)

Contractor's Proposal to the District for Vehicle Body Repair and Paint Services signed by Contractor and dated November 20, 2002.

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" supercede Exhibit "B".

2.03 Recitals

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

3. DEFINITIONS

3.01 General

The terms below (or pronouns in place of them) have the following meaning in the contract:

3.01.01 CONTRACT - The Contract consists of this document, the attachments incorporated herein in accordance with Article 2, and any written amendments made in accordance with Section 13.14.

3.01.02 CONTRACTOR - The Contractor selected by District for this project in accordance with the Request for Proposals issued October 23, 2002.

3.01.03 CONTRACTOR'S STAFF - Employees of Contractor.

3.01.04 DAYS - Calendar days.

3.01.05 OFFEROR - Contractor whose proposal was accepted under the terms and conditions of the Request for Proposals issued October 23, 2002.

3.01.06 PROVISION - Any term, agreement, covenant, condition, clause, qualification, restriction, reservation, or other stipulation in the contract that defines or otherwise controls, establishes, or limits the performance required or permitted by either party.

3.01.07 SCOPE OF WORK (OR "WORK") - The entire obligation under the Contract, including, without limitation, all labor, equipment, materials, supplies, transportation, services, and other work products and expenses, express or implied, in the Contract.

4. TIME OF PERFORMANCE

4.01 Term

The term of this Contract will be for a period not to exceed two (2) years and shall commence upon the issuance of the contract by the District.

At the option of the District, this contract agreement may be renewed for three (3) additional one (1) year terms upon mutual written consent.

5. COMPENSATION

5.01 Terms of Payment

District shall compensate Contractor in an amount not to exceed the amounts/rates agreed upon by the District and as provided in Exhibit B. District shall reasonably determine whether work has been successfully performed for purposes of payment. Compensation shall be made within forty-five (45) days of District written approval of Contractor's written invoice for said work.

5.02 Invoices

Contractor shall submit invoices with a project number provided by the District on a monthly basis. Contractor's invoices shall include detailed records showing actual time devoted, work accomplished, date work accomplished, personnel used, and amount billed per hour. Expenses shall only be billed if allowed under the Contract. Telephone call expenses shall show the nature of the call and identify location and individual called. Said invoice records shall

be kept up-to-date at all times and shall be available for inspection by the District (or any grantor of the District, 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 the District are (1) actually incurred; (2) reasonable in amount; (3) related to this Contract; and (4) necessary for performance of the project.

6. 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.

DISTRICT

Santa Cruz Metropolitan Transit District
370 Encinal Street
Suite 100
Santa Cruz, CA 95060
Attention: General Manager

CONTRACTOR

Classic Graphics
7969 Enterprise Drive
Newark, CA 94560
Attention: Tracy S. Lewis, President

7. 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 this Contract. Each party further acknowledges that it has read this Contract, understands it, and agrees to be bound by it.

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR
CLASSIC GRAPHICS

BY _____
Tracy S. Lewis
President

Approved as to Form:

Margaret Rose Gallagher
District Counsel

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002

TO: Board of Directors

FROM: Tom Stickel, Manager of Fleet Maintenance

SUBJECT: CONSIDER AMENDING HAZARDOUS WASTE DISPOSAL CONTRACT

I. RECOMMENDED ACTION

District staff is recommending that the Board of Directors authorize the General Manager to execute an amendment to the contract with Evergreen Environmental Services to extend the term of the contract for one (1) additional year.

II. SUMMARY OF ISSUES

- The District has a contract (#98-27) with Evergreen Environmental Services for hazardous waste disposal.
- At the option of the District, this contract may be renewed for four (4) additional one-year terms under the same terms and conditions.
- Environmental Evergreen Services has indicated that they are interested in extending the contract to January 31, 2004.

III. DISCUSSION

The District currently has a contract (#98-27) with Evergreen Environmental Services for hazardous waste disposal. Under the contract the District has the option to renew the contract under the same terms and conditions. Evergreen Environmental Services has indicated that they are interested in extending the contract for one additional year. The District has been very successful in increasing its hazardous waste recycling capabilities utilizing Evergreen Environmental's services.

IV. FINANCIAL CONSIDERATIONS

Funds are available in the Facilities Maintenance budget for this amendment.

V. ATTACHMENTS

- A- Letter from Evergreen Environmental Services
- B- Contract Amendment



Attachment A

Evergreen
2355 Main Street, Suite 230
Irvine, CA 92814
949-757-7770 Fax 949-757-7751

Wednesday, December 04, 2002

Santa Cruz Metropolitan Transit District
120 Du Bois Street
Santa Cruz, CA 95080
831-469-1954
Attn: Lloyd Longnecker

Evergreen Environmental Services will be pleased to extend contract (98-27) for waste disposal for and additional year under the same terms and conditions,
If you have any questions, please call me at 949-440-8332,

Sincerely,
Evergreen Holding Inc.

Darwin L Hall
Vice President of Sales

CC: Susan Hall Manager/Customer Service
Gary Colbert Vice President Northern California

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
FOURTH AMENDMENT TO CONTRACT NO. 98-27
FOR HAZARDOUS WASTE DISPOSAL SERVICES**

This Fourth Amendment to Contract No. 98-27 for Hazardous Waste Disposal Services is made effective February 1, 2003 between the Santa Cruz Metropolitan Transit District, a political subdivision of the State of California ("District") and EVERGREEN ENVIRONMENTAL SERVICES ("Contractor").

I. RECITALS

1.1 District and Contractor entered into a Contract for Hazardous Waste Disposal Services ("Contract") on February 1, 1999.

1.2 The Contract allows for the extension upon mutual written consent.

Therefore, District and Contractor amend the Contract as follows:

II. TERM

2.1 Article 3.02 is amended to include the following language:

This Contract shall continue through January 31, 2004. This Contract may be mutually extended by agreement of both parties.

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

SIGNATURES ON NEXT PAGE

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR
EVERGREEN ENVIRONMENTAL SERVICES

By _____

Approved as to Form:

Margaret R. Gallagher
District Counsel

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002

TO: Board of Directors

FROM: Tom Stickel, Manager of Fleet Maintenance

SUBJECT: **CONSIDERATION OF AMENDING AWARD OF CONTRACT FOR RESIDENT BUS INSPECTOR SERVICES**

I. RECOMMENDED ACTION

District Staff recommends that the Board of Directors authorize the General Manager to amend the contract for resident bus inspection services with J & S Maintenance Professional Services, Inc. to increase the contract by an additional \$4,650.

II. SUMMARY OF ISSUES

- District has entered into a contract with J & S Maintenance Professional Services, Inc. for resident bus inspection services for the procurement of low floor buses with New Flyer of America.
- After the pre-production meeting with New Flyer, District staff was informed by New Flyer that there was a change in the plant location for the final assembly.
- J & S Maintenance Professional Services, Inc. was informed of this change and requested a contract amendment for additional costs resulting from this change of location.
- District staff is recommending that an amendment to the contract for resident bus inspection services with J & S Maintenance Professional Services, Inc. for the low floor transit buses being built by New Flyer of America be amended to increase the contract amount by \$4,650 due to a change in location of the final assembly plant.

III. DISCUSSION

The District has established a contract with J & S Maintenance Professional Services, Inc. (J & S) to provide resident bus inspection services for twenty-nine (29) low floor transit coaches being purchased from New Flyer of America. Federal law requires production inspection and quality control assurance on coaches being manufactured for the District.

After the pre-production meeting, New Flyer announced that the final assembly of buses had changed and would occur at their St. Cloud, Minnesota facility and not the Crookston, Minnesota facility. The District informed J & S of the change in location of final assembly and was told that there would be additional costs to their contract since their proposal was based on the information given in the District's Request for Proposal that final assembly would occur at the Crookston facility. J & S stated that the reason their proposal was so low was that their inspector lived close to the Crookston plant and housing was not factored into their proposal for the day-

to-day inspector assigned to this project. J & S has requested compensation for the additional cost of transportation and lodging for the change in location of the final assembly.

District staff recommends that the Board of Directors authorize the General Manager to amend the contract for resident bus inspection services with J & S Maintenance Professional Services, Inc. to increase the contract amount by \$4,650 due to a change in location of the final assembly plant.

IV. FINANCIAL CONSIDERATIONS

Additional funding for this contract is contained in the State Traffic Congestion Relief Program (TCRP) and federal grants.

V. ATTACHMENTS

- A- Letter from J and S Maintenance Professional Services, Inc.
- B- Contract Amendment

J & S Maintenance Professional Services, Inc
14480 Highland Home Rd. Banning, California 92220 (909) 897-6704

Attachment A

Tom Stickel
Manager of Fleet Maintenance
Santa Cruz MTD
11/25/2002

Mr. Stickel,

As you know, New Flyer Industries has elected to **change** the location for the final assembly of your 29 New Flyer Low Floor Transit Coaches.

The coaches were originally scheduled to have the shells built at their facility in Winnipeg, Canada with the final assembly in Crookston, Minnesota. The change that has occurred is that all 29 Vehicles will have their final assembly at the Saint Cloud Facility instead of Crookston.

As stated in the Project Understanding section of J&S's proposal, your RFP Bid # 01-24. J&S's understanding of the project was that the coaches would be built in the Winnipeg and Crookston Facilities, The location of the J&S Inspector assigned to this project is in the proximity of these facilities which allows J&S to deliver services at such a competitive price, With the change of the second half of this project to the Saint Cloud Facility there will be a need for added Labor, Travel, Air Fare, and Motel Expenses

This is not a profit driven proposal. J&S only interest is to cover the expenses that will be added to this project.

J&S guarantees these added costs are not to exceed \$155.00 per day with a not to exceed total of \$4,650.00 for a 30 day period.

Cost Proposal Breakdown:

Air Fare -	\$900.00
Motel -	\$2,250.00
Auto Rental/Mileage (30 Days) -	\$1,500.00
Not to Exceed (Total) -	\$4,650.00

Should an overrun occur at the factory, the cost would not exceed \$365.00 per day based on a 7 Day Week.

J & S Maintenance Professional Services, Inc
14480 Highland Home Rd. Banning, California 92220 (909) 897-6704

J&S appreciates your attention to this matter and would like to take this time to thank you for the opportunity to work with the Santa Cruz MTD. If you have any questions concerning this proposal please feel free to contact us

Thank You,



Jerry Farrar
Vice President Operations
J&S Maintenance Prof., Tnc.
(909)897-6704

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
FIRST AMENDMENT TO PROFESSIONAL SERVICES CONTRACT FOR
RESIDENT BUS INSPECTION SERVICES FOR QUALITY CONTROL
ASSURANCE PROGRAM FOR LOW FLOOR TRANSIT BUSES THAT ARE TO BE
BUILT BY NEW FLYER OF AMERICA (01-24-2)**

This First Amendment to professional services contract for resident bus inspection services for quality control assurance program for low floor transit buses that are to be built by New Flyer of America is made effective December 13, 2002 between the Santa Cruz Metropolitan Transit District, a political subdivision of the State of California ("District") and J & S Maintenance Professionals Inc. ("Contractor").

I. RECITALS

- 1.1 District and Contractor entered into a Contract for resident bus inspection services for the acquisition of twenty-nine low floor transit buses that can be converted to CNG ("Contract") on July 26, 2002.
- 1.2 New Flyer of America informed District of a change in location of the final assembly of the twenty-nine buses being procured.
- 1.3 District notified Contractor of the change in location of the final assembly of the twenty-nine buses being procured.
- 1.4 Contractor requested additional compensation due to the change of location of the final assembly of the twenty-nine buses being procured.

Therefore, District and Contractor amend the Contract as follows:

II. SPECIFICATION CHANGES

- 2.1 Change in location of the final assembly of will occur at the New Flyer of America, St. Cloud, Minnesota facility and not the Crookston, Minnesota facility.

III. COMPENSATION

- 3.1 District agrees to compensate Contractor an additional \$4,650.00 for travel, lodging and automobile rental charges for a new total contract amount not to exceed \$23,6 10.

IV. REMAINING TERMS AND CONDITIONS

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

V. AUTHORITY

- 5.1 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 _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR
J AND S MAINTENANCE PROFESSIONALS, INC.

BY _____
Jerry Farrar
Vice President of Operations

Approved as to Form:

Margaret R. Gallagher
District Counsel

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

STAFF REPORT

DATE: December 13, 2002

TO: Board of Directors

FROM: Margaret Gallagher, District Counsel

SUBJECT: CONSIDERATION OF AMENDMENT AND REINSTATEMENT OF THE DISTRICT'S DEFERRED COMPENSATION PLAN AND TRUST, IN ORDER TO IDENTIFY A NEW TRUSTEE AND TO FACILITATE CHANGES IN THE LAWS FOR 457 PLANS

I. RECOMMENDED ACTION

Amend and restate the District's NPC Deferred Compensation Plan and Trust, in order to identify a new trustee and adopt certain changes to the newly adopted plan as set forth in staff report dated November 22, 2002 in order to facilitate changes in the laws for 457 plans.

II. SUMMARY OF ISSUES

- There is a need to amend and restate the NPC District's Deferred Compensation Plan and Trust.
- The District has two deferred compensation plans. The NPC Plan was established in 1982 and the Public Employees Retirement System (PERS) Plan was established in 1996.
- In 1998, the Board of Directors amended and restated the NPC Plan in order to include statutory revisions made to the Internal Revenue Code Section 457 to provide for the security and benefit of District employees who are participants in the Plan.
- Because the District's trustee to the NPC Plan is resigning and because the state and federal laws relative to 457 plans were revised, there is a need to restate and modify the District's NPC Deferred Compensation Plan that changes the trustee and to amend the new plan with certain changes in the law as specifically recommended in the attached November 22, 2002 staff report so that the participating employees can take advantage of these changes in this retirement plan.

III. DISCUSSION

Last month the Board of Directors requested that it be advised of exactly what the Unions' recommendations were with regard to each of the staff recommendations regarding the Great West Plan and the changes that were being recommended to facilitate certain revisions in the laws relative to 457 Plans. Since that meeting, I met with both unions separately. Bonnie Morr, Chair of UTU supported all of staff's recommendations. I also met with SEIU

representatives who wished that the Board of Directors would implement the staff recommendations at this time with the understanding that they would be able to meet and confer on certain issues at a later date. Attached to this report is District Counsel's letter to SEIU confirming the conversation and understanding of District staff's agreement with the Union regarding the implementation of the Plan.

IV. FINANCIAL CONSIDERATIONS

None.

V. ATTACHMENTS

Attachment A: Staff Report dated November 22, 2002 with attachments

Attachment B: Letter to SEIU dated November 25, 2002

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: November 22, 2002

TO: Board of Directors

FROM: Margaret Gallagher, District Counsel

SUBJECT: CONSIDERATION OF AMENDMENT AND REINSTATEMENT OF THE DISTRICT'S DEFERRED COMPENSATION PLAN AND TRUST, IN ORDER TO IDENTIFY A NEW TRUSTEE AND TO FACILITATE CHANGES IN THE LAWS FOR 457 PLANS

I. RECOMMENDED ACTION

Amend and restate the District's NPC Deferred Compensation Plan and Trust, in order to identify a new Trustee and to Facilitate Changes in the Laws for 457 plans.

II. SUMMARY OF ISSUES

- There is a need to amend and restate the NPC District's Deferred Compensation Plan and Trust.
- The District has two deferred compensation plans. The NPC Plan was established in 1982 and the Public Employees Retirement System (PERS) Plan was established in 1996.
- In 1998, the Board of Directors amended and restated the NPC Plan in order to include statutory revisions made to the Internal Revenue Code Section 457 to provide for the security and benefit of District employees who are participants in the Plan.
- Because the District's trustee to the NPC Plan is resigning and because the state government changed the laws relative to 457 plans, there is a need to restate and modify the District's NPC Deferred Compensation Plan that changes the trustee and incorporates the changes in the law so the participating employees can take advantage of these changes in this retirement plan.

III. DISCUSSION

The National Plan Coordinators (NPC) Deferred Compensation Plan and Trust was established in 1982 for the District. Through this plan and the PERS Plan, a District employee may contribute up to the established maximum amount of compensation received from the District into one or both deferred compensation plans for the purpose of deferring income taxes on his/her retirement benefits. In December 1998, the Board of Directors approved by Resolution Amendment and Restatement of the National Plan Coordinators (NPC) Deferred Compensation Plan and Trust. At that time Ronnie Nichols was named as trustee for the Plan. (Attachment A)

Great-West purchased NPC.

The Economic Growth and Tax Relief and Reconciliation Act of 2001 (EGTRRA) allows plan sponsors to amend their eligible 457 deferred compensation plans to provide valuable additional benefits to participants. Recent state law changes brought California tax law into conformity with EGTRRA. EGTRRA places governmental 457(b), 401(k) and 403(b) retirement plans on equal par with each other in terms of contribution limits and distribution options. It also gives people over 50 a chance to catch up on their retirement savings. Overall, the law offers major opportunities for people to increase retirement savings, making tax-deferred plans more attractive than ever. With these changes additional investment options will become available for the participating employees.

The following are some of the benefits of EGTRRA that eligible participants can take advantage of as a member of a governmental 457(b) plan should the Board of Directors wish to implement them:

1. Contribution limits for 457(b), 401(k), and 403(b) plans have increased. That brings the maximum to \$11,000 in 2002, \$12,000 in 2003, \$13,000 in 2004, \$14,000 in 2005 and \$15,000 by 2006.
2. The regular catch-up limit for 457(b)s has doubled, to twice the annual contribution limit. There also is a new provision allowing people who are or will be age 50 and over during the calendar year to contribute an additional \$1,000 over and above the maximum contribution limit for 2002. This additional contribution amount will increase to \$2,000 in 2003, \$3,000 in 2004, \$4,000 in 2005 and \$5,000 in 2006..
3. EGTRRA permits people still in service to transfer money from their 457 or 403(b) plans to purchase permissible pension plan service credit for which they are eligible.
4. Distribution rules for 457(b)s have been liberalized. Distributions from a 457(b) plan are taxable only when they are received, eliminating any further need for participants to irrevocably elect a start-date, age or method of payment for receiving distributions from their 457(b) plan when they leave employment.
5. EGTRRA provides a tax credit to people within certain adjusted income ranges that will offset a percentage of the contributions they make to a governmental 457(b) plan.
6. EGTRRA also creates portability—permitting rollovers between governmental 457(b), 401(k), 403(b) plans and IRAs. This means a participating employee can roll his/her pre-tax retirement savings from former employers into the type of plan offered by a new employer, so long as the new employer's plan has elected to accept such rollovers.
7. For participants whose employer also offers a 401(k) or 403(b) plan, they can enroll in the 401(k) or 403(b) plan as well as the 457(b) plan and contribute to the maximum amount to both plans simultaneously.

In order to change the trustee and to incorporate most of the new law into the District's 457 Plan the following documents must be approved:

a. **Adopt Section 457 Eligible Deferred Compensation Plan for Governmental Employers (Attachment B)**

Eligible governmental employers may use the attached Plan. According to BenefitsCorp over 95% of the public agencies in California that utilize services from Great-West, use the Great-West model plan document. The County of Santa Cruz currently uses this document for its 457 Plan. The Plan provides for, in addition to other things, the creation of a trust and a trust fund, investments, distributions, tax treatment of amounts contributed, non-assignability. Through use of this plan document, Great-West will advise Metro when updates are required as the laws change.

b. **Adopt Great-West Life & Annuity Insurance Company's Group Deferred Compensation Annuity Contract (Attachment C)**

The attached annuity contract modifies and enhances the Deferred Compensation Plan (Attachment B). This contract reduces the monies paid to Great West from 1.25% to .75% on each transaction.

c. **Adopt Agreement for Recordkeeping and Communication Services 457 deferred Compensation Plan Group #340217-01 (Attachment D)**

This agreement gives Metro written rights and guarantees of service specifically setting forth what Great West will do regarding record keeping and enrollment

d. **Adopt the Resolution implementing Section 457 Custodial Account Agreement with Wells Fargo Bank West, N.A. (Attachment E)**

In order to facilitate the Deferred Compensation Plan, a custodial account is necessary. This takes the place of the trust and, in fact, is treated like a trust for purposes of federal law. If approved, Wells Fargo Bank West, National Association will become the successor to Ronnie E. Nichols. Wells Fargo will serve without a fee payable by the Plan. Pursuant to this Resolution, Wells Fargo will open and maintain a custodial account in the name of the Plan and will hold in the account all cash, securities and other property deposited. Wells Fargo is responsible for the collection of all investment income relating to the assets in the account. Wells Fargo will also make payments from the account to participants or their beneficiaries as required to do so by Metro.

e. **Adopt the Adoption Agreement (Attachment F)**

The Adoption Agreement must be implemented if the BenefitsCorp Plan is implemented. The Adoption Agreement is the vehicle for activating certain sections of the Plan Document. Certain provisions will or will not apply based upon the manner in which the agreement is completed.

It is incumbent upon the Board of Directors to determine how the District's Plan should be implemented, which, if accepted, incorporates certain changes allowed by EGTRRA.

1. **Issue:** EGTRRA permits the maximum regular deferral limit to be the lesser of 100% of includible compensation or \$11,000 in 2002, increasing in \$1,000 increments per year up to \$15,000 in 2006, then indexed for inflation in \$500 increments. Catch-up contributions during the three years prior to normal retirement age may be increased from \$15,000 to twice the regular elective deferral limit. Deferrals to other types of elective deferral plans, such as 401(k) and 403(b), are no longer required to reduce the amount that can be contributed to the 457 Plan.

Recommendation: The Board in adopting the Benefitcorp, Inc. Plan will allow the Plan participants the ability to make additional elective deferrals and take advantage of changes in the catch-up limits. There is no administrative cost to the Plan for making changes and the amendment affords the Plan participants an opportunity to put more money away toward retirement. **(Benefitcorp, Inc. Plan §4.02; Attachment B).**

2. **Issue:** EGTRRA permits employees who turn age 50 or over during the calendar year to contribute an additional amount into the plan for all plan years except during the three years prior to normal retirement age while they are utilizing the regular 457 catch-up provision. New Code section 414(v) sets out the additional amount applicable to 457 plans. The additional amount is \$1,000 in 2002, increasing in \$1,000 increments each year up to \$5,000 in 2006. This additional amount is then indexed for inflation in \$500 increments.

Recommendation: This allows for participating employees aged 50 years or older to increase their contributions to the Plan. Such change affords Plan participants with the opportunity to put more money aside for retirement without adding to the cost of administering the Plan, and not being administratively burdensome to the Plan Administrator. **(Benefitcorp, Inc. Plan §4.04; Attachment B).**

3. **Issue:** EGTRRA permits 457(b) plan assets to remain tax deferred until actually distributed from the plan. Under amended section 457(a), the participants' account balances are no longer taxable when "made available." The special distribution rules under 457(d) are repealed such that payments are no longer required to be paid in substantially non-increasing amounts paid at least annually. Non-spouse beneficiaries may ~~not~~ **now** take distributions over life expectancy, not just 15 years. Adopting these provisions requires deleting plan language taxing a participant's 457 account balance at severance of employment prior to an amount being paid to the participant or other beneficiary.

Recommendation: This amendment is not recommended because while giving Plan participants more distribution flexibility, as Great-West points out, such flexibility may cause the Plan to incur further administrative expenses and will involve additional work by the plan sponsor. Great West has indicated that it will permit up to two changes in payout amounts per calendar year from each participant, free of charge. However, subsequent changes in the same calendar year may involve an additional fee paid by the participant.

4. **Issue:** EGTRRA permits the plan to allow 457(b) plan participants to request a trustee-to-trustee transfer of assets from their 457(b) account to a governmental defined benefit plan for the purchase of permissible service credit (as defined in section 415(n)(3)(A)) under such plan or a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof.

Recommendation: This would allow a transfer from the 457 Plan to a defined benefit plan such as CalPERS. The amendment does not involve any administrative burdens or expense, adoption is recommended, although it may never be utilized. **(Benefitcorp, Inc. Plan §7.03(c); Attachment B)**

5. **Issue:** EGTRRA permits the Plan to accept rollover contributions from other types of employer-sponsored plans, including 401(a), 401(k), and 403(b) plans, and IRAs pursuant to new Code section 457(e)(16) and revised section 402(c)(8)(B) defining eligible retirement plan. This change would allow participants to consolidate assets from plans of previous employers and personal IRAs, and allows for greater account growth within the 457 plan. There may be additional fees for record-keeping services to accommodate rollovers from multiple sources other than Code section 457 Plans.

Recommendation: Not recommended for adoption because they increase the administrative burden and cost to the Plan if it were to accept rollovers from other employers' plans or provide for the processing of qualified domestic relations orders. **(Benefitcorp, Inc. Plan §7.01(b), Attachment B; Adoption Agreement, Attachment F)**

6. **Issue:** EGTRRA permits the Plan to accept qualified domestic relations orders pursuant to amended Code section 414(p)(11) to transfer all or a portion of a participant's account to an alternate payee pursuant to divorce. The Plan may provide for immediate payments to alternate payees and tax report such distributions to former spouse alternate payees.

Recommendation: This is a favorable change for participants and alternate payees, and greatly simplifies plan administration and tax reporting. It should also reduce the number of alternate payee accounts set up under the Plan.

7. **Issue:** Plans are allowed to cash out small account balances (typically \$5,000 or less) without the participant's consent upon severance of employment. EGTRRA requires Treasury to issue regulations within three years of the date of enactment that will require all plans with a mandatory cash-out provision to designate an IRA provider to receive unclaimed small accounts. If the participant does not request the distribution in cash or direct it to another Plan or IRA, the plan must send all amounts of \$1,000 or more to the designated IRA provider and determine the default option for such amounts to be invested in.

Recommendation: It is recommended that the Plan Sponsor adopt this amendment, as it would allow for the payout of account balances of \$5,000 or less without action by the Plan participant. Such an amendment helps to reduce administrative burden of the Plan by clearing out some small accounts.

8. Provision for loans has been made in the recently issued 457 regulations.

Recommendation: This amendment is not recommended, as it would provide for Plan loans to Plan participants, which would allow borrowing out of participant's accounts. Such a loan program can be time consuming to administer and consequently increase administrative expenses.

As part of Benefitscorp 457 Plan, a committee will be established to review applications from employees for distribution of funds due to unforeseeable emergencies. Attachment H includes the application for such distribution to be completed by the employee.

IV. FINANCIAL CONSIDERATIONS

None.

V. ATTACHMENTS

Attachment A: Amendment and Restatement of the National Plan Coordinators (NPC) Deferred Compensation Plan and Trust

Attachment B: Section 457 Eligible Deferred Compensation Plan for Governmental Employers

Attachment C: Great-West Life & Annuity Insurance Company's Group Deferred Compensation Annuity Contract

Attachment D: Agreement for Recordkeeping and Communication Services 457 deferred Compensation Plan Group #340217-01

Attachment E: Resolution implementing Section 457 Custodial Account Agreement with Wells Fargo Bank West, N.A.

Attachment F: Adoption Agreement – Benefitscorp, Inc. Section 457 Eligible Deferred Compensation Plan for Governmental Employers

Attachment G: Great-West Life & Annuity Insurance Company Letter Agreement

Attachment H: Application for Withdrawal of Funds Due to Unforeseen Emergency

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
NPC DEFERRED COMPENSATION PLAN AND TRUST
Effective Date: 4/16/82
Amended and Restated effective 1/1/99

Chapter 01 PLAN ESTABLISHED

01 Plan Established. As provided in Section 457 of the Internal Revenue Code of 1986, as amended (hereinafter referred to as the "Code"): Santa Cruz Metropolitan Transit District (defined more completely below as the "Plan Sponsor") hereby amends and restates the Santa Cruz Metropolitan Transit District NPC Deferred Compensation Plan and Trust (hereinafter referred to as the "Plan") for the employees of the Santa Cruz Metropolitan Transit District. Nothing contained in this Plan shall be deemed to constitute an employment agreement between the Participant and the Plan Sponsor and nothing contained herein shall be deemed to give a Participant any right to be retained in the employ of the Plan Sponsor.

Chapter 02 DEFINITIONS

02-1 Accumulated Deferrals. "Accumulated Deferrals" means Compensation deferred under the Plan, adjusted until date of payment by income received, increases or decreases in investment value, fees and any prior distributions made.

02-2 Beneficiary. "Beneficiary" means a beneficiary of a Participant, a Participant's estate, or any other person whose interest in the Plan is derived from the Participant.

02-3 Committee. "Committee" means the Committee for NPC Deferred Compensation Plan and Trust appointed by the Plan Sponsor. The Committee shall be composed of the Human Resources Manager and Finance Manager and one representative from Services Employees International Union (SEIU) Local 415 and one representative from United Transportation Union (UTU) Local 23.

02-4 Compensation. "Compensation" means all payments made to a public employee by the Plan Sponsor as remuneration for services rendered.

02-5 Deferred Compensation. "Deferred Compensation" means the amount of the Participant's Compensation which the Participant and the Plan Sponsor shall mutually agree (prior to the date for which such Compensation is earned) will be deferred.

02-6 Eligible Employee. "Eligible Employee" means any person who is employed by and receives any type of Compensation from the Plan Sponsor for whom services are rendered, and who is a full-time, regular part-time working half-time, or more, and represented by a union recognized by the Plan Sponsor or designated in the management group.

02-7 Normal Retirement Age. "Normal Retirement Age," as used in the Plan, means the range of ages:

02-7 Ending not later than age seventy and one-half (70-K): and

(2) Beginning not earlier than the earliest age at which the Participant has the right to retire under a Plan Sponsor's pension plan for which the Participant is eligible without consent of the Plan Sponsor and under which the Participant will receive immediate retirement benefits without actuarial adjustment due to retirement prior to some later specified age in the Plan Sponsor's pension plan.

02-8 Participant. "Participant" means any Eligible Employee of the Plan Sponsor who executes a Participation Agreement with the Plan Sponsor assenting to the provisions of this Plan, once the Participation Agreement has been approved.

02-9 Participation Agreement "Participation Agreement" means the agreement executed and filed by an Eligible Employee with the Plan Sponsor pursuant to Chapter 04 of this Plan, in which the Eligible Employee elects to become a Participant in the Plan.

02-10 Plan Administrator. Plan Administrator means the Human Resources Manager of the Plan Sponsor who shall administer the Plan on behalf of the Plan Sponsor.

02-11 Plan Sponsor. "Plan Sponsor" means Santa Cruz Metropolitan Transit District, a governmental agency in the State of California as described in Section 1.457-2(c) of the Treasury Regulations.

02-12 Separation From Service. "Separation (or Separates) from Service" means "separation from service" as that term is interpreted for purposes of Section 402(e)(4)(D)(i)(III) of the Code and refers to the severance of the Participant's employment with the Plan Sponsor. A Participant will be deemed to have severed his or her employment as of the date of his or her last payroll.

02-13 Trust. "Trust" means the trust established under the terms of this Plan

02-14 Trustee. "Trustee" means Ronnie E. Nichols, and any successor or successors which shall accept appointment to execute the duties of Trustee as set forth in this Plan.

Chapter 03 ADMINISTRATION

03-1 Administered by Plan Administrator. This Plan shall be administered by the Plan Administrator who shall represent the Plan Sponsor in all matters concerning the administration of this Plan.

03-2 Plan Administrator To Adopt Rules and Regulations. The Plan Administrator shall have full power and authority to adopt rules and regulations for the administration of the Plan, and to interpret, alter, amend, or revoke any rules and regulations so adopted.

03-3 Plan Administrator Action Fair And Reasonable. Every action taken by the Plan Administrator shall be presumed to be a fair and reasonable exercise of the authority vested in or the duties imposed upon him/her. The Plan Administrator shall be deemed to have exercised reasonable care, diligence and prudence and to have acted impartially as to all persons interested, unless the contrary be proven by affirmative evidence.

03-4 Plan Administrator to Maintain Records of Accounts. To facilitate an orderly administration of the Plan, the Plan Administrator shall maintain or cause to be maintained a deferred compensation ledger account with respect to each Participant.

Chapter 04 PARTICIPATION IN THE PLAN

04-1 Enrollment. Enrollment in the Plan.

(1) An Eligible Employee may become a Participant by executing a Participation Agreement. Compensation will be deferred for any pay period only if a Participation Agreement providing for such deferral is executed by the Participant and approved by the Plan Administrator or his/her designee before the beginning of the pay period.

(2) In signing the Participation Agreement, the Participant elects to participate in this Plan and consents to the Plan Sponsor deferring the amount specified in the Participation Agreement from the Participant's gross Compensation for each pay period. The amount specified must equal to at least ten dollars (\$10) per pay period and shall continue until changed or revoked pursuant to Chapter 04-6 or 04-7 of this Plan.

04-2 Plan To Plan Transfers.

(1) Transfers To The Plan: If a Participant was formerly a participant in an eligible state deferred compensation plan (within the meaning of Section 457 of the Code and the regulations thereunder), and if such plan permits the direct transfer of the Participant's interest therein to the Plan, then the Plan shall accept assets representing the value of such interest; provided, however, the Plan Administrator may require in its sole discretion that some or all of such interest be transferred in cash or its equivalent. Such amount shall be held, accounted for, administered and otherwise treated in the same manner as compensation deferred by the Participant under the Plan except that:

(a) Only the amount, if any, transferred to this Plan which was deferred under the transfer or plan in the taxable year when transfer occurs shall be treated as Compensation deferred under the Plan in such year.

(b) No amount may be transferred to this Plan as of the time when such amount is paid or made available under the Section 457 plan of the Participant's prior employer.

(2) Transfers From The Plan: The amounts credited to the account of a former Participant in the Plan may be transferred to another eligible deferred compensation plan (within the meaning of

Section 457 of the Code and the regulations thereunder) and in which the former Participant currently participates, and if such plan provides for the acceptance of such amounts. The only rollovers or transfers allowable under Section 457 of the Code are from one eligible Section 457 plan to another eligible Section 457 plan. If a Participant, prior to pay-out beginning, accepts employment with an entity who offers an eligible Section 457 plan, and the Participant becomes a participant in that plan, then Accumulated Deferrals may, at the election of the Participant and after written notice to the Plan Administrator, be transferred to the other plan, provided that plan provides for the acceptance of such transfers.

(3) Application for Transfer: If the conditions in subchapters (I) and (2) of this chapter are met and the Participant wishes to transfer his/her account, he/she shall complete any application form and/or other documents as may be required by the Plan Administrator.

(4) Administrative Rules: The Plan Administrator shall prescribe such rules consistent with the provisions of subchapters (I) and (2) of this Chapter concerning plan-to-plan transfers as in its sole judgment it deems desirable for the orderly administration of the Plan.

04-3 Deferral Limitation.

(1) Except as provided in Chapter 04-4, relating to catch-up, the maximum that may be deferred under the Plan for any taxable year of a Participant shall not exceed the lesser of eight thousand dollars (\$8,000), adjusted for the calendar year to reflect increases in cost-of-living in accordance with Sections 457(e)(15) and 415(d) of the Code, or thirty-three and one-third percent (33 1/3%) of the Participant's includible compensation, each reduced:

(a) By any amount excludable from the Participant's gross income for that taxable year under Section 403(b) of the Code; and

(b) Effective for taxable years beginning after December 31, 1996, by any amount:

(i) Excluded from gross income under Section 402(e)(3) or 402(h)(1)(B) or (k) of the Code (relating to a Participant's elective deferrals to simplified employee pensions) for that taxable year; or

(ii) For which a deduction is allowable for that taxable year by reason of a contribution to an organization described in Section 501(c)(18) of the Code (relating to pension trusts created before June 25, 1959, forming part of a plan for payment of benefits under a pension plan funded only by contributions of employees); and

(c) By any amount the Participant contributes to any other plan covered by Section 457 of the Code (relating to deferred compensation plan(s)) during the taxable year.

(2) "Includible compensation" for purposes of this Chapter means includible compensation as defined in Section 457(e)(5) of the Code and as further defined by Treasury Regulation 1.457-2(e)(2) interpreting that section, and is determined without regard to community property laws. Includible compensation for a taxable year includes only compensation from the Plan Sponsor that is attributable to services performed for the Plan Sponsor and that is includible in the Participant's gross income for the taxable year for federal income tax purposes. Accordingly, a Participant's includible compensation for a taxable year does not include an amount payable by the Plan Sponsor that is excludable from the Participant's gross income under:

- (a) Section 457 of the Code;
- (b) Section 403(b) of the Code (relating to annuity contracts purchased by non-profit organizations described in Section 501(c)(3) of the Code or public schools);
- (c) Section 105(d) of the Code (relating to wage continuation plans);
- (d) Section 911 of the Code (relating to citizens or residents of the United States living abroad);
- (e) Section 402(e)(3) or 402(h)(1)(B) of the Code (relating to simplified employee pensions);
- (f) Section 501(c)(18) of the Code (relating to certain pension trusts);
- (g) Section 402(k) of the Code (relating to qualified cash or deferred arrangements); or
- (h) Section 408(p) of the Code (relating to SIMPLE Retirement Accounts).

(3) In computing includible compensation, total gross compensation as shown on the Plan Sponsor's earnings statements must be reduced by:

- (a) Pre-tax contributions to retirement plans under Section 414(h) of the Code; and
- (b) Any contributions to cafeteria plans under Section 125 of the Code (including those associated with such items as dependent care salary reduction plans)

before excluding the items listed in subchapters (2)(a) through (h) of this Chapter.

04-4 Catch-up provision. For one or more of the Participant's last three (3) taxable years ending before attaining Normal Retirement Age under the Plan, the maximum deferral shall be the lesser of

- (1) Fifteen thousand dollars (\$ 15,000) for the taxable year, reduced in the same manner as the eight thousand dollars (\$8 000) limitation is reduced in Chapter 04-3, or

(2) the sum of:

(a) the limitations established for purposes of Chapter 04-3 of the Plan for the taxable year (determined without regard to this Chapter), plus

(b) So much of the limitation established under Chapter 04-3 for taxable years before the taxable year as has not theretofore been used under Chapter 04-3 or Chapter 04-4. A prior taxable year shall be taken into account only if

(i) It begins after December 31, 1978;

(ii) The Participant was eligible to participate in the Plan during all or any portion of the taxable year; and,

(iii) Compensation deferred (if any) under the Plan during the taxable year was subject to a maximum limitation (as established under Chapter 04-3).

A prior taxable year includes a taxable year in which the Participant was eligible to participate in an eligible plan sponsored by another employer. In no event can the Participant elect to have the catch-up provision apply more than once whether or not the full catch-up had been utilized. This catch-up provision may not be used in the year in which the Participant attains age seventy and one-half, and may not be used in any year thereafter.

04-5 Plan Administrator May Disallow Deferral. The Participant acknowledges the right of the Plan Administrator to disallow deferral of Compensation under the Plan in excess of the limitations in Chapter 04-3 and 04-4. However, the Plan Administrator/Plan Sponsor shall have no duty to assure that amounts deferred are in compliance with such limitations.

04-6 Modification Of Deferral Or Funding Option(s)- A Participant may change his/her deferral or funding option(s) during an open enrollment period. Funding option(s) may be not be changed more than four (4) times in any calendar year, or a fee may be charged. Changes in the amount of deferral must equal at least ten dollars (\$10) or more per funding option per month. (Beneficiaries entitled to receive Accumulated Deferrals may also change funding options not more than four (4) times per year.) Any combination of a decrease, a transfer, or a change in funding option (s) effective the same date, shall be considered-one change. A change (whether counted as such or not) shall be effective for any calendar month only if the Participant signs a new Participation Agreement and it is approved by the Plan Administrator or his/her designee before the beginning of that calendar month. All Participation Agreements indicating changes in funding option(s) must be filed with the Plan Administrator no later than fifteen (15) days prior to the established pay date for which the change will occur. The Plan Administrator reserves the right to defer the effective date of any change.

04-7 Suspension And Reinstatement Of Deferral.

SUSPENSION. A Participant may at any time direct that deferrals under the Participant's Participation Agreement cease by completing the proper form and filing it with the Plan

Administrator no later than the last day of the payroll period prior to the payroll period during which the deferrals are to cease; however, Accumulated Deferrals shall only be paid as provided in Chapter 04-9 through 04-15.

REINSTATEMENT. A Participant who has directed the cessation of deferrals may resume deferrals for any calendar month commencing no sooner than the month following the close of next enrollment period by executing a new Participation Agreement to defer Compensation. The waiting period shall not apply to Participants who are on leave without pay as discussed in Chapter 06.

04-8 Funding Options. The Committee shall provide that all investments under the Plan shall at all times be made on an individually directed basis and in conformance with CA GOV. CODE 532 13.5. Each Participant shall designate on his/her Participation Agreement the funding option(s) in which he/she wishes to have invested. The funding option(s) shall be selected from those options made available for this purpose from time to time by the Committee, in its sole discretion. The Committee may make available as funding options:

- (1) A fixed rate investment or pool of investments including deposits with a credit union, savings and loan association, mutual savings bank and fixed annuities;
- (2) Specified mutual fund shares, shares of an investment company, or variable annuities; or
- (3) Fixed or variable life insurance, or other options permitted by law and selected by the Committee.

In the event that a selected funding option experiences a loss, the Participant's Accumulated Deferrals payable hereunder shall likewise reflect a loss for the period.

04-9 Designation Of Beneficiaries. Each Participant shall have the right to designate a Beneficiary or Beneficiaries to receive Accumulated Deferrals in the event of Participant's death. If no such designation is in effect upon the death of a Participant, the Beneficiary shall be the surviving spouse, or if none, then the Beneficiary shall be the Participant's estate. A Participant may change his/her Beneficiary designation at any time by filing a change of beneficiary form with the Plan Administrator. A Participant may also change his/her Beneficiary designation by completing the beneficiary designation portion of a Participation Agreement form. The Participant may name:

- (1) A designated organization or person (including without limitation his/her unborn or later adopted children). If unborn or later adopted children are to be included, the designation must so indicate. The date of birth must be furnished for any living person who is named and who is under the age of eighteen.
- (2) His or her estate;

(3) A trust which is in existence, or which is to be established under the Participant's last will. For an existing trust, the Participant must provide the name of the trust and the date it was established

The Participant may name contingent Beneficiaries in addition to primary Beneficiaries. Any named Beneficiary must have a tax I.D. number or a social security number.

04-10 Distribution To Participant After Separation From Service. After Separation from Service, Accumulated Deferrals shall be paid to the Participant in one or more installments as elected by the Participant pursuant to Chapter 4-12 through 4-14.

04-11 Distribution In The Event Of Death Of Participant Or Beneficiary.

(1) Should the Participant die at any time, Accumulated Deferrals shall be paid to the Beneficiary or Beneficiaries designated by the Participant pursuant to Chapter 04-9. The Accumulated Deferrals shall be paid out as provided in Chapter 04-9 through 04-14. If no Beneficiary is designated as provided in the Participation Agreement, or if the Designated Beneficiary does not survive by a period of thirty (30) days, then a lump sum or series of payments shall be paid, in accordance with Chapter 04-9 through 04-14, to the surviving spouse, or if none, a lump sum shall be paid to the estate of the Participant.

(2) In the event a Beneficiary becomes entitled to receive Accumulated Deferrals but dies prior to the distribution of the total Accumulated Deferrals, Accumulated Deferrals shall become payable to the Beneficiary's estate on the first day of the third month following the written notice of the Beneficiary's death, unless Accumulated Deferrals are being paid in the form of an annuity, in which case the disposition of the remaining amount shall be determined by the annuity contract. Such annuity contracts shall be issued pursuant to the rules set forth in Chapter 04-14.

04-12 Elections Regarding Distribution. Each Participant (or in the event of death, each Beneficiary other than an organization, estate, or trust) shall elect when his/her pay-out will begin and the pay-out period.

(1) **Election Regarding Time Of Payment.** The election regarding the time when payment will begin shall be made when a Participant Separates from Service (or dies having Separated from Service and having previously elected when payment will begin). Once made, the election regarding when pay-out will begin is irrevocable as to the Participant or Beneficiary making the election. Notwithstanding the above, if a Participant has elected, in accordance with the Plan, to defer the commencement of distributions beyond the first permissible payout date, then the Participant may make an additional election to further defer the commencement of distributions, provided that the election is filed before distributions actually begin and the later commencement date meets the required distribution commencement date provisions of Sections 401(a)(9) and 457(d)(2) of the Code. A Participant may not make more than one such additional deferral election after the first permissible payout date.

For purposes of the preceding paragraph the "first permissible payout date" is the earliest date on which the Plan permits payments to begin after Separation from Service, disregarding payments to a Participant who has an unforeseeable emergency or attains age 70-½, or under the in-service distribution provisions of the Plan.

(2) Election Regarding When Payment Will Begin

(a) By a Participant who Separates from Service other than by reason of death, must be made not later than sixty (60) days after Separation from Service. Payment may begin on the date nearest the first day of the month in which an election is filed with the Plan Administrator on forms provided for that purpose, and payment must begin within the time prescribed by Chapter 04-14.

(b) By a Beneficiary, other than an organization, estate or trust, where the Participant was not already receiving payments, payments must be made not later than sixty (60) days after the Participant's death. Payment may begin on the date nearest the first day of the month in which the election is filed with the Plan Administrator on forms provided for that purpose, and payment must begin within the time prescribed by Chapter 04-14.

(3) Election Regarding Method Of Payment. The Participant (or Beneficiary other than an organization, estate or trust) who makes an election regarding the date payment will begin, may also elect the period over which payments will be made. The pay-out period election may be made either at the time he/she elects a beginning date for pay-out or at any time not later than sixty (60) days prior to the date pay-out is to begin. Once having made this election, the Participant (or Beneficiary, other than an organization, estate, or trust) may change the pay-out period election not later than sixty days prior to the date pay-out is to begin. Such a Beneficiary may also make this election where the Participant was already receiving payments but, as provided in Chapter 04-14(3)(a), must receive distribution at least as rapidly as it was being distributed to the Participant. Such a Beneficiary must make the pay-out period election not later than sixty (60) days after the death of the Participant and pay-out will be suspended following the Participant's death until the Beneficiary either makes a pay-out period election or begins receiving payment as provided in subchapter (4) of this chapter; provided, if the Participant was receiving pay-out in the form of an annuity contract, then the successor's right shall be limited by the terms of that contract.

(4) How Elections Are Made. A Participant or Beneficiary makes elections allowed under this Chapter by completing and filing applicable payment request forms with the Plan Administrator.

(5) Consequences In Absence Of A Timely Election Regarding Time Of Payment. Absent a timely election regarding when pay-out is to begin, pay-out will begin on the fifteenth day of the month following the month in which the election period ends, and will be made, in a lump sum if the Accumulated Deferrals as of the end of the election period are less than twenty-five thousand dollars (\$25,000) or, if the Accumulated Deferrals are twenty-five thousand dollars (\$25,000) or more, in the form of a lifetime annuity with a fifteen (15) year certain period or

(a) As may be necessary under the minimum pay-out requirements of Section 457(d)(2)(B)(i)(I) of the Code, requiring amounts to be paid not later than as determined under Section 401(a)(9)(G) of the Code or

(b) As may be necessary under Section 457(d)(2)(B)(i)(II) of the Code, requiring amounts not distributed to the Participant during his/her life to be distributed at least as rapidly as they were being distributed as of the Participant's death.

(6) Effects Of Certain Employment Changes. Transfers from the Plan are allowed in the circumstances described in Chapter 04-2(2).

(7) Consequences In Absence Of A Timely Election Regarding Method Of Payment. In the absence of a timely election regarding the period of time over which payment will be made, payment will be made in the manner described in subchapter (5) of this Chapter.

(8) Payment To An Organization, Estate, Or Trust. Any amount payable to an organization, estate, or trust shall be paid in a lump sum as prescribed in Chapter 04-14(3).

04-13 Investment Mode Election. Each Participant shall designate on his Participation Agreement his selected investment mode. Such designation shall continue unless changed pursuant to this Chapter. The investment mode shall be selected from those modes made available for this purpose from time to time by the Committee, in its sole discretion. The Committee may make available as modes for investment

(1) A fixed rate investment or pool of investments including deposits with a credit union, savings and loan association, mutual savings bank and fixed annuities;

(2) Specified mutual fund shares, shares of an investment company, or variable annuities; or

(3) Fixed or variable life insurance or other options permitted by law and selected by the Committee.

The Committee may from time to time change the available modes for investment. In the event that the selected investment mode experiences a loss, the Participant's benefit payable hereunder shall likewise reflect loss, rather than income, for the period.

04-14 Distribution Of Deferrals.

(1) General Rule. Payment of Accumulated Deferrals will be made in at least annual, substantially nonincreasing amounts. Payments are also subject to the limitations in subchapters (2) through (5) of this Chapter.

(2) Distribution To Participant. A Participant must either:

- (a) Receive his/her entire interest prior to the latest of:
 - (i) The April 1st immediately following the close of the Plan year in which the Participant attains age seventy and one-half, or
 - (ii) The April 1st immediately following the close of the Plan year in which the Participant Separates from Service with the Plan Sponsor; or
- (b) Begin receiving his/her interest not later than the time specified in (a) of this Subchapter and receive it over a period not longer than either:
 - (i) The life of the Participant;
 - (ii) The life of the Participant and a Beneficiary designated by the Participant;
 - (iii) The life expectancy of the Participant; or
 - (iv) The life expectancy of the Participant and a designated Beneficiary.

Payment must be sufficiently rapid to satisfy the requirements of Section 457(d)(2)(B)(i)(I) and Section 401 (a)(9)(G) of the Code; provided, that until tables are issued by the Secretary of the Treasury, if provision is made for the payment of a portion of the Accumulated Deferrals to a Beneficiary, the amount payable to the Participant **actuarially must** exceed two-thirds (2/3) of the maximum amount payable to the Participant had no provision been made for payments to the Beneficiary (determined as of the commencement of the distribution). Once payments to a Participant begin, the Participant may accelerate the payment schedule **only** in the event of an unforeseeable emergency (and subject to the provisions of Chapter 05 regarding such emergencies).

(3) Distribution To Beneficiaries.

- (a) When distribution begins prior to the Participant's death, then pay-out must be made at least as rapidly as it was being made to the Participant. When the Beneficiary is an organization, estate or trust, then payment will be payable in a lump sum.
- (b) When distribution does not begin prior to the Participant's death, and is to be made:
 - (i) To an organization, estate or trust, then payment **will** be payable in a lump sum on the first day of the third month following written notice of the Participant's death;
 - (ii) 'To a living Beneficiary designated by the Participant other than the Participant's surviving spouse, and, by election, not to begin within one (1) year of the Participant's death, then the payment must be made within five (5) years of the Participant's death;

(iii) To a living Beneficiary designated by the Participant other than the Participant's surviving spouse, and, by election, beginning within one year of the Participant's death, then payment must be made within fifteen (15) years of the Participant's death;

(iv) To the Participant's surviving spouse, whether as designated Beneficiary, or by default, then payment must begin prior to the April 1st immediately following the later of the close of the Plan year in which the Participant would have attained age seventy and one-half or, if later, the year in which the Participant Separated from Service, and payment may be made over the lifetime of the surviving spouse or over a period not longer than the life expectancy of the surviving spouse.

(4) For purposes of this chapter, life expectancies will be computed by use of the expected return multiples in Treasury Regulation 1.72-9. Where payment is being made over the joint lives of the Participant and the Participant's surviving spouse, the life expectancy of the Participant and the Participant's surviving spouse may be recalculated annually.

(5) Notwithstanding anything in this Plan to the contrary, distributions from the Plan will be made in compliance with the minimum distribution rules of Section 457(d)(2) of the Code, and in compliance with Treasury Regulations issued under Sections 401(a)(9) and 457(d)(2) of the Code as applicable.

04-15 In-Service Distribution.

(1) **Involuntary In-Service Distribution:** The Plan shall distribute the total amount payable under the Plan to a Participant who is an active employee of an eligible employer if the following requirements are met:

(a) the total amount payable to the Participant under the Plan does not exceed \$5,000;

(b) the Participant has not previously received an in-service distribution of the total amount payable to the Participant under the Plan; and

(c) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the in-service distribution.

(2) **Voluntary In-Service Distribution:** A Participant who is an active employee of an eligible employer shall receive a distribution of the total amount payable to the Participant under the Plan if the following requirements are met:

(a) the total amount payable to the Participant under the Plan does not exceed \$5,000 (or the dollar limit under Section 411(a)(11) of the Code, if greater);

(b) the Participant has not previously received an in-service distribution of the total amount payable to the Participant under the Plan;

- (c) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the in-service distribution; and
- (d) the Participant elects to receive the distribution.

Chapter 05 UNFORESEEABLE EMERGENCY

05-1 Unforeseeable Emergency. Notwithstanding any other provisions in the Plan, in the event of an unforeseeable emergency, a Participant or a Beneficiary entitled to Accumulated Deferrals may request the Plan Administrator to pay out a portion of Accumulated Deferrals. If the application for payment is approved by the Plan Administrator, payment will be made within sixty (60) days following such an approval. The amount paid shall be limited strictly to that amount reasonably necessary to satisfy the emergency need. For purposes of this Plan, an unforeseeable emergency shall be severe financial hardship to the Participant resulting from:

- (1) A sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Section 152(a) of the Code) of the Participant,
- (2) LOSS of the Participant's property due to casualty, or
- (3) Other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

The circumstances that **will constitute** an unforeseeable emergency will depend upon the facts of each case, but in any case, payment shall not be made to the extent that such hardship is or may be relieved (a) through reimbursement or compensation by insurance or otherwise; (b) by liquidation of the Participant's assets, to the extent liquidation of such assets would not itself cause severe financial hardship; or (c) by cessation of deferrals under the Plan. Examples of what shall not be considered to be unforeseeable emergencies include the need to send a Participant's child to college or the desire to purchase a home.

Chapter 06 LEAVE OF ABSENCE

06 Leave Of Absence. If a Participant is on an approved leave of absence from the Plan Sponsor, participation in this Plan shall continue.

Chapter 07 AMENDMENT OR TERMINATION OF PLAN

07-1 Termination Of Plan. The Plan Sponsor may at any time terminate this Plan. Upon such termination, Accumulated Deferrals will be paid pursuant to Chapter 04 of the Plan. All Participants' deferrals will cease.

07-2 Amendment Of Plan. The Plan Sponsor may also amend the provisions of this Plan at any time; provided, that no amendment shall affect the rights of Participants or their Beneficiaries regarding Accumulated Deferrals at the time of the amendment.

07-3 **Reasons For Amendment.** The Plan Sponsor, as may be caused by Treasury Regulations, Federal statute, State law or regulations, or operational experience, may from time to time find it necessary to change or amend t-his Plan.

07-4 **Procedure For Amendment.** If and when an amendment to the Plan is proposed, the Plan Sponsor shall notify all Participants, in writing prior to any actual amendment to the Plan, that an amendment will be made, what the proposed amendment will be, why it is being done, and what the likely impact, if any, there will be on the Participants as a result of the proposed amendment. If the proposed Plan amendment will have any adverse affect or impact on any or all Participants, each Participant adversely affected shall have the right to modify his/her Participation Agreement as necessary to reduce or eliminate any foreseen adverse impact on his/her Accumulated Deferrals. No amendment to the Plan shall affect the amount of Accumulated Deferrals which **at the time of such** amendment shall have accrued for Participants or Beneficiaries, to the extent of any Compensation deferred before the time of amendment and net income thereon accrued to the date of the amendment.

Chapter 08 RELATIONSHIP TO OTHER PLANS

08 **Retirement And Social Security Not Reduced.** It is intended that, pursuant to Section 457 of the Code, the amount of Deferred Compensation will not be considered as current compensation for purposes of federal income taxation. Such amounts will, however, be included as compensation in determining benefits or rights under the Plan Sponsor's group insurance, other retirement plans and FICA. **Payments** under this Plan will supplement retirement and death benefits payable **under the Plan Sponsor's group insurance and other retirement plans.**

Chapter 9 TRANSFER IN LIEU OF CASH

09 **Assets In Lieu Of Cash.** Upon the occurrence of any event requiring the payment of Accumulated Deferrals under this Plan, the Plan Administrator may, in its sole discretion, elect to honor a request from the Participant to substitute the transfer in kind and assignment of any asset which the Plan Sponsor has acquired, at fair market value.

Chapter 10 NON-ASSIGNABILITY CLAUSE

10 **Accumulated Deferrals Not Assignable.** It is agreed that neither the Participant, nor the Participant's Beneficiary or Beneficiaries, nor any other designee, shall have any right to commute, sell, assign, transfer, or otherwise convey the right to receive any payments hereunder, which payments and right thereto are expressly declared to be nonassignable and nontransferable; and in the event of attempt to assign or transfer, the Plan Sponsor shall have no further liability hereunder, nor shall any unpaid Accumulated Deferrals be subject to attachment, garnishment or execution, or be transferable by operation of law in event of bankruptcy, dissolution of marriage, or insolvency, except to the extent otherwise required by law.

Chapter 11 ASSETS

II Plan Assets. Notwithstanding any contrary provision of the Plan, in accordance with Section 457(g) of the Code, all amounts of Compensation deferred pursuant to the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights shall be held in trust for the exclusive benefit of Participants and Beneficiaries under the Plan. Any trust under the Plan shall be established pursuant to a written agreement that constitutes a valid trust under the law of California.

All amounts of Compensation deferred under the Plan shall be transferred to a **trust** established under the Plan within a period that **is not** longer than is reasonable for the proper administration of the accounts of Participants. **To comply with this** requirement, all **amounts** of Compensation deferred under the Plan shall be transferred to a trust established under the Plan not later than 15 business days after the end of the month in which the Compensation would otherwise have been paid to the employee.

Chapter 12 PARTICIPATION BY COMMITTEE MEMBERS

12 Participation By Committee Members. Members of the Committee, who are otherwise eligible, may participate in the Plan under the same terms and conditions as apply to other Participants but an individual member shall not participate in any Committee action taken with respect to that member's participation.

Chapter 13 PLAN SPONSOR PARTICIPATION

13 Plan Sponsor Contributions. The Plan Sponsor may, pursuant to a changed or new Participation Agreement filed by a Participant as specified in Chapters 04-6 or 04-7, add additional Deferred Compensation for services to be **rendered** by the Participant to the Plan Sponsor during any calendar month, **provided:**

- (1) The Participant has elected to have such additional Compensation deferred, invested, and distributed, pursuant to this Plan, prior to the calendar month in which the Compensation is earned; and
- (2) Such additional Deferred Compensation, when added to all other Deferred Compensation under the Plan, does not exceed the maximum deferral permitted by Chapter 04.

Chapter 14 INVESTMENT RESPONSIBILITY

14 Investment Responsibility. The Plan Sponsor may, but is not required to, invest funds held pursuant to Participation Agreements between Participants and the Plan Sponsor in accordance with the requests made **by** each Participant. The Plan Sponsor shall retain the right to approve or disapprove such investment requests. Any action by **the** Plan Sponsor in investing funds, or approving of any such investment of funds, shall not be considered to be either an endorsement or guarantee of any investment, nor shall it be considered to attest to the

financial soundness or the suitability of any funding option for the purpose of meeting future obligations.

Chapter 15 PLAN OPERATION

15-1 **Plan Prevails.** In the event any form or other document used in administering this Plan, including but not limited to enrollment forms and marketing materials, conflict with the terms of the Plan, the terms of the Plan shall prevail.

15-2 **Decision Binding.** The Plan Administrator is authorized to determine any matters concerning the rights of any Participant, Beneficiary or any other persons under this Plan. If a conflict arises between the Plan Administrator and a participant, beneficiary or another person under the Plan, The Plan Sponsor shall act as the final authority and its decision shall be final and binding on all interested persons

15-3 **Plan Administrator To Interpret.** The Plan Administrator is authorized to construe this Plan and resolve any ambiguity in the Plan. The Plan and any form or other document used in administering the Plan shall be interpreted, and this Plan shall be administered, so as to comply with Section 457 of the Code and the Treasury Regulations promulgated thereunder.

15-4 **Tax Status Not Guaranteed.** The Plan Sponsor/Plan Administrator does not represent or guarantee that any particular federal or state income, payroll, personal property or other tax consequence will occur because of the Participant's participation in this Plan. The Participant should consult with the Participant's own representative regarding all questions of federal or state income, payroll, personal property or other tax consequences arising from participation in this Plan.

15-5 **Plan Sponsor May Require Court Order.** The Plan Sponsor, if in doubt concerning the correctness of their action in making a payment of Accumulated Deferrals, may suspend payment until satisfied as to the correctness of the payment or the person to receive the payment or to allow the filing in any state court of competent jurisdiction of a civil action seeking a determination of the amounts to be paid and the persons to receive them. The Plan Sponsor shall comply with the final orders of the court in any such suit and the Participant, for the Participant and the Participant's Beneficiary or Beneficiaries, consents to be bound thereby. Whenever payment of Accumulated Deferrals is suspended pursuant to this chapter, the time for a Participant or Beneficiary making any election under Chapter 04-12 shall not begin until amount(s) and person(s) entitled are determined either by written agreement of all parties concerned or by a court judgment that has become final.

15-6 **Delegation Of Authority.** The Plan Administrator may delegate its functions to be performed under this Plan to any designee with legal authority to perform such functions subject to the approval of the Plan Sponsor.

Chapter 16. APPLICABLE LAW

16 Plan To Conform To Federal and State **Laws**. This Plan is intended to be an eligible State deferred compensation plan within the meaning of Section 457 of the Code, and Treasury Regulation 1.457-2(a) and to comply with applicable State law, and shall be interpreted accordingly.

Chapter 17. TRUST AGREEMENT

17-1 Acceptance. Ronnie E. Nichols, (the "Trustee"), or any successor or successors which accept appointment under this Chapter 17, accepts the Trust hereby created under the Plan and agrees to perform the obligations imposed. The Trustee's duties and responsibilities stated hereunder shall be performed in accordance with, and as necessary limited to comply with, applicable law.

17-2 Receipt of **Contributions**. The Trustee shall be accountable to the Plan Sponsor for the funds contributed to it by the Plan Sponsor. The Trustee shall not be obliged to collect any contributions from the Plan Sponsor. The Trustee shall be obligated to insure that funds deposited with it are deposited according to the provisions of the Plan and applicable federal and state law.

X7-3 Full **Investment Powers**. The Trustee shall have full discretion and authority with regard to the investment of any portion of the Trust fund that is not subject to direction of investment by the Plan Sponsor, Plan Administrator, Committee or a Participant. The Trustee is authorized and empowered, but not by way of limitation, with the following powers, rights and duties:

(1) To invest any part or all of the Trust fund in any common or preferred stocks, open-end or closed-end mutual funds, shares of an investment company, variable annuities, put and call options traded on a national exchange, United States retirement bonds, corporate bonds, debentures, convertible debentures, commercial paper, U.S. Treasury bills, U.S. Treasury notes and other direct or indirect obligations of the United States Government or its agencies, improved or unimproved real estate situated in the United States, limited partnerships, insurance contracts, mortgages, notes or other property of any kind, real or personal, and to buy or sell options on common stock on a nationally recognized options exchange with or without holding the underlying common stock, as a prudent man would do under like circumstances with due regard for the purposes of this Plan.

(2) To retain in cash so much of the Trust fund as it may deem advisable to satisfy liquidity needs of the Plan and to deposit any cash held in the Trust fund in a bank account at reasonable interest;

(3) To manage, sell, contract to sell, grant options to purchase, convey, exchange, transfer, abandon, improve, repair, insure, lease for any term even though commencing in the future or extending beyond the term of the Trust, and otherwise deal with all property, real or personal, in

such manner. for such considerations and on such terms and conditions as the Trustee shall decide.

- (4) To credit and distribute the Trust as directed by the Plan Sponsor. The Trustee shall not be obliged to inquire as to whether any payee or distributee is entitled to any payment or whether the distribution is proper or within the terms of the Plan, or as to the manner of making any payment or distribution. The Trustee shall be accountable only to the Plan Sponsor for any payment or distribution made by it in good faith on the order or direction of the Plan Sponsor;
- (5) To borrow money, to assume indebtedness, extend mortgages and encumber by mortgage or pledge; to invest in loans to a Participant in accordance with the loan policy established by the Committee (if such loans are to be permitted), provided any loan is adequately secured, bears a reasonable rate of interest, and provides for repayment within a specified time;
- (6) To compromise, contest, arbitrate or abandon claims and demands, in its discretion;
- (7) To have with respect to the Trust all of the rights of an individual owner, including the power to give proxies, to participate in any voting Trusts, mergers, consolidations or liquidations, and to exercise or sell stock subscriptions or conversion rights;
- (8) To hold any securities or other property in the name of the Trustee or its nominee, or in another form as it may deem best, with or without disclosing the Trust relationship;
- (9) To perform any and all other acts in its judgment necessary or appropriate for the proper and advantageous management, investment and distribution of the Trust;
- (10) To retain any funds or property subject to any dispute without liability of the payment of interest, and to decline, when reasonable to do so, to make payment or delivery of the funds or property until final adjudication is made by a court of competent jurisdiction;
- (11) To furnish any tax returns or portions thereof required of the Trustee;
- (12) To furnish to the Plan Sponsor/Plan Administrator statements of account at least annually showing the condition of the Trust fund and all investments, receipts, disbursements and other transactions effected by the Trustee during the Plan Year covered by the Statement and also stating the assets of the Trust held at the end of the Plan Year. The Plan Administrator may approve an accounting by written notice of approval delivered to the Trustee in writing within ninety (90) days from the date upon which the account Statement was mailed or otherwise delivered to the Plan Administrator. The Plan Administrator agrees to use his/her best efforts to review account Statements provided by the Trustee within ninety (90) days from the date the account Statement was mailed or delivered to the Plan Administrator. Any matters objected to by the Plan Administrator shall be communicated to the Trustee in a writing signed by the Plan Administrator, and the Trustee shall be given a reasonable opportunity to explain or adjust such matters. In no event shall the Trustee be liable for losses to the extent that the same could have been prevented by a prompt review (within 90 days) of the Trustee's written account by the Plan Administrator; and

(14) To begin, maintain, or defend any litigation necessary in connection with the administration of the Plan, **except** that the Trustee shall not be obliged or required to do so unless indemnified to its satisfaction.

17-4 Records and Statements. The records of the Trustee pertaining to the Plan shall be open to the inspection of the Plan Administrator, Plan Sponsor and the Committee at all reasonable times and may be audited from time to time by any person or persons as the Plan Sponsor or Plan Administrator may specify in writing. The Trustee shall furnish the Plan Administrator/the Plan Sponsor with whatever information relating to the Trust fund the Committee, Plan Administrator or Plan Sponsor considers necessary.

17-5 Fees and Expenses from Fund- The Trustee shall serve without cost to the Plan Sponsor. The Trustee shall pay all expenses reasonably incurred by it or by the Plan Sponsor: the Committee, or other professional advisers or administrators in the administration of the Plan from the Trust fund unless the Plan Sponsor pays the expenses.

17-6 Distribution of Cash or Property. The Trustee may make distribution under the Plan in cash or property, or partly in each, at its fair market value as determined by the Trustee.

17-7 Resignation. The Trustee may resign at any time as Trustee of the Plan by giving sixty (60) days' written notice in advance to the Plan Sponsor/Plan Administrator.

17-8 Removal. The Plan Sponsor, by giving Sixty (60) days' written notice in advance to the Trustee, may remove any Trustee.

17-9 Interim Duties and Successor Trustee In the event of the resignation or removal of a Trustee, the Plan Sponsor shall appoint a successor Trustee if it intends to continue the Plan. During any period the selection of a Trustee is pending, or during any period a Trustee is unable to serve for any reason, the remaining Trustee or Trustee(s), if any, shall act as the sole Trustee or as the only Trustee(s) of the Trust created under this Agreement. If no Trustee remains during any period the selection of a Trustee is pending, the Plan Sponsor shall act as Trustee until a successor Trustee is selected.

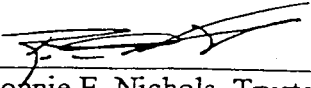
Each successor Trustee shall succeed to the title to the Trust vested in his predecessor by accepting in writing his appointment as successor Trustee and filing the acceptance with the former Trustee and the Plan Administrator without the signing or filing of any further statement. The resigning or removed Trustee, upon receipt of acceptance in writing of the Trust by the successor Trustee shall execute all documents and do all acts necessary to vest the title of record in any successor Trustee. Each successor Trustee shall have and enjoy all of the powers, both discretionary and ministerial, conferred under this Agreement upon his predecessor. No successor Trustee shall be personally liable for any act or failure to act of any predecessor Trustee. With the approval of the Plan Sponsor a successor Trustee, with respect to the Plan, may accept the account rendered and the property delivered to it by a predecessor Trustee without incurring any liability or responsibility for so doing.

17-10 Valuation of Trust. The Trustee shall value the Trust fund as of the last day of each calendar year and at such other times as the Plan Administrator may direct to determine the fair market value of each Participant's Accumulated Deferrals, and the Trustee shall value the Trust fund on such other date(s) as directed by the Plan Administrator.

17-11 Fiduciary Bond. The Trustee shall provide and maintain a fiduciary bond of such type and such amount as is provided under ERISA Section 412(a) for IRC 501(a) trusts or Errors and Omissions Insurance Coverage satisfactory to the Plan Administrator.

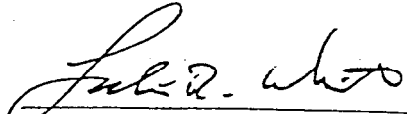
17-12 Exclusive Benefit. The Trust fund will be held for the exclusive benefit of Participants and their Beneficiaries. Except as otherwise provided in the Plan, it shall be impossible under any circumstances at any time for any part of the corpus or income of the Trust fund to be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries.

12-4-98
Date



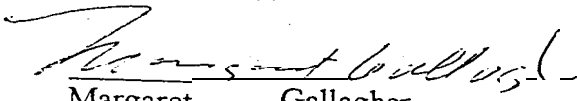
Ronnie E. Nichols, Trustee

12/18/98
Date



Santa Cruz Metropolitan Transit District

Approved as to form:



Margaret Gallagher
District Counsel

BENEFITSCORP, INC.

SECTION 457 ELIGIBLE DEFERRED COMPENSATION PLAN
FOR GOVERNMENTAL EMPLOYERS

INTRODUCTION TO BENEFITSCORP, INC.
SECTION 457 ELIGIBLE DEFERRED COMPENSATION PLAN
FOR GOVERNMENTAL EMPLOYERS

The attached Plan may be used by eligible governmental employers as a model in preparing deferred compensation plans intended to satisfy § 457 of the Internal Revenue Code of 1986, as amended. In general, under a § 457 plan, which is also referred to as an “eligible deferred compensation plan,” a participant may defer amounts of compensation (and income earned on those deferrals) and avoid federal income taxation until those amounts are paid to the participant.

The following types of governmental entities may establish eligible § 457 plans:

1. The 50 states of the United States and the District of Columbia;
2. A political subdivision of a state (for example a county or municipality); and
3. Any agency or instrumentality of a state or a political subdivision of a state.

This Plan contains provisions that may be included in an eligible deferred compensation plan. It was prepared for your convenience. You should review and, where appropriate, modify the provisions to meet your particular needs. You should also refer to any applicable state or local laws, including tax laws and rules for governmental employee benefit plans (if applicable), in the design of your plan.

In designing your plan, you should take into account the investment options to be used and the terms of any Trust or custodial agreements entered into with respect to the Plan. You should also ascertain the federal income tax reporting and withholding obligations, FICA and FUTA obligations (to the extent applicable), and any comparable state obligations with respect to your plan. Generally, deferred amounts under a § 457 plan are not reported as income, and federal income tax is not withheld, until the amounts are paid to the participant. Deferred amounts generally are included in the FICA and FUTA wage base when deferred.

This Plan is not intended to provide you with legal advice, nor should it be implemented without regard to your particular needs or any applicable laws of your state. No state or federal government has passed on the legal sufficiency (including the conformity with § 457) of this Plan. Neither BenefitsCorp, Inc., nor any of its affiliated companies assumes any liability to any person or entity with respect to the adequacy of this document for any purpose, or with respect to any tax or legal ramifications arising from its use. BenefitsCorp, Inc., is not a party to any plan which you may adopt and BenefitsCorp, Inc., has no responsibility, accountability, or liability to you, any employer, any participant or any beneficiary with regard to the operation or adequacy of this Plan, any § 457 plan prepared from this Plan, or any future amendments made to this Plan. You should consult with your legal counsel prior to adopting any plan.

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SECTION 457 ELIGIBLE DEFERRED COMPENSATION PLAN

I. INTRODUCTION

In accordance with the provisions of § 457 of the Internal Revenue Code of 1986, as amended, the Employer named in the BenefitsCorp, Inc. Adoption Agreement for Section 457 Eligible Deferred Compensation Plan for Governmental Employers hereby establishes this Deferred Compensation Plan, hereinafter referred to as the “Plan.” Nothing contained in this Plan shall be deemed to constitute an employment agreement between any Participant and Employer and nothing contained herein shall be deemed to give a Participant any right to be retained in the employ of Employer.

II. DEFINITIONS

2.01 “Administrator” or “Plan Administrator” shall mean the person, persons or entity appointed by the Employer to administer the Plan pursuant to section 3.02, if any, but shall not include any company which issues policies, contracts, or investment media to the Plan in respect of a Participant.

2.02 “Age 50 or Older Catch-up” shall mean the deferred amount described in section 4.04.

2.03 “Beneficiary” shall mean the persons or entities designated by a Participant pursuant to section 4.01(c).

2.04 “Code” shall mean the Internal Revenue Code of 1986, as amended, or any future United States internal revenue law. References herein to specific section numbers of the Code shall be deemed to include Treasury regulations and Internal Revenue Service guidance thereunder and to corresponding provisions of any future United States internal revenue law.

2.05 “Compensation” shall mean all payments made to an Employee by the Employer as remuneration for services rendered, including salaries, fees and, to the extent permitted by Treasury Regulations or other similar guidance, accrued vacation and sick leave pay.

2.06 “Custodial Account” shall mean the account established with a Custodian meeting the provisions of Code § 401(f), if the Employer has elected to satisfy the trust requirement of Code § 457(g) by setting aside Plan assets in a custodial account.

2.07 “Custodian” shall mean the bank, trust company or other person authorized to hold the assets of such a custodial account in accordance with regulations issued by the Secretary of the Treasury pursuant to Code § 401(f) that is selected by the Employer to hold Plan assets if the Employer has elected to use a custodial account pursuant to Code § 457(g) and § 401(f).

2.08 “Deferred Compensation” shall mean the amount of Compensation not yet earned which the Participant and the Employer mutually agree shall be deferred.

2.09 “Employee” shall mean those individuals specified in the Adoption Agreement.

2.10 “Employer” shall mean the sponsor of the Plan as named in the Adoption Agreement.

2.11 “Includible Compensation” shall mean, for purposes of the limitation set forth in section 4.02, Compensation for services performed for the Employer as defined in Code § 457(e)(5).

2.12 “Limited Catch-up” shall mean the deferred amount described in section 4.03.

2.13 “Normal Retirement Age” shall mean age 70½, unless the Participant has elected an alternate Normal Retirement Age by written instrument delivered to the Administrator prior to Severance From Employment. A Participant’s Normal Retirement Age determines the period during which a Participant may utilize the Limited Catch-up of section 4.03 of the Plan. Once a Participant has to any extent utilized the Limited Catch-up of section 4.03 of the Plan, his Normal Retirement Age may not be changed.

A Participant’s alternate Normal Retirement Age may not be earlier than the earliest date the Participant will become eligible to retire under the Employer's basic retirement plan without the Employer's consent and to receive immediate retirement benefits without actuarial or similar reduction because of early retirement, and may not be later than age 70½. If the Participant will not become eligible to receive benefits under a basic retirement plan maintained by the Employer, the Participant’s alternate Normal Retirement Age may not be earlier than age 50 and may not be later than age 70½. If a Participant continues to be employed by Employer after attaining age 70½, not having previously elected an alternate Normal Retirement Age, the Participant’s alternate Normal Retirement Age shall not be later than the mandatory retirement age, if any, established by the Employer, or the age at which the Participant actually severs employment with the Employer if the Employer has no mandatory retirement age.

2.14 “Participant” shall mean any Employee who becomes a Participant pursuant to section 4.01. Except for purposes of Articles IV, VIII, and IX, “Participant” shall include former Participants. The Administrator, if he or she is otherwise eligible, may participate in the Plan.

2.15 “Participation Agreement” shall mean the agreement entered into and filed by an Employee with the Employer pursuant to section 4.01, in which the Employee elects to become a Plan Participant.

2.16 “Plan Year” shall mean the calendar year.

2.17 “Qualified Domestic Relations Order” or “QDRO” shall have the meaning specified in section 12.02.

2.18 “Severance from Employment” shall mean severance of the Participant’s employment with the Employer. A Participant shall be deemed to have severed his employment with the Employer for purposes

of this Plan when both parties consider the employment relationship to have terminated and neither party anticipates any future employment of the Participant by the Employer. In the case of a Participant who is an independent contractor, Severance from Employment shall be deemed to have occurred when the Participant's contract for services has completely expired and terminated, there is no foreseeable possibility that the Employer shall renew the contract or enter into a new contract for services to be performed by the Participant, and it is not anticipated that the Participant shall become an Employee of the Employer.

2.19 "Total Amount Deferred" shall mean, with respect to each Participant, the sum of all Compensation deferred under the Plan, plus income and minus loss thereon (including amounts determined with reference to life insurance policies) and less the amount of any expenses or distributions authorized by this Plan, calculated in accordance with section 6.04.

2.20 "Trust" shall mean the trust created under Article V of the Plan if the Employer or certain employees are named as Trustee(s) in the Adoption Agreement. "Trust" shall mean a trust created by a separate written agreement between the Employer and the Trustee if a bank or trust company is named as Trustee in the Adoption Agreement. The Trust shall consist of all Plan assets held by the Trustee named in the Adoption Agreement.

2.21 "Trustee" shall mean the Employer or such other person, persons or entity selected by the Employer who agrees to act as Trustee hereunder if elected in the Adoption Agreement. This term (except as used in Article V) also refers to the person holding the assets of any custodial account or holding any annuity contract described in section 5.01.

2.22 "Unforeseeable Emergency" shall mean severe financial hardship to a Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Code § 152(a)) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant as defined in Code § 457. Whether a hardship constitutes an Unforeseeable Emergency under section 7.04 shall be determined in the sole discretion of the Administrator.

III. ADMINISTRATION

3.01 Administrator. The Employer shall be the Administrator unless another person or persons is appointed by the Employer in the Adoption Agreement as set forth in section 3.02.

3.02 Appointment and Termination of Administrator. An Administrator may be named in the Adoption Agreement by the Employer and may be a Participant. The Administrator shall remain in office at the will of the Employer and may be removed from office at any time by the Employer, with or without cause. Such removal shall be effective upon delivery of written notice to the Administrator or at such later time as may be designated in such notice; provided that any such notice of removal shall take effect no later than 60 days after the delivery thereof, unless such 60 day period shall be waived. The Administrator may resign at any time upon giving written notice to the Employer or at such later time as may be designated in the

notice of resignation; provided that (a) any such notice of resignation shall take effect no later than 60 days after the delivery thereof, unless such 60 day period shall be waived and (b) upon such resignation or removal the Employer shall have the power and the duty to designate and appoint a successor Administrator, and the actual appointment of a successor Administrator is a condition that must be fulfilled before the resignation or removal of the Administrator shall become effective. Upon appointment, the successor Administrator shall have all the rights, powers, privileges, liabilities and duties of the predecessor Administrator. The Administrator so resigned or removed shall take any and all action necessary to vest the rights, powers, privileges, liabilities and duties of the Administrator in the successor.

3.03 Duties of Plan Administrator. Subject to any applicable laws and any approvals required by the Employer, the Plan Administrator shall have full power and authority to adopt rules, regulations and procedures for the administration of the Plan, and to interpret, alter, amend, or revoke any rules, regulations or procedures so adopted. The Plan Administrator's duties shall include:

- (a) appointing the Plan's attorney, accountant, actuary, custodian or any other party needed to administer the Plan or the Plan assets;
- (b) directing the Trustee with respect to payments from the Plan assets held in Trust;
- (c) communicating with Employees regarding their participation and benefits under the Plan, including the administration of all claims procedures;
- (d) filing any returns and reports with the Internal Revenue Service or any other governmental agency;
- (e) reviewing and approving any financial reports, investment reviews, or other reports prepared by any party appointed under paragraph (a);
- (f) establishing a funding policy and investment objectives consistent with the purposes of the Plan; and
- (g) construing and resolving any question of Plan interpretation. The Plan Administrator's interpretation of Plan provisions including eligibility and benefits under the Plan is final.

3.04 Administrative Fees and Expenses. All reasonable costs, charges and expenses incurred by the Plan Administrator in connection with the administration of the Plan (including fees for legal services rendered to the Plan Administrator) may be paid by the Employer, but if not paid by the Employer when due, shall be paid from Plan assets. Such reasonable compensation to the Administrator as may be agreed upon from time to time between the Employer and Plan Administrator may be paid by the Employer, but if not paid by the Employer when due shall be paid from Plan assets. Notwithstanding the foregoing, no compensation other than reimbursement for expenses shall be paid to a Plan Administrator who is the Employer or a full-time Employee of the Employer. In the event any part of the assets in the Plan become

subject to tax, all taxes incurred shall be paid from the Plan assets unless the Plan Administrator advises the Trustee not to pay such tax.

3.05 Actions of Administrator. Every action taken by the Plan Administrator shall be presumed to be a fair and reasonable exercise of the authority vested in or the duties imposed upon him, her, or it. The Plan Administrator shall be deemed to have exercised reasonable care, diligence and prudence and to have acted impartially as to all persons interested, unless the contrary be proven by affirmative evidence. The Plan Administrator shall not be liable for amounts of Compensation deferred by Participants or for other amounts payable under the Plan.

3.06 Delegation. Subject to any applicable laws and any approvals required by the Employer, the Plan Administrator may delegate any or all of his, her or its powers and duties hereunder to another person, persons, or entity, and may pay reasonable compensation for such services as an administrative expense of the Plan, to the extent such compensation is not otherwise paid.

3.07 Investment and Service Providers. Any company which issues policies, contracts, or investment media to the Employer or in respect of a Participant is not a party to this Plan and such company shall have no responsibility, accountability, or liability to the Employer, the Administrator, any Participant, or any Beneficiary with regard to the operation or adequacy of this Plan, including any future amendments made thereto.

IV. PARTICIPATION IN THE PLAN

4.01 Enrollment in the Plan.

- (a) An Employee may become a Participant by entering into a Participation Agreement. Compensation will be deferred for any payroll period if a Participation Agreement providing for such deferral is entered into by the Participant and approved by the Administrator before the beginning of such payroll period. With respect to a new Employee, Compensation shall be deferred for the payroll period during which a Participant first becomes an Employee if a Participation Agreement providing for such deferral is entered into by the Participant and approved by the Administrator before the first day on which the Participant becomes an Employee. Any prior employee who was a Participant in the Plan and is rehired by Employer may resume participation in the Plan by entering into a Participation Agreement. Unless distributions from the Plan have begun due to that prior Severance from Employment, however, any deferred commencement date elected by such employee with respect to those prior Plan assets shall be null and void.

In entering into the Participation Agreement, the Participant elects to participate in this Plan and consents to the deferral by the Employer of the amount specified in the Participation Agreement from the Participant's gross compensation for each payroll period. Such deferral shall continue in effect until modified, disallowed or revoked in accordance with the terms of

this Plan, or until the Participant ceases employment with the Employer. The Employer retains the right to establish minimum deferral amounts per payroll period and to limit the number and/or timing of enrollments into the Plan in the Participation Agreement.

- (b) Notwithstanding section 4.01(a), to the extent permitted by applicable law, the Administrator may establish procedures whereby each Employee becomes a Participant in the Plan and, as a term or condition of employment, elects to participate in the Plan and consents to the deferral by the Employer of a specified amount for any payroll period for which a Participation Agreement is not in effect. In the event such procedures are in place, a Participant may elect to defer a different amount of compensation per payroll period, including zero, by entering into a Participation Agreement.
- (c) Beneficiary. Each Participant may designate in the Participation Agreement or in any other manner authorized by the Administrator a Beneficiary or Beneficiaries to receive any amounts which may be distributed in the event of the death of the Participant prior to the complete distribution of benefits. A Participant may change the designation of Beneficiaries at any time by filing with the Administrator a written notice on a form approved by the Administrator. If no such designation is in effect on the Participant's death, or if the designated Beneficiary does not survive the Participant by 30 days, his Beneficiary shall be his surviving spouse, if any, and then his estate.

4.02 Deferral Limitations.

- (a) Except as provided in sections 4.03 and 4.04, the maximum that may be deferred under the Plan for any taxable year of a Participant shall not exceed the lesser of (1) the applicable dollar amount in effect for the year, as adjusted for the calendar year in accordance with Code § 457(e)(15), or (2) 100% of the Participant's Includible Compensation, each reduced by any amount specified in section 4.02(b) for that taxable year.
- (b) The deferral limitation shall be reduced by any amount excludable from the Participant's gross income attributable to elective deferrals to another eligible deferred compensation plan described in Code § 457(b).

4.03 Limited Catch-up. For one or more of the Participant's last three taxable years ending before the taxable year in which Normal Retirement Age under the Plan is attained, the maximum deferral shall be the lesser of:

- (a) twice the applicable dollar limit in effect under Code § 457(e)(15), reduced by any applicable amount specified in section 4.02(b) for that taxable year; or
- (b) the sum of:
 - (1) the limitations established for purposes of section 4.02 of the Plan, for such taxable year (determined without regard to this section 4.03), plus

- (2) so much of the limitation established under section 4.02 of the Plan or established in accordance with Code § 457(b)(2) and the regulations thereunder under an eligible deferred compensation plan sponsored by an entity other than the Employer and located in the same state for prior taxable years (beginning after December 31, 1978 and during all or any portion of which the Participant was eligible to participate in this Plan) as has not theretofore been used under sections 4.02 or 4.03 hereof or under such other plan (taking into account the limitations under and participation in other eligible deferred compensation plans in accordance with the Code); provided, however, that this section 4.03 shall not apply with respect to any Participant who has previously utilized in whole or in part the limited catch-up under this Plan or under any other eligible deferred compensation plan (within the meaning of Code § 457).

4.04 Age 50 or Older Catch-up. A Participant who attains age 50 or older by the end of a Plan Year and who does not utilize the Limited Catch-up for such Plan Year may make a deferral in excess of the limitation specified in section 4.02, up to the amount specified in and subject to any other requirements under Code § 414(v).

4.05 Employer Modification of Deferral. The Employer or Administrator shall have the right to modify or disallow the periodic deferral of Compensation elected by the Participant:

- (a) in excess of the limitations stated in sections 4.02, 4.03 and 4.04;
- (b) in excess of the Participant's net Compensation for any payroll period;
- (c) upon any change in the length of payroll period utilized by Employer. In such case the periodic deferral shall be adjusted so that approximately the same percentage of pay shall be deferred on an annual basis;
- (d) in order to round periodic deferrals to the nearest whole dollar amount;
- (e) to reduce the future deferrals in the event that the amount actually deferred for any payroll period exceeds, for any reason whatsoever, the amount elected by the Participant. In the alternative, such amount of excess deferral may be refunded to the Participant. No adjustment in future deferrals shall be made if a periodic deferral is missed or is less than the amount elected, for any reason whatsoever; or
- (f) if the deferral elected for any payroll period is less than the minimum amount specified in section 4.01(a);

And to the extent permitted by and in accordance with the Code, the Employer or Administrator may distribute the amount of a Participant's deferral in excess of the distribution limitations stated in sections 4.02, 4.03 and 4.04 notwithstanding the limitations of Article VII; provided, however, that the Employer and the

Administrator shall have no liability to any Participant or Beneficiary with respect to the exercise of, or the failure to exercise, the authority provided in this section 4.05.

4.06 Participant Modification of Deferral. A Participant may modify the Participation Agreement at the times and in the manner authorized by the Administrator with respect to Compensation payable no earlier than the payroll period after such modification is entered into by the Participant and accepted by the Administrator. Notwithstanding the above, if a negative election procedure has been implemented pursuant to section 4.01(b), a Participant may enter into or modify a Participation Agreement at any time to provide for no deferral.

4.07 Revocation. A Participant may at any time revoke the agreement to defer Compensation by filing a request for revocation to the Administrator in a manner approved by the Administrator. Such revocation will be effective for the payroll period following the Administrator's receipt of the revocation or as soon as administratively feasible thereafter. However, the Total Amount Deferred shall be distributed only as provided in Articles VI and VII and shall be subject to the terms and provisions of the affected investment option. A Participant's request for a distribution in the event of an Unforeseeable Emergency shall in addition be treated as a request for revocation of deferrals as of a date determined by the Administrator for the period of time determined under section 7.04.

4.08 Re-Enrollment. A Participant who revokes the Participation Agreement as set forth in section 4.07 above may again become a Participant at the times and in the manner authorized by the Administrator, by entering into a new Participation Agreement to defer Compensation payable no earlier than the payroll period after such new Participation Agreement is entered into entered into by the Participant and accepted by the Administrator.

4.09 Transfers and Rollovers Into the Plan.

- (a) Transfers to the Plan. If the Participant was formerly a Participant in an eligible deferred compensation plan maintained by another employer, and if such plan permits the direct transfer of the Participant's interest therein to the Plan, then the Plan shall accept assets representing the value of such interest; provided, however, that the Participant has separated from service with that prior employer and become an Employee of Employer. Such amounts shall be held, accounted for, administered and otherwise treated in the same manner as Compensation deferred by the Participant under this Plan except that such amounts shall not be considered Compensation deferred under the Plan in the taxable year of such transfer in determining the maximum deferral under section 4.02. The Employer may require such documentation from the predecessor plan as it deems necessary to confirm that such plan is an eligible deferred compensation plan within the meaning of Code § 457, and to assure that transfers are provided under such plan. The Employer may refuse to accept a transfer in the form of assets other than cash, unless Employer and the plan administrator agree to hold such other assets under the Plan.

- (b) Rollovers to Plan. If so specified in the Adoption Agreement, the Plan shall accept a rollover contribution on behalf of a Participant or Employee who may become a Participant. A rollover contribution for purposes of this subsection is an eligible rollover contribution (as defined in Code § 402(f)(2)) from any (i) plan qualified under Code §§ 401(a) or 403(a); (ii) tax-sheltered annuity or custodial account described in Code § 403(b); (iii) individual retirement account or annuity described in Code § 408; or (iv) eligible deferred compensation plan described in Code § 457(b) maintained by an eligible employer described in Code § 457(e)(1)(A). Prior to accepting any rollover contribution, the Administrator may require that the Participant or Employee establish that the amount to be rolled over to the Plan is a valid rollover within the meaning of the Code. A Participant's rollover contribution shall be held in a separate rollover account or accounts, as the Administrator shall determine from time to time.

4.10 Multiple Plans. In the case of a Participant who participates in more than one deferred compensation plan governed by Code § 457, the limitations set forth in sections 4.02, 4.03 and 4.04 shall, to the extent required under the Code, apply to all such plans considered together. For purposes of sections 4.02, 4.03 and 4.04, Compensation deferred shall be taken into account at its value in the Plan Year in which deferred.

4.11 Qualified Military Service. Notwithstanding any provision of this Plan to the contrary, contributions and benefits with respect to qualified military service shall be provided in accordance with Code § 414(u).

V. CREATION OF TRUST AND TRUST FUND

5.01 Custody of Plan Assets. All contributions under the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights shall be held for the exclusive benefit of Participants and their Beneficiaries. The trust requirement of Code § 457(g) shall be satisfied in the manner specified in the Adoption Agreement. Depending upon the choices made in the Adoption Agreement, Plan assets shall be set aside as follows:

- (a) If elected in Box C. 1 of the Adoption Agreement, Plan assets shall be set aside in trust pursuant to this Article V with the Employer or certain employees of (or holders of certain positions with) the Employer named as Trustee. The Trustee shall be named in the Adoption Agreement and shall accept such appointment by executing same. All contributions to the Plan shall be transferred to the Trust established under the Plan within a period that is not longer than is reasonable for the proper administration of the Accounts of Participants.
- (b) If elected in Box C. 2 of the Adoption Agreement, Plan assets will be set aside in trust pursuant to a separate written trust agreement entered into between the Employer and the

bank or trust company named as Trustee. The bank or trust company named in the Adoption Agreement shall be the Trustee and shall accept such appointment by executing the same. Any Trust under the Plan shall be established pursuant to a written agreement that constitutes a valid trust under the law of the state where the Employer is located. All contributions to the Plan shall be transferred to a Trust established under the Plan within a period that is not longer than is reasonable for the proper administration of the Accounts of Participants.

- (c) If elected in Box C. 3 of the Adoption Agreement, Plan assets shall be set aside in one or more annuity contracts described in Code § 401(f). Notwithstanding any contrary provision of the Plan, including any annuity contract issued under the Plan, in accordance with Code § 457(g), all contributions to the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights shall be held under one or more annuity contracts, as defined in Code § 401(g), issued by an insurance company qualified to do business in the state where the contract was issued, for the exclusive benefit of Participants and Beneficiaries under the Plan. For this purpose, the term “annuity contract” does not include a life, health or accident, property, casualty, or liability insurance contract. The owner of the annuity contract is the “deemed trustee” of the assets invested under the contract for purposes of Code § 401(a). All contributions to the Plan shall be transferred to such annuity contract within a period that is not longer than is reasonable for the proper administration of the Accounts of Participants.
- (d) If elected in Box C. 4 of the Adoption Agreement, Plan assets shall be set aside in one or more custodial accounts described in Code § 401(f). The bank, trust company or other person named in the Adoption Agreement shall be the Custodian and “deemed trustee” for purposes of Code § 457(g) and shall accept such appointment by executing the same. The Employer and Custodian shall enter into a separate written custody agreement. For purposes of this paragraph, the Custodian of any custodial account created pursuant to the Plan must be a bank, as described in Code § 408(n), or a person who meets the non-bank Trustee requirements of paragraphs (2)-(6) of section 1.408-2(e) of the Income Tax Regulations relating to the use of non-bank Trustees. All contributions to the Plan shall be transferred to a custodial account described in Code § 401(f) within a period that is not longer than is reasonable for the proper administration of the Accounts of Participants.

5.02 Establishment of Trust. If elected in Box C. 1 of the Adoption Agreement, the Employer or named Employees of Employer (or certain holders of positions with the Employer) shall serve as Trustee as evidenced by the Trustee’s execution of the applicable page of the Adoption Agreement. In that event, a Trust is hereby created to hold all of the assets of the Plan for the exclusive benefit of Participants and Beneficiaries. The Trust shall consist of all contributions made under the Plan and the investment earnings thereon. All contributions and the earnings thereon less payments made under the terms of the Plan, including fees and expenses, shall constitute the Trust. Except to the extent that the Employer enters into a separate written trust agreement with a bank or trust company Trustee, the assets in Trust shall be administered as provided in this document.

If elected in Box C. 2 of the Adoption Agreement, the bank or trust company named in the Adoption Agreement shall serve as Trustee as evidenced by the Trustee's execution of the applicable page of the Adoption Agreement. In that event, a Trust shall be created to hold all of the assets of the Plan for the exclusive benefit of Participants and Beneficiaries pursuant to a separate written trust instrument between the Employer and the Trustee setting out the Trustee's duties, rights, responsibilities, fees and expenses, the division of duties and indemnification; the provisions of this Article V shall not apply. The Trust shall consist of all contributions made under the Plan which are held by the Trustee.

5.03 Appointment and Termination of Trustee. A Trustee may be named by the Employer and may be a Participant. The Trustee shall remain in office at the will of the Employer and may be removed from office at any time by the Employer, with or without cause. Such removal shall be effective upon delivery of written notice to the Trustee or at such later time as may be designated in such notice; provided that any such notice of removal shall take effect no sooner than 30 days and no later than 60 days after the delivery thereof, unless such 30 or 60 day period shall be waived. The Trustee may resign at any time upon giving written notice to the Employer or at such later time as may be designated in the notice of resignation; provided that (a) any such notice of resignation shall take effect no sooner than 30 days and no later than 60 days after the delivery thereof, unless such 30 day or 60 day period shall be waived and (b) upon such resignation or removal the Employer shall have the power and the duty to designate and appoint a successor Trustee, and the actual appointment of a successor Trustee is a condition that must be fulfilled before the resignation or removal of the Trustee shall become effective.

Upon appointment, the successor Trustee shall have all the rights, powers, privileges, liabilities and duties of the predecessor Trustee. The Trustee so resigned or removed shall take any and all action necessary to vest the rights, powers, privileges, liabilities and duties of the Administrator in his, her or its successor.

5.04 Acceptance. By signing the Adoption Agreement the Trustee accepts the Trust created under the Plan and agrees to perform the obligations imposed.

5.05 Control of Plan Assets. The assets of the Trust or evidence of ownership shall be held by the Trustee, under the terms of the Plan and under either this Article V or under the separate written trust agreement with a bank or trust company. If the assets represent amounts transferred from a former plan, the Trustee shall not be responsible for the propriety of any investment under the former plan.

5.06 General Duties of the Trustee. The Employer or named individuals in the employ of the Employer named as Trustee(s) in the Adoption Agreement shall be responsible for the administration of investments held in the Plan. The Trustee's duties shall include:

- (a) receiving contributions under the terms of the Plan;
- (b) making distributions from Plan assets held in Trust in accordance with written instructions received from an authorized representative of the Employer;
- (c) keeping accurate records reflecting its administration of the Trust assets and making such records available to the Employer for review and audit. Within 90 days after each Plan

Year, and within 90 days after its removal or resignation, the Trustee shall file with the Employer an accounting of its administration of the Trust assets during such year or from the end of the preceding Plan Year to the date of removal or resignation. Such accounting shall include a statement of cash receipts and disbursements since the date of its last accounting and shall contain an asset list showing the fair market value of investments held in the Trust as of the end of the Plan Year;

The value of marketable investments shall be determined using the most recent price quoted on a national securities exchange or over the counter market. The value of non-marketable investments shall be determined in the sole judgment of the Trustee which determination shall be binding and conclusive. The value of investments in securities or obligations of the Employer in which there is no market shall be determined in the sole judgment of the Employer and the Trustee shall have no responsibility with respect to the valuation of such assets. The Employer shall review the Trustee's accounting and notify the Trustee in the event of its disapproval of the report within 90 days, providing the Trustee with a written description of the items in question. The Trustee shall have 60 days to provide the Employer with a written explanation of the items in question; and

- (d) employing such agents, attorneys or other professionals as the Trustee may deem necessary or advisable in the performance of its duties.

The Trustee's duties shall be limited to those described above. The Employer shall be responsible for any other administrative duties required under the Plan or by applicable law.

5.07 Investment Powers of the Trustee. The Trustee shall implement an investment program based on the Employer's investment objectives. If either the Employer or the Employee fails to issue investment directions as provided in sections 6.01 and 6.02, the Trustee shall have authority to invest the Trust assets in its sole discretion. In addition to powers given by law, the Trustee may:

- (a) invest the Trust assets in any form of property, including common and preferred stocks, exchange and trade put and call options, bonds, money market instruments, mutual funds (including Trust assets for which the Trustee or its affiliates serve as investment advisor), Treasury bills, deposits at reasonable rates of interest at banking institutions including but not limited to savings accounts and certificates of deposit, and other forms of securities or investment of any kind, class, or character whatsoever, or in any other property, real or personal, having a ready market;
- (b) invest and reinvest all or any part of the Trust assets in any insurance policies or other contracts with insurance companies including but not limited to individual or group annuity, deposit administration, and guaranteed interest contracts. Such contracts shall be held in the name of the Trustee;

- (c) transfer any assets of the Trust to any group or common, collective or commingled fund that is maintained by a bank or other institution that is established to permit the pooling of Trust assets of separate Trusts so long as such Trust assets are available to § 457 plans;
- (d) hold cash uninvested and deposit same with any banking or savings institution at reasonable interest;
- (e) join in or oppose the reorganization, recapitalization, consolidation, sale or merger of corporations or properties, including those in which it is interested as a Trustee, upon such terms as it deems wise;
- (f) hold investments in nominee or bearer form;
- (g) to vote or refrain from voting any stocks, bonds, or other securities held in the Trust, to exercise any other right appurtenant to any securities or other property held in the Trust, to vote or refrain from voting proxies;
- (h) exercise all ownership rights with respect to assets held in the Trust; and
- (i) do any and all other acts that may be deemed necessary in the performance of the Trustee's duties hereunder.

5.08 Trustee Fees and Expenses. All reasonable costs, charges and expenses incurred by the Trustee in connection with the administration of the Trust assets (including fees for legal services rendered to the Trustee) may be paid by the Employer, but if not paid by the Employer when due, shall be paid from the Trust. Such reasonable compensation to a bank or trust company Trustee as may be agreed upon from time to time between the Employer and the Trustee may be paid by the Employer, but if not paid by the Employer when due shall be paid by the Trust. The Trustee shall have the right to liquidate Trust assets to cover its fees. Notwithstanding the foregoing, no compensation other than reimbursement for expenses shall be paid to a Trustee who is the Employer or a full-time Employee of the Employer. In the event any part of the Trust assets become subject to tax, all taxes incurred shall be paid from the Trust unless the Plan Administrator advises the Trustee not to pay such tax.

5.09 Exclusive Benefit Rules. No part of the Trust assets shall be used for, or diverted to, purposes other than for the exclusive benefit of Participants, former Participants with an interest in the Plan, and the Beneficiary or Beneficiaries of a deceased Participant having an interest in the Trust assets at the death of the Participant.

5.10 Trustee Actions. Every action taken by the Trustee shall be presumed to be a fair and reasonable exercise of the authority vested in or the duties imposed upon him, her, or it. The Trustee shall be deemed to have exercised reasonable care, diligence and prudence and to have acted impartially as to all

persons interested, unless the contrary be proven by affirmative evidence. The Trustee shall not be liable for amounts of Compensation deferred by Participants or for other amounts payable under the Plan.

5.11 Delegation. Subject to any applicable laws and any approvals required by the Employer, the Trustee may delegate any or all powers and duties hereunder to another person, persons, or entity, and may pay reasonable compensation for such services as an administrative expense of the Plan, to the extent such compensation is not otherwise paid.

5.12 Division of Duties and Indemnification.

- (a) The Trustee shall have the authority and discretion to manage and govern the Trust assets to the extent provided in this instrument, but does not guarantee the Trust in any manner against investment loss or depreciation in asset value, or guarantee the adequacy of the Trust assets to meet and discharge all or any liabilities of the Plan.
- (b) The Trustee shall not be liable for the making, retention or sale of any investment or reinvestment made by it, as herein provided, or for any loss to, or diminution of the Trust assets or for any other loss or damage which may result from the discharge of its duties hereunder except to the extent it is judicially determined that the Trustee has failed to exercise the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.
- (c) The Employer warrants that all directions issued to the Trustee by it or the Plan Administrator shall be in accordance with the terms of the Plan and not contrary to the provisions of the Code.
- (d) The Trustee shall not be answerable for any action taken pursuant to any direction, consent, certificate, or other paper or document on the belief that the same is genuine and signed by the proper person. All directions by the Employer or the Plan Administrator shall be in writing from the authorized individual or individuals named in the Adoption Agreement.
- (e) The duties and obligations of the Trustee shall be limited to those expressly imposed upon it by this instrument or subsequently agreed upon by the parties. Responsibility for administrative duties required under the Plan or applicable law not expressly imposed upon or agreed to by the Trustee shall rest solely with the Employer.
- (f) The Trustee shall be indemnified and held harmless by the Employer from and against any and all liability to which the Trustee may be subjected, including all expenses reasonably incurred in its defense, for any action or failure to act resulting from compliance with the instructions of the Employer, the employees or agents of the Employer, the Plan Administrator, or any other fiduciary to the Plan, and for any liability arising from the actions or inactions of any predecessor Trustee, custodian or other fiduciaries of the Plan.

- (g) The Trustee shall not be responsible in any way for the application of any payments it is directed to make or for the adequacy of the Trust assets to meet and discharge any and all liabilities under the Plan.

VI. INVESTMENTS

6.01 Investment Options. The Employer have the sole discretion to select one or more investment options from which Participants may instruct the Trustee as to the investment of their Account balances. These investment options may include specified life insurance policies, annuity contracts, or investment media issued by an insurance company. It shall be the sole responsibility of the Employer to ensure that all investment options offered under the Plan are appropriate and in compliance with any and all state laws pertaining to such investments.

6.02 Participant Investment Direction. If the Employer chooses to designate one or more investment options in which Participants may direct investment of their Account, Participants shall have the option to direct the investment of their Account from among the investment options designated by the Employer. Such investment options shall be under the full control of the Trustee. A Participant's right to direct the investment of Account balances shall apply only to making selections among the options made available under the Plan and only to the extent specified by the Employer pursuant to uniform rules.

- (a) Each Participant shall designate on the form prescribed by the Administrator the one or more investment options in which he or she wishes to have his Account invested and may change such investment directions in accordance with and at the time or times specified under uniform rules established by the Administrator. The Participant's Account shall be debited or credited as appropriate to reflect all gains or losses on such investments.
- (b) Neither the Employer, the Administrator, the Trustee nor any other person shall be liable for any loss incurred by virtue of following the Participant's directions or by reason of any reasonable administrative delay in implementing such directions.
- (c) The Employer may from time to time change the investment options made available under the Plan pursuant to uniform rules established by the Administrator. If the Employer eliminates an investment option, all Participants who had chosen that investment option shall select another option. If no new option is selected by the Participant, money remaining in the eliminated investment option shall be reinvested at the direction of the Employer. The Participants shall have no right to require the Employer to select or retain any investment option. Any change with respect to investment options made by the Employer or a Participant, however, shall be subject to the terms and conditions (including any rules or procedural requirements) of the affected investment options.

6.03 Employer Investment Direction.

- (a) To the extent the Employer chooses not to allow Participant direction of the investment of his or her Account, the Employer shall have the right to direct the Trustee with respect to investments of the Trust assets, may appoint an investment manager to direct investments or may give the Trustee sole investment management responsibility. Any investment directive shall be made in writing by the Employer or investment manager. Such instructions regarding the delegation of investment responsibility shall remain in force until revoked or amended in writing. The Trustee shall not be responsible for the propriety of any investment made at the direction of the Employer or an investment manager and shall not be required to consult with or advise the Employer regarding the investment quality of any directed investment held hereunder. In the absence of such written directive, the Trustee shall automatically invest the available cash in its discretion in an appropriate interim investment until specific investment directions are received.
- (b) If the Employer fails to direct the investment of Trust assets or name an investment manager, the Trustee shall have full investment authority.

6.04 Participant Accounts. The Administrator shall maintain or cause to be maintained one or more individual accounts for each Participant. Such accounts shall include separate accounts, as necessary, for Code § 457 Deferred Compensation, Code § 457 rollovers, IRA rollovers, other qualified plan and Code § 403(b) plan rollovers, and such other accounts as may be appropriate from time-to-time for plan administration. At regular intervals established by the Administrator, each Participant's account(s) shall be credited with the amount of any Deferred Compensation paid into the Trust; debited with any applicable administrative or investment expense, including, but not limited to, fees charged to Participants, allocated on a reasonable and consistent basis; credited or debited with investment gain or loss, as appropriate; and debited with the amount of any distribution. At least once a year each Participant shall be notified in writing of his Total Amount Deferred.

6.05 Distributions from the Trust. The payment of benefits from the Trust in accordance with the terms of the Plan may be made by the Trustee, or by any custodian or other person so authorized by the Employer to make such distribution. Neither the Plan Administrator, the Trustee nor any other person shall be liable with respect to any distribution from the Trust made at the direction of the Employer or a person authorized by the Employer to give disbursement direction.

VII. DISTRIBUTIONS

- 7.01 Conditions for Distributions.(a) § 457 Deferred Compensation. Payments from a Participant's § 457 Deferred Compensation account to the Participant or Beneficiary shall not be made earlier than:

- (1) the Participant's Severance from Employment or death;
 - (2) the Participant's account meets all of the requirements for an in-service *de minimis* distribution pursuant to section 7.03;
 - (3) the Participant incurs an approved Unforeseeable Emergency pursuant to section 7.04;
 - (4) the Participant transfers an amount to a defined benefit governmental plan pursuant to section 7.03(c); or
 - (5) The calendar year in which the Participant attains age 70 1/2.
- (b) Rollovers. Payments from a Participant's rollover account(s) may be made at any time.
- 7.02 Severance from Employment. (a) Subject to section 7.02(b), distributions to a Participant shall commence following his or her Severance from Employment, on the regular distribution commencement date (as the Employer or Administrator may establish from time-to-time) elected by the Participant, in a form and manner determined pursuant to sections 7.06, 7.07 and 7.08.
- (b) Upon notice to Participants, and subject to sections 7.08(b), 7.10(b) and 7.11, the Administrator may establish procedures under which a Participant whose total § 457 Deferred Compensation account balance is less than an amount specified by the Administrator (not in excess of \$5,000 or other applicable limit under the Code) will receive a lump sum distribution on the first regular distribution commencement date (as the Employer or Administrator may establish from time-to-time) following the Participant's Severance from Employment, notwithstanding any election made by the Participant pursuant to section 7.02(a).
- 7.03 In-Service Distributions and Transfers.
- (a) Voluntary In-Service Distribution of *De Minimis* Accounts. A Participant who is an active Employee shall receive a distribution of the total amount payable to the Participant under the Plan if the following requirements are met:
- (1) the portion of the total amount payable to the Participant under the Plan does not exceed an amount specified from time to time by the Administrator (not in excess of \$5,000 or other applicable limit under the Code);
 - (2) the Participant has not previously received an in-service distribution of the total amount payable to the Participant under the Plan;

- (3) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the in-service distribution; and
- (4) the Participant elects to receive the distribution.

(b) Involuntary In-Service Distribution of *De Minimis* Accounts.

Upon notice to Participants, and subject to section 7.11, the Administrator may establish procedures under which the Plan shall distribute the total amount payable under the Plan to a Participant who is an active Employee if the following requirements are met:

- (1) the portion of the total amount payable to the Participant under the Plan does not exceed an amount specified from time to time by the Administrator (not in excess of \$5,000 or other applicable limit under the Code);
- (2) the Participant has not previously received an in-service distribution of the total amount payable to the Participant under the Plan; and
- (3) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the in-service distribution.

(c) Transfer for Purchase of Defined Benefit Plan Service Credit.

If a Participant is also a Participant in a defined benefit governmental plan (as defined in Code § 414(d)), such Participant may request the Plan Administrator to transfer amounts from his or her account for (i) the purchase of permissive service credit (as defined in Code § 415(n)(3)(A)) under such plan, or (ii) a repayment to which Code § 415 does not apply by reason of Code § 415(k)(3). Such transfer requests shall be granted in the sole discretion of the Plan Administrator, and if granted, shall be made directly to the defined benefit governmental plan.

7.04 Unforeseeable Emergencies. If the Plan Administrator has determined that a Participant has incurred a genuine Unforeseeable Emergency and that no other resources of financial relief are available, the Plan Administrator may grant, in its sole discretion, a Participant's request for a payment from the Participant's § 457 Deferred Compensation account. Any payment made under this provision shall be in a lump sum.

- (a) The Plan Administrator shall have the right to request and review all pertinent information necessary to assure that hardship withdrawal requests are consistent with the provisions of Code § 457.

- (b) In no event, however, shall an Unforeseeable Emergency distribution be made if such hardship may be relieved:
 - (1) through reimbursement or compensation by insurance or otherwise;
 - (2) by liquidation of the Participant's assets, to the extent the liquidation of the Participant's assets would not itself cause a severe financial hardship; or
 - (3) by cessation of deferrals under this Plan; or
 - (4) if allowed, by taking out a loan under this Plan, provided that the repayment of such loan does not itself cause financial hardship

- (c) The amount of any financial hardship benefit shall not exceed the lesser of:
 - (1) the amount reasonably necessary, as determined by the Plan Administrator, to satisfy the hardship; or
 - (2) the amount of the Participant's account.

- (d) The Employer or Administrator may suspend the Participant's salary deferral election during the pendency of the Participant's request for a financial hardship distribution. Payment of a financial hardship distribution shall result in mandatory suspension of deferrals for a minimum of six (6) months from the date of payment (or such other period as mandated in Treasury Regulations).

- (e) Except to the extent authorized in Treasury Regulations the following events are not considered unforeseeable emergencies under the Plan:
 - (1) enrollment of a child in college;
 - (2) purchase of a house;
 - (3) purchase or repair of an automobile;
 - (4) repayment of loans;
 - (5) payment of income taxes, back taxes, or fines associated with back taxes;
 - (6) unpaid expenses including rent, utility bills, mortgage payments, or medical bills;
 - (7) marital separation or divorce; or

(8) bankruptcy except when resulting directly and solely from illness or casualty loss.

7.05 Death Benefits.

- (a) Upon the Participant's death, the Participant's remaining account balance(s) will be distributed to the Beneficiary commencing after the Administrator receives satisfactory proof of the Participant's death (or on the first regular distribution commencement date thereafter as the Employer or Administrator may establish from time-to-time), unless prior to such date the Beneficiary elects a deferred commencement date, in a form and manner determined pursuant to sections 7.06, 7.07 and 7.08.
- (b) If there are two or more Beneficiaries, the provisions of this section and section 7.08 shall be applied to each Beneficiary separately with respect to each Beneficiary's share in the Participant's account.
- (c) If the Beneficiary dies after beginning to receive benefits but before the entire account balance has been distributed, the remaining account balance shall be paid to the estate of the Beneficiary in a lump sum.
- (d) Under no circumstances shall the Employer or the Plan be liable to the Beneficiary for the amount of any payment made in the name of the Participant before the Administrator receives satisfactory proof of the Participant's death.

7.06 Payment Options. A payee's election of a payment option must be made at least thirty (30) days prior to the date that the payment of benefits is to commence. If a timely election of a payment option is not made, benefits shall be paid in accordance with section 7.07. Subject to applicable law and the other provisions of this Plan, distributions may be made in accordance with one of the following payment options.

- (a) A single lump-sum payment;
- (b) Installment payments for a period of years (payable on a monthly, quarterly, semi-annual, or annual basis) which extends no longer than the life expectancy of the Participant or Beneficiary as permitted under Code § 401(a)(9);
- (c) Partial lump-sum payment of a designated amount, with the balance payable in installment payments for a period of years, as described in subsection (b);
- (d) Annuity payments (payable on a monthly, quarterly, or annual basis) for the lifetime of the Participant or for the lifetimes of the Participant and Beneficiary in compliance with Code § 401(a)(9); or

- (e) Such other forms of installment payments as may be approved by the Employer consistent with the requirements of Code § 401(a)(9).

7.07 Default Distribution Option.In the absence of an effective election by the Participant, Beneficiary or other payee, as applicable, as to the commencement and/or form of benefits, distributions shall be made in accordance with the applicable requirements of Code §§ 401(a)(9) and 457(d), and proposed or final Treasury Regulations thereunder.

7.08 Limitations on Distribution Options.Notwithstanding any other provision of this Article VII, Plan distributions shall satisfy the requirements of this section 7.08.

- (a) No distribution option may be selected by a payee under this Article VII unless it satisfies the applicable requirements of Code §§ 401(a)(9) and 457(d), and proposed or final Treasury Regulations thereunder.
- (b) For mandatory distributions, if any, made on or after the effective date of and subject to final Treasury Regulations under Code § 401(a)(31), payment of an account balance that exceeds \$1,000 but is less than \$5,000 (or other applicable limit under the Code) and for which the Participant has not made an election to receive in cash or to rollover to a qualified retirement plan shall, to the extent required by and in accordance with such regulations, be rolled over to an account set up for the benefit of the Participant with the IRA provider designated from time-to-time by the Employer or Administrator.
- (c) The terms of this Article shall be construed in accordance with all applicable Code sections.

7.09 Transfers from the Plan.

If a Participant separates from service prior to his or her required beginning date, and becomes a Participant in an eligible deferred compensation plan of another governmental employer, and provided that payments under this Plan have not begun, such Participant may request a transfer of his or her account to the eligible deferred compensation plan of the other governmental employer.

Requests for transfers must be made to the Plan Administrator and shall be granted in the sole discretion of the Plan Administrator. If an amount is to be transferred pursuant to this provision, the Plan Administrator shall transfer such amount directly to the eligible deferred compensation plan of the other employer. Amounts transferred to another eligible deferred compensation plan shall be treated as distributed from this Plan and this Plan shall have no further responsibility to the Participant or any Beneficiary with respect to the amount transferred.

7.10 Taxation of Distributions.To the extent required by law, income and other taxes shall be withheld from each benefit payment and payments shall be reported to the appropriate governmental agency or agencies.

- 7.11 Eligible Rollover Distributions. (a) General. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this section, a distributee may elect, at the time and in the manner prescribed by the Employer, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.
- (b) Definitions. For purposes of this section, the following definitions shall apply.
- (1) Eligible Rollover Distribution. An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code § 401(a)(9); any distribution that is a deemed distribution under the provisions of Code § 72(p); the portion of any distribution that is not includable in gross income; and any hardship distribution or distribution on account of unforeseeable emergency.
 - (2) Eligible Retirement Plan. An eligible retirement plan is an individual retirement account described in Code § 408(a), an individual retirement annuity described in Code § 408(b), an annuity plan described in Code § 403(a) that accepts the distributee's eligible rollover distribution, a qualified trust described in Code § 401(a) (including § 401(k)) that accepts the distributee's eligible rollover distribution, a tax-sheltered annuity described in Code § 403(b) that accepts the distributee's eligible rollover distribution, or another eligible deferred compensation plan described in Code § 457(b) that accepts the distributee's eligible rollover distribution.
 - (3) Distributee. A distributee includes an Employee or former Employee, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a Qualified Domestic Relations Order, as defined in Code § 414(p), are distributees with regard to the interest of the spouse or former spouse.
 - (4) Direct Rollover. A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

7.12 Elections. Elections under this Article shall be made in such form and manner as the Plan Administrator may specify from time to time. To the extent permitted by and in accordance with the Code, any irrevocable elections as to the form or timing of distributions executed prior to January 1, 2002, are hereby revoked.

7.13 Practices and Procedures.The Employer may adopt practices and procedures applicable to existing and new distribution elections.

VIII. LEAVE OF ABSENCE

8.01 Paid Leave of Absence.If a Participant is on an approved leave of absence from the Employer with Compensation, or on approved leave of absence without Compensation that does not constitute a Severance from Employment, which under the Employer's current practices is generally a leave of absence without Compensation for a period of one year or less, said Participant's participation in the Plan may continue.

8.02 Unpaid Leave of Absence.If a Participant is on an approved leave of absence without Compensation and such leave of absence continues to such an extent that it becomes a Severance from Employment, said Participant shall have separated from service with the Employer for purposes of this Plan. Upon termination of leave without pay and return to active status, the Participant may enter into a new Participation Agreement to be effective when permitted by section 4.01.

IX. PARTICIPANT LOANS

9.01 Authorization of Loans.If so specified in the Adoption Agreement, the Administrator may direct the Trustee to make loans to Participants on or after the effective date of Treasury Regulations or other guidance under Code § 457 and to the extent allowable under and in accordance with Code § 457. Such loans shall be made on the application of the Participant in a form approved by the Administrator and on such terms and conditions as are set forth in this Article, provided, however, that the Administrator may adopt regulations, rules or procedures specifying different loan terms and conditions if necessary or desirable to comply with or conform to such Treasury Regulations or other guidance and other applicable law.

9.02 Maximum Loan Amount.In no event shall any loan made to a Participant be in an amount which shall cause the outstanding aggregate balance of all loans made to such Participant under this Plan exceed the lesser of:

- (a) \$50,000, reduced by the excess (if any) of: (i) the highest outstanding balance of loans from the Plan to the Participant during the one-year period ending on the day before the date on which the loan is made; over (ii) the outstanding balance of loans from the Plan to the Participant or the Beneficiary on the date on which the loan is made; or
- (b) One-half of the Participant's Total Amount Deferred.

9.03 Repayment of Loan. Each loan shall mature and be payable, in full and with interest, within five (5) years from the date such loan is made, unless

- (a) The loan is used to acquire any dwelling unit that within a reasonable time (determined at the time the loan is made) will be used as the principal residence of the Participant; or
- (b) Loan repayments are, at the Employer's election, suspended as permitted by Code § 414(u)(4) (with respect to qualified military service).

9.04 Loan Terms and Conditions. In addition to such rules and regulations as the Administrator may adopt, which rules are hereby incorporated into this Plan by reference, all loans to Participants shall comply with the following terms and conditions:

- (a) Loans shall be available to all Participants on a reasonably equivalent basis.
- (b) Loans shall bear interest at a reasonable rate to be fixed by the Administrator based on interest rates currently being charged by commercial lenders for similar loans. The Administrator shall not discriminate among Participants in the matter of interest rates, but loans granted at different times may bear different interest rates based on prevailing rates at the time.
- (c) Each loan shall be made against collateral, including the assignment of no more than one-half of the present value of the Participant's Total Amount Deferred as security for the aggregate amount of all loans made to such Participant, supported by the Participant's collateral promissory note for the amount of the loan, including interest.
- (d) Loan repayments must be made by payroll deduction. In all events, payments of principal and interest must be made at least quarterly and such payments shall be sufficient to amortize the principal and interest payable pursuant to the loan on a substantially level basis.
- (e) A loan to a Participant or Beneficiary shall be considered a directed investment option for such Participant's account balance.
- (f) No distribution shall be made to any Participant, or to a Beneficiary of any such Participant, unless and until all unpaid loans, including accrued interest thereon, have been satisfied. If a Participant terminates employment with the Employer for any reason, the outstanding balance of all loans made to him shall become fully payable and, if not paid within thirty days, any unpaid balance shall be deducted from any benefit payable to the Participant or his Beneficiary. In the event of default in repayment of a loan or the bankruptcy of a Participant who has received a loan, the note will become immediately due and payable, foreclosure on the note and attachment of security will occur, the amount of the outstanding balance of the loan will be treated as a distribution to the Participant, and the defaulting Participant's

Accumulated Deferrals shall be reduced by the amount of the outstanding balance of the loan (or so much thereof as may be treated as a distribution without violating Code requirements).

- (g) The loan program under the Plan shall be administered by the Administrator in a uniform and nondiscriminatory manner. The Administrator shall establish procedures for loans, including procedures for applying for loans, guidelines governing the basis on which loans shall be approved, procedures for determining the appropriate interest rate, the types of collateral which shall be accepted as security, any limitations on the types and amount of loans offered, loan fees and the events which shall constitute default and actions to be taken to collect loans in default.

X. AMENDMENT OR TERMINATION OF PLAN

10.01 Termination. The Employer may at any time terminate this Plan; provided, however, that no termination shall affect the amount of benefits, which at the time of such termination shall have accrued for Participants or Beneficiaries. Such accrued benefit shall include any Compensation deferred before the time of the termination and income thereon accrued to the date of the termination. Such amount shall be calculated in accordance with section 6.02(b) and the terms and conditions of the affected investment option. Upon such termination, each Participant in the Plan shall be deemed to have revoked his agreement to defer future Compensation as provided in section 4.06 as of the date of such termination and section 4.01(b) shall no longer be in effect. Each Participant's full Compensation on a nondeferred basis shall be restored.

10.02 Amendment. The Employer may also amend the provisions of this Plan at any time; provided, however, that no amendment shall affect the amount of benefits which at the time of such amendment shall have accrued for Participants or Beneficiaries, to the extent of and Compensation deferred before the time of the amendment and income thereon accrued to the date of the amendment, calculated in accordance with section 6.03 and the terms and conditions of the investment options hereunder; and provided further, that no amendment shall affect the duties and responsibilities of the Trustee unless executed by the Trustee.

To the extent permitted by applicable law, the Employer delegates to the Administrator the authority to adopt rules, regulations or procedures from time to time as may be necessary or desirable to conform Plan provisions to, or to elaborate Plan provisions in light of, technical amendments to the Code, Treasury regulations or other guidance issued under the Code, and such rules, regulations or procedures are hereby ratified by the Employer as having the force and effect of Plan amendments.

10.03 Copies of Amendments. The Administrator shall provide a copy of any Plan amendment to any Trustee or custodian and to the issuers of any investment options selected pursuant to section 6.01.

XI. TAX TREATMENT OF AMOUNTS CONTRIBUTED

It is intended that pursuant to Code § 457, the amount of Deferred Compensation shall not be considered current compensation for purposes of federal income taxation. This rule shall also apply to state income taxation unless applicable state laws provide otherwise. Such amounts shall, however, be included as compensation to the extent required under the Federal Insurance Contributions Act (FICA). Payments under this Plan shall supplement retirement and death benefits payable under the Employer's group insurance and retirement plans, if any.

XII. NON-ASSIGNABILITY

12.01 Non-Assignability. It is agreed that neither the Participant, nor any Beneficiary, nor any other designee shall have any right to commute, sell, assign, transfer, or otherwise convey the right to receive any payments hereunder, which payments and right thereto are expressly declared to be non-assignable and non-transferable; and in the event of attempt to assign or transfer, the Employer shall have no further liability hereunder, nor shall any unpaid amounts be subject to attachment, garnishment or execution, or be transferable by operation of law in event of bankruptcy, insolvency, except to the extent otherwise required by law.

12.02 Qualified Domestic Relations Orders. If so specified in the Adoption Agreement, domestic relations orders approved by the Plan Administrator shall be administered as follows.

- (a) To the extent required under a final judgment, decree, or order meeting the requirements of Code § 414(p), herein referred to as a Qualified Domestic Relations Order ("QDRO"), which is duly filed upon the Employer, any portion of a Participant's account may be paid or set aside for payment to a spouse, former spouse, or a child of the Participant. Where necessary to carry out the terms of such a QDRO, a separate account shall be established with respect to the spouse, former spouse, or child, and such person shall be entitled to make investment selections with respect thereto in the same manner as the Participant. All costs and charges incurred in carrying out the investment selection shall be deducted from the account created for the spouse, former spouse, or child making the investment selection.

Any amounts so set aside for a spouse, former spouse or a child shall be paid out in a lump sum at the earliest date that benefits may be paid to the Participant, unless the QDRO directs a different form of payment or different payment date. Withholding and income tax reporting shall be done with respect to the alternate payee under the terms of the Code as amended from time to time.

- (b) The Employer's liability to pay benefits to a Participant shall be reduced to the extent that amounts have been paid or set aside for payment to a spouse, former spouse or child pursuant to this section. No amount shall be paid or set aside unless the Employer, or its agents or assigns, has been provided with satisfactory evidence releasing them from any

further claim by the Participant with respect to these amounts. The Participant shall be deemed to have released the Employer from any claim with respect to such amounts in any case in which the Employer has been notified of or otherwise joined in a proceeding relating to a QDRO which sets aside a portion of the Participant's account for a spouse, former spouse or child, and the Participant fails to obtain an order of the court in the proceeding relieving the Employer from the obligation to comply with the QDRO.

- (c) The Employer shall not be obligated to comply with any judgment, decree or order which attempts to require the Plan to violate any Plan provision or any provision of Code § 457. Neither the Employer nor its agents or assigns shall be obligated to defend against or set aside any judgment, decree, or order described herein or any legal order relating to the division of a Participant's benefits under the Plan unless the full expense of such legal action is borne by the Participant. In the event that the Participant's action (or inaction) nonetheless causes the Employer, its agents or assigns to incur such expense, the amount of the expense may be charged against the Participant's account and thereby reduce Employer's obligation to pay benefits to the Participant. In the course of any proceeding relating to divorce, separation, or child support, the Employer, its agents and assigns shall be authorized to disclose information relating to Participant's individual account to the Participant's spouse, former spouse or child (including the legal representatives of the spouse, former spouse or child), or to a court.

XIII. DISCLAIMER

The Employer and the Administrator make no endorsement, guarantee or any other representation and shall not be liable to the Plan or to any Participant, Beneficiary, or any other person with respect to (a) the financial soundness, investment performance, fitness, or suitability (for meeting a Participant's objectives, future obligations under the Plan, or any other purpose) of any investment option offered pursuant to section 6.01 or any investment vehicle in which amounts deferred under the Plan are actually invested, or (b) the tax consequences of the Plan to any Participant, Beneficiary or any other person.

XIV. EMPLOYER PARTICIPATION

Notwithstanding any other provisions of this Plan, the Employer may add to the amounts payable to any Participant under the Plan additional Deferred Compensation for services to be rendered by the Participant to the Employer during a payroll period, provided such additional Compensation deferred, when added to all other Compensation deferred under the Plan, does not exceed the maximum deferral permitted by Article IV.

XV. INTERPRETATION

15.01 Governing Law. This Plan shall be construed under the laws of the state in which the Employer's headquarters is located.

15.02 § 457. This Plan is intended to be an eligible deferred compensation plan within the meaning of Code § 457, and shall be interpreted so as to be consistent with such section and all regulations promulgated thereunder.

15.03 Word Usage. Words used herein in the singular shall include the plural and the plural the singular where applicable, and one gender shall include the other genders where appropriate.

15.04 Headings. The headings of articles, sections or other subdivisions hereof are included solely for convenience of reference, and if there is any conflict between such headings and the text of the Plan, the text shall control.

15.05 Entire Agreement. This Plan, the executed Adoption Agreement and any properly adopted amendment thereof, shall constitute the total agreement or contract between the Employer and the Participant regarding the Plan. No oral statement regarding the Plan may be relied upon by the Participant. This Plan and any properly adopted amendment, shall be binding on the parties hereto and their respective heirs, administrators, Trustees, successors, and assigns and on all designated Beneficiaries of the Participant.

**GREAT -WEST LIFE & ANNUITY INSURANCE COMPANY
HOME OFFICE - ENGLEWOOD, COLORADO
ADMINISTRATIVE OFFICES
ENGLEWOOD, COLORADO**

GROUP POLICYHOLDER

GROUP POLICY NUMBER

GROUP ANNUITY CONTRACT DATE

Group Deferred Compensation Annuity, Non-Participating

The provisions on the following pages, together with the Application for this Group Annuity Contract, are part of this Group Annuity Contract.

For the purposes of this Group Annuity Contract, "Plan" means the plan and adoption agreement that the Group Policyholder has designated as the State of ABC Deferred Compensation Plan.

Signed for the Great-West Life & Annuity Insurance Company on the issuance of the Group Annuity Contract on the Annuity Contract Date.



Senior Vice-President
General Counsel and Secretary



President and Chief Executive Officer



For the Actuary

This Group Annuity Contract is a legal contract between the Group Policyholder and the Great-West Life & Annuity Insurance Company. PLEASE READ THIS ANNUITY CONTRACT CAREFULLY. IT IS A CONTRACT WHICH MAY PROVIDE FOR PAYMENTS OR VALUES WHICH ARE NOT GUARANTEED AS TO FIXED-DOLLAR AMOUNT BUT MAY INCREASE OR DECREASE ACCORDING TO THE INVESTMENT EXPERIENCE OF A VARIABLE ANNUITY ACCOUNT.

Group Deferred Compensation Annuity
GDC 990 FFSII



APPLICATION FOR GROUP DEFERRED COMPENSATION ANNUITY CONTRACT

Exact Name:

(herein called the Group Policyholder) applies to Great-West Life & Annuity Insurance Company for a Group Deferred Compensation Annuity Contract (herein called the Group Annuity Contract) in the form of the copy attached to this Application. It is agreed that the Group Policyholder will accept the Group Annuity Contract when issued.

Specify the effective date of the Group Annuity Contract: _____
(which is not earlier than the first day of the year in which this Application has been made)

Specify the name of the Deferred Compensation Plan:

This Group Annuity Contract is only available to policyholders whose Deferred Compensation Plan is an eligible State deferred compensation plan described in Section 457(b) of the Internal Revenue Code of 1986, as amended.

The Insurance Company requires that a copy of the currently effective plan document accompany this application, for its information.

PAYMENTS AND VALUES PROVIDED BY THIS CONTRACT MAY INCREASE OR DECREASE AND ARE NOT GUARANTEED AS TO DOLLAR AMOUNT.

Group Policyholder's address: _____

Dated at _____ this _____ day of _____, 20_____

Agent/Broker

The Deferred Compensation Plan ("Plan") to which a Group Annuity Contract is offered by Great-West Life & Annuity Insurance Company hereby represents the following:

1. The Plan is not funded by an annuity contract described in Section 403(b) of the Internal Revenue Code of 1986, as amended ("the Code").
2. No employee contributions to the Plan will be invested by the Plan in securities of the employer or its controlled or commonly controlled entities.
3. The Plan is for the exclusive benefit of the employees and beneficiaries and the purpose of the Plan is the distribution of funds accumulated under the Plan to employees or their beneficiaries.
4. No part of the assets of the Plan shall be used or diverted to any purpose other than for the benefit of the employees or their beneficiaries prior to the satisfaction of all the Plan's liabilities to the employees and beneficiaries. However, to the extent necessary to retain qualification under Section 457 of the Code, these assets shall remain subject to the claims of the general creditors of the employer.

By: _____
Signature

Title

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GUARANTEED SUB-ACCOUNT RIDERS, IF ANY

SECTION 1. DEFINITIONS

- Accumulation Period - the period during which the Participant is covered under this Group Annuity Contract prior to the Participant's Annuity Commencement Date.
- Accumulation Unit - an accounting measure used to determine the Variable Contract Value before the Annuity Commencement Date.
- Administrative Offices - 8505 East Orchard Road, Englewood, Colorado 80111.
- Annuitant - the person upon whose life the payment of an annuity is based.
- Annuity Commencement Date - the date on which annuity payments commence under a payment option, which for any Participant is the date required under the Group Policyholder's Plan. Notwithstanding the immediately preceding sentence, the Participant's Annuity commencement Date will never be later than April 1 of the calendar year following the calendar year in which the Participant attains the later of:
 - A. Age 70 1/2, or
 - B. Separation from service.
- Annuity Payment Period - the period during which the Participant is covered under this Group Annuity Contract after the Participant's Annuity Commencement Date.
- Annuity Unit - an accounting measure used to determine the dollar value of any Variable Dollar Annuity Payment after the first annuity payment is made.
- Company - the Great-West Life & Annuity Insurance Company.

SECTION 1. DEFINITIONS (continued)

- Deposit - includes contributions, transfers and other amounts deposited into Guaranteed or Variable Sub-Accounts.
- Eligible Fund - a registered management investment company in which the assets of the Series Account may be invested.
- Group Annuity Contract Date - the effective date indicated by the Group Policyholder on the Application for this Group Annuity Contract, or such other date which is acceptable to the Company.
- Group Policyholder - the employer of a Participant and the applicant for this Group Annuity Contract.
- Guaranteed Account - the portion of this Group Annuity Contract providing Guaranteed Sub-Accounts, each having a Guaranteed Interest Rate and containing fixed dollar amounts.
- Guaranteed Contract Value - the sum of the values of the Guaranteed Sub-Accounts credited to the Group Policyholder in respect of a Participant under a Participant Annuity Account.
- Guaranteed Interest Rate - the minimum interest rate applicable to Guaranteed Sub-Accounts which on an annual effective basis is 4%.
- Guaranteed Sub-Account - a subdivision of the Guaranteed Account having a Guaranteed Interest Rate. This subdivision is described in greater detail in the attached Guaranteed Sub-Account Riders, if any.
- Investment Division - a division of the Series Account containing the shares of a specific portfolio of the Eligible Fund. There is an Investment Division for each portfolio of the Eligible Fund.

SECTION 1. DEFINITIONS (continued)

- Intra-Company Transfer - amounts moved within and between the currently offered Variable and Guaranteed Sub-Accounts upon each Written Request of the Group Policyholder on behalf of the Participant.

- Letter Agreement - a formal written agreement signed by the Company and the Group Policyholder which is used to clarify or modify certain provisions of the Contract and will be attached to and form a part of this Group Annuity Contract.

- Participant - an employee who has met the eligibility requirements under the Plan and for whom the Group Policyholder has applied for coverage.

- Participant Annuity Account - a separate record in the name of each Participant which reflects the total of the Guaranteed and Variable Contract Values.

- Participant Annuity Account Value - the sum of the Variable and Guaranteed Contract Values credited to the Group Policyholder in respect of a Participant under a Participant Annuity Account.

- Participant Effective Date - the date on which the first Deposit is credited to a Participant Annuity Account.

- Payee - the Group Policyholder or the person, including the Participant, designated to receive the value of the Participant Annuity Account.

SECTION 1. DEFINITIONS (continued)

- Plan*

 - The underlying plan document of the Group Policyholder written in accordance with Section 457 of the Internal Revenue Code. Although the Company may have knowledge of certain provisions of the Plan, the legal sufficiency of the Plan remains solely the responsibility of the Group Policyholder. Should any provisions of the Plan and this Contract be in conflict, the provisions of this Contract shall prevail.

- Plan-To-Plan Transfer*

 - Amounts moved from any Variable or Guaranteed Sub-Account to another eligible deferred compensation plan upon Written Request from the Group Policyholder on behalf of a Participant.

- Premium Tax*

 - the amount of tax, if any, charged by a state or other governmental authority on premiums.

- Series Account*

 - the FutureFunds Series II Account, a segregated investment account established by Great-West Life & Annuity Insurance Company under Colorado law.

- Transfer to Other Companies*

 - amounts moved from any Variable or Guaranteed Sub-Account to another company upon each Written Request from the Group Policyholder on behalf of the Participant.

- Valuation Date*

 - the date on which the net asset value of each Eligible Fund is determined, which day may vary depending upon the day which any given Eligible Fund may be purchased. The Valuation Date on which an Eligible Fund will be purchased, will in no event, be later than 2 business days after the date upon which a Deposit is received by the Company at its Administrative Offices.

SECTION 1. DEFINITIONS (continued)

- Valuation Period* - the period between successive Valuation Dates.
- Variable Contract Value* - the sum of the values of the Variable Sub-Accounts credited to the Group Policyholder in respect of a Participant under a Participant Annuity Account.
- Variable Sub-Account* - a sub-division of an Investment Division which separates Deposits received under tax qualified arrangements from those received under non-tax qualified arrangements. Each Variable Sub-Account has its own Accumulation Unit and Annuity Unit Value.
- Written Request* - any request in written form, satisfactory to the Company and received by the Company at its Administrative Office, from the Group Policyholder, the Participant, or their designee as required by any provision of this Group Annuity Contract, if any, and at other times as required by the Company. A form or direction in lieu of the Written Request may be accepted by the Company in its sole discretion.

SECTION 2. OWNERSHIP PROVISIONS

2.1 Ownership of Series Account

The Company has absolute ownership of the assets of the Series Account.

2.2 Ownership of Group Annuity Contract

Upon the Group Policyholder's Application for this Group Annuity Contract, the Group Policyholder becomes the owner of the Group Annuity Contract. It alone has all rights, remedies and recourses given in the Group Annuity Contract, and, while the Group Annuity Contract and the Participant Annuity Accounts are held in respect of Participants, there is no contractual relationship between the Company and the Participants. While the Group Policyholder may request the opinion of the Participant on matters and transactions affecting the Participant Annuity Account, the Group Policyholder may act according to the dictates of its own judgment and discretion.

Subject to the Plan participation provisions, each employee for whom Deposits have been made is a Participant for whom a Participant Annuity Account is kept.

2.3 Transfer and Assignment

The interest of the Group Policyholder in this Group Annuity Contract may not be transferred, sold, assigned, pledged, charged, encumbered, or in any way alienated without the prior written consent of the Company.

SECTION 3. GENERAL PROVISIONS

3.1 The Group Annuity Contract

The Group Annuity Contract is issued by the Company to the Group Policyholder.

3.2 Entire Contract

This Group Annuity Contract, its Application, Tables, Guaranteed Sub-Account Riders and /or Letter Agreements, if any, form the entire contract between the Group Policyholder and the Company. A copy of the Application is attached to the Group Annuity Contract when issued to the Group Policyholder.

After issue, modifications to the Group Annuity Contract under the Contract Modification provisions become part of the Group Annuity Contract.

All statements in the Application, in the absence of fraud, have been accepted as representations and not as warranties.

Only the President, a Vice-President, or the Secretary of the Company can modify or waive any provisions of the Group Annuity Contract.

3.3 The Plan

The terms and provisions of the Plan do not for any purpose form any part of this Group Annuity Contract and are not binding on the Company.

Notwithstanding the fact that the Company may have knowledge of the terms of the Plan, the obligations of the Company are measured and determined solely by the terms and provisions of this Group Annuity Contract.

3.4 Non-Participating

This Group Annuity Contract is non-participating, meaning that it is not eligible to share in the Company's divisible surplus.

3.5 Currency and Payment of Deposits

All amounts to be paid to or by the Company must be in the currency of the United States of America. All Deposits to this Group Annuity Contract must be made payable to the Company or its designated agent.

SECTION 3. GENERAL PROVISIONS (continued)

3.6 Age

If the age of the Participant or Payee has been misstated, the payments established for him/her under the Participant Annuity Account will be made on the basis of his/her correct age.

If payments were too large because of misstatement, the difference with interest may be deducted by the Company from the next payment or payments. If payments were too small, the difference with interest may be added by the Company to the next payment. This interest will be not less than 4% per year.

3.7 Voting Rights and Reports

The Company will vote the shares of an Eligible Fund held in a Variable Sub-Account of the Investment Division of the Series Account. To the extent required by law, the Company will vote according to the instructions of the Group Policyholder in proportion to its interest in the Variable Sub-Account. In such event, the Company will send proxy materials and form(s) to the Group Policyholder for its reply. If no reply is received, the Company will vote shares of the appropriate Eligible Fund in the same proportion as shares of the Eligible Fund for which replies have been received.

During the Annuity Payment Period under the Participant Annuity Account, the number of votes will decrease as the assets held to fund annuity payments decrease, the Payee will be entitled to receive the proxy materials and form(s) otherwise provided to the Group Policyholder, and all other provisions concerning Voting Rights will apply to the Payee of a Variable Dollar Method of Payment Option.

The Company will furnish the Group Policyholder or the Payee of a Variable Dollar Method of Payment Option copies of any shareholder reports of the Eligible Funds and of any other notices, reports or documents required by law to be furnished to either of them.

Semi-annual reports of the Eligible Funds will be furnished as required by law to the Group Policyholder, who shall promptly deliver them to each Participant or Payee of a Variable Dollar Method of Payment Option. The Company will furnish the Group Policyholder not less frequently than annually a statement of each Participant's Participant Annuity Account Value, which the Group Policyholder will promptly deliver to the Participant. The Group Policyholder may direct the Company to deliver these reports and statements to the Participants.

SECTION 3. GENERAL PROVISIONS (continued)

3.8 Notice and Proof

Any notice or demand by the Company to or upon the Group Policyholder or any Payee may be given by mailing it to that person's last known address as stated in the Company's file.

An application, report, request, election, direction, notice or demand by the Group Policyholder or Payee will be made in a form satisfactory to the Company. When the Company requires it, the Group Policyholder will obtain the signature of the Participant's or Payee's spouse on forms provided by the Company.

The Company may require adequate proof of the age and death of any Payee before it admits a claim for or pays any payment.

Written materials developed by the Group Policyholder to describe this Group Annuity Contract must first be approved by the Company.

SECTION 4. PURCHASE PROVISIONS

4.1 Commencement and Termination of Coverage

The Group Policyholder may make application for coverage of any employee if the Company is then accepting applications for coverage under this Group Annuity Contract, unless a Date of Cessation of Deposits has been declared.

An employee for whom an adequate application has been made becomes covered as a Participant as of the Participant Effective Date. Coverage of a Participant terminates upon the Group Policyholder's total or partial distribution which results in a Participant Annuity Account Value of \$0.

4.2 Deposits

Unless a Date of Cessation of Deposits has been declared, the Group Policyholder may from time to time pay Deposits in cash in respect of a Participant until the earlier of his/her death, Annuity Commencement Date, or the termination of the Participant Annuity Account.

The amount of Deposits to be paid by the Group Policyholder in respect of any Participant will be determined by the Group Policyholder.

The Group Policyholder will report the amount paid as Deposits on forms acceptable to the Company. The Group Policyholder's report is conclusive and binding on it and any person or entity claiming an interest under the Group Annuity Contract or any Participant Annuity Account. When the Group Policyholder's report does not coincide with the Deposits received, the Company may return them.

4.3 Allocation of Deposits

After an adequate application on behalf of a Participant has been made, Deposits, less Premium Tax, if any, will be allocated in the Participant Annuity Account when received by the Company at its Administrative Offices.

Deposits on behalf of the Participant will be allocated among any number of currently offered Variable and Guaranteed Sub-Accounts in accordance with the latest recorded Written Request of the Group Policyholder on behalf of the Participant.

The allocation of Deposits may be changed at any time upon the Company's receipt at its Administrative Offices of the Written Request of the Group Policyholder on behalf of the Participant. A change of allocation will be effective for Deposits which are received after the Company's receipt and recording of the change.

SECTION 5. CONTRACT VALUE PROVISIONS

5.1 Variable Contract Value

The Variable Contract Value for a Participant on any date during the Accumulation Period will be the sum of the values of the Variable Sub-Accounts of the Series Account held for the Participant.

The value of a Participant's interest in a Variable Sub-Account will be determined by multiplying the number of Accumulation Units held for the Participant for that Variable Sub-Account by the Accumulation Unit Value for that Variable Sub-Account.

5.2 Accumulation Unit

Deposits received at the Administrative Offices of the Company before the close of a Valuation Period will be allocated as requested and applied as of that date based upon the Accumulation Unit Value for that Variable Sub-Account as of the Valuation Date immediately following receipt of the funds, to provide Accumulation Units of the selected Variable Sub-Accounts of the Series Account.

The number of Accumulation Units credited for each Participant to a Variable Sub-Account will be determined by dividing the amount of the Deposits then applied to such Variable Sub-Account by the Accumulation Unit Value for that Variable Sub-Account on the Valuation Date on which the Deposits were made and allocated.

The number of Accumulation Units will not change because of a later change in the Accumulation Unit Value, but the Accumulation Unit Value will vary to reflect the investment experience of the Variable Sub-Account.

5.3 Accumulation Unit Value

The Accumulation Unit Value of a Variable Sub-Account on any Valuation Date is equal to the Accumulation Unit Value of that Variable Sub-Account as of the immediately preceding Valuation Date multiplied by the net investment factor (as explained in Section 5.6) for the Valuation Period ending on the Valuation Date on which the Accumulation Unit Value is being determined.

The Accumulation Unit Value may increase, decrease, or remain unchanged as a result of the value of the net investment factor.

SECTION 5. CONTRACT VALUE PROVISIONS (continued)

5.4 Annuity Unit Value

The initial Annuity Unit Value of each Variable Sub-Account was established at \$1 on the date a Deposit was first made under a Variable Annuity Method of Payment to the Variable Sub-Account(s).

The Annuity Unit Value of any Variable Sub-Account on any subsequent Valuation Date is equal to the Annuity Unit Value for the immediately preceding Valuation Date multiplied by the net investment factor for that Variable Sub-Account for the Valuation Period ending on the Valuation Date on which the Annuity Unit Value is being determined, and multiplying the result by a factor of .999905 to neutralize the assumed investment rate of 3.5% per year used in the applicable Table for Variable Dollar Method of Payment Options 1, 2, 3, and 4.

The Annuity Unit Value may increase, decrease or remain unchanged as a result of the value of the net investment factor.

5.5 Risk Charge

The Company will deduct the risk charge for expense and mortality guarantees in the calculation of the net investment factor. This charge is equal to 1.25% on an annual basis of the daily net asset value of each Variable Sub-Account. This deduction is made daily.

5.6 Net Investment Factor

The net investment factor for any Variable Sub-Account for any Valuation Period is determined by dividing (A) by (B), and subtracting (C) from the result where:

- (A) is the net result of:
- (1) the net asset value per share of the Eligible Fund shares held in the Variable Sub-Account determined as of the end of the current Valuation Period, plus
 - (2) the per share amount of any dividend (or, if applicable, capital gain distributions) made by the Eligible Fund on shares held in the Variable Sub-Account if the "ex-dividend" date (the date four days before the record date which determines if the Group Policyholder is eligible to receive a dividend) occurs during the current Valuation Period, minus or plus
 - (3) a per unit charge or credit for any taxes incurred by or reserved for in the Variable Sub-Account, which is determined by the Company to have resulted from the investment operations of the Variable Sub-Account.

SECTION 5. CONTRACT VALUE PROVISIONS (continued)

5.6 Net Investment Factor (continued)

(B) is the net result of:

- (1) the net asset value per share of the Eligible Fund shares held in the Variable Sub-Account determined as of the end of the immediately preceding Valuation Period, minus or plus,
- (2) the per unit charge or credit for any taxes incurred by or reserved for in the Variable Sub-Account for the immediately preceding Valuation Period.

(C) is a factor representing the risk charge.

The net investment factor may be greater than, less than, or equal to one. Therefore, the Accumulation Unit Value and the Annuity Unit Value may increase, decrease or remain unchanged.

The per share amount of any dividend referred to in paragraph (A)(2) includes a deduction for an investment advisory fee. This fee compensates the investment adviser for services provided to the Eligible Fund. The fee may differ between Eligible Funds and may be renegotiated each year, but will never exceed an annual rate of 1.00% of the aggregate average daily net assets of the Eligible Fund.

5.7 Guaranteed Contract Value

The Guaranteed Contract Value of a Participant Annuity Account on any date during the Accumulation Period will be the sum of the values of the Guaranteed Sub-Accounts credited to such Participant Annuity Account.

The Company may offer one or more Guaranteed Sub-Accounts into which Deposits will be made at the Written Request of the Group Policyholder on behalf of the Participant.

5.8 Guaranteed Sub-Account Riders

The computation of the value of a Guaranteed Sub-Account is described in greater detail in the attached Guaranteed Sub-Account Riders, if any.

SECTION 5. CONTRACT VALUE PROVISIONS (continued)

5.9 Contract Maintenance Charge

On the first day of each calendar year a contract maintenance charge of not more than \$60 annually will be declared by the Company and deducted from the Participant Annuity Account. If a Participant Annuity Account is established for a Participant after that date, the contract maintenance charge will be deducted on the first day of the next quarter and will be pro-rated for the year remaining. No refund of this charge will be made.

The deduction will be pro-rated among the Variable and Guaranteed Sub-Accounts based upon their Variable and Guaranteed Contract Values on the date of deduction. Whenever a deduction for a contract maintenance charge is to be made from a Variable Sub-Account, the Company will cancel Accumulation Units having a total value equal to the amount of the deduction. The Group Policyholder may elect to pay such expenses to the Company separately. If such an election has been made, then no charge will be made against the Variable and Guaranteed Sub-Accounts unless payment is not received within 30 days.

SECTION 6. TRANSFERS

6.1 Transfers

The Group Policyholder may make Intra-Company Transfers, Plan-to-Plan Transfers or Transfers to Other Companies by Written Request on behalf of the Participant.

6.2 Transfer Terms

- a. A transfer will take effect on the later of the date elected or the date the Written Request is received at the Administrative Offices of the Company. If such Written Request is received after 4:00 p.m. EST/EDT, the transfer will take effect on the later of the date elected or the date following the date the Written Request is received and a unit value is calculated.
- b. A telephone transfer, if permitted, will take effect on the later of the date elected or the date the telephone call is received at the Administrative Office. If such call is received after 4:00 p.m. EST/EDT, the transfer will take effect on the later of the date elected or the date following the date the call is received and a unit value is calculated.
- c. When the Company requires it, the Group Policyholder on behalf of the Participant will execute forms provided by the Company as necessary to the requested transfer.
- d. No transfers are permitted after the Annuity Commencement Date.
- e. No transfers from the Guaranteed Certificate Fund may be made prior to the Certificate Maturity Date, as defined in the Guaranteed Certificate Fund Rider, if any. The amount available for transfer is the value of that Certificate on its Maturity Date. The Group Policyholder's Written Request to transfer must be received by the Company within 30 days after the Certificate Maturity Date.

6.3 Intra-Company Transfers

- a. At any time prior to the Annuity Commencement Date, the Group Policyholder on behalf of the Participant may by Written Request transfer all or a portion of the Participant Annuity Account Value within and between the Variable and Guaranteed Sub-Accounts currently offered by the Plan.
- b. At any time prior to the Annuity Commencement Date, the Group Policyholder on behalf of the Participant may by Written Request make an Intra-Company Plan-to-Plan Transfer.

SECTION 6. TRANSFERS (continued)

6.3 Intra-Company Transfers (Continued)

- c. If an Intra-Company Transfer is made within 30 days of the Annuity Commencement Date, the Company may delay the Annuity Commencement Date by 30 days.
- d. If a Participant dies prior to the Annuity Commencement Date, one Intra-Company Transfer may be made after the death of the Participant by the Group Policyholder on behalf of the Payee to effect the election of a Payment Option.
- e. No Contingent Deferred Sales Charge will apply to Intra-Company Transfers.

6.4 Transfers to Other Companies

- a. At any time prior to the Annuity Commencement Date, the Group Policyholder on behalf of the Participant may by Written Request transfer all or a portion of the Participant Annuity Account Value to an account currently offered by another company under the terms of the Plan.
- b. At any time prior to the Annuity Commencement Date, the Group Policyholder on behalf of the Participant may by Written Request transfer the entire Participant Annuity Account Value to an account offered by another company under another eligible deferred compensation plan.
- c. The Contingent Deferred Sales Charge described in Section 9 shall apply to any and all Transfers to Other Companies.

6.5 Plan-to-Plan Transfers

- a. Plan-to-Plan Transfers where the amounts remain with the Company under a new eligible deferred compensation plan shall be treated as Intra-Company Transfers.
- b. Plan-to-Plan Transfers where the amounts are transferred to other companies under a new eligible deferred compensation plan shall be treated as Transfers to Other Companies.

6.6 Transfers To The Company

Amounts transferred to the Company shall be treated as Deposits under Section 4 of this Contract.

6.7 Non-Taxable Distribution

No amount transferred pursuant to these provisions will be treated as a taxable distribution to the Participant.

SECTION 7. DISTRIBUTIONS TO A BENEFICIARY

7.1 Death of Participant after Annuity Commencement Date.

If the Participant dies after the Annuity Commencement Date and before his/her entire interest has been distributed, payments will continue to the Beneficiary under the Payment Option applicable to the Participant on the Participant's date of death. Notwithstanding the preceding sentence, if the Plan allows the Beneficiary to change the method of distribution, a new Payment Option may be elected by Written Request by the Group Policyholder on behalf of the Beneficiary only so long as payments are made to the Beneficiary not less rapidly than under the Payment Option effective on the Participant's date of death. The Contingent Deferred Sales Charge will not apply.

7.2 Death of Participant before Annuity Commencement Date.

- a. 5-Year Rule. If the Participant dies before the Annuity Commencement Date, the entire interest of the Participant must be distributed within five years after the death of the Participant. This Rule will always apply to non-individual entities.
- b. 1-Year Rule. If the Plan provides that any portion of the Participant's interest is payable to a designated Beneficiary, such portion may be distributed over the lesser of (1) the life of the designated Beneficiary, or (2) over a period not extending beyond the life expectancy of the designated Beneficiary or (3) 15 years. Such distributions to a designated Beneficiary must begin not later than December 31 of the year following the date of the Participant's death. The Group Policyholder on behalf of the designated Beneficiary may elect by Written Request to take distributions either under the 5-Year Rule or under this 1-Year Rule. If no election is received by the Company by November 1 of the year following the year of the Participant's death, distributions will be made pursuant to the 5-Year Rule described in subsection a. of Section 7.2.

For purposes of this section, a designated Beneficiary is any individual named as a Beneficiary by the Participant.

- c. Special Rule for Surviving Spouse. If the designated Beneficiary is the surviving spouse of the Participant, the date on which the distributions are required to begin shall not be earlier than the date on which the Participant would have attained age 70 1/2. Distributions may be elected at any time pursuant to Section 10 of this Contract; but in any event must commence on or before the later of (1) December 31 of the year immediately following the Participant's death and (2) December 31 of the calendar year in which the Participant would have attained age 70 1/2.

SECTION 7. DISTRIBUTIONS TO A BENEFICIARY (continued)

7.2 Death of Participant before Annuity Commencement Date. (continued)

- d. Any payments made over a period greater than one year can only be made in substantially non-increasing amounts paid not less frequently than annually.
- e. The Contingent Deferred Sales Charge will not apply.

7.3 Amount Payable on Death of Participant

If the Participant dies before the Annuity Commencement Date the Amount Payable on Death will be:

- (a) Where death occurs before the Participant's 70th birthday, the greater of:
 - (i) the Participant Annuity Account Value, less Premium Tax, if any, and
 - (ii) the sum of Deposits paid to, less any Partial Distributions made from, the Participant Annuity Account, less Premium Tax, if any.
- (b) Where death occurs on or after the Participant's 70th birthday, the Participant Annuity Account Value, less Premium Tax, if any.

7.4 Requests For Distributions

Subject to the 5-Year rule, the 1-Year rule or the Special Rule for Surviving Spouse, as applicable, set forth in Section 7.2, an election to receive the amount described in Section 7.3 must be made pursuant to Section 10 of this Contract.

SECTION 8. DISTRIBUTIONS TO A PARTICIPANT

8.1 Requests for Distributions

On the Company's receipt of the Written Request at least 30 days before the Annuity Commencement Date, the Group Policyholder on behalf of the Participant may:

- a. Elect or change a Payment Option.
- b. Elect or change the Participant's Annuity Commencement Date to any future date which is not later than April 1 of the calendar year following the calendar year in which the Participant attains the later of age 70 1/2 or separation from service. If any Annuity Commencement Date would be less than 30 days from the date the Written Request is received, the Company may delay the Annuity Commencement Date elected by 30 days.
- c. If the Group Policyholder on behalf of the Participant has failed to elect a Payment Option within 30 days of the Annuity Commencement Date, the Company will pay the Group Policyholder on behalf of the Participant a Variable Life Annuity with 10 Year Guaranteed Period from the Variable Contract Value and a Fixed Life Annuity with 10 Year Guaranteed Period from the Guaranteed Contract Value.

8.2 Distribution at age 70 1/2 or Separation From Service

Except as provided in Section 8.3, no distributions will be allowed prior to the Participant's attainment of age 70 1/2, or separation from service, as determined by the Group Policyholder. The distribution must be elected pursuant to Section 10 of this Contract and will take effect on the later of the date elected and the date the Written Request is received at the Administrative Offices of the Company.

8.3 Distribution Due to Unforeseeable Emergency

If the Participant incurs an unforeseeable emergency as determined by the Group Policyholder under the terms of the Plan, then the Group Policyholder on behalf of the Participant may by Written Request take a total or partial distribution from the Participant Annuity Account. The distribution will take effect on the later of the date elected and the date the Written Request is received at the Administrative Offices of the Company.

SECTION 8. DISTRIBUTIONS TO A PARTICIPANT (Continued)

8.4 Amount Payable on Distribution

If a total distribution is requested, the amount payable will be paid under the Payment Option provisions of Section 10 designated by the Group Policyholder on behalf of the Participant. If a partial distribution is requested, the amount payable will be in one sum. In either event, the amount will be equal to:

- (a) The amount of the distribution requested as of the effective date of the distribution, less
- (b) the Contingent Deferred Sales Charge, if any, less
- (c) Premium Tax, if any.

8.5 Conditions of Payment

Payment will only be made if then available to the Payee under the terms and provisions of the Plan as determined by the Group Policyholder, and will only be made to the Group Policyholder or to the order of the person designated in Written Request by the Group Policyholder to receive payment.

8.6 Adequate Proof

The Company may require adequate proof of age, separation from service or unforeseeable emergency to establish that a benefit has become payable under the provisions of the Plan prior to making any payment under this Group Annuity Contract.

SECTION 9. CONTINGENT DEFERRED SALES CHARGE

9.1 Transfers

On any total or partial transfer of the Participant Annuity Account to another company, the Contingent Deferred Sales Charge will be deducted from the amount transferred. The Contingent Deferred Sales Charge will be equal to a percentage of the amount transferred based on the table in 9.2 below.

9.2 Lump Sum Distributions

On any total or partial lump sum distribution of the Participant Annuity Account at age 70 1/2, separation from service or due to an unforeseeable emergency, a Contingent Deferred Sales Charge will be deducted from the amount distributed. The Contingent Deferred Sales Charge will be equal to a percentage of the amount distributed in excess of the Contingent Deferred Sales Charge Free Amount, if any, based on the table below.

Contingent Deferred Sales Charge Table

<u>Completed Years From Participant Effective Date Under this Contract</u>	<u>% of Amount Transferred or Distributed</u>
0 - 4	5%
5 - 9	4%
10 - 14	3%
15 or more	0%

Notwithstanding anything in this Group Annuity Contract to the contrary, in no event shall the Contingent Deferred Sales Charge at any point in time exceed 8.5% of Deposits contributed by the Participant into this Group Annuity Contract.

9.3 Contingent Deferred Sales Charge "Free Amount"

The Contingent Deferred Sales Charge "Free Amount" applicable to any total or partial lump sum distributions is equal to 10% of the Participant Annuity Account Value at December 31 of the calendar year prior to the year in which the amount is distributed.

Only one Contingent Deferred Sales Charge "Free Amount" is available on behalf of a Participant in each calendar year. The Contingent Deferred Sales Charge "Free Amount" will be applied on the first distribution made under the Participant Annuity Account in that year.

SECTION 10. PAYMENT OPTIONS

10.1 Selection of Payment Options

- (a) A total or partial lump sum or one of the variable or fixed dollar payment options or a combination of them may be elected.
- (b) If the Group Policyholder on behalf of the Payee elects to apply any or all of the Guaranteed Contract Value to a variable dollar method of payment option, or any or all of the Variable Contract Value to a fixed dollar method of payment option, an Intra-Company Transfer must be made prior to the Annuity Commencement Date pursuant to Section 6.
- (c) If a lump sum option is elected, the amount to be distributed is the amount requested as a lump sum less the Contingent Deferred Sales Charge, if any, and Premium Tax, if any, as of the date the amount is distributed.
- (d) If a variable dollar payment option is elected, the amount to be applied is the Variable Contract Value, less Premium Tax, if any, as of the date the amount of the first monthly payment is determined.
- (d) If a fixed dollar method of payment option is elected, the amount to be applied is the Guaranteed Contract Value, less Premium Tax, if any, as of the Annuity Commencement Date.

10.2 How to Elect Payment Options

The Written Request of the Group Policyholder on behalf of the Participant or Payee is required to elect, or change the election of, a Payment Option and must be received by the Company at least 30 days prior to the Annuity Commencement Date, or, if the Participant dies prior to the Annuity Commencement Date, within 60 days of the date the Company receives adequate proof of the Participant's death.

The Company will rely on the Group Policyholder's determination with respect to the timing and amount of any benefit payable to the Participant or Payee under this Contract. Nothing contained herein shall be construed to be tax or legal advice and the Company assumes no responsibility or liability for any costs, including but not limited to taxes, penalties or interest incurred by the Plan, the Group Policyholder, the Participant or any Payee arising out of such determination.

SECTION 10. PAYMENT OPTIONS (continued)

10.3 Variable Dollar Payment Options

The following variable dollar payment options are available:

(a) Option 1: Variable Life Annuity with Guaranteed Period

The Company will pay a monthly payment for the guaranteed Annuity Payment Period elected. Payments will continue for the lifetime of the Payee. The guaranteed Annuity Payment Period elected may be 5, 10, 15, or 20 years. Upon death of the Payee, any amounts remaining payable under this payment option will be paid to the Group Policyholder or other Payee designated by the Group Policyholder under Section 7 of this Group Annuity Contract.

(b) Option 2: Variable Life Annuity

The Company will pay a monthly payment during the Payee's lifetime. Table A is applicable to this Payment Option.

(c) Option 3: Joint and One-Half Survivor Variable Annuity

A joint and one-half survivor variable annuity provides a variable monthly payment to an Annuitant for his/her lifetime; thereafter, and upon receipt by the Company of adequate proof of the Annuitant's death, one-half of the variable payment amount continues to a designated Payee, if living, and terminates upon his/her death. Table B is applicable to this Option.

(d) Option 4: Any Other Form

The Company will pay any other form of Variable Annuity which is acceptable to it. Upon death of the Payee, any amounts remaining under this Payment Option will be paid to the Group Policyholder or other Payee designated by the Group Policyholder under Section 7 of this Group Annuity Contract.

(e) These variable dollar payment options are subject to the following provisions:

- (1) Amount of First Monthly Payment. The first monthly payment under a variable dollar payment option will be based on the Variable Contract Value credited on behalf of the Participant Annuity Account on the 5th Valuation Date preceding the Annuity Commencement Date. It will be determined by applying the appropriate rate from the applicable Table to the amount applied under the payment option. The first monthly payment will be the sum of the variable dollar annuity payments for each Variable Sub-Account.

SECTION 10. PAYMENT OPTIONS (continued)

10.3 Variable Dollar Payment Options (continued)

- (2) Annuity Units. The number of Annuity Units for each Variable Sub-Account to be credited in respect of the Participant Annuity Account will be determined by dividing the portion of the first monthly payment to be taken from such Sub-Account by the Sub-Account's Annuity Unit Value on the 5th Valuation Date preceding the date the first payment is due for which the number of Annuity Units is being computed. The number of Annuity Units for a Variable Sub-Account remains fixed during the Annuity Payment Period.
- (3) Amount of Monthly Payments after the First. Monthly payments after the first will vary in amount from time to time depending upon the investment experience of the Variable Sub-Accounts of the Series Account. The dollar amount of each Variable Dollar Annuity payment to the Participant or Payee after the first for each Variable Sub-Account is determined by multiplying (a) the number of Sub-Account Annuity Units credited to the Participant Annuity Account by (b) the Sub-Account Annuity Unit Value on the 5th Valuation Date preceding the date the annuity payment is due. The total dollar amount of each variable dollar annuity payment will be the sum of the variable dollar annuity payments for each Variable Sub-Account. The Company guarantees that the dollar amount of each payment after the first will not be affected by variations in expenses or mortality experience.
- (f) If any payment to be made under the elected payment option will be less than \$50, the Company may make the payments in the most frequent interval which produces a payment of at least \$50. The minimum amount that may be applied under the elected payment option is \$2,000. If the amount is less than \$2,000, the Company may pay it in one sum. The maximum amount that may be applied under any elected payment option is \$1,000,000. For the application of any greater amount, the Company's consent is required.

10.4 Fixed Dollar Payment Options

The following fixed dollar payment options are available:

SECTION 10. PAYMENT OPTIONS (continued)

10.4 Fixed Dollar Payment Options (continued)

(a) Option 1: Income of Specified Amount

The Company will pay an income at 12-, 6-, 3-, or 1-month intervals, of an amount elected by the Payee for an Annuity Payment Period of not less than 36 months nor more than 240 months. Upon death of the Payee, any amounts remaining payable under this payment option will be paid to the Group Policyholder or other Payee designated by the Group Policyholder under Section 7 of this Group Annuity Contract.

(b) Option 2: Income for a Specified Period

The Company will pay an income at 12-, 6-, 3-, or 1-month intervals, for the number of years elected by the Payee for an Annuity Payment Period of not less than 36 months nor more than 240 months. Upon death of the Payee, any amounts remaining payable under this payment option will be paid to the Group Policyholder or other Payee designated by the Group Policyholder under Section 7 of this Group Annuity Contract. Table C is applicable to this Option.

(c) Option 3: Fixed Life Annuity with Guaranteed Period

The Company will pay a monthly payment for the guaranteed Annuity Payment Period elected. Payments will continue for the lifetime of the Payee. Upon death of the Payee, any amounts remaining payable under this payment option will be paid to the Group Policyholder or other Payee designated by the Group Policyholder under Section 7 of this Group Annuity Contract. Table D is applicable to this option.

The guaranteed Annuity Payment Period elected may be 5, 10, 15 or 20 years, or may be a period referred to as "Installment Refund". Under the Installment Refund period, payments will be made until the total of the payments made equals the amount applied.

(d) Option 4: Fixed Life Annuity

The Company will pay a monthly payment during the Payee's lifetime. Table D is applicable to this option.

SECTION 10. PAYMENT OPTIONS (continued)

10.4 Fixed Dollar Payment Options (continued)

(e) Option 5: Joint and One-Half Survivor Fixed Annuity

A joint and one-half survivor fixed annuity provides a fixed monthly payment to an Annuitant for his/her lifetime; thereafter, and upon receipt by the Company of adequate proof of the Annuitant's death, one-half of the fixed payment amount continues to a designated Payee, if living, and terminates upon his/her death. Table E is applicable to this option.

(f) Option 6: Systematic Withdrawal Option

The Company will pay a monthly, quarterly, semi-annual or annual payment to the Payee as elected by Written Request by the Group Policyholder on behalf of the Payee. The amount, timing and method of payment will be as elected by the Group Policyholder on behalf of the Payee and agreed to by the Company. The details and provisions of the Systematic Withdrawal Option are described in greater detail in the attached Systematic Withdrawal Option Rider, which is hereby made a part of this Group Annuity Contract.

(g) Option 7: Any Other Form

The Company will pay any other form of Fixed Annuity which is acceptable to it. Upon death of the Payee, any amounts remaining payable under this payment option will be paid to the Group Policyholder or other Payee designated by the Group Policyholder under Section 7 of this Group Annuity Contract.

(h) These fixed dollar payment options are subject to the following provisions:

- (1) Payments under a fixed dollar payment option are guaranteed by the Company as to dollar amount throughout the Annuity Payment Period.

The amount of the payment under any fixed dollar payment option will be determined by applying the Company's then current non-participating group single premium rates for this class of group annuity contracts to the amount applied under the option. Those current rates will not be less than the rate obtained from the Table which is applicable to the elected option.

SECTION 10. PAYMENT OPTIONS (continued)

10.4 Fixed Dollar Payment Options (continued)

- (2) If any payment to be made under the elected payment option will be less than \$50, the Company may make the payments in the most frequent interval which produces a payment of at least \$50. The minimum amount that may be applied under the elected payment option is \$2,000. If the amount is less than \$2,000, the Company may pay it in one sum. The maximum amount that may be applied under any elected payment option is \$1,000,000. For the application of any greater amount, the Company's consent is required.

SECTION 11. CONTRACT MODIFICATION

11.1 Contract Modification

This Group Annuity Contract may be modified at any time by written agreement between the Company and the Group Policyholder. No such modification will, without the written consent of the Group Policyholder, affect the terms, provisions, or conditions of this Group Annuity Contract which are or may be applicable to Deposits paid in respect of Participants prior to the date of such modification.

However, the Company may at any time and without the consent of the Group Policyholder or any Participant or other person, but upon 30 days' written notice to the Group Policyholder, modify this Group Annuity Contract in any respect to conform it to changes in tax or other law, including applicable regulations or rulings.

11.2 Modification of Tables

The Company may at any time and without the consent of the Group Policyholder or any Participant or other person, but upon 30 days' written notice to the Group Policyholder, modify Tables A, B, C, D, and E, or any of them. However, no such modification will affect the terms, provisions or conditions of the Group Annuity contract which are or may be applicable to Deposits paid in respect of Participants prior to the date of such modification.

11.3 Modification of Guaranteed Sub-Account Riders, if Any

Any Guaranteed Sub-Account Rider may be modified at any time by written agreement between the Company and the Group Policyholder. No such modification will, without the written consent of the Group Policyholder, affect the terms, provisions, or conditions of the Rider which are or may be applicable to Deposits paid in respect of Participants prior to the date of such modification.

11.4 Modification of Variable and/or Guaranteed Sub-Account Riders, If Any

Notwithstanding the other contract modification provisions, the Company may offer new or cease offering existing Variable or Guaranteed Sub-Accounts. No such modification shall affect the terms, provisions, or conditions which are or may be applicable to Deposits previously paid to any Variable or Guaranteed Sub-Account which is no longer offered by the Company. The Company will periodically notify the Group Policyholder on behalf of the Participants of the current offering of Variable or Guaranteed Sub-Accounts.

SECTION 12. CESSATION OF DEPOSITS

12.1 Cessation of Deposits

Upon 60 days' written notice to the other, the Group Policyholder or the Company may declare that, as from the date stated in the notice (that date being called a Date of Cessation of Deposits), no further Deposits will be made to certain or all Guaranteed Sub-Accounts of the Group Annuity Contract.

If a Date of Cessation of Deposits has been declared for certain Sub-Accounts, the Group Policyholder in respect of the Participant may by Written Request make a change of allocation of his/her new Deposits. When no change of allocations is received, the Company may return all new Deposits affected by the declaration of the Date of Cessation of Deposits, or allocate such new Deposits to a currently offered Guaranteed Sub-Account.

After the Date of Cessation of Deposits declared in respect of all Sub-Accounts, no new Participant Annuity Account will be established.

12.2 Options on Date of Cessation of Deposits

Upon the Date of Cessation of Deposits for all Sub-Accounts, the Group Policyholder may by Written Request elect one of the following cessation options. If the Group Policyholder has not elected a cessation option within 30 days of the Date of Cessation, the Company will make the election in its sole discretion. Such election shall be binding on the Group Policyholder.

a. Cessation Option (1) Maintenance of Each Participant Annuity Account Value:

The Company will maintain each Participant Annuity Account Value until it is applied to a Payment Option or paid under the Group Annuity Contract.

b. Cessation Option (2) Installment Settlement of Contract Values:

Upon receipt of a Written Request from the Group Policyholder and subject to the provisions relating to Transfers to Other Companies, the Company will pay the sum of the Variable Contract Values in respect of Participants as of the Date of Cessation of Deposits to the successor insurer of the Plan or to the Group Policyholder within 7 days of the date the cessation option is elected.

Upon receipt of a Written Request from the Group Policyholder, the Company will pay the sum of the Guaranteed Contract Values in respect of the Participants as of the Date of Cessation of Deposits to the successor insurer of the Plan or to the Group Policyholder in 20 equal quarterly installments. The amount of the installments will be the amount determined by the Company on the date of the first such payment, but not less than \$514.80 for each \$10,000 of Guaranteed Contract Values. The first payment will be made 30 days after the date the cessation option is elected.

TABLE A -Variable Life Annuity

Monthly Payment for Each \$1,000
of Participant Annuity Account Value

Age of Payee	Without Guaranteed Period	With Guaranteed Period			
		5 Years	10 Years	15 Years	20 Years
50	3.99	3.99	3.98	3.96	3.94
55	4.31	4.30	4.27	4.24	4.19
60	4.71	4.70	4.67	4.60	4.49
65	5.28	5.25	5.18	5.05	4.84
70	6.07	6.02	5.85	5.56	5.15
75	7.22	7.09	6.68	6.07	5.41

If payments commence on any other date than the exact age of the Payee as shown above, the amount of the monthly payment shall be determined by the Company on the actuarial basis used by it in determining the above amounts.

TABLE B - Joint and One-Half Survivor Variable Annuity

Monthly Payment for Each \$1,000
of Participant Annuity Account Value

Age of Annuitant	If Designated Payee Is Age					
	<u>50</u>	<u>55</u>	<u>60</u>	<u>65</u>	<u>70</u>	<u>75</u>
50	3.88	3.91	3.94	3.96	3.97	3.98
55	4.09	4.15	4.19	4.23	4.25	4.27
60	4.34	4.43	4.51	4.58	4.63	4.66
65	4.64	4.77	4.90	5.01	5.10	5.16
70	4.99	5.17	5.36	5.55	5.70	5.83
75	5.40	5.65	5.91	6.19	6.46	6.69

If payments commence on any other date than the exact age of the Annuitant or designated Payee as shown above, the amount of the monthly payment shall be determined by the Company on the actuarial basis used by it in determining the above amounts.

TABLE C - Income of Specified Amount
-Income of a Specified Period

Monthly Payment for Each \$1,000
of Participant Annuity Account Value

<u>Years</u>	<u>Payment</u>
3	28.61
4	21.82
5	17.75
6	15.04
7	13.10
8	11.66
9	10.54
10	9.63
11	8.90
12	8.30
13	7.78
14	7.34
15	6.96
16	6.63
17	6.34
18	6.08
19	5.85
20	5.64

To determine the payment for other frequencies of payment, multiply the above monthly payment by the following factors:

	<u>Factor</u>
Quarterly payment	2.99
Semi-annual payment	5.96
Annual payment	11.81

If payments are for an amount or duration different than that outlined above, the Company will determine the proper amount or duration using the actuarial basis used to determine the above Table.

TABLE D - Fixed Life Annuity

Monthly Payment for Each \$1,000
of Participant Annuity Account Value

Age of Payee	Without Guaranteed Period	With Guaranteed Period			
		5 Years	10 Years	15 Years	20 Years
50	3.99	3.99	3.98	3.96	3.94
55	4.31	4.30	4.27	4.24	4.19
60	4.71	4.70	4.67	4.60	4.49
65	5.28	5.25	5.18	5.05	4.84
70	6.07	6.02	5.85	5.56	5.15
75	7.22	7.09	6.68	6.07	5.41

If payments commence on any other date than the exact age of the Payee as shown above, the amount of the monthly payment shall be determined by the Company on the actuarial basis used by it in determining the above amounts.

TABLE E - Joint and One-Half Survivor Fixed Annuity

Monthly Payment for Each \$1,000
of Participant Annuity Account Value

Age of Annuitant	If Designated Payee Is Age					
	<u>50</u>	<u>55</u>	<u>60</u>	<u>65</u>	<u>70</u>	<u>75</u>
50	3.88	3.91	3.94	3.96	3.97	3.98
55	4.09	4.15	4.19	4.23	4.25	4.27
60	4.34	4.43	4.51	4.58	4.63	4.66
65	4.64	4.77	4.90	5.01	5.10	5.16
70	4.99	5.17	5.36	5.55	5.70	5.83
75	5.40	5.65	5.91	6.19	6.46	6.69

If payments commence on any other date than the exact age of the Annuitant or designated Payee as shown above, the amount of the monthly payment shall be determined by the Company on the actuarial basis used by it in determining the above amounts.

**GUARANTEED FIXED FUND
GUARANTEED SUB-ACCOUNT RIDER**

ATTACHED TO AND FORMING PART OF THE GROUP ANNUITY CONTRACT

The Group Contractholder on behalf of the Participant, subject to the provisions of the Group Annuity Contract, may allocate all or a portion of the Participant's Deposits to the Guaranteed Fixed Fund, which is a Guaranteed Sub-Account. Deposits allocated to the Guaranteed Fixed Fund in a calendar quarter shall earn an initial annual effective rate of interest equal to the rate stated by the Company for that calendar quarter. Each initial rate shall remain in effect through, the end of that calendar year and shall never be less than 3.5%.* Each year in which Deposits are allocated to the Guaranteed Fixed Fund shall be known as a deposit year.

All Deposits allocated and interest accrued thereon in a given deposit year which remain in the Guaranteed Fixed Fund shall constitute a separate portfolio as of January 1st of the year following the deposit year. Each separate portfolio shall earn an annual effective rate of interest stated by the Company, which shall be known as a renewal rate. Each renewal rate shall be effective for one calendar year and shall never be less than 3.5%.* A different renewal rate may be declared by the Company for each separate portfolio and for each calendar year.

The Group Contractholder on behalf of the Participant, subject to the provisions of the Group Annuity Contract and this Guaranteed Sub-Account Rider, may transfer amounts from the Participant's Guaranteed Fixed Fund sub-account at any time. The Company may, from time to time, establish a maximum amount which may be transferred from the Participant's Guaranteed Fixed Fund sub-account in a calendar year, which shall never be less than 20% of the Participant's prior year end account balance in the Guaranteed Fixed Fund. However, if the Participant's Guaranteed Fixed Fund sub-account balance is \$500 or less on the effective date of the transfer, all or a portion of that balance may be transferred. Amounts transferred shall be debited from the Participant's Guaranteed Fixed Fund sub-account on a last-in-first-out basis.

Distributions from the Guaranteed Fixed Fund sub-account shall be governed by the Group Annuity Contract. Amounts distributed from the Guaranteed Fixed Fund sub-account shall be debited on a last-in-first-out basis.

***IMPORTANT NOTICE:** The Guaranteed Interest Rate defined in the Group Annuity Contract shall not apply to funds deposited into the Guaranteed Fixed Fund sub-account.

Signed for Great-West Life & Annuity Insurance Company on _____, 19____.



W. T. McCallum
President and Chief Executive Officer

PERIODIC PAYMENTS OPTION RIDER - 457 PLANS

ATTACHED TO AND FORMING PART OF THE GROUP ANNUITY CONTRACT

WHEREAS, the Group Policyholder has previously entered into a Group Annuity Contract ("Contract") with Great-West Life - Annuity Insurance Company (hereinafter referred to as "the Company"),

AND WHEREAS, the Group Policyholder and the Company desire to make the Periodic Payment Option available under the Contract,

NOW THEREFORE, the Group Policyholder and the Company agree that the following provisions will be added to the Contract as of the date executed below.

Election of Periodic Payment Option

If the Participant has separated from service with the Group Policyholder or has attained age 70 1/2, the Group Policyholder, on behalf of a Participant, may elect to apply all or a portion of the Participant Annuity Account to a Periodic Payment Option. The entire Participant Annuity Account must be applied to a Payment Option under which substantially equal payments are made as required by Sections 457(d) and 401(a)(9) of the Internal Revenue Code. Once payments have begun, they cannot be changed or stopped.

If the Participant wishes to take a partial withdrawal, such withdrawal must be taken prior to the selection of a Periodic Payment Option, and will be subject to any applicable charges.

Payments to a Beneficiary

If the Participant is receiving Periodic Payments, any Periodic Payments remaining to be paid as of the Participant's date of death will be paid to the Participant's beneficiary. The Beneficiary will receive payments remaining under the payment option in effect as of the date of the Participant's death unless a lump sum is elected on the death claim.

If the Participant dies prior to the time payments have commenced, the Group Policyholder may elect to apply the entire Participant Annuity Account to a Periodic Payment Option for the Beneficiary. All payments to a Beneficiary must comply with the distribution requirements of Sections 457(d) and 401(a)(9) of the Internal Revenue Code.

Periodic Payment Options Available

The Group Policyholder, on behalf of a Participant, must elect one of the three payment options listed below. If the Participant dies prior to the time any payments have been made, the Group Policyholder,

on behalf of the Beneficiary, must elect one of the first two payment options listed below. (Minimum Distribution Payments are not available to Beneficiaries.) Payments must be elected over a period of at least 36 months.

1. *Payments for a Specified Period.* The period over which payments will be made is elected. The amount of each payment will be substantially equal but may vary slightly depending upon investment performance. The duration period may not be changed and must result in a dollar amount, which meets the minimum distribution requirements.
2. *Payments of a Specified Amount.* The dollar amount of each payment is elected. The dollar amount may not be changed and must meet the minimum distribution requirements. Based on the amount elected, the duration of the payments may vary.
3. *Minimum Distribution Payments.* Payments will be made as required to meet the minimum distribution requirements of Internal Revenue Code section 401 (a) (9).

Payments will cease when the Annuity Account Value is zero.

Frequency and Amount of Payments

The Request must specify:

1. the payment frequency of either 12-, 6-, 3-, or 1-month intervals;
2. the payment amount; a minimum of \$50 is required;
3. the month, day and year on which payments are to begin; and
4. the payment option.

PERIODIC PAYMENTS OPTION RIDER - 457 PLANS (continued)

The amount of each payment will be prorated across all Variable and Guaranteed Sub-Accounts in proportion to the assets in each sub-account unless the fund from which the periodic payments are to be made is designated. Once a selected fund has been depleted, any amounts remaining to be paid by the Company will be prorated across all sub-accounts as described above, unless another fund has been selected.

Operation of Participant Annuity Account

While periodic payments are being received:

1. no contributions may be made;
2. no partial withdrawals may be made except in the event of an Unforeseeable Emergency;
3. current Guaranteed and Variable Sub-Accounts may be continued or changed as allowed under the contract; and
4. charges and fees under the Contract, if applicable, continue to apply, except that the Contingent Deferred Sales Charge does not apply to a Periodic Payment Option of a minimum of 36 months.

Signed for Great- West Life - Annuity Insurance Company on the Issue Date.



W. T. McCallum
President and Chief Executive Officer

AMENDMENT NO. 1-96C ATTACHED TO AND FORMING PART OF
THE GROUP DEFERRED COMPENSATION ANNUITY CONTRACT

WHEREAS, the Group Policyholder has either previously entered into a Group Deferred Compensation Annuity Contract (the "Group Annuity Contract") and Application for Group Deferred Compensation Annuity Contract (the "Application") with Great-West Life & Annuity Insurance Company, or will be entering into such Group Annuity Contract and Application with the execution of this Amendment,

AND WHEREAS, the above noted Group Annuity Contract and Application require amendments to conform to recent changes made to the Internal Revenue Code of 1986, as amended (hereinafter referred to as the "Code"),

AND WHEREAS, immediately upon the Group Policyholder's amendment of the Plan document to place all assets in trust, the trust provisions described below will become effective,

AND WHEREAS, in order to maintain eligibility under Code Section 457, the Plan will continue to hold Plan assets in trust,

NOW THEREFORE, pursuant to Section 11.1 of the Group Annuity Contract, the following amendments will be made to the Group Annuity Contract and Application.

1. The following sentence will be added to the Application:

"Notwithstanding any provision in this Application to the contrary, in no event shall the assets under the Group Annuity Contract be subject to the claims of general creditors of the employer after the Plan is amended to place plan assets in trust."

2. In Section 1 of the Group Annuity Contract, the definition following the term "Group Policyholder" is hereby deleted. In place thereof, the following definition of Group Policyholder will be added:

"the named trustee, or the governmental employer sponsoring the Plan, as trustee, and the applicant for this Group Annuity Contract."

3. Section 2.2 of the Group Annuity Contract is hereby deleted. In place thereof, the following Section will be added:

2.2 Ownership of the Group Annuity Contract

Upon the Group Policyholder's Application for this Group Annuity Contract, the Group Policyholder becomes the owner of the Group Annuity Contract. Effective the earlier of January 1, 1999 or the date the Plan is amended to meet the trust requirement, the Group Policyholder, as the trustee of the Plan, may exercise all rights hereunder for the exclusive benefit of Plan Participants and beneficiaries. There is no contractual relationship between the Company and the Participants.

The Group Policyholder, as owner of the contract, is deemed to be the trustee of the assets invested in the Group Annuity Contract, and such contract is intended to satisfy the trust requirements of Code Sections 457(g) and 401(f).

4. Section 2.3 of the Group Annuity Contract is hereby deleted. In place thereof, the following Section will be added:

2.3 Transfer and Assignment

No portion of the Plan's assets and the earnings thereon may be used for, or diverted to, any purpose other than for the exclusive benefit of plan participants and beneficiaries prior to the satisfaction of all liabilities with respect to employees and their beneficiaries.

5. A new Section 2.4 will be added to the Group Annuity Contract and shall read as follows:

2.4 Trustee of the Group Annuity Contract and Plan Assets

Notwithstanding any provision of this Group Annuity Contract or the Application to the contrary, the Group Policyholder, as owner of the Group Annuity Contract, is the trustee with respect to all Plan assets deposited into the Group Annuity Contract, and the earnings thereon, and shall hold all such assets for the exclusive benefit of Plan Participants and Beneficiaries. The Group Annuity Contract shall be treated as a trust for purposes of Code Sections 457(g) and 401(f), and no portion of the amount deposited in the Group Annuity Contract, or the earnings thereon, may be used for, or diverted to, any purpose other than for the exclusive benefit of Plan Participants and Beneficiaries prior to the satisfaction of all liabilities with respect to employees and their Beneficiaries.

6. The first sentence of Section 8.2 of the Group Annuity Contract is hereby deleted. In place thereof, the following sentence will be added:

Except as provided in Section 8.3, no distributions will be allowed prior to the Participant's attainment of age 70 1/2, or separation from service, as determined by the Group Policyholder, unless, for years after December 31, 1996, the Plan provides for a cash out of a Participant Annuity Account which does not exceed \$3,500 and meets all of the other requirements of Code Section 457(e)(9)(A).

Signed for Great-West Life & Annuity Insurance Company on the Issue Date.



W.T. McCallum,
President and Chief Executive Officer

AGREEMENT FOR RECORDKEEPING AND COMMUNICATION SERVICES
§457 DEFERRED COMPENSATION PLAN
GROUP # 340217-01

This Agreement is entered into by and between BenefitsCorp, Inc. (hereinafter referred to as BenefitsCorp) and the Santa Cruz Metropolitan Transit District (hereinafter referred to as "Plan Sponsor"), with respect to the services to be provided to the §457 Deferred Compensation Plan and (hereinafter referred to as the "Plan").

WHEREAS, the Plan Sponsor has established or adopted the Plan for its eligible employees in accordance with Section 457 of the Internal Revenue Code ("Code") and all applicable federal regulations, state and/or municipal statutes for the purpose of providing retirement plan benefits to employees, and

WHEREAS, the Plan Sponsor (or its designee) serves as the Plan Administrator and named fiduciary of the Plan, and

WHEREAS, Plan Sponsor has placed all Plan assets into a trust, custodial account or annuity contract meeting the requirements of Section 457(g) of the Code, or is serving as self-trustee, and will continue to meet such requirements for the duration of this Agreement, and

WHEREAS, the parties acknowledge that all services previously performed by National Plan Coordinators of Delaware, Inc. (or any of its affiliates and subsidiaries, including NPC Administrative Services, NPC Securities, Inc., NPC Tax Deferred Annuity and Insurance Marketing Corp., Deferred Compensation of Michigan, Inc. and PC Enrollment Services and Insurance Marketing Inc. dba National Plan Coordinators/Northeast) (hereinafter referred to as "NPC") are now being performed by NPC's parent company, Great-West Life & Annuity Insurance Company (hereinafter referred to as "GWL&A"), and

WHEREAS, the Plan Sponsor desires to appoint and hereby appoints on the Effective Date of this Agreement and BenefitsCorp has agreed accept such appoint to provide certain employee communication and coordinate the administrative, recordkeeping and other services described in this Agreement; and

WHEREAS, BenefitsCorp has agreed to act in a non-fiduciary capacity as directed, nondiscretionary service provider and BenefitsCorp will facilitate the performance of the services outlined in this Agreement as directed by Plan Sponsor in compliance with all applicable federal, state and local laws and regulations.

NOW THEREFORE, the parties hereby agree as follows:

I. Recordkeeping Services Provided Under this Agreement

A. Participant Account Establishment

Participant and related data will be established on the recordkeeping system. Such data includes, but is not limited to, indicative data (name, address, birth date, etc.) and the other records listed in sub-section B below.

B. Participant Account Information

1. A Participant account will consist of the following Participant indicative data when received in good order at the home office:
 - a. Name
 - b. Gender
 - c. Social Security Number
 - d. Mailing Address
 - e. Telephone Number
 - f. Date of Birth
2. Current investment allocation for each investment option authorized by the Plan Sponsor.
3. History of investment allocations by the Participant since the effective date of this Agreement.
4. Current account balances of each Participant in each investment option authorized by the Plan Sponsor.
5. Record of each transaction made to each investment option authorized by the Plan Sponsor since the effective date of this Agreement.

C. Investment Options

1. Authorized Investment Option Array

The Plan Sponsor has authorized the investment options currently being offered to the Plan. Should the Plan Sponsor decide to replace their current investment options, the new investment options will be selected from the BenefitsCorp alliance of mutual funds and/or annuity options offered by GWL&A. The Plan Sponsor agrees to replace investment options only once per year, except in extraordinary situations where Plan Sponsor determines that replacements be made more frequently than once per year. Forty-five (45) days advance written notice of the

intent by either party to add or terminate an investment option is required. BenefitsCorp will cooperate with the Plan Sponsor to terminate or add new investment options and BenefitsCorp will assist the Plan Sponsor in appropriately notifying Participants of any changes. BenefitsCorp agrees that such replacement(s) will be made as soon as practicable, as agreed to by the parties. In all situations where the Plan Sponsor may request replacement of investment options more frequently than once per year, an additional cost may be assessed to the Plan Sponsor as determined by BenefitsCorp.

2. Designated Investment Option

Plan Sponsor initially designates the Lincoln Fixed Fund investment option (herein after referred to as the "Designated Investment Option") for amounts received from Participants, including contributions, transfers and direct rollovers, without complete allocation instructions. This designation shall remain in effect until the Plan Sponsor has designated a new investment option. Such amounts will be deposited and held in the Designated Investment Option until complete allocation information has been received from Participants in good order at its home office in Greenwood Village, Colorado. Once complete allocation instructions have been received, Participant allocation instructions will be updated on the system for future contributions. Funds deposited into the Designated Investment Option will remain invested therein until the Participant initiates transfer instructions via the automated voice response system, Internet or client service representative.

3. Life Insurance

If life insurance is a current authorized investment option on the Effective Date, the following will apply:

- a. To the extent sufficient life insurance premiums and allocation information are remitted with the contributions by the Plan Sponsor, and are received at the home office in a timely manner, the accumulated premiums shall be remitted to the applicable insurance company in a timely manner so as not to cause any forfeiture or lapse in the policy. Such premiums shall be remitted to the applicable insurance company with a detailed listing of the Participant and the policy to which they are to be applied.
- b. Death benefits on the life insurance policies, if any, will be coordinated with the applicable insurance company.
- c. Tax reporting will be prepared and filed for all benefits, payments and withdrawals relating to the policies.
- d. On a quarterly basis, the Plan Sponsor agrees that each applicable insurance company will send information that contains the quarter–ending cash values. Such information shall be included on the Participant statement.

D. Valuation of Participant Account Balances

Participant Account Balances held with respect to the Plan will be accounted for as follows:

1. Amounts that are not guaranteed as to principal or interest will be accounted for at their fair market value as of the close of each Business Day. The term "Business Day" is defined as any day on which the New York Stock Exchange is open.
2. Amounts receiving a guaranteed interest rate and a guarantee of principal will be accounted for at book value. Interest will be accounted for on a daily effective method.
3. Life insurance will be reported on the participant's quarterly statement only to the extent cash values are provided by the insurance provider.

E. Transaction Timing Related to Contributions and Transfers

All parties agree that purchases and sales of securities at the direction of Plan Participants will be effected through the broker/dealer, BenefitsCorp Equities, Inc. Instructions for the purchase, sale, exchange or transfer of shares on behalf of the Plan shall be transacted to BenefitsCorp Equities, Inc. for processing.

1. Contributions

Contributions received at the home office before 4:00 p.m. Eastern Time will be initiated for allocation the next Business Day. The actual effective date of the deposit will be dependent upon the specific rules and capabilities of the investment provider selected and if complete and accurate records and the monies are received that Business Day.

Contributions remitted in respect of the life insurance options will be transmitted to the insurance carrier according to each insurance carrier's requirements.

2. Transfers

Participant initiated transfer requests which are received at the home office before 4:00 p.m. Eastern Time on a Business Day among investment options in the same fund family, shall be effective the next Business Day. Transfer requests received at the home office after 4:00 p.m. Eastern Time on a Business Day shall be effective on the second Business Day after receipt of the request.

Participant initiated transfer requests received at the home office before 4:00 p.m. Eastern Time on a Business Day not among investment options in the same fund family, shall not be processed according to the same processing schedules listed above, but rather according to the specific processing schedule of the investment and mutual fund provider(s) involved.

F. Automated Voice Response System

Participants will have access to a toll free, automated voice response system (currently called "KeyTalk[®]") that will provide the following information and services to the Participant from a touch-tone telephone:

1. Account balance, in total and by fund;
2. Current interest rates;
3. Unit values and/or share prices;
4. Daily changes in share prices/unit values;
5. Current deferral election (allocation of contributions);
6. Ability to change allocation of future deferrals;
7. Ability to transfer between fund investment options;
8. Ability to change the Personal Identification Number (PIN);
9. Ability to access transaction history; and
10. Ability to activate rebalancer and dollar cost averaging options.

Inquiry services available from the automated voice response system will utilize share prices, unit values and account balances, which are as of the last calculated unit value/share price.

The recordkeeping system is available 24 hours a day, except for routine maintenance of the system, which when necessary generally takes place on Sunday between the hours of 2:01 a.m. Eastern Time and 2:01 p.m. Eastern Time. Although this time period is reserved for system maintenance, it is utilized on a limited basis. However, the recordkeeping system may be unavailable at other times if necessary for maintenance.

G. Internet Site

Participants may use the web site (currently BenefitsCorp.com) to access the following:

1. View account summary including the Participant's account balance, monthly changes to their fund values, current allocation and last contribution;
2. View pending activity;
3. View contribution history;
4. View completed transfer history;
5. View and change maturing certificate allocation (if applicable);
6. View withdrawal activity;
7. Transact a transfer from one investment option to another investment option;
8. View current interest rates;

9. View unit values and/or share prices;
10. View daily changes in share prices/unit values;
11. View both fixed and variable investment option returns;
12. View investment option overviews;
13. View online prospectuses including annual reports, semi-annual reports and sticker updates;
14. Ability to activate rebalancer and dollar cost averaging options;
15. View questions and answers regarding the Plan;
16. View general financial information including assistance in planning for college, retirement, etc.;
17. Access asset allocation assistance through the Investment Roadmap Service;
18. View plan document information;
19. View marketing materials;
20. Utilize interactive calculators to assist with investment option allocation and saving comparison illustrations; and
21. E-mail local BenefitsCorp office(s).

The web site is available 24 hours a day, except for routine maintenance of the system, which when necessary generally takes place on Sunday between the hours of 12:01 a.m. Mountain Time and 12:01 p.m. Mountain Time. Although this time period is reserved for system maintenance, it is utilized on a limited basis. However, access to the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades, maintenance or for other reasons.

H. Client Service

Client service representatives will be available to answer Participant questions between the hours of 9:00 a.m. Eastern Time and 8:00 p.m. Eastern Time each Business Day, except the Friday after Thanksgiving. On the Friday after Thanksgiving, transactions submitted other than by the automated voice response unit, internet or computer link will not be processed until the next Business Day.

I. Direct On-Line Access to Recordkeeping System

Plan Sponsor may directly access on-line the recordkeeping system (currently called "BenLink[®]") to obtain the following information or perform the following functions (if desired by the Plan Sponsor) while administering the Plan:

1. Directly process contributions to Participant accounts either through on-line interaction or electronic transmission of files

2. Inquire about Participant account information, account balances, allocations and transaction history
3. Inquire about the plan's basic information, interest rates and unit values
4. Add a new Participant account
5. Change Participant information and investment allocations
6. On-line BenLink[®] Reports

The Plan Sponsor may access the following reports via the BenLink[®] direct on-line Internet service at any time:

- Employee Disbursement
- Employee Designated Age
- Plan Asset Summary
- Employee Address
- Contribution Limit
- Plan Contribution
- Participant Summary
- Plan Contribution Summary
- Employee Deminimus Balance
- Plan Disbursement Summary
- Employee Statement
- Inactive Participant
- Incomplete Data for Active Participants

Representative(s) will be made available to assist and train employees of the Plan Sponsor in properly accessing and processing transactions on to the recordkeeping system.

The recordkeeping system is available 24 hours a day, except for routine maintenance of the system, which when necessary generally takes place on Sunday between the hours of 2:01 a.m. Eastern Time and 2:01 p.m. Eastern Time. Although this time period is reserved for system maintenance, it is utilized on a limited basis. However, the recordkeeping system may be unavailable at other times if necessary for maintenance.

J. Reporting

1. Participant Statements

Each Participant will receive a statement of his/her account summarizing all activity for the previous calendar quarter, including:

- a. Beginning and ending balances.
- b. All transactions processed during the quarter, including contributions.
- c. Interest or change in value.

- d. Fees/Charges (if applicable).
- e. Transfers and withdrawals for each of the investment options for the quarter.

Such statements will be mailed within twenty (20) Business Days of the end of each calendar quarter, or within twenty (20) Business Days after receipt of information in good order from third party sources, whichever is later.

Participant statements are to be mailed to each Participant's last known home address as provided by Plan Sponsor and/or Prior Recordkeeper. Additionally, each Participant will receive a confirmation of every completed change. Participants will also have access to their account activity via a voice response unit, KeyTalk®, and the web site. Should notification of any errors on a Participant's statement be received at the home office within ninety (90) days after the statement date, retroactive correction of such error(s) identified made within the previous statement period will be made. However, should errors not be identified within ninety (90) days of the statement date, or the errors have been made by the Participant, Plan Sponsor or other third party, the error(s) will be corrected, but not made effective retroactively.

2. Employer Reporting

a. Employer Plan Summary

The Plan Sponsor will receive an Employer Plan Summary Report summarizing plan level assets and Participant account balances no later than thirty (30) Business Days after each calendar quarter end, or within twenty (20) Business Days after receipt of information in good order from third party sources, whichever is later. The following plan information is outlined in the report:

- 1) Account summary—a summarization of plan transactions and assets.
- 2) Summarization of contributions processed.
- 3) Withdrawals.
- 4) Annuities purchased.
- 5) Periodic payments.
- 6) Investment option grand totals—summarizes both dollars and units/shares and plan activity.
- 7) Investment option totals by money type—summarizes both dollars and units/shares and money type activity.
- 8) Participant summary—report of account activity for each Participant.

K. Regulatory Updates

BenefitsCorp agrees to periodically provide information concerning federal legislative activity of which BenefitsCorp is aware which may affect the Plan and related funding contracts. Such information, however, does not constitute legal or tax advice regarding the legal sufficiency of the Plan.

L. Benefits, Tax Withholding and Reporting

Upon receipt of complete payment instructions from the Plan Sponsor, benefit payments to Participants and beneficiaries will be made within five (5) Business Days. For the purposes of this Agreement, "complete payment instructions" means that all of the requested information on the Participant benefit request form has been completed along with the required signature(s). The benefit payments with respect to each Participant account will be made, tax withheld and the tax reporting reported as follows:

1. A record will be maintained of any distribution from the Plan made with respect to the Participant and the reason for the distribution.
2. Appropriate federal and state income tax withholding and tax reporting that is applicable at the time of the distribution will be performed and sent to the Participant or beneficiary for each benefit payment from the Plan with respect to the Participant or beneficiary.
3. The income tax withholding will be forwarded to the Internal Revenue Service and other appropriate state or local entities will be completed by the applicable due dates.
4. Information will be provided to the Internal Revenue Service annually showing an accounting of all Participants who have received distributions during the previous calendar year.

M. Qualified Domestic Relations Orders (QDROs)

If the Plan Sponsor's Code section 457 Deferred Compensation Plan accepts Qualified Domestic Relations Orders (hereinafter referred to as "QDROs"), QDROs will be processed and distributed pursuant to the terms of the Plan and Code section requirements in effect on the date of the distribution. Conforming Equitable Distribution Orders (hereinafter referred to as "CEDOs"), if any, shall be replaced with the term "Qualified Domestic Relations Orders (QDROs)".

N. Loans

If loans are available under the Plan Sponsor's Code section 457 Deferred Compensation Plan beginning January 1, 2002 or thereafter, Plan Sponsor agrees that all loans shall be account reduction loans repaid by payroll deduction and consistent with the loan policy and the procedures established by the recordkeeper from time to time. Participants will be subject to the fees in the loan documents.

O. Sample Plan Document and Adoption Agreement

If requested by the Plan Sponsor, a Code section 457 sample plan document and adoption agreement for completion by the Plan Sponsor will be provided at no additional cost to the Plan. The Code section 457 sample plan document shall be effective for adoption January 1, 2002, and thereafter, and is intended to comply with all current legislation.

P. Rollovers From Other Eligible Code Section 457 Plans, Code Section 401(a), 401(k) & 403(b) Plans & IRAs

If the Plan(s) accepts pre-tax rollovers from other eligible retirement plans, including Individual Retirement Accounts or Annuities (hereinafter referred to as "IRAs"), beginning January 1, 2002 or thereafter, separate accounts will be maintained for rollovers from eligible Code section 457 plans, Code section 401(a), 401(k) and 403(b) plans and IRAs. Other accounts may be established from time to time for plan administration.

Plan Sponsor agrees that rollovers will be administered according to the rollover policy and the procedures established by the recordkeeper from time to time. Participants will be subject to the fees, if any, in the rollover documents.

Amounts distributed from rollover accounts will be tax reported pursuant to the internal revenue laws in effect on the date of the distribution.

Q. Mandatory Cash-outs

If the Plan mandatorily distributes account balances less than \$5,000 and more than \$1,000 and Treasury Regulations require the Plan to designate an IRA provider to receive all such small accounts not otherwise directed by the Participant, a separate IRA product will be made available to the Plan.

R. Code Section 402(f) Notice

A notice shall be provided to Participants pursuant to Code section 402(f).

II. Communication Responsibilities Under the Agreement

A. Special Representations

1. Representative(s) assigned to perform services under this Agreement will be properly licensed, trained, qualified and supervised with respect to the conduct of their business activities.
2. Representative(s) will provide information in a manner consistent with applicable insurance and securities law. However, information supplied to Participants shall not constitute "investment and/or tax advice" upon which the Plan Sponsor may rely.
3. Representative(s) will only provide information applicable to this Agreement, and representative(s) is/are prohibited from providing services or products not specifically approved by the Plan Sponsor.

4. No representative may discriminate with respect to investment options provided under the Plan. Representative(s) will give equal and fair representations when describing the various investment options available under the Plan.
5. Compensation to representative(s) will not vary based upon investment options selected by the Participants.

B. Enrollment Forms, Communication Material and Presentations

1. All standard forms necessary for the operation of the Plan will be provided.
2. The above noted forms and materials will include, but not be limited to:
 - a. Enrollment forms
 - b. Distribution forms

C. Group Presentations

Representative(s) will conduct group meetings at which some or all of the following will be communicated:

1. Summary of the key provisions of the Plan.
2. Summary of investment options.
3. Discussion of services including automated voice response system inquiry, retirement planning, and investment seminars.
4. Instructions on how to sign up for the Plan or request an individual counseling session.

D. Individual Counseling Sessions

Upon request, representative(s) will conduct prescheduled individual counseling sessions utilizing a Participant paycheck analysis, an asset allocation model and retirement counseling services as approved by the Plan Sponsor.

E. Retirement Planning Education, Distribution Counseling

Ongoing retirement planning education, distribution counseling and an IRA may also be made available to Participants. The objective is to encourage Participants to roll other retirement plans into this Plan and to remain in this Plan once separated from service. However, where a Participant wants to either contribute or rollover to an IRA, an IRA product will be made available.

III. Miscellaneous Provisions

BenefitsCorp specifically accepts and agrees to each of the following requirements:

- A. All information obtained by BenefitsCorp, and its affiliates from any individual employees, whether the employee becomes a Participant or not, will be kept in absolute confidence and will not be utilized by BenefitsCorp, or any of its officers, directors, agents or employees in connection with any other matter without prior written consent of the Plan Sponsor. BenefitsCorp may disclose information as required by law without prior written consent of the Plan Sponsor. Plan Sponsor agrees BenefitsCorp may use information regarding the Plan in responses to Requests for Proposals.
- B. Upon relinquishing responsibilities at the termination of the Agreement, if requested, investment balances for all Participants will be provided to assure appropriate account balances within thirty (30) Business Days of termination of the Agreement in the recordkeeping system's standard format. Participant statements and Employer Plan Summaries will be provided up to and including the statement for the last calendar quarter covered by this Agreement.

IV. Plan Sponsor Responsibilities

- A. Plan Sponsor hereby acknowledges and agrees that BenefitsCorp may assign any interest in this Agreement and may subcontract any services of this Agreement to an affiliate within its controlled group.
- B. Plan Sponsor hereby appoints BenefitsCorp to provide the non-discretionary recordkeeping, communication and other services set forth in this Agreement for the Plan for the term of this Agreement.
- C. Plan Sponsor agrees to remit payroll deposits directly to recordkeeping system and allocate the accounting of deposits among Participants. Plan Sponsor agrees that if the Plan Sponsor changes the reporting format for contribution reporting, two (2) weeks advance notice will be given by the Plan Sponsor to test the new format before monies are remitted on the new file format. If Plan Sponsor does not provide two (2) weeks advance notice of the new reporting format, then contributions will be made effective two (2) business days from receipt of such monies sent in with the new file format.
- D. Plan Sponsor authorizes that employees may be contacted at (his/her) home or business address to obtain information needed to perform the services set forth in this Agreement.
- E. Plan Sponsor agrees to provide all information necessary to perform its duties set forth in this Agreement.
- F. Plan Sponsor agrees to use its best efforts, including, if necessary, the termination of a participating investment provider(s), to secure and maintain the cooperation of the participating investment provider(s) in providing the timely and accurate transmittal of data, including providing daily interest rates and unit/share values, required by BenefitsCorp pursuant to its responsibilities to the Plan.

- G. Should Plan Sponsor choose a custodial or trust account, the trustee/custodian must be able to interface with the recordkeeping system in a “passive” role and all the monies must be sent to the omnibus custodial bank account. Plan Sponsor agrees to require trustee/custodian to provide all information in the possession of trustee/custodian that is necessary for the performance of the recordkeeping duties under this Agreement.
- H. Plan Sponsor agrees to facilitate the scheduling of group and individual presentations and to provide facilities at which both the Plan Sponsor and BenefitsCorp mutually agree that satisfactory attendance can be expected.
- I. Plan Sponsor will be responsible for making final decisions approving early withdrawals of amounts due to “unforeseeable emergency” as that term is defined in the Section 457 Plan, the Code, and all IRS Regulations issued pursuant to the Code.
- J. If Qualified Domestic Relations Orders (QDROs) available under the Plan, the Plan Sponsor agrees to provide the following information prior to establishing an alternate payee account:
 - 1. Copy of court approved QDRO.
 - 2. Letter of approval from Plan Sponsor including specific instructions on the details of the transfer.
 - 3. Application for alternate payee.
 - 4. Verification that the alternate payee can or cannot transfer among investment options.

V. Hold Harmless and Indemnification

BenefitsCorp agrees to hold harmless and indemnify the Plan Sponsor, their affiliates and their officers, directors, employees or authorized representatives against any and all expenses, costs, reasonable attorneys fees, settlements, fines, judgments, damages, penalties or court awards actually incurred which are the result of negligent or fraudulent acts or omissions of BenefitsCorp, its affiliates and their officers, directors, employees or authorized representatives.

Plan Sponsor agrees to hold harmless and indemnify BenefitsCorp, its affiliates and their officers, directors, employees and authorized representatives against any and all expenses, costs, reasonable attorney fees, settlements, fines, judgments, damages, penalties or court awards actually incurred which are the result of negligent or fraudulent acts or omissions of the Plan Sponsor, its affiliates and their officers, directors, employees or authorized representatives.

Plan Sponsor acknowledges that BenefitsCorp, its affiliates and their directors, officers, employees, and authorized representatives are not responsible for investment performance of any authorized investment options under the program.

VI. Notification

All notices, requests, demands or other communications provided for or required by this Agreement (or any instrument or document delivered pursuant to this Agreement) will be in writing.

Notices to BenefitsCorp will be addressed as follows:

BenefitsCorp President
8515 East Orchard Road
Greenwood Village, CO 80111

Notices to Plan Sponsor will be addressed as follows:

Santa Cruz Metropolitan Transit District
Attn: Robyn Slater, Human Resources Interim Manager
370 Encinal Street Suite 100
Santa Cruz CA 95060

Each party may designate a different address by sending written notice to the other parties, to be effective within ten (10) days of the date of the notice.

VII. Agreement Term

This Agreement will be in effect on the date when all parties have executed it (hereinafter referred to as the "Effective Date"). Thereafter, this Agreement will remain in effect until terminated by either party. BenefitsCorp and the Plan Sponsor agree to provide a ninety (90) day written notice to the other party of its intent to terminate the Agreement.

VIII. Fees

The recordkeeping and communication services described in this Agreement will be performed for an annual fee of .75 %. This fee shall be assessed to Participant accounts invested in un-wrapped mutual fund investment options on a quarterly basis of .1875% per quarter. BenefitsCorp will retain all 12b-1 fees and reallowances payable by the investment providers. In addition, the actual product provider in respect of the wrapped mutual fund investment options may "wrap" an implicit fee in the calculation of the unit value each Business Day.

If Plan Sponsor requests that more than thirty (30) unallocated investment accounts be opened, BenefitsCorp reserves the right to modify the fees referenced in this Section. If the Plan Sponsor requests an investment option that is materially different than the types of investment options currently in use, BenefitsCorp reserves the right to modify the fees and services quoted in this Agreement.

If Plan Sponsor selects a custodian or trustee that requires the procedures or services in this Agreement to change, BenefitsCorp reserves the right to adjust fees in this Section.

The parties agree that any services which are requested to perform beyond the scope of the services described in this Agreement shall be provided at a mutually agreed upon price negotiated prior to the performance of such services.

IX. Modification, Waiver and Consent

No modification or waiver of any provision of this Agreement and no consent by any party to any deviation from its terms by any other party will be effective unless such modification, waiver or consent is in writing and signed by all parties. The modification, waiver or consent will be effective only for the period, on the conditions and for the specific instance and purposes specified in such writing. The waiver of any breach of any term or condition in this Agreement will not be deemed a waiver of any prior or subsequent breach.

X. Arbitration

Any dispute, which arises between the parties with respect to any of the terms of this Agreement, whether such dispute arises during the term of the Agreement or after its termination, will be resolved through binding arbitration. Arbitration will be conducted in accordance with the commercial rules of the American Arbitration Association (“AAA”). Each party agrees to waive its right, if any, to a jury trial. Each party will bear its own cost in the arbitration proceedings. The arbitration award may be entered in, and enforced by, any court of competent jurisdiction.

XI. Entire Agreement

This document represents the entire agreement between the parties hereto, governing the subject matter of this Agreement. No modification or waiver of any provision in this Agreement and no consent by one party to any deviation from its terms by the other party shall be effective unless such modification, waiver, or consent is in writing and signed by properly authorized agents of each party. The modification, waiver or consent shall be effective only for the period, on the conditions, and for the specific instance and purposes specified in such writing.

XII. Governing Law

This Agreement will be construed and enforced in accordance with and governed by the laws of the State of Colorado.

XIII. Severability

The provisions of this Agreement are severable, and if for any reason, a clause, sentence or paragraph of this Agreement will be determined to be invalid by a court or federal or state agency, board or commission having jurisdiction over the subject matter thereof, such invalidity will not affect other provisions of this Agreement which can be given effect without the invalid provision.

XIV. Authorized Persons

The Plan Sponsor and any duly appointed investment advisor(s) will furnish a list to BenefitsCorp (and from time to time whenever there are changes therein) of the individuals authorized to transmit instructions to BenefitsCorp concerning the Plan and/or assets in the account, and written direction regarding the form of such instructions.

XV. Legal Advice

Nothing in this Agreement is intended to constitute legal or tax advice from BenefitsCorp to the Plan Sponsor or any other party. Despite the fact that BenefitsCorp may have knowledge about provisions of the underlying Plan document utilized by the Plan Sponsor, BenefitsCorp makes no representations or assurances to the Plan Sponsor or any other party regarding the legal sufficiency of the Plan.

XVI. Confidentiality of Data

BenefitsCorp shall treat as confidential all Plan, Participant and customer information or data received from the Plan Sponsor and/or Participants which shall not be disclosed to a third party or be used except for the purpose of providing the services provided for under this Agreement unless agreed to in writing by the parties. Any third party that is retained to provide services under this Agreement by either party and who has access to confidential information relating to a customer, the Plan Sponsor or Plan Participant, shall agree in writing to be bound by this section of the Agreement and to use such confidential information only for the purpose of carrying out the performance of specific terms of the Agreement.

XVII. Force Majeure

None of the parties hereto shall be liable to the other for any and all losses, damages, costs, charges, counsel fees, payments, expenses or liability due to any failure, delay or interruption in performing its obligations hereunder, and without the fault or negligence of such party, due to causes or conditions beyond its control including, without limitation, labor disputes, riots, war and war-like operations including acts of terrorism, epidemics, explosions, sabotage, acts of God, failure of power, fire or other casualty, natural disasters or disruptions in orderly trading on any relevant exchange or market, including disruptions due to extraordinary market volume that result in substantial delay in receipt of correct data.

XVIII. Signatures

By signing this Agreement, in duplicate, the parties certify that they have read and understood it, that they agree to be bound by the terms of the Agreement, that they have the authority to sign it, and that they have received a signed and dated copy of the Agreement. This Agreement is not binding on either party until approved by both parties.

Plan Sponsor:

By: _____

Date _____

Title: _____

BenefitsCorp, Inc.:



By its President, Charles P. Nelson

Great-West Life & Annuity Insurance Company:

By its Assistant Vice President, Al Cunningham

Date _____

**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:

THIS SECTION 457 CUSTODIAL ACCOUNT AGREEMENT (No. 340217-01 and 88055-01) is made by and between the Santa Cruz Metropolitan Transit District (herein "Employer"), and Wells Fargo Bank West, National Association (herein "Custodian").

WHEREAS, Employer maintains an eligible deferred compensation plan(s) (herein the "Plan(s)") under section 457 of the Internal Revenue Code.

WHEREAS, Employer desires to set aside Plan(s) assets to be held in a funded arrangement under section 457(g) of the Internal Revenue Code maintained for the exclusive benefit of Plan(s) participants and their beneficiaries.

WHEREAS, section 457(g)(3) of the Internal Revenue Code provides that custodial accounts described in section 401 (f) of the Internal Revenue Code shall be treated as trusts pursuant to that section.

WHEREAS, Employer desires to engage the services of the Custodian to hold all assets and income of the Plan(s) in a custodial account for the exclusive benefit of participants and their beneficiaries, as defined in section 401 (f) of the Internal Revenue Code.

WHEREAS, the Custodian is willing to act as custodian and deemed trustee of the Plan(s) as set forth in section 457(g)(3) of the Internal Revenue Code to provide these services for the Plan(s) on the condition that Employer has entered or is entering into a service agreement with Great-West whereby Great-West will provide recordkeeping services for all Plan(s) assets held pursuant to this Agreement.

NOW, THEREFORE, BE IT RESOLVED, Employer desires to appoint and hereby so appoints, effective as of January 1, 2002, Wells Fargo Bank West, National Association, as successor to Ronnie E. Nichols, Trustee, and Wells Fargo Bank West, National Association desires to accept such appointment and to accept the custody continued hereby.

BE IT FURTHER RESOLVED, the parties also hereto agree as follows:

1. Establishment of Custodial Account.
 - a. In order to carry out the purposes of the Plan(s), Employer hereby creates and establishes a custodial account (herein the "Custodial Account"). The Custodian accepts the Custodial Account and agrees to act as Custodian hereunder, but only on the terms and conditions set forth in this Agreement. Subject to the terms and

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

conditions of this Agreement, all right, title and interest in and to the Custodial Account shall be vested exclusively in the Custodian.

- b. The Custodial Account shall include only those assets that the Custodian accepts. Only assets actually received by the Custodian will become part of the Custodial Account. The Employer acknowledges and agrees that it is responsible for effectuating the transfer of any Plan(s) assets to be held in the Custodial Account to Custodian.
- c. The Custodial Account established hereunder is intended to satisfy the requirements of section 457(g)(3) of the Internal Revenue Code, and to be treated as a trust solely for purposes of applicable tax laws under rules similar to the rules under section 401(f) as contemplated by that section. In no event shall the Custodial Account be treated as a trust for purposes of state law. Notwithstanding anything herein to the contrary, it shall be impossible, prior to the satisfaction of all liabilities with respect to the employees and their beneficiaries covered by the Plan(s), for any part of the funds of the Custodial Account to be used for, or diverted to, purposes other than for the exclusive benefit of the participants or their beneficiaries as provided for in the Plan(s). Except as provided in the Plan(s) and consistent with applicable law, the assets of the Custodial Account shall never inure to the benefit of the Employer and shall be held for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Plan(s) and Custodial Account. The Employer agrees that it will abide by this provision and that it will not cause the Custodian to violate this rule either by its direction or otherwise.

2. Services to be Provided by Custodian and Obligations of the Parties.

The obligations of the Custodian shall be limited to those expressly imposed upon it by this Agreement, notwithstanding any reference herein to the Plan(s), and no further duties or obligations of the Custodian, such as a duty to value Plan(s) investments, determine the prudence or authorization of any Plan(s) investment, or diversify Plan(s) investments, shall be implied. The Custodian shall not be liable in discharging its duties hereunder if it acts in good faith and in accordance with the terms of this Agreement and in accordance with applicable federal tax laws, rules and regulations. The Custodian shall, upon direction from Employer, perform the following services; provided, however, that for purposes of this Agreement the Custodian may rely on direction by the Employer to Great West pursuant to and consistent with the terms of the services agreement among the parties thereto:

- a. Open and maintain a Custodial Account in the name of the Plan(s) and hold in such an account all cash, securities and other property initially deposited plus any additional cash and securities that may be received from time to time for the Custodial Account; provided, however, that nothing in this Agreement shall require the Custodian to maintain actual physical custody of assets held for the

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

Plan(s), to which the Custodian has title, through a broker held securities account or insurance company separate account, or to maintain actual physical custody of mutual fund shares. The Custodian shall have no duty or authority to ascertain whether any contributions should be made to the Custodial Account pursuant to the Plan(s), to determine the amount of any contribution to be made pursuant to the terms of the Plan(s), or to bring any action to enforce any obligation to make any contribution to the Plan(s).

- b. Act upon written direction from the Employer or from one or more investment advisors duly appointed in writing by the Employer, as provided in Section 5 hereof. The Custodian shall have no duty to determine any facts or the propriety of any action taken or omitted by it pursuant to such directions.
 - c. Be responsible for the collection of all investment income relating to the assets in the account.
 - d. Make payments from the Custodial Account to participants or their beneficiaries as the Employer shall direct in writing, and amounts so paid shall no longer constitute a part of the Custodial Account. The Employer shall report withholding of any federal, state or local taxes that may be required to be withheld with respect to such payments and shall remit such amounts withheld to the appropriate taxing authorities or determine that such amounts have been reported, withheld and remitted.
3. Powers of the Custodian. The Custodian is authorized and empowered to:
- a. Hold assets in the name of the Custodian, which may include entering into depository arrangements for the safekeeping of records relevant to the ownership of such assets with any entity or entities as the Custodian may choose.
 - b. Invest the assets of the Custodial Account in such investment vehicles as directed by Employer or a duly appointed investment advisor, including annuity or insurance contracts issued by licensed insurance companies, and to enter into amendments to such annuity or insurance contracts as so directed. The Custodian shall have no duty or responsibility to determine the appropriateness of any Plan(s) investment, or to cause such investments to be changed. The Employer shall be responsible to determine whether the Plan(s) and the investments directed by it are authorized by state law. The Custodian shall forward all notices, proposed contract amendments, rate or fee changes or other communications regarding all annuity or insurance contracts held in the Custodial Account to the Employer, and shall act on behalf of the Custodial Account with respect to any such notice, proposed amendment, change, or other communication only as directed by the Employer. Any rights of a contractholder under any such group annuity contract to discontinue, amend, or otherwise modify the contract shall be

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

exercised only upon the specific written direction of the Employer to the issuer of the contract or by the Custodian at the Employer's express written direction.

- c. Make transfers among investment vehicles or disbursements from the Custodial Account as directed by the Employer or, if applicable, by the Plan(s) participants.
- d. Employ agents other than persons on its regular payroll and delegate to them such ministerial and other non-discretionary duties as it sees fit and to rely upon such information furnished by such agents.
- e. Vote any securities held in the Custodial Account or issue proxies to vote such securities as directed by the Employer.
- f. Pay taxes of any and all kinds levied or assessed against the Custodial Account as directed by the Employer.
- g. Delegate to Great-West, any or all ministerial duties arising out of this Agreement, and appoint Great-West as agent of Custodian for such purposes, including opening accounts with investment companies, and paying expenses and making distributions from the Custodial Account. In no event shall Custodian delegate to Great-West the right to hold title to the assets of the Plan(s) or Custodial Account.
- h. Make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any other instruments that may be necessary or appropriate to carry out the custodianship duties and powers.
- i. Hold uninvested such cash funds as may appear reasonably necessary based upon directions of the Employer to meet the anticipated cash requirements of the Plan(s) from time to time and to deposit the same or any part thereof, either separately or together with other funds under the control of the Custodian, in its own deposit department or to deposit the same in its name as Custodian in such other depositories as it may select.
- j. Institute, prosecute, maintain, or defend any proceeding at law or in equity concerning the Custodial Account or the assets thereof, at the sole cost and expense of the Custodial Account, and to compromise, settle, and adjust any claims and liabilities asserted against or in favor of the Custodial Account or of the Custodian; but the Custodian shall be under no duty or obligation to institute, maintain, or defend any action, suit, or other proceeding unless it shall have been indemnified to its satisfaction against any and all loss, cost, expense, and liability it may sustain or anticipate by reasons thereof.
- k. Retain any funds or property subject to any dispute without liability for the payment of interest, and to decline to make payment or delivery thereof until final adjudication is made by a court of competent jurisdiction.

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

4. Reports.

Custodian shall furnish to the Employer and any duly appointed investment advisors a periodic statement of account no less frequently than annually, reflecting an inventory of assets in the account, all activity during the previous period, and a market value for the assets of the account. The Custodian will furnish such other reports as the Employer may reasonably request, including reports to the Employer's accountants or other examiners as may be necessary.

5. Authorized Persons. The Employer and any duly appointed investment advisor shall furnish a list to the Custodian (and from time to time whenever there are changes therein) of the individuals authorized to transmit instructions to the Custodian concerning the assets in the account and written direction regarding the form of such instructions. If the Employer has implemented the voice response system for participants, all participants are deemed to be authorized individuals solely for purposes of directing investment of their individual account balances. The Custodian shall be entitled to rely on instructions from participants received through the voice response system as well as on the oral advice as confirmed in writing or written advice of other authorized individuals. The Custodian shall treat as genuine and may rely on any notice or communication without further verification that it reasonably believes is from an authorized party, as defined above, and shall be protected in doing so by the Employer.

6. Compensation Payable to Custodian.

The Custodian shall be entitled to receive reasonable compensation for services provided under this Agreement in connection with the Plan(s). Such compensation shall be paid as set forth on the fee schedule attached hereto as Exhibit 1, and may be changed from time to time by agreement of the parties.

7. Amendment and Termination.

This Agreement may be amended by written agreement of the parties at any time. This Agreement shall continue in effect unless or until terminated by either party upon thirty (30) days' written notice to the other party; provided that Custodian shall continue to act as Custodian of the Custodial Account until a successor Custodian is appointed. If no successor Custodian is appointed within ninety (90) days of such written notice of termination, Custodian shall be authorized to petition a court of competent jurisdiction for a declaration appointing a successor Custodian, and to charge the Custodial Account for the reasonable costs, fees, and expenses of such legal process. Upon termination, all securities held in the account shall be delivered by the Custodian to a successor custodian appointed by the Employer or as otherwise directed in writing by the Employer. Notwithstanding the foregoing, this Agreement shall automatically terminate in the event that a contract for the provision of one or more funding mediums for the Custodial Account and recordkeeping services through Great-West are discontinued or terminated without renewal, effective as of the date of such discontinuance or termination, with no

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

further notice from or to either party; provided that Custodian shall continue to act as Custodian of the Custodial Account until a successor Custodian is appointed. If no successor Custodian is appointed within ninety (90) days of such written notice of termination, Custodian shall be authorized to petition a court of competent jurisdiction for a declaration appointing a successor Custodian, and to charge the Custodial Account for the reasonable costs, fees, and expenses of such legal process.

8. Limitation of Liability.

Custodian shall not be liable for any claims, liabilities, or expenses arising from or alleged to arise from any action or inaction taken by Custodian pursuant to the direction of Employer or any authorized agent thereof. Employer specifically releases Custodian from any liability except to the extent Custodian has committed negligence or malfeasance in the exercise of its responsibilities hereunder.

9. Notices.

Notices to the Employer shall be directed and mailed as follows:

Wells Fargo Bank West, N.A.
Employee Benefit Services, MS 8697
1740 Broadway
Denver, CO 80274-8697

Notices to Great-West shall be directed and mailed as follows:

Great-West Life & Annuity Insurance Company
8515 East Orchard Road
Englewood, Colorado 80111

Attention: Marilyn R. Collister
Assistant Vice President, Plan Design and Compliance

10. Inspection Privileges.

The books, records, documents, accounting procedures, and practices of the Custodian relevant to this Agreement are subject to examination by the Employer, including but not limited to an annual audit by an independent auditor designated by the Employer.

11. Governing Law.

This Agreement shall be governed by and enforced under the contract laws of the State of California. The Custodial Account hereby created is situated in Colorado and all questions regarding its administration shall be determined under the laws of the State of Colorado.

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

12. Severability.

In case any provisions of this Agreement shall be held illegal or invalid for any reason, their illegality or invalidity shall not affect the remaining parts of this Agreement, and this Agreement shall be construed and enforced as if the illegal and invalid provisions had never been a part of the Agreement.

13. Assignment.

This Agreement shall not be assigned without the express written consent of all parties to this Agreement, which consent shall not be unreasonably withheld; provided, however, that this provision is subject to and shall in no way limit the effect of Section 3 hereof (relating to the power of Custodian to delegate certain duties to Great-West, and appoint Great-West as its agent for certain purposes).

14. Successors and Assigns.

This Agreement shall be binding upon the respective successors and assigns of the Employer and the Custodian.

15. Effective Date.

This Agreement shall be effective January 1, 2002

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

EMPLOYER
Santa Cruz Metropolitan Transit District

By: Leslie White
Title: General Manager

CUSTODIAN
Wells Fargo Bank West, National Association

By:
Title:

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

PASSED AND ADOPTED this 22nd day of November, 2002, by the following vote:

AYES: Directors -

NOES: Directors -

ABSTAIN: Directors -

ABSENT: Directors -

APPROVED _____

JAN BEAUTZ
Chairperson

ATTEST _____

LESLIE R. WHITE
General Manager

APPROVED AS TO FORM:

MARGARET GALLAGHER
District Counsel

ADOPTION AGREEMENT

BENEFITSCORP, INC.

SECTION 457
ELIGIBLE DEFERRED COMPENSATION PLAN

FOR GOVERNMENTAL EMPLOYERS

BENEFITSCORP, INC.

**SECTION 457 ELIGIBLE DEFERRED COMPENSATION PLAN
FOR GOVERNMENTAL EMPLOYERS**

The Employer named below hereby establishes (or, as applicable, amends and restates) a Deferred Compensation Plan for eligible Employees as provided in this Adoption Agreement and the accompanying BenefitsCorp Section 457 Eligible Deferred Compensation Plan document.

A. EMPLOYER INFORMATION.

1. EMPLOYER'S NAME AND ADDRESS:

**Santa Cruz Metropolitan Transit District
370 Encinal Street, Suite 100
Santa Cruz, CA 95060**

2. TELEPHONE NUMBER: **(831) 426-6080**

3. TAX ID NUMBER: **94-2376658**

4. NAME OF PLAN: **BenefitsCorp, Inc. 457 Plan**

5. NAME OF PLAN ADMINISTRATOR (the Employer unless another person(s) is appointed as set forth in section 3.02 of the Plan):

Robyn Slater, Human Resources Interim Manager

B. EFFECTIVE DATE. *(Check box 1 OR box 2 and fill in the blank(s).)*

1. This is a new Plan having an effective date of _____.

2. This is an amended and restated Plan.

The effective date of the original Plan was **4/16/82 and amended 12/98.**

The effective date of the amended and restated Plan is **11/22/02.**

C. CUSTODY OF ASSETS. *(Check each box that applies.)*

Internal Revenue Code ("Code") § 457(g) shall be satisfied by setting aside plan assets for the exclusive benefit of participants and beneficiaries, as follows:

1. in a trust pursuant to the provisions of Article V of the Plan. The Employer, or certain employees (or holders of certain positions with Employer) as named on page 6 of this Adoption Agreement shall be the Trustee.
2. in a trust pursuant to a separate written trust agreement entered into between the Employer and the bank or trust company named on page 5 of this Adoption Agreement.
3. in one or more annuity contracts meeting the requirements of Code § 401(f).
4. in a custodial account meeting the requirements of Code § 401(f), pursuant to a separate written agreement with the Custodian named on page 4 of this Adoption Agreement.

D. ELIGIBLE EMPLOYEES. *(Check each box that applies.)*

“Employee” shall mean:

1. any full-time employee working **40** or more hours per week.
2. any permanent part-time employee working fewer than **40** hours per week.
3. any seasonal, temporary or similar part-time employee
4. any elected or appointed official
5. any independent contractor

who performs services for and receives any type of compensation from the Employer (or any agency, department, subdivision or instrumentality of the Employer) for whom services are rendered. If Box D.4 is not checked, elected or appointed officials will not be treated as Employees and will not be eligible to participate in the Plan, without regard to whether they are treated as common-law employees or independent contractors for other purposes. The following are the additional requirements or limitations, if any, for one or more of the specified class(es) of employees to be eligible to participate in the Plan:

Not Applicable

E. FICA REPLACEMENT (“3121”) PLAN.

Check the applicable box(es) if this Plan is a retirement system providing FICA replacement retirement benefits pursuant to regulations under Code § 3121(b)(7)(F) for full time employees and/or part-time employees, and complete the following. *(Check each box that applies.)* **N/A**

1. The Employer shall make an annual contribution to each Participant's account equal to _____ percent of such Participant's Compensation. **N/A**
2. Each Participant is required to make an annual contribution of _____ percent of Compensation. **N/A**

(Note: The total percentage of 1 and 2 must equal at least 7.5%.)

In the event that this Plan is a retirement system providing FICA replacement retirement benefits as described above, all references to Unforeseeable Emergency distributions in the plan document shall be null and void.

F. ROLLOVERS. *(Check each box that applies.)*

1. Rollovers from eligible Code §§ 457(b) plans SHALL BE allowed.
2. Rollovers from plans qualified under Code §§ 401(a), 403(a) and 403(b) SHALL BE allowed.
3. Rollovers from Individual Retirement Accounts and Annuities described in Code §§ 408(a) and (b) SHALL BE allowed.

G. PARTICIPANT LOANS. *(Check Box 1 OR Box 2.)*

1. The Administrator MAY direct the Trustee to make Participant loans in accordance with Article 9 of the Plan.
2. The Administrator MAY NOT direct the Trustee to make Participant loans in accordance with Article 9 of the Plan.

H. QUALIFIED DOMESTIC RELATIONS ORDERS. *(Check Box 1 OR Box 2.)*

1. The Plan SHALL accept qualified domestic relations orders as provided in section 12.02 of the Plan.
2. The Plan SHALL NOT accept qualified domestic relations orders as provided in section 12.02 of the Plan.

This Plan and Adoption Agreement are duly executed on behalf of the Employer.

//

EMPLOYER'S AUTHORIZED SIGNORS:

By: _____ By: _____

Title: General Manager Title: Human Resources Interim Manager

Date: _____ Date: _____

CUSTODIAN

[Complete this section only if box C.4. on page 2 was checked.]

Employer has elected to meet the trust requirement of Code § 457(g) by setting plan assets aside for the exclusive benefit of participants and beneficiaries in a custodial account meeting the requirements of Code § 401(f). The bank or trust company custodian named below shall be the “deemed trustee” of plan assets held pursuant to the custodial agreement.

A. Effective 01/01/02, the following named bank or trust company is hereby appointed as custodian of all or a portion of the assets of the Employer’s § 457 Deferred Compensation Plan:

_____ Wells Fargo Bank West, N.A. _____

B. INDIVIDUAL(S) AUTHORIZED TO ISSUE INSTRUCTIONS TO CUSTODIAN/TRUSTEE:

_____ Robyn Slater, Human Resources Interim Manager _____

This appointment is duly signed on behalf of the Employer and the Custodian.

EMPLOYER

Leslie White

General Manager

Date

CUSTODIAN

[Signature]

[Title]

[Date]

Great-West Life & Annuity Insurance Company

Letter Agreement

Notwithstanding the provisions of the Great-West Life & Annuity Insurance Company Group Deferred Compensation Annuity Contract (hereinafter referred to as the "Contract"), group number 340217-01 the Great-West Life & Annuity Insurance Company (hereinafter referred to as the "Company") and the Santa Cruz Metropolitan Transit District (hereinafter referred to as the "Group Policyholder") agree to the following clarifications and modifications of said Contract issued by the Company. This Letter Agreement supersedes and replaces any other previous Letter Agreement or representation.

1. Risk Charge - The Risk Charge as described in Section 5.5 of the Contract is 0.75% per annum.
2. Contract Maintenance Charge - The Contract Maintenance Charge as described in Section 5.9 of the Contract is waived.
3. Contingent Deferred Sales Charge - The Contingent Deferred Sales Charge provision as described in the Contract, including the Contingent Deferred Sales Charge Free Amount and all references to either or both are hereby waived on transfers to CALPERS and all participant surrenders or withdrawals as permitted under the Policyholder's Plan due to retirement, separation of service, unforeseeable financial hardship, or death. Transfers to another carrier, other than CALPERS, are subject to the standard Contingent Deferred Sales Charge.
4. Distributions – Distributions under the Contract must be requested and authorized by the Group Policyholder. To the extent permitted under the Group Policyholder's Plan, the distribution methods offered under the provisions of the Contract will be available. In all other respects, distributions will be subject to the provisions of the Contract.
5. Amendment No. 1-96C – The reference to "\$3,500" in Section 6 shall be replaced in its entirety with "\$5,000 (or such other amount as provided from time to time by the Code)".

This Letter Agreement is in effect as long as the Company is acting in its current capacities as the exclusive investment option, recordkeeping and communication provider for the Group Policyholder's Plan. Additionally, in order for this Letter Agreement to remain in effect, there must be no substantial changes in the operation of the Group Policyholder's Plan, including but not limited to a change in approved investment product providers, marketers or required recordkeeping services. Either party may terminate this Letter Agreement with ninety (90) days written notice. This Letter Agreement may be modified at any time upon mutual consent of both parties.

Great-West Life & Annuity Insurance Company

By: _____ Date: _____
A. G. Cunningham,
Its: Assistant Vice President

W. T. McCallum
By: W. T. McCallum
Its: President

Santa Cruz Metropolitan Transit District

By: _____ Date: _____
Its: _____

DEFERRED COMPENSATION PLAN

Requirements for Application for Withdrawal of Funds

Due to Unforeseen Emergency

You have requested to withdraw funds from your Deferred Compensation account because of financial hardship caused by an unforeseen emergency. Because the money you have deferred under this Plan has not yet been taxed, you will need to include any withdrawal granted in your gross income for this tax year.

Before the Deferred Compensation Committee will consider your request, you must complete **all** of the information requested. The Committee may return the request if the information you provide is unclear, incomplete or missing. This will delay the Committee's consideration of your request.

The Deferred Compensation Committee will meet to discuss your particular situation and to rule on whether or not your request meets IRS guidelines for a distribution under the Unforeseeable Emergency guidelines.

If your Financial hardship withdrawal is granted, it will generally be required that you cease Deferred Compensation payroll deductions for a specified period of time. Re-entry into the program will require Deferred Compensation Committee review and approval. You will be required to show proof of the status or satisfaction of creditors from the previous application.

ALL INFORMATION RELATED TO YOUR REQUEST IS PERSONAL AND CONFIDENTIAL.

Participant's Name: _____ Dept.: _____

Address: _____

City: _____ State: _____ Zip: _____

Social Security Number: _____ Date of Birth: _____

Amount Requested: _____ **AFTER** taxes of 20% Federal and 6% State are withheld

Pursuant to Emergency Withdrawal provisions of the Deferred Compensation Plan, I hereby request an emergency withdrawal of funds.

I understand that Deferred Compensation plans are administered under the authority of the Internal Revenue Code and that this plan is bound by its rules and regulations. I further understand that this distribution may be made only if I establish, to the satisfaction of the Deferred Compensation Committee, that these legal requirements are met. These legal requirements are listed below and indicate that emergency withdrawals **are not** allowed for foreseeable expenses or other personal expenses which would normally be budgeted for, such as: (1) down payment for a house; (2) purchase or repair of an automobile; (3) college tuition or other educational expenses; (4) normal monthly bills; or (5) payment of loans.

Unforeseeable Emergency means a severe financial hardship resulting from:

- (a) sudden and unexpected illness or accident of the participant or his/her dependent;
- (b) loss of participant's property due to casualty;
- (c) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant.

I further understand that payment may not be made to the extent that such financial hardship is or may be relieved through:

- (1) reimbursement or compensation by insurance or otherwise;
- (2) by liquidation of assets, to the extent that such liquidation of assets would not itself cause financial hardship;
- (3) by cessation of deferrals under the plan;

(4) by securing a secured or unsecured loan.

Please answer the following questions. Failure to respond completely to all questions may be cause for automatic denial of this request. ATTACH ADDITIONAL PAGES IF NECESSARY.

The facts constituting the Unforeseeable Emergency are as follows (*attach additional pages if necessary*):

Describe why this is a severe financial hardship (*attach additional pages if necessary*):

Describe how this severe financial hardship is the result of either (*check one or more that apply*):

- Sudden and unexpected illness or accident of the participant or his/her dependent.
- Loss of participant's property due to casualty.
- Other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant.

Describe why this is a severe financial hardship:

Describe why this financial hardship **cannot** be relieved through the following means:

(1) reimbursement of compensation by insurance or otherwise:

(2) liquidation of assets to the extent that such liquidation of assets would not itself cause financial hardship (that is, why can't this hardship be relieved through liquidation of other savings accounts, tax sheltered annuity accounts, stocks, bonds, life insurance policies with cash values, or other investment accounts:

(3) cessation of deferrals under the plan (that is, why can't this hardship be relieved by at least temporarily stopping contributions to your Deferred Compensation account):

(4) securing new or additional loans to pay the sums that constitute a hardship:

I declare under penalty of perjury under the laws of the State of California that the foregoing stated facts are true and correct.

Signed this _____ day of _____, 19_____.

(CONTINUED ON NEXT PAGE)
 FINANCIAL HARDSHIP STATEMENT (CONTINUED)

OTHER MONTHLY EXPENSES

<u>TYPE</u>	<u>MONTHLY PAYMENT</u>
RENT/MORTGAGE.....	_____
FOOD.....	_____
UTILITIES.....	_____
OTHER: _____	

(C) TOTAL OTHER MONTHLY EXPENSES..... \$ _____

***NET INCOME* A - (B + C) \$ _____**

ASSETS (CHECKING, SAVINGS, INVESTMENTS, MUTUAL FUNDS)

<u>TYPE</u>	<u>BANK/FUND etc.</u>	<u>BALANCE</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

* LIST ALL ACCOUNTS (CHECKING, SAVINGS, INVESTMENTS, MUTUAL FUNDS, ETC.) , NAME OF INSTITUTION ACCOUNT IS WITH, AND THE CURRENT BALANCE.

SIGN FINANCIAL STATEMENT

**ATTACH ONLY COPIES OF DOCUMENTS, NOT ORIGINALS
DOCUMENTS SUBMITTED WILL NOT BE RETURNED TO YOU!!**

IMPORTANT NOTICE TO PERSONS APPLYING FOR FINANCIAL HARDSHIP WITHDRAWALS

This message is to elaborate in greater detail, how financial hardship requests are evaluated by the Committee, in order that you might more fully appreciate the attitude of the Committee and why the detailed disclosure of personal financial information is requested.

As you know, the money you have deferred under this plan has not been included in your gross income and thus no income taxes have been paid. If your hardship is granted, you will have to include the sum you are allowed to withdraw in your gross income for this tax year.

The Committee is of the opinion that the Internal Revenue Service is skeptical of this type of withdrawal and will examine it closely if the Plan (or your tax return) is audited, which could possibly occur at some point in time. If the I.R.S. is not satisfied that the Committee has adequately documented a hardship withdrawal, or that the reason given in support of the request was not within the standards set forth in the Plan, you could be held in constructive receipt of not only the amount withdrawn, but any sums remaining in the Plan for your future benefits. You could be required to pay additional taxes on such funds, even though you have had no other control or custody of the funds.

More importantly, however, the I.R.S. could determine that the Committee was not requiring adequate documentation of financial need and granting unwarranted withdrawals for all financial hardship withdrawals and could declare the entire Plan in violation of tax laws and regulations. If this occurred, they could declare taxes on all sums deferred by all employee-participants, even those who have never made a request.

It is because of the Committee's concern that either or both of these undesirable consequences could occur that we have chosen to handle hardship requests in this manner. You may feel it is unduly onerous and probing, but the consequences of a less definitive and careful approach are so dire as to be unacceptable to the Committee. You may be assured that your request, if completely documented, will receive a careful and fair evaluation. If the committee finds your request to be within Plan standards we will act promptly to approve the request.

“UNFORESEEABLE EMERGENCY”

A severe financial hardship to the participant from a sudden, unexpected illness or accident of the participant or of a dependent (as defined by U.S. Code #152 - same as rules to claim as dependent for exemption on tax

return), loss of the participant's property due to casualty or other similar extraordinary and unforeseeable circumstances beyond the control of the participant. No payment to extent hardship is or may be relieved:

1. Through reimbursement or compensation by insurance or otherwise;
2. By liquidation of participant's assets, to extent liquidation of such assets would not cause hardship;
3. By cessation of deferrals under the plan

Also, not more than reasonably needed to satisfy the emergency need.

Not emergency: need to send participant's child to college or desire to purchase a home.

*Santa Cruz Metropolitan
Transit District*



November 25, 2002

Jake Hurley, Field Representative
SEIU Local 415
5 17B Mission Street
Santa Cruz, CA 95060

Attachment **B**

Re: Great-West 457 Deferred Compensation Plan

Dear Mr. Hurley:

This letter will confirm our conversation today regarding the above-entitled matter. We agreed that management would proceed to obtain Board of Director approval of the Great-West 457 Deferred Compensation Plan including all documents supporting this plan which were previously contained in the November 2002 Staff Report regarding this matter. Additionally, we agreed that management would proceed to obtain Board of Director approval regarding Issues #1-8 as recommended in the November 2002 Staff Report.

I further understand that SEIU agrees that the District has met its burden regarding its contractual obligation to provide a deferred compensation plan for its employees.

Finally, management agreed that SEIU reserves its right to meet and confer regarding Issues #1-8 in which management is recommending against implementation of the new laws. Management will also schedule a representative from Great-West to meet individually with SEIU employees in January or February. Employees will be timely notified of the dates and times that the representative will be available and will be notified that the representative will be available to discuss the implementation of the new federal and state laws affecting the Plan.

Should you have any questions or concerns regarding this matter do not hesitate to contact me.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Margaret Gallagher", is written over the typed name.

Margaret Gallagher
District Counsel

MG/rjd
cc: Robyn Slater, Interim Human Resources Manager
Tom Hiltner, SEA President
Will Regan, VMU President
Manny Martinez, PSA President

370 Encinal Street, Suite 100, Santa Cruz, CA 95060 (831) 426-6080 FAX (831) 426-6117
METRO OnLine at <http://www.scmttd.com>

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002

TO: Board of Directors

FROM: Tom Stickel, Manager of Fleet Maintenance

SUBJECT: CONSIDERATION OF SOLE SOURCE AWARD OF CONTRACT FOR HASTUS ROSTERING SOFTWARE MODULE

I. RECOMMENDED ACTION

Staff recommends that the Board recommend the \$62,740 purchase of Hastus Rostering software, software customization, and training from Giro as a sole source provider.

II. SUMMARY OF ISSUES

- The District uses an old Unix-based version of Hastus Runcutting and Rostering Module (software that prepares the schedules for the drivers). This software is used on an unsupported and obsolete computer. The District needed to update this software.
- In May of 2000 the Board authorized the purchase of two software upgrades to replace this software and the software it interfaces with for the preparation of driver schedules. The company that was awarded one of the contracts has not been able to deliver a satisfactory solution to the District and the contract was cancelled.
- An alternative approach is needed to finish this project, as a hardware failure would render the existing system useless. The approach that staff wants to pursue is to have Giro add an additional module to their NT-based runcutting software to feed the existing Bid/Dispatch software on Unix. This is a sole source request to award the contract to Giro, as they are the only firm that has access to the source code.

III. DISCUSSION

The Transit District currently uses a Unix-based version of Hastus Runcutting and Rostering Module (software that prepares the schedule for drivers), on an unsupported and obsolete computer. The output of this program is used for the Bid/Dispatch program, which operates on a supported version of Unix and Informix. In May of 2000 the Board authorized the District to purchase the Midas software package from MultiSystems, with the intention that this would replace the existing Bid/Dispatch software running on Informix under Unix with an NT-based solution. At the same time software was purchased from Giro to replace the current Unix version of their runcutting module with a GUI (graphical user interface) Windows NT-based product. The output of this software is sent to the Bid/Dispatch software. Both were awarded

sole source status because they were upgrades to existing software from each vendor and were therefore significantly lower in price to the District.

The Hastus software was installed successfully, and the upgrade from MultiSystems has not been able to perform to the District's satisfaction. As a result, the District has cancelled the contract with MultiSystems. An alternate plan is to have Giro add an additional module to their NT-based runcutting software to feed the output to the existing Bid/Dispatch software on Unix.

Since SCMTD currently uses the unsupported Unix-based version of Hastus, the runcutting module, on an obsolete and unsupported computer, the District is at risk if this computer were to fail. This rostering program is used to generate the most efficient work schedules based on the existing UTU contract.

Also as part of this award, Giro would provide and customize the "rostering" module for the District, and they would supply on-site training to District personnel for all modules. Since Giro is the only company that has access to the source code for the existing Hastus software, it would be prohibitive to have any other company bid for this contract.

The breakdown of activities can be seen in the following table.

Description	Cost (US)
HASTUS-Roster license for up to 80 peak vehicles	\$13,840
Project management and specifications	\$ 4,970
Training, training preparation, and on-site coaching for all HASTUS modules (15 days)	\$14,915
Implementation support	\$ 5,365
Vehicle schedule, crew schedule, and roster interface to MSI UNIX bid-dispatch	\$10,375
Configuration and installation	\$ 3,205
Roster algorithm calibration	\$ 2,385
Expenses (3 person-trips)	\$ 7,685
Total	\$62,740

Staff is recommending that the District Board approve the request to award this contract to Giro, as they are the sole source of the existing program. This procurement can be made under the sole source regulations of FTA Circular 4220.1D, since the item required is only available from a single source. It is therefore recommended that the Board concur with this recommendation.

III. FINANCIAL CONSIDERATIONS

The capital cost of \$62,740 is contained in the current District Capital Budget.

IV. ATTACHMENTS

Attachment A Sole Source Justification

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

M E M O R A N D U M

Date: December 4, 2002
To: Purchase Order File
From: Lloyd Longnecker, District Buyer
Subject: Sole Source Justification

According to the requirements of FTA Circular C 4220.1D, item 9 f: Procurement by Noncompetitive Proposals (Sole Source), the following sole source justification is provided for the procurement of an additional "Rostering" module for Hastus verion 5.9 runn ing on Windows NT.

In 1998, the District began evaluation of newer Windows NT software to replace existing Unix based Bid/Dispatch and Runcutting software. The Runcutting software currently runs on an unsupported Unix platform (**mips**), while the Bid/Dispatch software runs on a supported Unix platform using Informix database software to which we have source. Sole source was granted since, under a software maintenance agreement with Multisystems (Bid/Dispatch) and Giro (Runcutting & Rostering), the costs to develop another software solution were considerably higher than upgrading with the existing vendors. With the existing configuration, the Unix based Runcutting program creates an output which is then **rostered** via a Unix program written by Giro and modified by Multisystems. Multisystems offered a much lower

price than Giro for the Rostering program, but has since failed to deliver an acceptable product. The District has therefore cancelled the order with Multisystems, and determined to use the output from Giro's software to feed the current Informix and Sun Solaris (Unix) based Bid/Dispatch. This requires that the District purchase the Rostering module along with modifications to the output to feed the existing Unix Bid/Dispatch system.

The justification for sole source is that Giro is the owner and creator of the software system and has an existing Rostering software module that interfaces with the Runcutting software. Since the District has been continually under software maintenance, the license cost is 20% less than a new purchase. No other vendor has an existing Rostering module to replace that currently written by Giro to interface to the Multisystems Bid/Dispatch program. This will also allow the District to upgrade to future standard versions of the Runcutting and Rostering software from Giro.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002

TO: Board of Directors

FROM: Tom Stickel, Manager of Fleet Maintenance

SUBJECT: CONSIDERATION OF AMENDMENT TO CONTRACT WITH NEW FLYER OF AMERICA FOR PURCHASE OF DIESEL LOW FLOOR BUSES THAT CAN BE CONVERTED TO CNG

I. RECOMMENDED ACTION

District Staff recommends that the Board of Directors authorize the General Manager to execute an amendment to the contract with New Flyer of America for the production of fifteen (15) each 35 Foot Diesel Low Floor Transit Buses and fourteen (14) each 40 Foot Diesel Low Floor Transit Buses that can be converted to CNG to change bus specifications resulting in an overall reduction in the unit price of each bus by \$1,506.

II. SUMMARY OF ISSUES

- In April of this year, the Board authorized a contract with New Flyer of America for the production of fifteen (15) 35-foot diesel low floor buses and fourteen (14) 40-foot diesel low floor buses that can be converted to CNG.
- Base price of the 35-foot bus is \$309,533.
- Base price of the 40-foot bus is \$317,740.
- As a result of a Pre-Production inspection visit to the manufacturing plant, and subsequent discussion with the manufacturer's staff, District staff is recommending an amendment to the contract with New Flyer of America that will reduce the unit price of each bus by \$ 1,506.
- The original purchase did not include any costs for tooling. This price reduction will allow the purchase of a laptop computer for diagnostics.

III. DISCUSSION

In April of 2002, the Board of Directors authorized the purchase of twenty-nine (29) diesel low-floor buses that can be converted to CNG. This purchase was made with a one-time exemption from the California Air Resources Board (CARB) due to the lack of District facilities needed to fuel a CNG fleet.

Subsequent to a pre-production visit to New Flyer's manufacturing plant in Winnipeg, Canada, and further discussion with New Flyer staff, changes to contract specifications have been developed (see Attachment A). The net impact of these changes is to reduce the base price of each bus by \$1,506 and include the purchase of a laptop computer for use in the Fleet Maintenance Department.

These buses are currently in the production line at New Flyer with the first units scheduled to arrive in January 2003. District staff is recommending that the Board of Directors authorize the General Manager to execute an amendment to the contract with New Flyer of America for changes to the specifications that will reduce the unit price of each bus by \$ 1,506.

IV. FINANCIAL CONSIDERATIONS

Proposed changes will reduce the contract total by \$ 44,029.44

V. ATTACHMENTS

- A- List of proposed changes with pricing information
- B- Amendment to the Contract

**Proposed Modifications To Contract For
Twenty-Nine Diesel Low-Floor Transit Buses
That Can Be Converted To CNG**

Item	Price	Credit
Change wheels from machine finish to polished	N/C	N/C
Add guard to radiator fan motor	\$ 53.00	
Delete Mobilepage Amplifier, apply credit to next item		
Add two PA speakers on rear bulkhead	N/C	N/C
Delete on/off switch from Passenger Reading Lights in upper deck		\$ (35.00)
Change Roof Vent/Escape hatch to manual from electric		\$ (243.00)
Change upper deck seats to 6468		\$ (784.00)
Change Driver's seat base to carbon steel from stainless steel	N/C	
Change Grabstraps from 6 to 12	\$231 .00	
Change to Amerex Driver's Control/Display (Diesel)		\$ (886.00)
Add harness and plug for Morse Speed Control on engine	\$ 158.00	
	Totals \$442.00	\$(1,948.00)
	Net Change Per Bus	\$(1306.00)
1 Each Additional Laptop Computer with Diagnostic Software	\$ 2,906	

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
FIRST AMENDMENT TO CONTRACT FOR THE PURCHASE OF
FIFTEEN (15) EACH 35-FOOT LOW FLOOR TRANSIT BUSES THAT CAN BE
CONVERTED TO CNG AND FOURTEEN (14) EACH 40-FOOT LOW FLOOR
TRANSIT BUSES THAT CAN BE CONVERTED TO CNG (01-16)**

This First Amendment to Contract for the purchase of fifteen (15) each 35-foot low floor transit buses that can be converted to CNG and fourteen (14) each 40-foot low floor transit buses that can be converted to CNG is made effective December 13, 2002 between the Santa Cruz Metropolitan Transit District, a political subdivision of the State of California ("District") and NEW FLYER OF AMERICA ("Contractor").

I. RECITALS

1.1 District and Contractor entered into a Contract for the acquisition of eight 40-foot low floor CNG buses ("Contract") on May 17, 2002.

1.2 District met with Contractor to review the detailed specifications for this procurement. District now desires to modify the bus specifications with a list of additions and deletions as detailed in Attachment A.

Therefore, District and Contractor amend the Contract as follows:

II. SPECIFICATION CHANGES

- 2.1 Additional equipment and/or features to bus specifications to be provided by Contractor are detailed in Attachment A to this First Amendment.
- 2.2 Deletions of equipment and/or features to bus specifications are detailed in Attachment A to this First Amendment.
- 2.3 Technical changes that reflect no additional costs or credits are detailed in Attachment A to this First Amendment.

III. COMPENSATION

3.1 Contractor agrees to decrease the unit price to District \$ 1,506.00 per bus. See Attachment B for revised contract price totals.

IV. REMAINING TERMS AND CONDITIONS

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

V. AUTHORITY

5.1 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 _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR
NEW FLYER OF AMERICA

By _____
Glenn Asham
Vice President of Finance

Approved as to Form:

Margaret R. Gallagher
District Counsel

ATTACHMENT A

Item	Price	Credit
Change wheels from machine finish to polished	N/C	N/C
Add guard to radiator fan motor	\$ 53.00	
Delete Mobilepage Amplifier, apply credit to next item		
Add two PA speakers on rear bulkhead	N/C	N/C
Delete on/off switch from Passenger Reading Lights in upper deck		\$ (35.00)
Change Roof Vent/Escape hatch to manual from electric		\$ (243.00)
Change upper deck seats to 6468		\$ (784.00)
Change Driver's seat base to carbon steel from stainless steel	N/C	
Change Grab straps from 6 to 12	\$231 .00	
Change to Amerex Driver's Control/Display (Diesel)		\$ (886.00)
Add harness and plug for Morse Speed Control on engine	\$ 158.00	
Totals	\$442.00	\$(1,948.00)
Net Unit Price Change Per Bus		\$(1,506.00)
1 Each Additional Laptop Computer with Diagnostic Software	\$ 2,906	

ATTACHMENT B

Revised Contract 01-1 6 Price Calculations

35 Foot Low Floor Buses

Item		Unit Price	Extended
1	15 Each 35 Ft Low Floor Coaches including GFI Genfare remote keypads and Digital Recorder Stealth Microphones	\$ 288,928.00	\$ 4,333,920.00
2	Accessibility Equipment	\$ 20,575.00	\$ 308,625.00
3	Less deletion of specification requirement for Route Mapping Services/Geocoding and the Central Recording Station	\$ (2,900.00)	\$ (43,500.00)
4	AMENDMENT NO. 1 CHANGES	\$ (1,506.00)	\$ (22,590.00)
5	Sub-Total	\$ 305,097.00	\$ 4,576,455.00
6	8% Sales Tax on Item 1 less Amendment No. 1 changes	\$ 22,993.76	\$ 344,906.40
7	Delivery Charges	\$ 2,930.00	\$ 43,950.00
8	Total	\$ 331,020.76	\$ 4,965,311.40

40 Foot Low Floor Buses

Item		Unit Price	Extended
1	14 Each 40 Ft Low Floor Coaches including GFI Genfare remote keypads and Digital Recorder Stealth Microphones	\$ 297,135.00	\$ 4,159,890.00
2	Accessibility Equipment	\$ 20,575.00	\$ 288,050.00
3	Less deletion of specification requirement for Route Mapping Services/Geocoding and the Central Recording Station	\$ (2,900.00)	\$ (40,600.00)
4	AMENDMENT NO. 1 CHANGES	\$ (1,506.00)	\$ (21,084.00)
5	Sub-Total	\$ 313,304.00	\$ 4,386,256.00
6	8% Sales Tax on Item 1 less Amendment No. 1 changes	\$ 23,650.32	\$ 331,104.48
7	Delivery Charges	\$ 2,930.00	\$ 41,020.00
8	Total	\$ 339,884.32	\$ 4,758,380.48

1	1 Each Additional Laptop Computer with Diagnostic Software	\$ 2,906.00	
	8 % Sales Tax	\$ 232.48	
	Total	\$ 3,138.48	

**REVISED CONTRACT TOTAL FOR 29 BUSES
PLUS ONE LAPTOP COMPUTER \$ 9,726,830.36**

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002
TO: Board of Directors
FROM: Tom Stickel, Manager of Fleet Maintenance
SUBJECT: CONSIDERATION OF AMENDING AWARD OF CONTRACT FOR FOUR EACH CNG POWERED PASSENGER VANS

I. RECOMMENDED ACTION

District Staff recommends that the Board of Directors authorize the General Manager to amend the contract for the purchase of four CNG powered passenger vans with S & C Ford to increase the dollar amount of the contract an additional \$3,294.40 for a total not to exceed contract amount of \$ 104,836.

II. SUMMARY OF ISSUES

- On November 22, 2002, the Board of Directors approved a contract with S & C Ford for the purchase of four each CNG powered passenger vans.
- Upon final submission of the contract for contractor review, a calculation error was discovered.
- District staff is recommending that the Board of Directors authorize an amendment to the contract to increase the contract \$3,294.40 for a new total dollar amount of the contract not to exceed \$104,836.

III. DISCUSSION

On November 22, 2002, the Board of Directors approved a contract with S & C Ford for the purchase of four each CNG powered passenger vans. A calculation error was discovered upon final submission of the contract for contractor review due to the incorrect identification of a poorly handwritten numeral on the bid response sheet. A correction of the error still has S & C Ford as the lowest responsive bidder. See Attachment A for a Revised Summary of Bids. District staff is recommending that the Board of Directors authorize an amendment to the contract to increase the contract \$3,294.40 for a new total dollar amount of the contract not to exceed \$104,836.

IV. FINANCIAL CONSIDERATIONS

Additional funding for this contract is contained in the Budget 140002 /Account 514070 for Non-Revenue Vehicle Replacements.

V. ATTACHMENTS

A- Revised Summary of bids received

02-09
Summary of Bids Received

		S & C Ford	Salinas Valley	Coalinga Motors	Senator Ford	Good Chevrolet
		S.F., CA	Ford Truck	Inc.	Sacramento, CA	Alameda, CA
			Salinas, CA	Coalinga, CA		
	QTY					
Full sized CNG powered passenger vans	4	\$ 23,800.00	\$ 24,129.73	\$ 25,192.00	\$ 25,465.00	\$ 26,977.00
Optional 5 year engine/transmission warranty	4	\$ 505.00	\$ 1,058.00	\$ 1,050.00	\$ 850.00	\$ 520.00
Subtotal		\$ 97,220.00	\$ 100,750.92	\$ 104,968.00	\$ 105,260.00	\$ 109,988.00
Tax		\$ 7,616.00	\$ 8,060.07	\$ 8,397.44	\$ 8,420.80	\$ 8,799.04
Total		\$ 104,836.00	\$ 108,810.99	\$ 113,365.44	\$ 113,680.80	\$ 118,787.04

Make/Model

Ford E350 Club Wagon

Ford Econoline E350

Chevrolet Express Passenger CG23406

Ford E350 Club Wagon

Chevrolet Express Passenger CG23406

Notes

\$500 Discount/van if paid in 30 days

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002
TO: Board of Directors
FROM: Bryant J. Baehr, Manager of Operations
SUBJECT: CONSIDERATION OF BUS SHELTER REQUEST FOR FELTON TEEN CENTER

I. RECOMMENDED ACTION

Staff is recommending that the Transit District not design and build a specialty bus shelter for the Felton Teen Center.

II. SUMMARY OF ISSUES

- On September 04, 2002 the Transit District received a letter from Ms. Kate Stafford requesting a specialty bus shelter for the Felton Teen Center. Ms. Stafford wants to incorporate Felton's character and charm in the design of the Felton Teen Center bus stop and shelter.
- According to the Facilities Maintenance Manager, the Transit District has not designed and built specialty bus shelters in the past.

III. DISCUSSION

On September 04, 2002 the Board of Directors received a letter from Ms. Kate Stafford requesting that a specialty wooden bus shelter be placed at the Felton Teen Center. Ms. Stafford requested that the Transit District design, build and install a bus shelter that incorporates Felton's character and charm.

Staff contacted Ms. Stafford and discussed the installation of a standard metal bus shelter. Ms. Stafford appreciated the District's willingness to install a metal shelter but requested that a wooden shelter be designed, built and installed by the Transit District incorporating Felton's character and charm.

The Manager of Facilities reports that the Transit District has not designed, built and installed specialty shelters in the past. Costs to design and build a specialty bus stop are not contained in the Transit District's budget.

IV. FINANCIAL CONSIDERATIONS

Costs to design and build a specialty bus stop are unknown and not contained within the Transit District's approved FY 02-02 budget.

V. ATTACHMENTS

Attachment A: Letter received from Ms. Kate Stafford

structure there, with **some character?**

Years ago I worked on the Felton Town Plan(1985)--and it was clear from the process that the concensus among Townspeople was that Felton retain its rural character. In fact, I am sending you a page from the Plan which includes some description of Felton's Character & Uniqueness, which includes such words as "Rustic,""Folksy" and "Gateway to the Valley." All of these words remind me why a wooden structure would be truly preferable.

I recognize that money is an issue--but this area,with the Felton Welcome Sign adjacent to it, truly is the "Gateway to the Valley " & to Felton specifically. Felton's businesses could use more amenities, to encourage shopping by locals in the village, and attractive Bus-Stops surely encourage more people to use muss transit.

Certainly I do understand that there is a desire to standardize structures, mass produce them, to keep costs down. But if wooden structures could be kept in areas that do wish to remain rustic in character, I hope that some accomodation could be made. Perhaps a protocol could be developed that would give priority to rustic design & materials in areas that are especially visible,such as at our Felton Bus-stop by our Welcome sign? Please consider the possibility,if you can.

Ideally in the future we could develop a ready source,in Santa Cruz, of recycled wood / timber. Presently such a business already exists in Berkeley. This would keep costs of wood materials down,and would preserve a very precious resource.

This is perhaps quite a long letter for one Bus-Stop. But I really do believe that beauty and maintaining a sense of place,character,matters. Though I tend to believe that our Countryside is our greatest of gifts, I also believe that we can try to compliment that blessing of Natural Beauty with a Consciousness of Curing & Artistry. Little Carings matter & create a more Compassionate World, a World which harmonizes with the Ancient Wonder we live within.

Yours in the Redwoods.

Kate K.Stafford

GOALS :

- A). MAINTAIN FELTON'S CHARACTER AND CHARM.
- B). LEAVE FELTON JUST THE WAY IT IS, WITH MINOR IMPROVEMENTS.

Describe Felton's Character and Uniqueness:-----

Town "Memory"

Slow, Organic Change

"Home Made" Products

Historic Roots

Multi-Generational Community

Small

Rural

Village

Western

Redwood

Rustic

Natural Beauty and Views

Folksy

Riverfront

Individualistic Architecture

Minimal Change

"Gateway to the Valley"

Vineyards

NOT SCOTTS VALLEY

NOT CAPITOLA

NOT CARMEL

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

STAFF REPORT

DATE: December 13, 2002

TO: Board of Directors

FROM: Margaret Gallagher, District Counsel

SUBJECT: CONSIDER ADOPTION OF ADA/504 POLICY AND PROCEDURE

I. RECOMMENDED ACTION

Adopt the attached ADA/504 Policy and Procedure, which includes a Grievance Procedure

II. SUMMARY OF ISSUES

- The Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973 (ADA/504) require that Santa Cruz Metro's programs, services and activities when viewed in their entirety are readily accessible to persons with disabilities.
- Federal regulations require that Santa Cruz Metro take affirmative steps to insure compliance with the federal statutes.
- Identifying Santa Cruz Metro's programs, activities and services and determining whether each is readily accessible is an important step ensuring compliance with ADA/504.
- The inclusion of grievance process for complainants who believe that an ADA or 504 violation has occurred ensures that these matters will be expeditiously reviewed and corrected, if necessary.

III. DISCUSSION

The Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973 (ADA/504) require that Santa Cruz Metro's programs, services and activities when viewed in their entirety are readily accessible to persons with disabilities. A further requirement is that a grievance procedure for complaints be published. The policy reiterates Santa Cruz Metro's commitment to ensuring that its programs, services and activities when viewed in their entirety are readily accessible to persons with disabilities. Additionally, it prohibits any retaliation or intimidation against those individuals who are exercising their rights pursuant to the ADA/504. The policy also designates the general manager as the individual who is responsible for Santa Cruz Metro's efforts to comply with and carry out its responsibilities pursuant to the ADA/504. The general manager is also required to evaluate Santa Cruz Metro's current services, programs, and activities in order to determine whether it meets the requirements of the ADA/504 statutes and regulations.

A complainant can file a complaint pursuant to these procedures within 90 days of an alleged violation, which the General Manager is required to investigate. Within 15 working days of receipt of the complaint the General Manager must have a response to the complainant. If the complainant is not satisfied with the response, the complainant can have its complaint forwarded to the Chair of the Board of Directors within 5 working days of receipt of the General Manager's response. The Chair has 10 working days to review the complaint to determine if any additional action needs to occur to ensure compliance with the ADA/504 and to notify the grievant of any intended action. The policy requires that the complainant sign the complaint, if able to do so. The identity of complainants can be kept confidential, at their election, during the conduct of an investigation, hearing or proceeding conducted pursuant to the grievance procedure. If the confidentiality is likely to hinder the investigation the complainant will be advised for the purpose of waiving the privilege.

I met with the Santa Cruz METRO's Advisory Groups, Metro's Users Group (MUG) and Metro Accessible Services Transit Forum (MASTF), to review the policy and to receive any input. Specifically, MASTF members Brad Neily and Deborah Lane met to discuss the policy. They primarily provided input on the grievance process. Both Advisory Groups approved the attached policy at their respective meetings. Manager of Operations, Bryant Baehr and the Accessible Services Coordinator, John Daugherty also provided input and assistance. The Central Coast Center for Independent Living (CCCIL) will also be reviewing this policy at their next meeting prior to the Santa Cruz Metro Board of Directors' meeting on December 13.

I provided copies of the proposed policy to representatives of both unions, SEIU and UTU. I met with Bonnie Morr of UTU to review the policy and procedures. I met with SEIU representatives who wanted assurances that the attached Training Module (Attachment B) would be incorporated into the District's training program for SEIU employees.

I also provided a copy of the policy to Scott Bugental, the Committee Chair to the Santa Cruz County Regional Transportation Commission, who I asked to review the policy with Elderly and Disabled TAC at its December 10th meeting.

I also provided the draft policy and procedures to Richard Wong from the Chief Counsels Office of the Federal Transit Agency who suggested that this was a Model Policy and should be shared with other transit properties.

IV. ATTACHMENTS

Attachment A: ADA/504 Complaint Procedure

Attachment B: SEIU Training Module

Santa Cruz Metropolitan Transit District

- DRAFT -

Regulation Number: AR-1002

Computer Title: adacmplt.doc

Effective Date: _____

Pages: 10

TITLE: ADA Complaint Procedure

Procedure History

NEW POLICY

SUMMARY OF POLICY

APPROVED

12-13-02

NEW policy and procedure re accessibility of Santa Cruz METRO services, programs, and activities and grievance procedures

I. POLICY

- 1.01 It is the policy of the Santa Cruz Metropolitan Transit District (hereinafter Santa Cruz METRO) that all its services, programs, and activities when viewed in their entirety, are readily accessible in accordance with the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973 (hereinafter ADA/504).
- 1.02 It is the policy of the Santa Cruz METRO that in accordance with ADA/504, no qualified individual with a disability shall, on the basis of disability be excluded from participation in or be denied the benefits of the services, programs, or activities of Santa Cruz METRO or be subjected to discrimination. A qualified individual with a disability shall be afforded an opportunity to participate in or benefit from the aid, benefit or service that is equal to and as effective as that afforded to others.
- 1.03 Santa Cruz METRO is adopting this policy in order to affirm its commitment to the ADA/504 statutes and regulations with regard to its services, programs, and activities.
- 1.04 Neither Santa Cruz METRO nor its employees or contractors shall retaliate, coerce, intimidate, threaten or interfere with any individual in the exercise of his/her rights pursuant to ADA/504 statutes and regulations or because that individual aided or encouraged any other individual in the exercise or enjoyment of any right granted or protected by the ADA/504 statutes and regulations.
- 1.05 Neither Santa Cruz METRO nor its employees or contractors shall discriminate against any individual because that individual has opposed any act or practice made unlawful by the ADA/504 statutes or regulations or because that individual made a charge, testified,

Santa Cruz Metropolitan Transit District

assisted, or participated in any manner in an investigation, proceeding or hearing under the ADA/504 statutes or regulations.

II. APPLICABILITY

- 2.01 Every Santa Cruz METRO employee and contractor must adhere to this policy and procedures.
- 2.02 Following this policy and procedures does not relieve a Santa Cruz METRO employee or contractor of complying with applicable Federal and California laws and regulations.
- 2.03 Members of the public may utilize this policy and procedures.

III. DESIGNATION OF RESPONSIBLE EMPLOYEE, COMMUNICATION AND AUXILIARY AIDS

- 3.01 The General Manager or his/her designee shall coordinate Santa Cruz METRO's efforts to comply with and carry out its responsibilities pursuant to the ADA/504, including any investigation of any complaint alleging Santa Cruz METRO's noncompliance with the ADA/504 or actions on the part of Santa Cruz METRO that are prohibited by the ADA/504.
- 3.02 The General Manager or his/her designee shall ensure that all Santa Cruz METRO's services, programs, and activities when viewed in their entirety, are readily accessible to those individuals with disabilities as defined in the ADA/504 statutes and regulations.
- 3.03 The General Manager or his/her designee shall make information available to individuals including individuals with disabilities, concerning Santa Cruz Metro's duties under the ADA/504 and how the ADA/504 applies to Santa Cruz METRO's services, programs and activities.
- 3.04 The General Manager or his/her designee shall take steps to ensure that Santa Cruz METRO can effectively communicate with individuals with disabilities (including applicants, participants and members of the public) as it does with others. Auxiliary aids and services where necessary to afford an individual with a disability an equal opportunity to participate in and enjoy the benefits of a service, program or activity conducted by Santa Cruz METRO shall be provided in accordance with the ADA/504 statutes and regulations. In determining the type of auxiliary aid and service necessary, Santa Cruz METRO will give primary consideration to the requests of the individual with disabilities.
- 3.05 The General Manager or his/her designee shall ensure that when Santa Cruz METRO employees communicate with individuals with impaired hearing or speech by telephone

Santa Cruz Metropolitan Transit District

that telecommunication devices for the deaf or equally effective telecommunications systems are in place in accordance with ADA/504.

- 3.06 The General Manager or his/her designee shall ensure that interested persons including persons with impaired vision or hearing can obtain information as to the existence and location of accessible services, activities and facilities in accordance with ADA/504.
- 3.07 Santa Cruz METRO shall provide signage at all inaccessible entrances to each of its facilities, directing users to an accessible entrance or to a location at which they can obtain information about accessible facilities. The international symbol for accessibility shall be used at each accessible entrance of a facility.
- 3.08 The General Manager or his/her designee shall ensure that information concerning Santa Cruz METRO's services, programs and activities are made available to individuals with disabilities.
- 3.09 The General Manager or his/her designee shall utilize appropriate Santa Cruz Metro employees or consultants necessary to fulfill Santa Cruz METRO responsibilities pursuant to this policy/procedure.
- 3.10 The General Manager or his/her designee shall ensure that Santa Cruz Metro employees are trained on this policy/procedure in order to ensure compliance.

IV. TRANSPORTATION SERVICE

- 4.01 Neither Santa Cruz METRO nor its employees will discriminate against an individual with a disability in connection with the provision of transportation service.
- 4.02 Neither Santa Cruz METRO nor its employees will on the basis of disability, deny to any individual with a disability the opportunity to use its public transportation service if the individual is capable of using that service.
- 4.03 The General Manager or his/her designee shall ensure that its public transportation service meets the standards and requirements set forth in the ADA/504 statutes and regulations.

V. EVALUATION OF SERVICES, PROGRAMS AND ACTIVITIES

- 5.01 The General Manager or his/her designee shall within 12 months of the implementation of this policy conduct an evaluation of Santa Cruz METRO's current services, programs, and activities and the effects thereof, that may or may not meet the requirements of the ADA/504 statutes and regulations.

Santa Cruz Metropolitan Transit District

- 5.02 The General Manager or his/her designee shall review the Santa Cruz METRO's services, programs and activities and prepare an evaluation report for the Board of Directors' review.
- 5.03 The General Manager or his/her designee shall provide an opportunity to interested persons, including MASTF, individuals with disabilities and other organizations representing individuals with disabilities, to participate in the self-evaluation process by submitting comments, to a draft evaluation report.
- 5.04 The Evaluation Report for the Board of Directors shall include the following:
1. A list of the interested persons consulted;
 2. A description of areas examined and any problems identified;
 3. If problems are identified, a description of the proposed modification; and
 4. An implementation schedule to ensure that the modifications are made in a timely fashion.
- 5.05 Once the Board of Directors has accepted the Evaluation Report, the General Manager or his/her designee shall ensure that the implementation schedule for the necessary modifications is followed in accordance with the adopted schedule.
- 5.06 Upon completion of the modifications, the General Manager or his/her designee shall on a 24 month cycle review all services, programs, and activities of the Santa Cruz METRO in order to ensure that they meet ADA/504 statutes and regulations.
- 5.07 This policy/procedure does not require Santa Cruz METRO to take any action that it can demonstrate would result in a fundamental alteration in the nature of its service, program, or activity or in undue financial and administrative burdens. The General Manager or his/her designee shall make the decision that compliance would result in such alteration or burdens after considering all resources available for use in the funding and operation of the service, program, or activity and such decision must be accompanied by a written statement of the reasons for reaching that conclusion. If an action would result in such an alteration or such burdens, Santa Cruz METRO shall take any other action that would not result in such an alteration or such burdens but would nevertheless ensure that, to the maximum extent possible, individuals with disabilities receive the benefits or services provided by the Santa Cruz METRO.

VI. GRIEVANCE PROCEDURE

- 6.01 Any person with a disability or his/her representative who believes that Santa Cruz METRO's programs, activities or services are not in compliance with the ADA/504 statutes or regulations shall put his/her concerns in writing, with the complainant signing the document to attest to the accuracy of the complaint (if possible)¹. The complaint can

¹ Representative may sign on behalf of a complainant whose disabilities prevent him/her from being able to execute the document.

Santa Cruz Metropolitan Transit District

then be directed to any of the following individuals who are required to keep the information contained in the complaint confidential:

1. Santa Cruz METRO
370 Encinal Street, Suite 100
Santa Cruz, California 95060
Attention: General Manager/Assistant General Manager
(831) 426-6080-phone (TDD 711 (TTY/Voice))
(831) 426-6117-facsimile
mdorfman@scmttd.com
2. Santa Cruz Metro Center
920 Pacific Avenue, Suite 21
Santa Cruz, California 95060
Attention: Accessible Services Coordinator
(831) 423-3868-phone (TDD 711 (TTY/Voice))
(831) 423-1024-facsimile
jdaugher@scmttd.com
3. Customer Service
Santa Cruz Metro Center
920 Pacific Avenue
Santa Cruz, CA 95060
Attention: Customer Services Coordinator
(831) 425-8600-phone (TDD 711 (TTY/Voice))
(831) 423-1024-facsimile
dcanales@scmttd.com

- 6.02 If an individual is unable to utilize a written complaint format, because of a disability, he/she may contact Santa Cruz Metro's Claims Investigator at (831) 426-6080 extension 120, who will tape record the conversation with the individual's knowledge and consent. The individual making the complaint must identify himself/herself (for verification purposes only) and provide all other necessary information in order for the complaint to be processed. The complaint will be mailed to the individual for verification and signature (if possible). The complaint will not be processed until the complaint is received back by Santa Cruz Metro, signed by the individual or, if unable because of a disability to sign the form, by the representative, as verification of its accuracy.
- 6.03 The complaint shall identify the service, program or activity, which is alleged to be out of compliance with ADA/504 statutes or regulations. The complaint shall set forth the time, date, place and the circumstances giving rise to the alleged violation and shall identify those individuals who are believed to have information regarding the alleged violation. . A complaint must be filed no later than 90 days from the date of the alleged discrimination unless the time for filing is extended by the General Manager or his/her designee for good cause.

Santa Cruz Metropolitan Transit District

- 6.04 A complaint form², which is attached to this policy and procedure, can be used for this grievance procedure. Complaint forms shall be made available in accessible formats upon request. A complaint form can be obtained under the following circumstances:
- a. At the Santa Cruz METRO Website, www.scmtd.com;
 - b. By calling Santa Cruz METRO's Administrative Services Coordinator at (831) 426-6080, (TDD 711 (TTY/ voice)) a complaint form can be mailed;
 - c. By calling Santa Cruz METRO's Accessible Services Coordinator at (831) 423-3868, (TDD 711 (TTY/voice)) a complaint form can be mailed;
 - d. Complaint forms can be picked up at the Information Windows/Booths/Counters at each of Santa Cruz METRO's Centers (Santa Cruz, Watsonville and Scotts Valley), the Administrative Offices, 370 Encinal, Suite 100, Santa Cruz, California 95060 or from the Accessible Services Coordinator, Santa Cruz Metro Center, 920 Front Street, Suite 21, Santa Cruz, California, 95060.
- 6.05 If the complaint is received by anyone besides the General Manager, the individual in receipt of the complaint shall forward it to the General Manager or his/her designee within 2 working days of receipt. The General Manager shall immediately provide a copy to the Chair of the Board of Directors and the Santa Cruz METRO Manager who is responsible for the program, service or activity that is identified as being out of compliance.
- 6.06 The identity of complainants shall be kept confidential, at their election, during the conduct of an investigation, hearing or proceeding conducted pursuant to this grievance procedure. However, when such confidentiality is likely to hinder the grievance investigation, or proceeding, the complainant will be advised for the purpose of waiving the privilege.
- 6.07 The Santa Cruz METRO Manager who is responsible for the program, service or activity that is alleged to be out of compliance, shall promptly investigate the alleged complaint and shall prepare a written response within 10 working days of his/her receipt of the complaint. The Manager may consult with appropriate Santa Cruz METRO staff in the preparation of his/her response to the complaint.
- 6.08 The General Manager or his/her designee shall then speak (meeting or telephone conversation) with the complainant, at which time the complainant may give written or oral evidence supporting the allegation that provisions of the ADA/504 have been violated. The General Manager shall review and consider the response prepared by the Manager identified in Section 6.07, all the information provided by the complainant and any other evidence available regarding the allegations in the complaint. The General

² The form is not required to process a complaint. Any written format is acceptable or tape recording as provided in Section 6.02.

Santa Cruz Metropolitan Transit District

Manager shall prepare a written report of his/her findings and if corrective action is required a timetable for the completion of such action.

- 6.09 Within 15 working days following receipt of the initial complaint, the General Manager shall inform the complainant of his/her findings and any corrective action to be taken as a result of the complaint together with the timetable for completion of such action.
- 6.10 If the complainant is not satisfied with the findings and/or action of the General Manager or his/her designee, then the complainant may file his/her complaint together with any other supporting documentation within 5 working days of his/her receipt of the results of the General Manager's investigation, with the Chair of the Board of Directors by providing it to the Administrative Services Coordinator, 370 Encinal Street, Suite 100, Santa Cruz, CA, 95060. The Chair of the Board of Directors upon review of the entire file, shall take appropriate action in order to insure ADA/504 compliance. The Complainant shall be notified of what actions, if any, will be taken as a result of the review by the Chair within 10 working days of the Chair's notification that the complainant is not satisfied with the results of the general manager's investigation.
- 6.11 The timelines applicable to this procedure may be waived by the general manager if he/she finds that there is good cause for a waiver.
- 6.12 Santa Cruz METRO shall retain documents arising out of the grievance procedure for at least three (3) years and the General Manager or his/her designee shall maintain relevant information in a database in a confidential manner.
- 6.13 Participation in this Grievance Procedure is voluntary. Nothing contained herein shall preclude a complainant from taking any other appropriate legal or administrative action against Santa Cruz Metro, should its programs, services or activities be out of compliance with the ADA/504.

Santa Cruz Metropolitan Transit District

COMPLAINT FORM

(FOR AMERICANS WITH DISABILITIES ACT (ADA) REHABILITATION ACT OF 1973 (504) COMPLAINTS)

Please indicate by checking the box, if you wish to have your identity kept confidential

Name of Complainant: _____

Address of Complainant: _____

Telephone Number: _____

E-mail Address: * _____

Date of Complaint: _____

Date of Violation: _____

Time of Violation: _____

Place of Violation: _____

Bus Number:** _____

Bus Route:** _____

General physical description of bus operator** _____

Identify service, program or activity out of ADA/504 compliance: _____

Summary of violation: (attach additional sheets as necessary) _____

Identify individuals by name and address that have information relating to the violation:

Signature of Complainant/Representative

Date

*Optional

** if applicable

Santa Cruz Metropolitan Transit District

GRIEVANCE PROCEDURE

1. Return completed Grievance form within 90 days of the alleged violation to any of the following:

1. Santa Cruz METRO 370 Encinal Street, Suite 100 Santa Cruz, CA 95060 Attention: General Manager /Assistant General Manager (831) 426-6080-phone (TDD 711 (TTY/Voice)) (831) 426-6117-facsimile mdorfman@scmtd.com	2. Santa Cruz Metro Center 920 Pacific Avenue, Suite 21 Santa Cruz, CA 95060 Attn: Accessible Services Coordinator (831) 423-3868-phone (TDD 711 (TTY/Voice)) (831) 423-1024-facsimile jdaugher@scmtd.com	3. Customer Service Coordinator Santa Cruz Metro Center 920 Pacific Avenue Santa Cruz, CA 95060 Attn: Customer Services (831) 425-8600-phone (TDD 711 (TTY/Voice)) (831)423-1024-facsimile dcanales@scmtd.com
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2. The General Manager/designee shall conduct an investigation into the alleged violation. The complainant may be contacted during the course of the investigation;
3. The General Manager/designee shall notify the complainant of the results of the investigation within 15 working days;
4. If the Complainant is not satisfied with the response from the General Manager/designee, the complainant may file the complaint together with any supporting documentation with the Chair of the Board of Directors by providing it to the Administrative Services Coordinator, 370 Encinal Street, Suite 100, Santa Cruz, California 95060 within 5 working days of receipt of the response from the General Manager/designee; and
5. The Chair shall have 10 working days to review the complaint and the investigation and report prepared by the General Manager/designee and to determine if any additional action needs to occur to ensure compliance with the ADA/504.

Santa Cruz Metropolitan Transit District

NOTICE UNDER THE AMERICANS WITH DISABILITIES ACT

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 (ADA), and Section 504 of the Rehabilitation Act of 1973 (504) the Santa Cruz Metropolitan Transit District (Santa Cruz METRO) will not discriminate against qualified individuals with disabilities on the basis of disability in the Santa Cruz METRO's services, programs, or activities. Santa Cruz Metro will not tolerate acts of retaliation against anyone exercising his/her rights under the ADA/504.

Santa Cruz METRO does not discriminate on the basis of disability in its hiring or employment practices. Santa Cruz METRO will not ask a job applicant about the existence, nature, or severity of a disability. Applicants may be asked about their ability to perform specific job functions. Medical examinations or inquiries may be made, but only after a conditional offer of employment is made and only if required of all applicants for the position. Santa Cruz METRO will make reasonable accommodations for the known physical or mental limitations of a qualified applicant or employee with a disability upon request unless the accommodation would cause an undue hardship on the operation of Santa Cruz METRO's business. Santa Cruz METRO will make an individualized assessment of whether a qualified individual with a disability meets selection criteria for employment decisions. To the extent its selection criteria for employment decisions have the effect of disqualifying an individual because of disability, those criteria will be job-related and consistent with business necessity.

Santa Cruz METRO will provide transportation services in accordance with the ADA/504 statutes and regulations. Santa Cruz METRO will provide appropriate auxiliary aids and services, including qualified sign language interpreters and assistive listening devices, whenever necessary to ensure effective communication with members of the public who have hearing, sight, or speech impediments, unless to do so would result in a fundamental alteration of its programs or an undue administrative or financial burden. A person who requires an accommodation or an auxiliary aid or service to participate in a Santa Cruz METRO program, service, or activity, should contact Dale Carr, Administrative Services Coordinator, at (831) 426-6080 (TDD 711 (TTY/voice)) for assistance as far in advance as possible but not later than 48 hours before the scheduled event.

Santa Cruz METRO will not place a surcharge on a particular individual with a disability or any group of individuals with disabilities to cover the cost of providing auxiliary aids/services or reasonable modifications of policy.

In order to satisfy itself that it is meeting its obligations under the ADA/504, Santa Cruz METRO has established a grievance procedure for persons with disability who allege that METRO's services, programs or activities are out of compliance. Should you wish a complaint form, to file a grievance or if you have questions or concerns regarding METRO's compliance with the Americans with Disabilities Act or Section 504 of the Rehabilitation Act of 1973 please contact Leslie White, General Manager, at (831) 426-6080 (TDD 711 (TTY/voice)).

Santa Cruz Metropolitan Transit District

TRAINING MODULE

- I. Brief Background
 - Federal Law
 - Americans with Disabilities Act (ADA)
 - Section 504 of the Rehabilitation Act of 1973
- II. Review of Essential Details of Policies
- III. Hypothetical Examples
- IV. Do(s) / Don't(s)
- V. Courtesy / Good Manners / Special Needs / Awareness
- VI. Questions and Answers Forum

- 1 New employees will be trained upon hiring.
- 2 Different examples utilized depending on group being trained.
- 3 An individual employee shall not be disciplined for a violation of ADA/504 Policy and Procedure until he/she has completed training on this policy/procedure.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

STAFF REPORT

DATE: December 13, 2002

TO: Board of Directors

FROM: Margaret Gallagher, District Counsel

SUBJECT: CONSIDER ALLOWING THE LAND TRUST OF SANTA CRUZ COUNTY TO ACQUIRE THE PROPERTY LOCATED AT 617 REDWOOD DRIVE, FELTON, CALIFORNIA, TO ENSURE THE MAINTENANCE OF THE PROPERTY BY THE NEIGHBORHOOD

I. RECOMMENDED ACTION

Allow the Land Trust of Santa Cruz County to acquire the property located at 617 Redwood Drive, Felton, California, currently owned by Santa Cruz Metro, to ensure the maintenance of the property by the neighborhood.

II. SUMMARY OF ISSUES

- On Friday, March 20, 1981 at its regularly scheduled Board of Directors' meeting, the Santa Cruz Metro Board of Directors by a unanimous vote took action to accept a donation by Mr. Jun Lee a resident of Scotts Valley, of a 20X40 parcel of land located at 617 Redwood Drive in Felton for use as a bus stop. The General Manager, Scott Galloway, wrote a letter of explanation to the Board of Directors on March 13, 1981, which is attached as Attachment A. Page five of the March 20, 1981 Minutes of the Board of Directors Meeting is attached as Attachment B.
- On December 30, 1981 the Grant Deed for the property located at 617 Redwood Drive, Felton, CA, APN: 065-202-01 was recorded in the name of the Santa Cruz Metro. The Deed is attached as Attachment C.
- The parcel was used as a bus stop until 1997, at which time; floods ravaged the unpaved road making it impassable for buses. Additionally, the County limited the pounds allowed on the deteriorating bridge and denied requests to upgrade the road or bridge.
- According to the Manager of Operations, the parcel is no longer necessary for use as a bus stop.
- The neighbors of Upper Redwood Drive have been cooperating in determining how best to assure the restoration and ongoing maintenance of the property located at 617 Redwood Drive in Felton, currently owned by the Santa Cruz Metro.

III. DISCUSSION

On January 25, 2002 District Counsel, Margaret Gallagher and Facilities Maintenance Manager, David Konno met with six neighbors of 617 Redwood Drive in Felton. These individuals have noticed over the past few years the deterioration of the property located at 617 Redwood Drive, in Felton and the bus shelter located on the property. (See Attachment D, a letter dated February 26, 2002 from Nancy Wright) They are concerned that the property is an eyesore and also a prime target for possible vandalism. To avoid this, they are interested in the parcel to develop it into a neighborhood park for the use and enjoyment of residents on Redwood Drive.

According to the Manager of Operations, the property is not necessary as a bus stop and it is unlikely that it will ever be needed as a bus stop.

Buses cannot travel on Redwood Drive due to the deterioration of the roadway. At this time the road is restricted from allowing vehicles that weigh more than one ton from using the road. The bus routes utilize a road that is parallel to Redwood Drive.

According to the District's enabling statute the Board may "...lease, sell, mortgage, or otherwise dispose of any real...property within or without the district when in its judgment it is in the best interests of the District to do so." (Public Utilities Code §98233) Because the property is not maintained, it is in Santa Cruz Metro's best interest to dispose of the property at this time in order to avoid any costs to restore the property and to avoid any possible liability should someone be injured on the property.

Apparently, since the District accepted the property as a gift, no federal, state or local money has been used to purchase, repair, maintain or restore the property.

The neighbors of Upper Redwood Drive have been cooperating in determining how best to assure the restoration and ongoing maintenance of the property. The Land Trust of Santa Cruz County has expressed an interest in acquiring the property from the Metro on the condition that there would be support from the neighborhood in the acquisition and maintenance of the property and the kiosk. In an effort at securing funding for this approach, the neighbors have applied to the Santa Cruz Community Foundation Vecinos Program for a neighborhood grant. (a copy of the grant proposal is attached as Attachment E)

The neighborhood has requested that the potential transfer of the land from the Santa Cruz Metro to the Land Trust be placed on the Santa Cruz Metro Board of Directors' agenda for the December meeting.

IV. FINANCIAL CONSIDERATIONS

Other than the liability insurance kept on the property, which is negligible, there are no financial considerations.

V. ATTACHMENTS

- Attachment A:** March 13, 1981 letter from Scott Galloway, General Manager
- Attachment B:** Page 5 of March 20, 1981 Minutes of the Board of Directors Meeting
- Attachment C:** Grant Deed Recorded December 30, 1981 by the Santa Cruz County Recorder's Office
- Attachment D:** February 26, 2002 letter from Nancy Wright
- Attachment E:** Santa Cruz Community Foundation Vecinos Program Grant Proposal Application for a Neighborhood Grant

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

March 13, 1981

TO: Board of Directors
FROM: General Manager
SUBJECT: Donation of Bus Shelter

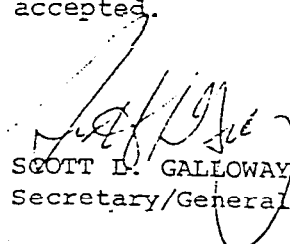
Mr. Jun Lee, who owns a parcel on Redwood Drive, (See attached map) has offered to donate the parcel to the District for use as a bus stop.

Investigation by David Konno, Field Maintenance Supervisor for the District reveals that there is a stone and wood shelter-like structure existing on the parcel. The structure is set back from the roadway, is dimly lighted, and its mode of construction is prone to vandalism. A stop is desirable at that location, however.

The District currently utilizes an encroachment permit process to acquire bench and shelter sites. Policy direction will be required if the District is to accept a donation offered by Mr. Lee.

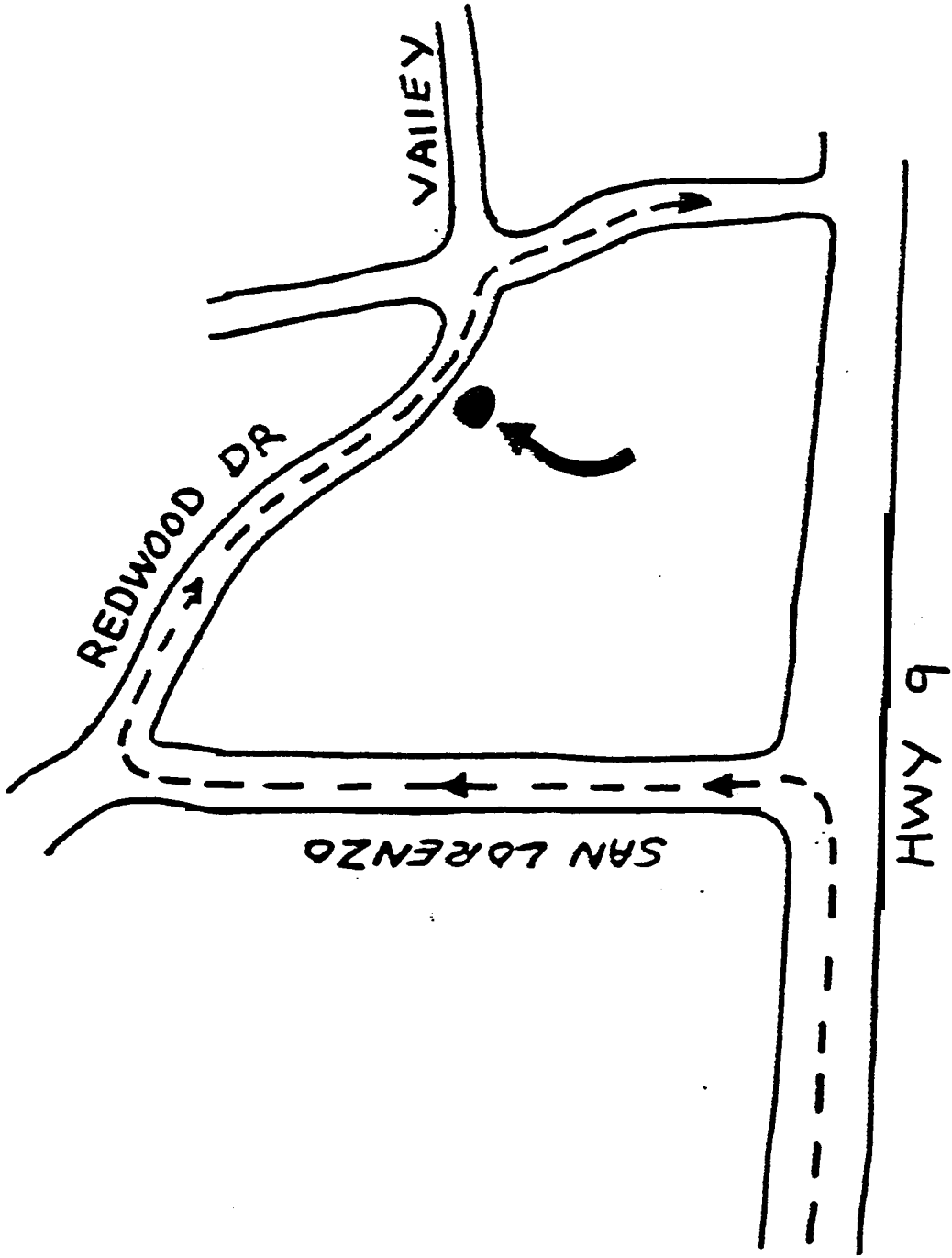
Additional liability insurance expense to cover District exposure on the parcel is negligible.

Staff recommends that the donation be accepted.


SCOTT L. GALLOWAY
Secretary/General Manager

SLG:jo

13-1

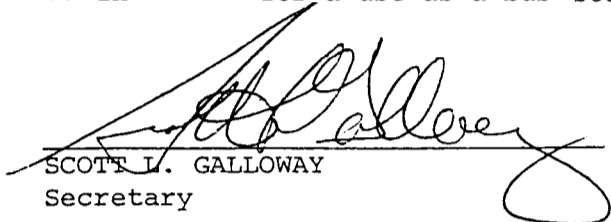


13-2

VERIFICATION

On Friday, March 20, 1981, at their regularly scheduled Board of Directors meeting, with the following members present: Chairman Robert Garcia, Vice Chairman Alvin Wilder, Terry Brickley, Joe Cucchiara, Larry Edler, Rad Lyon, Spiro Mellis, Gary Patton, Jean McNeil, Mike Rotkin, and Gene Wright; the Board of Directors took action to accept a donation by Mr. Jun Lee, 4303 Scotts Valley Drive, Scotts Valley, California, of a 20 x 40 parcel of land on Redwood Drive in Felton for a use as a bus stop by an unanimous vote.

March 27, 1981
Date


SCOTT L. GALLOWAY
Secretary

11. Approval of RFP's for Paratransit Study Consultant

The Board reviewed the Request for Proposals for Feasibility study and Development of Implementation Plan for Establishment of a Paratransit Agency for Santa Cruz County. The Board also reviewed changes recommended by the District Finance Committee and the SCCTC. After discussion, Director Patton moved that the Board approve the Request for Proposal for Feasibility Study and Development of Implementation Plan for Establishment of a Paratransit Agency for Santa Cruz County as amended to include the changes recommended by the District Finance Committee and the SCCTC. Director McNeil seconded and the motion passed unanimously.

12. Request for Reclassification of SEA Positions

Director Patton moved to approve the Policy and Finance Committee recommendation that the reclassification requests be referred to the Personnel Committee for evaluation and recommendation. Director Rotkin seconded and the motion passed unanimously.

13. Donation of Bus Shelter

Staff reported that Mr. Jun Lee, who owns a parcel on Redwood Drive has offered to donate the parcel to the District for use as a bus stop. After discussion, Director Rotkin moved that the Board of Directors accept the Facilities Committee recommendation that the donation be accepted. Director Brickley seconded and the motion passed unanimously.

14. Report on Policy Committee

Spiro Mellis, Chairman of the Policy Committee, reported that the Policy Committee had met and discussed the function of the newly formed committee and key issues to be discussed in future meetings.

15. Status Report on Development of Disaster Preparedness and Emergency Services Plan

The Board discussed the Disaster Preparedness and Emergency Services Plan that is being prepared for review by the Board at a later date.

ORDER

APN

WHEN RECORDED MAIL TO

Name
Street
Address
City &
State

Santa Cruz Metropolitan Transit District
230 Walnut Avenue
Santa Cruz, California 95060

BOOK 3402 PAGE 617

57616

RECORDED AT REQUEST OF

DEC 30 1 32 PM '81

OFFICIAL RECORDS
SANTA CRUZ COUNTY
RECORDS & MAPS
RECORDER

57616

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Grant Deed

Attachment C

The undersigned grantor(s) declare(s):

Documentary transfer tax is \$ None

- computed on full value of property conveyed, or
- computed on full value less value of liens and encumbrances remaining at time of sale.
- Unincorporated area: City of
- Realty not sold.

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

JUN LEE and CAROL ANN LEE, Husband and wife,

hereby GRANT(S) to

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

that property in Santa Cruz County, State of California, described as:

BEGINNING at the Northwesterly corner of Lot 54 as shown and designated on that certain Map entitled, "Subdivision Number 1, **Felton Acres**, being a part of Rancho Canada del Rincon and Zayante Rancho, Santa Cruz County, California, subdivided in June 1924 by Lloyd Bowman, County Surveyor", filed for record June 7, 1924 in Volume 18 of Maps, Page 47, Santa Cruz County Records, said point being on the Southerly line of Redwood Drive as shown on said Map; thence running along the Southerly line of Redwood Drive, North 75° 02' East 4.30 feet; thence North 81° 36' East 20.70 feet to the Northwesterly corner of the land conveyed to H. W. Bartlett, by Deed dated July 20, 1925 and recorded in Volume 52, Page 318, Official Records of Santa Cruz County; thence leaving said Redwood Drive, South 14° 20' East 85.42 feet to the Southerly bank of Shingle Mill Creek; thence along the Southerly bank of Shingle Mill Creek, South 66° 45' West 47.81 feet to a 10 foot easement as shown upon the aforementioned Map of **Felton Acres**; thence along the Easterly side of said 10 foot easement North 0° 16' East 93 feet, more or less, to the point of beginning.

Assessor's Parcel Number 065-202-01

Mail tax statement to Grantee at above address

Date December 16, 1981

STATE OF CALIFORNIA }
COUNTY OF Santa Cruz } ss.

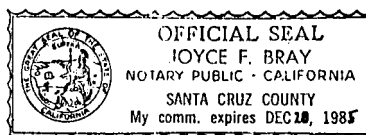
On December, 1981 before me, the undersigned, a Notary Public in and for said State, personally appeared Jun Lee and Carol Ann Lee

Jun Lee
Jun Lee

Carol Ann Lee
Carol Ann Lee

_____, known to me to be the person S whose name s are subscribed to the within instrument and acknowledged that they executed the same. WITNESS my hand and official seal.

Signature Joyce F. Bray
Joyce F. Bray
Name (Typed or Printed)



NANCY MOORE WRIGHT
646 Redwood Drive
Felton, CA 95018
(83 1) 335-3878

Attachment D

February 26, 2002

Margaret Gallagher
Santa Cruz Metropolitan Transit District
370 Encinal Street, Suite 100
Santa Cruz, CA 95060

RE: Property located at 617 Redwood Drive, Felton

Thank you for the opportunity to comment regarding the Transit District's interest in potentially disposing of the above referenced property.

We brought this to your attention after several years of noticing the decline of the property. The parcel was formerly a kiosk related to the historic summer resort activities of the surrounding parcels. Since my husband and I moved to our home over twenty years ago, the kiosk has suffered from age and various other damage. Our neighbors, Mike and Tama Malwaukie, Chris Zeiman and Kari Husmann join us in hoping for the restoration and maintenance of the kiosk.

It is our understanding that the property may be declared surplus by the Board of Directors. We would like to set forth some criteria which you may wish to consider as the Board moves forward.

- a: The property should be restored to a safe condition. There is an open test well that should be secured. Damage to the existing kiosk should be repaired with respect to the historic use.
- The future use of the property should be restricted so that no incidental uses would be permitted that might infringe on the neighborhood, such as parking, camping, etc.
- If the property is set for disposal, the appraisal should take into consideration the existing deteriorated condition and the cost to restore the historic structure.
- The process for disposition of the property should provide for open bids rather than sealed bids since there are few comparable properties with similar constraints. If the District elects not to restore the property prior to disposition, bidders should be able to relate their price to the problems associated with the current condition.

We will attend the meeting of March 8, 2002 to answer any questions the Board may have regarding our interest in the property.

Sincerely,



Nancy Moore Wright

Attachment

APPLICATION PAGE 3

1. What is the common interest or concern shared by members of **your group**?
A dilapidated historic kiosk, located on a small parcel that crosses Shingle Mill Creek has been owned by the Santa Cruz Metro Transit District for about 20 years. The kiosk is a symbol for the neighborhood because it is where we post notices, have our mailboxes, and identify directions to our homes on Upper Redwood Drive. This project is the outgrowth of neighbors being aware of the need to work together on other less tangible issues, including crime, traffic and roads.
2. Describe the community in which you will be working. What kind of people are they? Think about their ages, background, the neighborhood they live in, specific issues they share, etc.
Upper Redwood Drive is a former resort in transition. Dilapidated, abandoned 1920's cabins are gradually being occupied and rehabilitated by young families as "affordable housing". The remainder of the residents are primarily elderly, some even 2nd and 3rd generation property owners.
3. What activities will your project include?
 - a. Acquisition of parcel at 617 Redwood Drive by Land Trust from Metro.
 - b. Analysis and education regarding riparian context
 - c. Research and design of historic structure.
 - d. Reconstruction of kiosk.
 - e. Maintenance of kiosk and creek.
 - f.
4. What changes do you hope to see as a result of your project?
Visible, tangible improvement to the neighborhood on a parcel where there is no "neighbor" to care for it. Neighbors will share in design and construction, and will use the kiosk as a "town square". By doing the actual construction of the restoration, neighbors will have a greater interest in ongoing community issues and an increased sense of pride in the neighborhood.
5. Has anything like this been done before?
This is similar to other park cleanups, or tot lot acquisition and development, but it is more directly related to establishing a neighborhood identity while empowering residents to communicate and work together toward a common goal.
6. Who is involved in your **group**? Please attach a list of the members in your group and their addresses and phone numbers. If your group has officers, please not them on the list. This information will be kept strictly confidential.
This is an informal organization with no officers. See names on list attached. The specific restoration project will be in cooperation with the Land Trust and the Metro.
7. What kinds of activities have you done together in the past?
Over 17 years ago, the neighbors cooperated in reducing stray dog problems through an innovative "buddy" system. Since then, neighbors have worked together to review a neighbor's variance, highlight problems related to drug sales in the neighborhood, communicate with County Public Works regarding storm damage to Redwood Drive, and meet with Supervisor Jeff Almquist to identify solutions to specific neighborhood issues.
8. How often does or will your group meet?
Annually for a neighborhood picnic, and as needed for specific issues.

APPLICATION PAGE 3

9. How does your group make decisions? Majority vote Consensus Other (please describe)

10. Do you currently have a group bank account? If so, who manages this account? Who can authorize spending? If not, will you need help establishing a bank account?

No. The Land Trust Executive Director has indicated that the Land Trust would be willing to administer the grant on behalf of the neighborhood.

11. Is your group formally incorporated as a 501 (c)3 nonprofit corporation? NO.

While the community group is not, the Land Trust is expected to agree to serve as an umbrella for our project.

12. Have you ever received funding from the Community Foundation before? If so, how is this project similar to or different from previous ones?

No.

13. If your group has received funding from the Foundation in the past, you would be required to raise some of the funds for this project. How would your **group go** about that?

Even though we have not received funding in the past, the neighbors are willing to raise supplemental funds through donations by those who are financially able to do so, and through fundraising events, such as yard sales.

Propose&Project and Activities Budget

Description of Project Expenses	Total Cost	Vecinos Grant Request	Other Sources
1. Land Trust Acquisition Costs (insurance, closing costs, surveys & legal)	\$1,500	\$1,500	
2. Construction Materials for Kiosk	\$2,000	\$2,000	
3. Labor	\$4,000		\$4,000
4. Landscape Materials	\$ 350	\$ 350	
5. Trust Fund for Land Trust	\$5,000		\$5,000
TOTAL:	\$12,850	\$ 3,850	\$9,000

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002

TO: Board of Directors

FROM: Margaret Gallagher, District Counsel

SUBJECT: CONSIDERATION OF ADOPTING REVISIONS TO THE DRUG AND ALCOHOL TESTING POLICY REGULATION

I. RECOMMENDED ACTION

Adopt the revisions to the Drug and Alcohol Policy Regulation

II. SUMMARY OF ISSUES

- The federal government, through passage of the Omnibus Transportation Employee Testing Act of 1991, mandated that the Department of Transportation (DOT) implement drug and alcohol testing in the transportation industry. The rule established uniform testing procedures to be used by all DOT operating administrations including the Federal Transit Administration (FTA).
- FTA issued regulations requiring transit employees in safety-sensitive positions to be tested for illegal drug use and alcohol misuse under certain circumstances. As a result of these actions, the Santa Cruz METRO Board of Directors approved the Drug and Alcohol Testing Policy effective December 1, 1996.
- The DOT rules covering the procedures for transportation workplace drug and alcohol testing programs have now been revised.
- At this time Santa Cruz METRO's Drug and Alcohol Policy Regulation has been updated to comport with the revised regulations.
- District management has met with both the United Transportation Union Local 23 and Service Employees International Union Local 415 to discuss the revisions and have incorporated their input into the regulation.

III. DISCUSSION

The FTA final rule on the Prevention of Alcohol Misuse and Prohibited Drug Use in Transit Operations (49 CFR Part 655) is now effective. The basic components of the regulation, including the testing of safety-sensitive employees for the use of controlled substances and the misuse of alcohol, and the requirement for a policy statement, education and consequences, remain virtually the same from when the law was originally implemented. The five illegal drugs that are prohibited (i.e., marijuana, cocaine, amphetamine, opiates, and phencyclidine) are the same, as are the five testing categories (i.e., pre-employment, random, reasonable suspicion, return-to-duty, and follow-up). FTA also chose to keep the training requirement the same.

Much of the new rules involved the replacement of various forms used in the testing process, which the Human Resources Department has already implemented. Other significant changes, which are now included in the District's policy include the following:

- 1) Clarification regarding what actions constitute a test refusal for a drug test or alcohol test.
- 2) The new regulations introduced the term "Designated Employer Representative (DER). A DER is an employee that receives test results and other communications for the employer and is required to make decisions in the testing and evaluation process. The DER must also be authorized by the employer to take immediate action directly or through the employee's direct supervisor to remove employees from safety-sensitive duties.
- 3) Employers now using the best information at the time must remove an employee from the random pool if that employee will be away from the work site for 90 days or more for any reason.

Over the last few months, Robyn Slater, the Interim Human Resources Manager, and I met with both Unions' representatives to discuss the revisions. Input received from the Unions was incorporated into the policy.

IV. FINANCIAL CONSIDERATIONS

The drug and alcohol testing policy program currently costs the District \$7,379.00 per year.

V. ATTACHMENTS

Attachment A: Revised Drug and Alcohol Policy

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Regulation Number: AR-3013

Computer Title: drug policy.doc

Effective Date: January 1, 1996

Pages: 36

TITLE: **DRUG & ALCOHOL TESTING POLICY**

Procedure History

REVISION DATE	SUMMARY OF REVISION	APPROVED
8/21/98	Footnotes added to Page 16	
12/13/02	Implementation of New Federal Law Requirements	

I. POLICY

- 1.01 It is the policy of the Santa Cruz Metropolitan Transit District (District) that its workplace is free from the effects of drug and alcohol abuse. This policy is enforced in order to insure the safe and efficient operation and maintenance of its transportation system for its passengers, and to provide a safe work environment for its employees. This policy is also to avoid the dangers arising from substance abuse in the work place. These dangers include death and injury to the employee, co-workers, and the public resulting from accidents, dereliction of duty, poor judgment and carelessness. Substance abuse also results in lost productivity, reduced efficiency, and increased absenteeism by the substance abuser and interferes with the job performance of employees who do not use illegal or unauthorized substances.
- 1.02 No District employee shall: (1) use, possess, or be under the influence of drugs or other mind-altering substances; or (2) use or possess a container of alcohol or be under the influence to any extent that would impede the employee's ability to perform his or her duties safely and effectively. Furthermore, employees shall not perform duties, which because of drugs or medication taken under a legal prescription or non-prescription, cannot be performed without posing a threat to the health or safety of the employee or others.
- 1.03 The District is committed to providing safe, reliable, and efficient transportation services to the public, and a safe, healthy and productive work environment for its employees. In order to meet these goals, the Policy of the District is to:
- Create a work environment free from the adverse effects of drug and alcohol misuse;
 - Encourage employees to seek professional assistance when personal problems, including alcohol or drug dependency adversely affect their ability to perform their duties in a safe, productive and courteous manner;

- c. Ensure that employees do not report to work or work with alcohol or drugs in their systems;
 - d. Prohibit the illegal use, possession, manufacture, sale or distribution of controlled substances by its employees;
 - e. Ensure that the reputation of the District and its employees is as responsible citizens worthy of public trust;
 - f. Provide guidelines and outline responsibilities for the testing of employees and employment candidates to determine drug abuse and alcohol misuse; and
 - g. Implement programs that are designed to help prevent accidents, injuries, and fatalities resulting from the misuse of alcohol and use of drugs by employees who perform safety sensitive functions.
- 1.04 District safety-sensitive employees will be subject to urine drug testing and breath alcohol testing in accordance with applicable federal law.
- 1.05 This Policy complies with the Federal Transit Administration (FTA) Regulations (49 CFR Parts 40 and 655 with applicable amendments) that mandate urine drug testing and breath-alcohol testing for safety- sensitive employees and the U.S. Department of Transportation (DOT) standards for the collection and testing of urine and breath specimens. All drug and alcohol testing as required by this policy is mandated by the FTA Regulations, and shall be in compliance with all Federal and State laws and regulations.
- 1.06 As required by the FTA Regulations, Attachment 1 lists the drugs or classes of drugs to be tested for and describes the testing procedures for drugs and alcohol; Attachment 2 provides information about the effects of alcohol misuse and the signs and symptoms of an alcohol problem; Attachment 3 provides information about the effects of drug abuse and the signs and symptoms of drug problems for each of the drugs to be tested; Attachment 4 lists job classifications considered to be safety-sensitive.

II. APPLICABILITY

- 2.01 This policy applies to all full-time and part-time safety- sensitive employees.
- 2.02 An employee violating this policy is subject to disciplinary action up to and including discharge. See also Articles X Employees Responsibilities and XI Actions After a Positive Test for specific disciplinary actions.

- 2.03 Compliance with this policy does not relieve an employee of compliance with applicable Federal and State laws and regulations.

III. CONTRACTOR APPLICABILITY

- 3.01 District contractors and subcontractors, as required, shall comply with 49 Code of Federal Regulations Parts 40 and 655 to the extent required by Federal law.
- 3.02 The Human Resources Manager shall insure that all applicable District contractors and subcontractors who are required to comply with the FTA drug and alcohol testing requirements are in actual compliance.

IV. RESPONSIBILITIES OF DESIGNATED EMPLOYER REPRESENTATIVE AND OTHERS

- 4.01 The Human Resources Manager (or in his/her absence, the Assistant General Manager) is designated as the District's Drug and Alcohol Testing Coordinator and Designated Employer Representative (DER), and shall ensure that the administration of all drug and/or alcohol tests comply with applicable laws. The Human Resources Manager shall be knowledgeable about the DOT and FTA regulations, and District policies and procedures for drug and alcohol testing. The Human Resources Manager shall be immediately accessible to collection site personnel, Breath Alcohol Technicians (BAT), and Medical Review Officers (MRO) and be prepared to address drug and alcohol testing issues, make decisions and provide direction in a timely manner. An employee seeking additional information about the program can contact his or her manager and/or the Human Resources Manager, 370 Encinal Street, Suite 100, Santa Cruz 95060, (831) 423-5583.
- 4.02 The Human Resources Manager shall post and distribute the District's Drug & Alcohol Testing Policy to each safety- sensitive employee and to representatives of employee organizations.
- 4.03 The Human Resources Manager shall maintain all records and reports pertaining to the drug and alcohol-testing program in a confidential manner.
- 4.04 Each safety-sensitive employee shall receive a copy of this Policy and is responsible for reading, understanding and adhering to this Policy.
- 4.05 Managers and supervisors will be held accountable for the consistent application and enforcement of this Policy. Any manager/supervisor who knowingly disregards the

requirements of this Policy, or who is found to have deliberately misused the Policy in regard to subordinates shall be subject to disciplinary action, up to and including discharge.

- 4.06 Any employee who has actual knowledge that an employee has used alcohol within four hours of performing a safety-sensitive function or is under the influence of drugs while performing a safety sensitive function shall report such knowledge immediately to either his/her Manager or the Human Resources Manager.
- 4.07 A Manager or Supervisor having actual knowledge that an employee is using alcohol while performing safety-sensitive functions shall not permit the employee to perform or continue to perform safety-sensitive functions.
- 4.08 After obtaining an applicant or employee's written consent who is seeking employment or a transfer to a safety sensitive position, the Manager of Human Resources shall request the following information from DOT-regulated employers who have employed the applicant/employee during any period during the two years before the date of the applicant/employee's application or transfer request:
- a. Alcohol tests with a result of 0.04 or higher alcohol concentration;
 - b. Verified positive drug tests;
 - c. Refusals to be tested, including verified or substituted drug test results;
 - d. Other violations of DOT agency drug and alcohol testing regulations;
 - e. With respect to any employee who violated a DOT drug and alcohol regulation, documentation of the employee's successful completion of DOT return-to-duty requirements, including follow-up tests. If no documentation is forthcoming, the Human Resources Manager shall seek to obtain the information from the applicant/employee.
- 4.09 If the applicant/employee refuses to provide written consent pursuant to Section 4.08 above, the applicant/employee shall not be permitted to perform safety-sensitive functions.

V. EDUCATION/TRAINING

- 5.01 The Human Resources Manager shall be responsible to establish and maintain an education and training program in order to promote the deterrence of the misuse of drugs and alcohol. The education component shall include display and distribution to every safety-sensitive employee informational material and a community service hot-line telephone number for employee

assistance, if available. The Human Resources Manager shall maintain a copy of 49 CFR Part 40 in her/his office, which shall be made available to employees upon request.

- 5.02 Safety-sensitive employees shall be provided at least 60 minutes of training which must cover the effects and consequences of prohibited drug use on personal health, safety and the work environment and include information on the signs and symptoms that indicate prohibited drug use.
- 5.03 Managers, Supervisors and/or other District officials who are authorized to make reasonable suspicion determinations shall undergo at least one hour of training on the physical, behavioral, and performance indicators of probable drug use and at least one hour of training on the physical, behavioral, speech and performance indicators of probable alcohol misuse.

VI. REHABILITATION

- 6.01 Drug users and alcohol abusers are encouraged to make every effort to overcome the abuse and addiction that comes from use. Successful rehabilitation hinges upon users rehabilitating themselves with the assistance of outside professionals. The District provides an Employee Assistance Program (EAP) to assist employees in dealing with drug and alcohol related problems. Employees of the District who have a problem with drug or alcohol use are strongly encouraged to seek help voluntarily. In addition, all employees are encouraged to make use of other available resources for treatment for alcohol and substance abuse problems.
- 6.02 An employee may voluntarily seek help through a community based alcohol and/or drug rehabilitation program or through the District's EAP which provides assessment and referral services. A supervisor/manager may refer an employee to EAP for any problem(s) impacting job performance with the exception of an employee testing positive for drugs/alcohol in which case the employee will be referred to a Substance Abuse Professional (SAP).
- 6.03 An employee will be allowed up to a 30-day leave of absence for rehabilitation purposes. Employees may use their accumulated sick leave or annual leave for such purposes.

VII. TESTING

- 7.01 Employees shall submit to a urine test for the detection of drugs under the following circumstances:
 - a. Pre-employment/Transfer to a safety sensitive position for the first time/Return to work;

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- b. Post accident;
- c. Reasonable suspicion;
- d. Random; and
- e. Return-to-duty/follow-up.

7.02 An employee shall be tested for the following drugs:

- a. Marijuana;
- b. Cocaine;
- c. Opiates;
- d. Amphetamines; and
- e. Phencyclidine.

7.03 Employees are prohibited from consuming the drugs identified in Section 7.02 at all times.

7.04 Employees shall submit to a breath test for the detection of alcohol in the following circumstances:

- a. Transfer to a safety sensitive position for the first time/Return to work;
- b. Post accident;
- c. Reasonable suspicion;
- d. Random; and
- e. Return-to-Duty/Follow-Up Testing.

7.05 An employee is prohibited from using alcohol while performing safety-sensitive functions or at all times if the result is that his/her breath registers a 0.02 or greater when performing safety-sensitive functions.

VIII. TYPES OF TESTING

8.01 Pre-employment/Transfer Testing/Return to work:

- a. Applicants for District employment in safety-sensitive positions and employees transferring into safety-sensitive positions shall undergo urine drug testing with a verified negative result prior to employment or transfer.
- b. No pre-employment drug tests shall be given to an applicant or employee unless a contingent offer of employment or transfer subject to the applicant /employee passing the test has been made.
- c. The Human Resources Department shall inform an applicant and/or an employee seeking a safety sensitive position, prior to testing that drug tests including those for the detection of marijuana, cocaine, amphetamines, opiates, and phencyclidine will be administered. This notification shall be in writing and shall inform the applicant/employee that a positive test result shall be the basis for the decision to refuse to make the appointment or transfer as the case may be.
- d. Failure of a drug test will disqualify an applicant for employment to a safety-sensitive position.
- e. Employees attempting to transfer into safety-sensitive positions who fail a drug test shall not be permitted to transfer.
- f. Employees or applicants who have previously failed or refused a pre-employment drug test administered under this part, must provide proof of having successfully completed a referral, evaluation and treatment plan as described in section XI.
- g. When an employee has not performed a safety-sensitive function for 90 consecutive calendar days regardless of the reason, and the employee has not been in the random selection pool during that time, the employee shall take a pre-employment drug test with a verified negative result before performing safety-sensitive duties. An employee may, at the employee's discretion, take the test while he/she is still on leave as long as the applicable procedures are followed.
- h. An applicant for District employment for a safety sensitive positions and employees transferring into safety sensitive positions shall undergo an alcohol test before employment or transfer.
- i. The alcohol test shall not be conducted until a contingent offer of employment or transfer subject to the applicant/employee passing the pre-employment alcohol test is made.

- j. An applicant or an employee wishing to transfer into a safety-sensitive position shall not be allowed to begin performing safety-sensitive functions unless the result of the employee's test indicates an alcohol concentration of less than 0.02

8.02 Reasonable Suspicion Testing:

- a. An employee shall be subject to drug and/or alcohol tests when there is a reason to suspect that such employee has used a prohibited drug or has misused alcohol. A reasonable suspicion referral for testing will be made on the basis of specific, contemporaneous, articulable observations concerning the appearance, behavior, speech or body odors of the employee, by a manager/supervisor trained in detecting signs and symptoms of drug use and alcohol misuse.
- b. Alcohol testing is authorized under this section only if the observations required are made during, just preceding, or just after the period of the workday that the employee is required to be in compliance.
- c. A supervisor/manager who has made the required observations may direct an employee to undergo reasonable suspicion testing for alcohol only while the employee is performing safety-sensitive functions; just before the employee is to perform safety-sensitive functions; or just after the employee has ceased performing such functions.
- d. If an alcohol test required by this section is not administered within two hours following the determinations to test, the supervisor/manager who made the observations shall prepare a report stating the reasons the alcohol test was not promptly administered. If the alcohol test is not given within eight (8) hours, following the determination to test, efforts to administer the test shall cease and the supervisor/manager shall prepare a report stating the reasons for not administering the test. All reports required by this section shall be forwarded promptly to the Human Resources Manager for review and appropriate action. The Human Resources Manager shall maintain a file for such reports.
- e. Under no circumstances shall an employee suspected of drug and/or alcohol intoxication be permitted to drive a District vehicle. District personnel shall transport such employee to the collection test site and offer to transport him/her to his/her residence or other appropriate destination after the test.
- f. The supervisor/manager who determined that there was reasonable suspicion to require a drug and/or alcohol test shall complete a report on a form provided by the District setting forth the behavioral signs and symptoms observed in the employee suspected of being under the influence of drugs and/or alcohol. A copy of the report shall be marked

confidential and forwarded to the Human Resources Manager within twenty-four (24) hours of the determination.

8.03 Post Accident Testing:

- a. As soon as practicable following an accident involving the loss of human life, the District shall test for drugs and alcohol each surviving employee operating the mass transit vehicle (regardless of whether or not the vehicle is in revenue service) at the time of the accident. Any other employee whose performance could have contributed to the accident as determined by a manager/supervisor using the best information available at the time of the decision shall also be tested for drugs and alcohol.
- b. As soon as practicable following an accident (see "accident" definition) not involving the loss of human life, in which a mass transit vehicle is involved (regardless of whether or not the vehicle is in revenue service), each employee operating the mass transit vehicle at the time of the accident shall be tested for drugs and alcohol unless a manager/supervisor determines using the best information available at the time of the decision that the employee's performance can be completely discounted as a contributing factor to the accident. Such a decision must be documented in detail including the decision making process used to reach the decision not to test.
- c. Other employees whose performance could have contributed to the accident, as determined by a manager/supervisor using the best information available at the time of the decision shall also be tested for drugs and alcohol.
- d. Following an accident, the employee(s) shall be tested as soon as possible but not later than eight (8) hours for alcohol testing and 32 hours for drug testing. An employee involved in an accident must refrain from alcohol use for eight (8) hours following the accident or until (s)he undergoes a post-accident alcohol test, whichever comes first. Following an accident an employee must remain readily available for testing. If an employee does not remain readily available he/she shall be considered to have refused the tests and will be subject to employment discharge.
- e. An employee who leaves the scene of the accident without appropriate authorization prior to submission to drug and alcohol testing will be considered to have refused the tests and will be subject to employment discharge.
- f. Following an accident, field supervisory personnel at the scene shall do an immediate assessment of the condition of the employee to detect possible signs of the presence of drugs or alcohol.

- g. In compliance with FTA requirements alcohol testing shall be administered as soon as practicable after an accident. If the alcohol test is not administered within two (2) hours of the accident, the responsible Manager or Supervisor shall prepare a written report stating the reason why the test was not promptly administered. A copy of such report shall be forwarded to the Human Resources Manager and shall be available for inspection by the DOT or the FTA. All attempts to administer an alcohol test shall cease after eight (8) hours and all attempts to administer a drug test shall cease after 32 hours following the accident and shall be documented in the same manner with a written report to the Human Resources Manager.
- h. Following an accident based test, an employee shall not be allowed to perform safety-sensitive functions until the results of the test are known to the District and the employee.
- i. Nothing in this section shall be construed to require the delay of necessary medical attention for the injured following an accident or to prohibit a safety-sensitive employee from leaving the scene of an accident for the period necessary to obtain assistance in responding to the accident or to obtain necessary emergency medical care.
- j. The results of a blood, urine, or breath test for the use of prohibited drugs or alcohol misuse, conducted by Federal, State or local officials having independent authority for the test shall be considered to meet the requirements of this section provided such test conforms to the applicable Federal, State or local testing requirements and that the test results are obtained by the District. Such test results shall be used only when the District is unable to perform a post-accident test within the required period noted above.

8.04 Random Testing:

- a. A safety-sensitive employee will be subject to random, unannounced testing for drugs and alcohol using a computer based random number selection method. Each employee in the random pool will have an equal chance of being selected for testing and shall remain in the pool even after being tested. Random testing will be administered at random times during the day (or shift) to avoid predictability. Each employee shall be assigned a unique number, which shall be entered into a pool from which the selection should be made. The dates for administering unannounced testing of randomly selected employees shall be spread reasonably throughout the calendar year.
- b. Once an employee is notified of his/her selection for a random test, he/she must be escorted immediately to the collection test site.

- c. A safety-sensitive employee shall be randomly tested for alcohol misuse while the employee is performing safety-sensitive functions; just before the employee is to perform safety-sensitive functions; or just after the employee has ceased performing such function. An employee may be randomly tested for prohibited drug use anytime while on duty.
- d. An employee who is not on duty because of sickness, vacation, jury duty, leave of absence, worker's compensation, family medical leave or any other purpose shall be removed from the pool for purposes of random testing if the Manager of Human Resources determines using the best information available at the time that such employee will be absent for at least 90 days.

8.05 Employee Retest:

- a. After notification by the Medical Review Officer or the Human Resources Manager of a confirmed verified positive drug test, an employee may, within 72 hours, request that an additional test be conducted at a different DHHS - certified laboratory specified by the District. The request can only be made by the employee himself/herself but may be made orally. The test shall be conducted on the split sample that was provided at the same time as the original or primary sample.
- b. All costs for the employee requested testing, including the transportation of the split specimen to the second laboratory shall be paid by the District.

8.06 Return to Duty:

- a. Before any employee is allowed to return to duty to perform a safety-sensitive function following a verified positive drug test result, an alcohol result of 0.02 or greater, or for any other reason as required by FTA regulations, that employee must first be evaluated by a Substance Abuse Professional (SAP) and pass a return to duty test. The SAP will recommend a course of action to the employee.
- b. The purpose of the return to duty test and the evaluation of an individual's return to duty status by the SAP is to provide some degree of assurance that the individual is presently free of alcohol and/or any prohibited drugs and is able to return to work without undue concern about continued substance abuse. An employee must follow the recommendations of the SAP.
- c. Before a return to duty test is performed, the employee must be evaluated by a SAP to determine whether the employee has followed the recommendations for action by the SAP, including participation in a rehabilitation program.

- d. The employee must have a verified negative drug test result or an alcohol test result of less than 0.02 to return to a safety-sensitive function. If a drug test result is canceled, the employee shall be required to submit to and pass another drug test.

8.07 Follow-Up Testing:

- a. Once allowed to return to duty, an employee shall be subject to unannounced follow-up testing for at least 12 but not more than 60 months. The frequency and duration of the follow-up testing will be recommended by the SAP as long as a minimum of six tests are performed during the first 12 months after the employee has returned to duty.
- b. Follow-up testing is separate from and in addition to the regular random testing program. Employees subject to follow-up testing must also remain in the standard random pool and must be tested whenever their names come up for random testing even if this means being tested twice in the same day, week or month.
- c. If the employee is subject to drug follow-up tests, the employee may also be required to take one or more follow-up alcohol tests. If the employee is subject to alcohol follow-up tests, the employee may be required to take one or more follow-up drug tests with a verified negative result.

IX. MEDICAL REVIEW OFFICER (MRO)

- 9.01 All positive drug testing laboratory results will be reviewed by the District's MRO. The MRO shall verify and validate or invalidate test results.
- 9.02 The MRO shall conduct an administrative review of the control and custody form to ensure its accuracy.
- 9.03 The MRO shall review and interpret an employee's confirmed positive test by 1) reviewing the individual's medical history including any medical records and biomedical information provided, 2) affording the individual an opportunity to discuss the test result, and 3) deciding whether there is a legitimate medical explanation for the result, including legally prescribed medication.
- 9.04 The MRO shall attempt to notify each employee who has a verified positive test that the employee has 72 hours in which to request a test of the split specimen. If the employee requests an analysis of the split specimen within 72 hours of having been informed of a verified positive test, the MRO shall direct, in writing, the laboratory to ship the split specimen to

another DHHS-certified laboratory for analysis. If the retest is determined to be negative then the first test shall be considered to have a negative result.

- 9.05 If the employee has not contacted the MRO within 72 hours of being notified of a verified positive drug test, the employee may present to the MRO information documenting that serious illness, injury, inability to contact the MRO, lack of actual notice of the verified positive test or other circumstances unavoidably prevented the employee from contacting the MRO in time.
- 9.06 If the MRO concludes that there is a legitimate explanation for the employee's failure to contact the MRO within 72 hours, the MRO shall direct that the analysis of the split specimen be performed.
- 9.07 If the MRO concludes that there is no legitimate explanation for the employee's failure to contact the MRO within 72 hours, then the MRO is not required to direct the analysis of the split specimen to be performed.
- 9.08 The MRO shall report each verified test result to the Human Resources Manager. Reporting of a verified positive result will not be delayed pending the split specimen analysis.

X. EMPLOYEE RESPONSIBILITIES

- 10.01 As a condition of employment, an employee must:
- a. Submit immediately to alcohol and/or drug tests at a District authorized collection site when ordered by a District Manager, Supervisor or law enforcement personnel.
 - b. Refrain from alcohol consumption within four (4) hours of reporting for duty or during the hours that (s)he is subject to duty, and while on-call.
 - c. Refrain from reporting for duty or remaining on duty while having an alcohol concentration level of 0.02 or greater.
 - d. Refrain from alcohol use for eight (8) hours following an accident or until (s)he undergoes a post accident alcohol test, whichever occurs first.
 - e. Refrain from the use of prohibited drugs.
 - f. Upon arrival at the District's collection test site, he/she shall follow all instructions given by collection site personnel and District supervisory personnel in providing a specimen for drug and/or alcohol detection tests.

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- g. Complete a drug and/or alcohol detection test, as applicable, in accordance with federal laws and regulations.
- h. Comply with the interview examination and/or evaluation as directed by the MRO.
- i. Comply with District requirements for treatment, after care, return to duty testing and follow-up testing.

10.02

- a. An employee shall be considered to have refused a drug and/or alcohol test under the following circumstances:
 - i.) Refusal to comply with a request for testing;
 - ii.) Refusal to complete and/or sign the required drug and/or alcohol testing form(s);
 - iii.) Providing false or misleading information in connection with a test;
 - iv.) Attempts to falsify/falsification of test results through tampering, contamination, adulteration, or substitution;
 - v.) Inability to provide a urine specimen or breath sample or sufficient volume as applicable, for required test without a valid medical explanation;
 - vi.) Verbal declaration of refusal to submit to testing;
 - vii.) Obstructive behavior to disrupt, or stop a test;
 - viii.) Physical absence resulting in the inability of the District to conduct a test;
 - ix.) Failure to undergo a medical examination to verify insufficient volume of urine or breath when requested;
 - x.) Failure to cooperate with any part of the testing process;
 - xi.) Failure to permit the observation or monitoring of specimen donation/collection when so required;
 - xii.) Failure to submit to a second test when required;
 - xiii.) Failure to comply with test instructions at the test site;

- xiv.) Failure to report to the designated test site within the allotted time after notification of testing;
 - xv.) Failure to remain readily available for testing;
 - xvi.) Failure to remain at the testing site until the testing process is completed;
 - xvii.) A drug test result that is verified by the MRO as adulterated or substituted;
 - xviii.) Failure to sign the certification on Step 2 of the ATF form (alcohol test)
- b. An employee who refuses to submit to a drug and/or alcohol test as described above shall be removed from duty and immediately, referred to a SAP, and under the District's own authority, the employee shall be discharged from his/her employment with the District.
 - c. In no event shall an employee who engages in any of the conduct set forth above be permitted to perform any safety-sensitive function.
 - d. An employee/applicant shall be denied transfer/appointment to a safety sensitive position under the District's own authority.

10.03 Any employee/applicant who is being tested for a pre-employment test will not be considered to have refused the test if he/she engages in any of the behaviors set forth in Section 10.02 unless the applicant/employee has actually begun the collection process.

10.04 For an on-call employee the following procedure is established should he/she consume alcohol within 4 hours of performing a safety-sensitive function: 1) When notified that he/she must report for duty he/she must advise the District if he/she has used alcohol, and 2) indicate whether he/she is able to perform his/her safety sensitive function.

- a. If the employee believes he/she is not capable of performing safety sensitive functions, the employee shall be excused from doing so.
- b. If the employee believes he/she is capable of performing a safety-sensitive function, the employee shall be tested for alcohol and the employee shall be permitted to perform a safety-sensitive function if his/her alcohol concentration level measures less than 0.02. If the employee alcohol concentration level measures at 0.02 or greater he/she shall not be permitted to work. The standards for disciplinary action set forth in Article XI shall be applicable.

XI. ACTIONS AFTER A POSITIVE TEST

- 11.01 An employee who has a verified positive drug test, or has a confirmed alcohol test of 0.02 or greater or who refused to submit to a required drug or alcohol test shall be immediately removed from duty, referred to a SAP for evaluation who shall determine whether the employee is in need of assistance in resolving problems associated with prohibited drug/alcohol use, and informed by the Human Resources Manager of educational and rehabilitation programs and resources available to the employee in evaluating and resolving problems associated with prohibited drug and alcohol use. Referral to the SAP does not shield an employee from disciplinary action or guarantee employment or reinstatement with the District.
- 11.02 When an employee has a verified positive, adulterated or substituted test result or has otherwise violated a DOT agency drug & alcohol regulation, the employee will not be returned to the performance of safety-sensitive functions until or unless the employee successfully completes the return to duty process set forth herein.
- 11.03 A positive test for drugs or alcohol shall result in disciplinary proceedings being initiated pursuant to the District's own authority.
- 11.04 The following disciplinary standards shall apply for an employee who tests positive for drugs or alcohol:
- a. If the breath sample tests at an alcohol concentration level of 0.02 - 0.039 (other than random), the employee shall be immediately removed from duty, referred to a SAP¹, and shall not be allowed to return to duty for at least eight hours. Such employee must follow the recommendations of the SAP. If an employee tests a second time at a concentration level of 0.02 or greater or tests at this level in a follow-up test, such employee shall be discharged.
 - b. When a test (other than random) shows the presence of alcohol, at a concentration level of 0.04 or greater, or drugs the following disciplinary standards shall apply:
 - i. Illegal Drugs - The safety-sensitive employee will be discharged following a positive test result.
 - ii. Alcohol - The safety-sensitive employee will be discharged following a positive test result.

¹ Referral to the SAP for an alcohol concentration level of 0.02-0.039 is pursuant to the District's own authority.

- c. When a random test shows the presence of drugs or alcohol in a concentration level of 0.02 or greater the following disciplinary standards shall apply:
 - i. An employee who tests positive on a first test for alcohol, at a concentration level of 0.02 or greater, or drugs shall be removed from duty immediately and shall be referred to a SAP. Such employee shall be allowed to return to duty after compliance with Articles 8.06 Return to Duty and 8.07 Follow-Up Testing.
 - ii. An employee who tests positive on a second test for alcohol, at a concentration level of 0.02 or greater, or drugs shall be discharged from his/her employment.
- 11.05 Nothing contained herein shall prevent the District from imposing a more severe disciplinary action should the specific facts and circumstances of the situation warrant such action.
- 11.06 Voluntary enrollment in the EAP or the SAP rehabilitation program does not excuse or exempt an employee from discipline if (s)he has alcohol or illegal drugs in his/her system while on duty.
- 11.07 Violations of this Policy shall be grounds for disciplinary action, up to and including discharge. Refusal to submit immediately to drug and alcohol tests at a District authorized collection site when ordered by a District Manager, Supervisor or law enforcement personnel shall subject employees to discharge proceedings for insubordination and gross misconduct. Such refusal shall be considered an admission of guilt.
- 11.08 When an employee has a verified positive drug test result, or has a confirmed alcohol test of 0.04 or greater, or refuses to submit to a drug or alcohol test required, the Human Resources Manager shall advise the employee of the resources available for evaluating and resolving problems associated with prohibited drug use and alcohol misuse, including the names, addresses and telephone number of SAPs and counseling and treatment programs.

XII. RELEASE OF TESTING RESULTS

- 12.01 The District is not authorized by federal law to release any testing records to law enforcement.
- 12.02 The District is allowed to release testing records in a criminal or civil action resulting from an employee's performance of safety-sensitive duties in which a court of competent jurisdiction determines that the drug or alcohol test information sought is relevant to the case and issues an order directing the District to produce the information.

- 12.03 The District will provide drug/alcohol-testing information of an employee or former employee to other agencies/companies, or an identified person when authorized in writing by such employee(s).
- 12.04 The District will release information pertaining to an employee's drug or alcohol test including the results, without the employee's consent in certain legal proceedings including a lawsuit, grievance (e.g. An arbitration concerning disciplinary action taken by the District against the employee) or administrative proceeding brought by, or on behalf of, the employee and resulting from a positive DOT drug or alcohol test or a refusal to test (including, but not limited to, adulterated or substituted test results).
- 12.05 In addition to the foregoing, the District will release drug or alcohol test information only as allowed by federal law or regulations.
- 12.06 The District will immediately notify the employee in writing of any information released pursuant to sections 12.02 and 12.04.
- 12.07 The District will comply with a request from DOT representatives as follows:
- a. Access to the facilities used for drug/alcohol program functions;
 - b. Release of all written, printed and computer based drug/alcohol program record, reports, files, materials, data, documents, agreements, contracts, policies and statements that are required by federal laws and regulations relating to drug/alcohol testing.

XIII. RETENTION OF RECORDS

- 13.01 The Human Resources Manager shall maintain records of the anti-drug and alcohol misuse programs as required by federal laws and regulations. The records shall be maintained in a secure location with controlled access.
- 13.02 The District shall keep the following records for the following periods of time:

Records of alcohol test results with alcohol concentration of 0.02 or greater	5 years
Records of verified positive drug test results	5 years
Documentation of refusals to take required alcohol/drug tests (including substituted or adulterated drug test results	5 years
SAP reports	5 years
All follow-up tests and schedules for follow-up tests	5 years
Information obtained from previous employers under §40.25 concerning	3 years

drug and alcohol test results of employees	
Records of the inspection, maintenance, and calibration of EBTs	2 years
Records of negative and cancelled drug test results and alcohol test results with a concentration of less than 0.02	1 year

XIV. DEFINITIONS

- 14.01 Accident - Accident means an occurrence associated with the operation of a vehicle, if as a result: 1) an individual dies; or 2) An individual suffers a bodily injury and immediately receives medical treatment away from the scene of the accident; or 3) one or more vehicles (including non-FTA funded vehicles) incurs disabling damage as the result of the occurrence and such vehicle or vehicles are transported away from the scene by a tow truck or other vehicle.
- 14.02 Alcohol Misuse - Occurs when an employee arrives at the work site with alcohol in his/her system; consumes a beverage containing alcohol while on duty, subject to duty, within four hours of reporting for duty, or during coffee and/or lunch breaks; or is late to work or absent from work due to the consumption of alcohol.
- 14.03 Breath Alcohol Technician (BAT) - Alcohol breath tests must be performed by a BAT who is trained in proficiency in the operation of the EBT he/she is using and in the alcohol procedures specified in the regulations.
- 14.04 Collection Site - A place designated by the employer where individuals present themselves for the purpose of providing a specimen of their urine to be analyzed for the presence of drugs.
- 14.05 Contractor – a person or organization that provides a safety-sensitive service for the District consistent with a specific understanding or arrangement. The understanding can be a written contract or informal arrangement that reflects an ongoing relationship between the parties.
- 14.06 Controlled Substances - Any drugs that are classified by the Drug Enforcement Administration (DEA) into the five schedules or classes on the basis of their potential for abuse, accepted medical use and accepted safety for use under medical supervision. A drug in any of these schedules identifies that it is a controlled substance and determines the nature of supervisory control that must be exercised. Medications containing any controlled substances must be prescribed by a physician having a valid DEA license number.
- 14.07 DHHS - Department of Health and Human Services
- 14.08 DOT - United States Department of Transportation.

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- 14.09 Drug Abuse - Use of any illegal drug or controlled substance without a valid prescription, misuse of legally prescribed drugs, or use of illegally obtained prescription drugs. This includes use of prescription drugs legally prescribed to another individual other than one's self.
- 14.10 Employee - See Section 10.20 Safety-Sensitive Employee.
- 14.11 Evidential Breath Testing (EBT) Device - A device approved by the National Highway Traffic Safety Administration (NHTSA) for the evidential testing of breath and placed on the NHTSA's "Conforming Products List of Evidential Breath Measurement Devices" (CPL).
- 14.12 Follow-Up Testing - Unannounced drug and alcohol testing given to employees who have returned to duty after evaluation by the SAP. This type of test may be done up to a total of five years from the date the employee returns to duty. A minimum of six tests during the first twelve months is required.
- 14.13 FTA - Federal Transit Administration, an agency of the U.S. Department of Transportation.
- 14.14 Illegal Use - Use of any illegal drug, misuse of legally prescribed drugs and use of illegally obtained prescription drugs.
- 14.15 Incident - A single event or occurrence, which triggers drug and alcohol tests, as defined in this policy.
- 14.16 Mass Transit Vehicle - Bus, van or automobile.
- 14.17 Medical Review Officer (MRO) - A District authorized licensed physician (medical doctor or doctor of osteopathy) responsible for receiving laboratory drug test results, who has knowledge of substance abuse disorders but who has been trained to interpret and evaluate laboratory test results in conjunction with an employee's medical history. A MRO verifies a positive test result by reviewing a laboratory report and an employee's unique medical history to determine whether the result was caused by the use of prohibited drugs or by an employee's medical condition.
- 14.18 Metabolite - A modified form of a drug that has been chemically altered by the body's metabolic system.
- 14.19 On-Call - See "Subject to Duty." 655.4 Performing (a safety-sensitive function).
- 14.20 Positive Alcohol Test - The presence of alcohol in the body at a concentration of 0.02 or greater as measured by an Evidential Breath Testing (EBT) Device. Refusal to take a breath test without a valid medical explanation also constitutes a positive alcohol test.

- 14.21 Positive Drug Test - Any urine or blood that is chemically tested (screened and confirmed), shows the presence of controlled substances and is verified by the MRO. Refusal to take a drug test without a valid medical explanation also constitutes a positive drug test.
- 14.22 Safety-Sensitive Employee - An employee whose job functions are, or whose job description includes the performance of functions, related to the safe operation of mass transportation service. The following are the categories of safety-sensitive functions: a) operating a revenue service vehicle, including when not in revenue service; b) operating a non-revenue service vehicle when required to be operated by a holder of a Commercial Driver's License (CDL); c) controlling dispatch or movement of a revenue service vehicle or equipment used in revenue service; and d) maintaining revenue service vehicles or equipment used in revenue service. Any supervisor who performs or whose job description includes the performance of any function listed above is considered a safety-sensitive employee.
- 14.23 Subject-to-Duty - The status of an employee who is scheduled to report for work at an assigned time and/or who has not been finally and completely released from the responsibility of performing further work that day. Subject-to-Duty also means any employee who is responsible for being available to perform work on an emergency basis when called to do so, i.e., in an on call status, if said employee is guaranteed extra compensation because of his/her status as being on call. An employee who is simply responsible for responding if available when said employee is not within either definition above is not considered to be subject-to-duty for the purpose of this Policy.
- 14.24 Substance Abuse Professional (SAP) - A District authorized licensed physician, or a licensed or certified psychologist, social worker, employee assistance professional, or a certified addiction counselor with knowledge of and clinical experience in the diagnosis and treatment of drug and alcohol related disorders.
- 14.25 Use - The presence of any controlled substance in the body or the consumption of any beverage mixture or preparation, including any medication containing alcohol.
- 14.26 Vehicle - A bus, electric bus, van, automobile, rail car, trolley car, trolley bus or vessel. A mass transit vehicle is a vehicle used for mass transportation.
- 14.27 Vehicle Disabling Damage - Damage, which precludes departure of the vehicle from the scene of the accident in its usual manner in daylight after simple repairs. It includes damage to vehicles that could have been operated but would have been further damaged if so operated.
- a. Inclusion: Damage to vehicles that could have been driven but would have been further damaged if so driven.
 - b. Exclusions:

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- i. Damage, which can be remedied temporarily at the scene of the accident without special tools or parts.
- ii. Tire disablement without damage even if no spare tire is available.
- iii. Headlamp or tail light damage.
- iv. Damage to turn signals, horn, or windshield wipers, which makes it inoperable.

ATTACHMENT 1

FACT SHEETS

DRUG DETECTION PERIODS

Detection periods vary; rates of metabolism and excretion are different for each drug and use. Detection periods should be viewed as estimates. Cases can always be found to contradict these approximations.

Drug	Detection Period
Amphetamines: Amphetamine Methamphetamine	2-4 days 2-4 days
Cocaine: Benzoylecgonine	12-72 hours
Cannabinoids (Marijuana) Casual Use Chronic Use	2-7 days Up to 30 days
Ethanol (Alcohol)	12-24 hours
Opiates: Codeine Hydromorphone (Dilaudid) Morphine (for Heroin)	2-4 days 2-4 days 2-4 days
Phencyclidine (PCP) Casual Use Chronic Use	2-7 days Up to 30 days

ATTACHMENT 2

ALCOHOL FACT SHEET

Alcohol is a socially acceptable drug that has been consumed throughout the world for centuries. It is considered a recreational beverage when consumed in moderation for enjoyment and relaxation during social gatherings. However, when consumed primarily for its physical and mood-altering effects, it is a substance of abuse. As a depressant, it slows down physical responses and progressively impairs mental functions.

SIGNS AND SYMPTOMS OF USE

- ___ Dulled mental processes
- ___ Lack of coordination
- ___ Odor of alcohol on breath
- ___ Possible constricted pupils
- ___ Sleepy or stuporous condition
- ___ Slowed reaction rate
- ___ Slurred speech

HEALTH EFFECTS

The chronic consumption of alcohol (average of three 12-oz. servings of beer per day, 1 ounce of whiskey, or six ounces of wine) over time may result in the following health hazards:

- ___ Decreased sexual functioning
- ___ Dependency (up to 10 percent of all people who drink alcohol become physically and/or mentally dependent on alcohol and can be termed "alcoholic")
- ___ Fatal liver diseases
- ___ Increased cancers of the mouth, tongue, pharynx, esophagus, rectum, breast, and malignant melanoma
- ___ Kidney disease
- ___ Pancreatitis
- ___ Spontaneous abortion and neonatal mortality
- ___ Ulcers
- ___ Birth defects (up to 54% of all birth defects are alcohol related).

SOCIAL ISSUES

- ___ Two-thirds of all homicides are committed by people who drink prior to the crime.
- ___ Two to three percent of the driving population is legally drunk at any one time. This rate is doubled at night and on weekends.
- ___ Two-thirds of all Americans will be involved in an alcohol-related vehicle accident during their lifetimes.
- ___ The rate of separation and divorce in families with alcohol dependency problems is 7 times the average.
- ___ 40% of family court cases are alcohol problem related.

- ___ Alcoholics are 15 times more likely to commit suicide than are other segments of the population.
- ___ More than 60% of burns, 40% of falls, 69% of boating accidents and 76% of private aircraft accidents are alcohol-related.

THE ANNUAL TOLL

- ___ 24,000 people will die on the highway due to the legally impaired driver.
- ___ 12,000 more will die on the highway due to the alcohol-affected driver.
- ___ 15,800 will die in non-highway accidents.
- ___ 30,000 will die due to alcohol caused liver disease.
- ___ 10,000 will die due to alcohol induced brain disease or suicide.
- ___ Up to another 125,000 will die due to alcohol related conditions or accidents.

WORKPLACE ISSUES

- ___ It takes one hour for the average person (150 pounds) to process one serving of an alcoholic beverage from the body.
- ___ Impairment in coordination and judgment can be objectively measured with as little as two drinks in the body.
- ___ A person who is legally intoxicated is 6 times more likely to have an accident than a sober person.

ATTACHMENT 3

AMPHETAMINE FACT SHEET

Amphetamines are central nervous system stimulants that speed up the mind and body. The physical sense of energy at lower doses and the mental exhilaration at higher doses are the reasons for their abuse. Although widely prescribed at one time for weight reduction and mood elevation, the legal use of amphetamines is now limited to a very narrow range of medical conditions. Most amphetamines that are abused are illegally manufactured in foreign countries and smuggled into the U.S. or clandestinely manufactured in crude laboratories.

DESCRIPTION

- Amphetamine is sold in counterfeit capsules or as white, flat, double-scored “mini-bennies.” It is usually taken by mouth.
- Methamphetamine is often sold as a creamy white and granular powder or in lumps and is packaged in aluminum foil wraps or sealable plastic bags. Methamphetamine may be taken orally, injected, or snorted into the nose.
- Trade/street names include Biphphetamine, Delcobese, Desotyn, Detedrine, Chetrol, Ritalin, Speed, Meth, Crank, Crystal, Monster, Black Beauties, and Rits.

SIGNS AND SYMPTOMS OF USE

- Hyperexcitability, restlessness
- Dilated pupils
- Increased heart rate and blood pressure
- Heart palpitations and irregular beats
- Profuse sweating
- Rapid respiration
- Confusion
- Panic
- Talkativeness
- Inability to concentrate
- Heightened aggressive behavior.

HEALTH EFFECTS

- Regular use produces strong psychological dependence and increasing tolerance to drug.
- High doses may cause toxic psychosis resembling schizophrenia.
- Intoxication may induce a heart attack or stroke due to spiking of blood pressure.
- Chronic use may cause heart and brain damage due to severe constriction of capillary blood vessels.
- The euphoric stimulation increases impulsive and risk-taking behaviors, including bizarre and violent acts.
- Withdrawal from the drug may result in severe physical and mental depression.

WORKPLACE ISSUES

- Since amphetamines alleviate the sensation of fatigue, they may be abused to increase alertness because of unusual overtime demands or failure to get rest.
- Low-dose amphetamine use will cause a short-term improvement in mental and physical functioning. With greater use or increasing fatigue, the effect reverses and has an impairing effect. Hangover effect is characterized by physical fatigue and depression, which may make operation of equipment or vehicles dangerous.

ATTACHMENT 3 (Continued)

COCAINE FACT SHEET

Cocaine is used medically as a local anesthetic. It is abused as a powerful physical and mental stimulant. The entire central nervous system is energized. Muscles are more tense, the heart beats faster and stronger, and the body burns more energy. The brain experiences exhilaration caused by a large release of neurohormones associated with mood elevation.

DESCRIPTION

- The source of cocaine is the coca bush, grown almost exclusively in the mountainous regions of northern South America.
- Cocaine Hydrochloride - “snorting coke” is a white to creamy granular or lumpy powder that is chopped into a fine powder before use. It is snorted into the nose, rubbed on the gums, or injected in veins. The effect is felt within minutes and lasts 40 to 50 minutes per “line” (about 60 to 90 milligrams). Common paraphernalia include a single-edged razor blade and a small mirror or piece of smooth metal, a half straw or metal tube, and a small screw cap vial or folded paper packet containing the cocaine.
- Cocaine Base - a small crystalline rock about the size of a small pebble. It boils at a low temperature, is not soluble in water, and is up to 90 percent pure. It is heated in a glass pipe and the vapor is inhaled. The effect is felt within seven seconds. Common paraphernalia includes a “crack pipe” (a small glass smoking device for vaporizing the crack crystal) and a lighter, alcohol lamp, or small butane torch for heating.
- Trade/street names include Coke, Rock, Crack, Free Base, Flake, Snow, Smoke and Blow.

SIGNS AND SYMPTOMS OF USE

- Financial problems
- Frequent and extended absences from meeting or work assignment 0% Increased physical activity and fatigue
- Isolation and withdrawal from friends and normal activities
- Secretive behaviors, frequent non-business visitors, delivered packages, phone calls
- Unusual defensiveness, anxiety, agitation
- Wide mood swings
- Runny or irritated nose
- Difficulty in concentration
- Dilated pupils and visual impairment
- Restlessness
- Formication (sensation of bugs crawling on skin)
- High blood pressure, heart palpitations, and irregular rhythm
- Hallucinations
- Hyperexcitability and overreaction to stimulus
- Insomnia
- Paranoia and hallucinations

- Profuse sweating and dry mouth
- Talkativeness

HEALTH EFFECTS

- Research suggests that regular cocaine use may upset the chemical balance of the brain. As a result, it may speed up the aging process by causing irreparable damage to critical nerve cells. The onset of nervous system illnesses such as Parkinson's disease could also occur.
- Cocaine use causes the heart to beat faster and harder and rapidly increases blood pressure. In addition, cocaine causes spasms of blood vessels in the brain and heart. Both effects lead to ruptured vessels causing strokes or heart attacks.
- Strong psychological dependency can occur with one "hit" of crack. usually, mental dependency occurs within days (crack) or within several months (snorting coke). Cocaine causes the strongest mental dependency of any known drug.
- Treatment success rates are lower than for other chemical dependencies.
- Cocaine is extremely dangerous when taken with depressant drugs. Death due to overdose is rapid. The fatal effects of an overdose are not usually reversible by medical intervention. The number of cocaine overdose deaths has tripled in the last four years.
- Cocaine overdose was the second most common drug emergency in 1986 - up from 11th place in 1980.

WORKPLACE ISSUES

- Extreme mood and energy swings create instability. Sudden noises can cause a violent reaction.
- Lapses in attention and ignoring warning signals greatly increase the potential for accidents.
- The high cost of cocaine frequently leads to workplace theft and/or dealing.
- A developing paranoia and withdrawal create unpredictable and sometimes violent behavior.
- Work performance is characterized by forgetfulness, absenteeism, tardiness, and missed assignments.

ATTACHMENT 3 (Continued)

CANNABINOIDS (MARIJUANA) FACT SHEET

Marijuana is one of the most misunderstood and underestimated drugs of abuse. People use marijuana for the mildly tranquilizing and mood - and perception-altering effects it produces.

DESCRIPTION

- Usually sold in plastic sandwich bags, leaf marijuana will range in color from green to light tan. The leaves are usually dry and broken into small pieces. The seeds are oval with one slightly pointed end. Less prevalent, hashish is a compressed, sometimes tar like substance ranging in color from pale yellow to black. It is usually sold in small chunks wrapped in aluminum foil. It may also be sold in an oily liquid.
- Marijuana has a distinctly pungent aroma resembling a combination of sweet alfalfa and incense.
- Cigarette papers, roach clip holders, and small pipes made of bone, brass, or glass are commonly found. Smoking “bongs” (large bore pipes for inhaling large volumes of smoke) can easily be made from soft drink cans and toilet paper rolls.
- Trade/street names include Marinol, THC, Pot, Grass, Joint, Reefer, Acapulco Gold, Sinsemilla, Thai Sticks, Hash, and Hash Oil.

SIGNS AND SYMPTOMS OF USE

- Reddened eyes (often masked by eyedrops)
- Slowed speech
- Distinctive odor on clothing
- Lackadaisical “I don’t care” attitude
- Chronic fatigue and lack of motivation
- Irritating cough, chronic sore throat

HEALTH EFFECTS GENERAL

- When marijuana is smoked, it is irritating to the lungs. Chronic smoking causes emphysema-like conditions.
- One joint causes the heart to race and be overworked. People with undiagnosed heart conditions are at risk.
- Marijuana is commonly contaminated with the fungus *Aspergillus*, which can cause serious respiratory tract and sinus infections.
- Marijuana smoking lowers the body’s immune system response, making users more susceptible to infection. The U.S. government is actively researching a possible connection between marijuana smoking and the activation of AIDS in positive human immunodeficiency virus (HIV) carriers.

PREGNANCY PROBLEMS AND BIRTH DEFECTS

- The active chemical, tetrahydrocannabinol (THC), and 60 other related chemicals in marijuana concentrate in the ovaries and testes.
- Chronic smoking of marijuana in males causes a decrease in sex hormone, testosterone, and an increase in estrogen, the female sex hormone. The result is a decrease in sperm count, which can lead to temporary sterility. Occasionally, the onset of female sex characteristics including breast development occurs in heavy users.
- Chronic smoking of marijuana in females causes a decrease in fertility and an increase in testosterone.
- Pregnant women who are chronic marijuana smokers have a higher than normal incidence of stillborn births, early termination of pregnancy, and higher infant mortality rate during the first few days of life.
- In test animals, THC causes birth defects, including malformations of the brain, spinal cord, forelimbs, and liver and water on the brain and spine.
- Offspring of test animals who were exposed to marijuana have fewer chromosomes than normal, causing gross birth defects or death of the fetus. Pediatricians and surgeons are concluding that the use of marijuana by either or both parents, especially during pregnancy, leads to specific birth defects of the infant's feet and hands.
- One of the most common effects of prenatal cannabinoid exposure is underweight newborn babies.
- Fetal exposure may decrease visual functioning and causes other ophthalmic problems.

MENTAL FUNCTION

Regular use can cause the following effects:

- Delayed decision-making
- Diminished concentration
- Impaired short-term memory, interfering with learning
- Impaired signal detection (ability to detect a brief flash of light), a risk for users who are operating machinery
- Impaired tracking (the ability to follow a moving object with the eyes) and visual distance measurements
- Erratic cognitive function
- Distortions in time estimation
- Long-term negative effects on mental function known as "acute brain syndrome," which is characterized by disorders in memory, cognitive function, sleep patterns, and physical condition.

ACUTE EFFECTS

- Aggressive urges
- Anxiety
- Confusion
- Fearfulness
- Hallucinations
- Heavy sedation
- Immobility

- Mental dependency
- Panic
- Paranoid reaction
- Unpleasant distortions in body image.

WORKPLACE ISSUES

- The active chemical, THC, stores in body fat and slowly releases over time. Marijuana smoking has a long term effect on performance.
- A 500 to 800 percent increase in THC concentration in the past several years makes smoking three to five joints a week today equivalent to 15 to 40 joints a week in 1978.
- Combining alcohol or other depressant drugs and marijuana can produce a multiplied effect, increasing the impairing effect of both the depressant and marijuana.

ATTACHMENT 3 (Continued)

OPIATES (NARCOTICS) FACT SHEET

Opiates (also called narcotics) are drugs that alleviate pain, depress body functions and reactions, and, when taken in large doses, cause a strong euphoric feeling.

DESCRIPTION

- Natural and natural derivatives - opium, morphine, codeine, and heroin
- Synthetics - merperidine (Demerol), exymorphone (Numorphan), and oxycodone (Percodan)
- May be taken in pill form, smoked, or injected, depending upon the type of narcotic used.
- Trade/street names include Smack, Horse, Emma, Big D, Dollies, Juice, Syrup, and China White.

SIGNS AND SYMPTOMS OF USE

- Mood changes
- Impaired mental functioning and alertness
- Constricted pupils
- Depression and apathy
- Impaired coordination
- Physical fatigue and drowsiness
- Nausea, vomiting, and constipation
- Impaired respiration.

HEALTH EFFECTS

- IV needle users have a high risk for contracting hepatitis and AIDS due to the sharing of needles.
- Narcotics increase pain tolerance. As a result, people could more severely injure themselves or fail to seek medical attention after an accident due to the lack of pain sensitivity.
- Narcotics' effects are multiplied when used in combination with other depressant drugs and alcohol, causing increased risk for an overdose.

SOCIAL ISSUES

- There are over 500,000 heroin addicts in the U.S., most of whom are IV needle users.
- An even greater number of medicinal narcotic-dependent persons obtain their narcotics through prescriptions.
- Because of tolerance, there is an ever-increasing need for more narcotic to produce the same effect.
- Strong mental and physical dependency occurs.
- The combination of tolerance and dependency creates an increasing financial burden for the user. Costs for heroin can reach hundreds of dollars a day.

WORKPLACE ISSUES

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- Unwanted side effects such as nausea, vomiting, dizziness, mental clouding, and drowsiness place the legitimate user and abuser at higher risk for an accident.
- Narcotics have a legitimate medical use in alleviating pain. Workplace use may cause impairment of physical and mental functions.

ATTACHMENT 3 (Continued)

PHENCYCLIDINE (PCP) FACT SHEET

Phencyclidine (PCP) was originally developed as an anesthetic, but the adverse side effects prevented its use except as a large animal tranquilizer. Phencyclidine acts as both a depressant and a hallucinogen, and sometimes as a stimulant. It is abused primarily for its variety of mood-altering effects. Low doses produce sedation and euphoric mood changes. The mood can change rapidly from sedation to excitation and agitation. Larger doses may produce a coma-like condition with muscle rigidity and a blank stare with eyelids half closed. Sudden noises or physical shocks may cause a “freak out” in which the person has abnormal strength, extremely violent behavior, and an inability to speak or comprehend communication.

DESCRIPTION

- PCP is sold as a creamy, granular powder and is often packaged in one-inch square aluminum foil or folded paper “packets.”
- It may be mixed with marijuana or tobacco and smoked. It is sometimes combined with procaine, a local anesthetic, and sold as imitation cocaine.
- Trade/street names include Angel Dust, Dust, and Hog.

SIGNS AND SYMPTOMS OF USE

- Impaired coordination
- Severe confusion and agitation
- Extreme mood shifts
- Muscle rigidity
- Nystagmus (jerky eye movements)
- Dilated pupils
- Profuse sweating
- Rapid heartbeat
- Dizziness

HEALTH EFFECTS

- The potential for accidents and overdose emergencies is high due to the extreme mental effects combined with the anesthetic effect on the body.
- PCP is potentiated by other depressant drugs, including alcohol, increasing the likelihood of an overdose reaction.
- Misdiagnosing the hallucinations as LSD induced, and then treating with Thorazine, can cause a fatal reaction.
- Use can cause irreversible memory loss, personality changes, and thought disorders.
- There are four phases to PCP abuse. The first phase is acute toxicity. It can last up to three days and can include combativeness, catatonia, convulsions, and coma. Distortions of size, shape, and

distance perception are common. The second phase, which does not always follow the first, is a toxic psychosis. Users may experience visual and auditory delusions, paranoia, and agitation. The third phase is a drug-induced schizophrenia that may last a month or longer. the fourth phase is PCP-induced depression. Suicidal tendencies and mental dysfunction can last for months.

WORKPLACE ISSUES

- PCP abuse is less common today than in recent years. It is also not generally used in a workplace setting due to the severe disorientation that occurs.

ATTACHMENT 4

LIST OF SAFETY SENSITIVE JOB CLASSIFICATIONS BY TITLE

Vehicle Service Worker I/II
Vehicle Service Detailer
Vehicle Service Technician
Upholsterer
Body Repair Mechanic
Mechanic I/II/III
Lead Mechanic
Fleet Maintenance Supervisor
Fleet Maintenance Manager

Bus Operator
Transit Supervisor
Safety and Training Coordinator
Schedule Analyst
Base Superintendent
Operations Manager

NOTE: List is subject to change as classifications are amended or added.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002

TO: Board of Directors

FROM: Leslie R. White, General Manager

SUBJECT: CONSIDERATION OF NOMINATION OF DIRECTORS TO SERVE AS BOARD OFFICERS FOR THE YEAR 2003, TRANSPORTATION COMMISSION AND METRO USERS GROUP CHAIRPERSON ASSIGNMENTS

I. RECOMMENDED ACTION

That the Board of Directors identify nominees from the Board to serve in the positions of Chair and Vice-Chair for the Year 2003 and identify nominees for representation on the Transportation Commission and identify a nominee to Chair the Metro User's Group.

II. SUMMARY OF ISSUES

- Article 6 of the Metro Bylaws outlines that the Directors shall, in December, nominate members of the Board of Directors to serve as Chair and Vice-Chair.
- Article 14.02 of the Metro Bylaws indicates that the Board of Directors shall annually, in January, appoint three of its members to represent the Transit District on the Santa Cruz County Regional Transportation Commission.
- Article 3 of the Bylaws of the Metro Users Group states that the Chair of the Committee shall be a member of the Metro Board of Directors appointed by the Board of Directors.

III. DISCUSSION

The current terms of officers of the Board of Directors are set to expire in January 2003. Additionally, it is necessary for the Board of Directors to identify representatives from the Board to sit as members of the Santa Cruz County Regional Transportation Commission. Currently, the Bylaws indicate that the Board of Directors shall nominate candidates for officers in December and conduct elections in January. The Bylaws also indicate that the Board of Directors shall identify the representatives to the Santa Cruz County Regional Transportation Commission in January, and that they will then be seated and take office at the Commission in February of each year. The Bylaws further provide that in addition to the three representatives to the Transportation Commission, the Board shall select three alternates designated in priority

The current Bylaws of the Metro Users Group indicate that the Chair shall be a member of the Board of Directors and shall be appointed by the Board of Directors.

Staff recommends that the Board of Directors give consideration to identifying nominees for the various offices and appointments identified in this staff report at the December meeting. In accordance with the Bylaws, the Board could conclude elections and appointments in January for individuals to serve in the various positions for 2003.

IV. FINANCIAL CONSIDERATIONS

Funding support for the positions identified in this memo are contained in the adopted operating budget for 2002/2003.

V. ATTACHMENTS

None

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002

TO: Board of Directors

FROM: Mark J. Dorfman, Assistant General Manager

SUBJECT: CONSIDERATION OF A RESOLUTION AUTHORIZING AN APPLICATION TO CALTRANS FOR FY2002-2003 RURAL OPERATING ASSISTANCE

I. RECOMMENDED ACTION

Adopt a resolution authorizing the Secretary/General Manager to submit a grant application to the California Department of Transportation to assist funding public transit operations in the non-urbanized part of Santa Cruz County.

II. SUMMARY OF ISSUES

- Each year, the Federal Transit Administration apportions federal funds through the states to assist public transit operators in non-urbanized areas.
- This year, \$62,317.00 has been apportioned by formula to Santa Cruz County.
- To receive these funds, the District must define operating projects for public transit service in the non-urbanized portion of the County and submit an application to the Caltrans Region 5 office.
- The attached resolution authorizes the Secretary/General Manager to coordinate with public transit providers, submit an application and execute a grant agreement for financial assistance for public transit operation in rural Santa Cruz County.

III. DISCUSSION

Under Chapter 49, United States Code Section 5311, the Federal Transit Administration grants financial aid to the states to support intercity public transit in non-urbanized areas. The State of California determines by formula the amount of FTA Section 5311 funds to be apportioned each year to the counties. For Santa Cruz County, Caltrans apportioned \$62,317.00 for FY 2003.

The Section 5311 funds are available only for public transit in non-urbanized areas, those areas within a county that lie beyond a designated urban area with over 50,000 population. As part of the grant application, the District develops a program of projects identifying the public transit service to be provided in the non-urbanized areas of Santa Cruz County. The District will make reasonable efforts to coordinate the program of projects with public transit providers within the service area, although no public hearing is required.

Adopting the attached resolution will authorize the General Manager to submit an application to the Caltrans District 5 Office for FTA §5311 funds. The Santa Cruz County Regional Transportation Commission will adopt the program of projects for inclusion in the Regional Transportation Improvement Plan to be incorporated into the State Transportation Improvement Plan as required by the Section 5311 program.

IV. FINANCIAL CONSIDERATIONS

This grant will provide \$62,317.00 in operating revenue to the District. The District will contribute \$311,386.47 in local matching funds from the FY 2003 operating budget.

V. ATTACHMENTS

Attachment A: Section 5311 Program of Projects

Attachment B: Resolution Authorizing FTA Section 5311 application

**STATE OF CALIFORNIA FTA SECTION 5311
REGIONAL PROGRAM OF PROJECTS (POP) – FISCAL YEAR 2002/2003 – GRANT 21**

COUNTY/ REGION: Santa Cruz County
 CALTRANS DISTRICT: 5
 ORIGINAL SUBMISSION DATE 12/13/02 REVISION SUBMISSION DATE: _____

CARRYOVER:	\$	0.00
CURRENT APPORTIONMENT: (+)	\$	62,317
TOTAL FUNDS AVAILABLE: (=)	\$	62,317

Section 5311 Regional Apportionment: Please see Section 5311 Handbook, Chapter III

NOTE: Do not list previously approved projects (ie projects listed in a prior grant).

PART I - OPERATING ASSISTANCE— May apply for two years, but each year has to be listed separately.

SUBRECIPIENT	TIME PERIOD	FY	NET PROJECT COST	FEDERAL SHARE
1. <u>Santa Cruz Metropolitan Transit District</u>	<u>July 1, 2002</u> to <u>June 30, 2003</u>	<u>2003</u>	\$ <u>373,703.47</u>	\$ <u>62,317.00</u>
2. _____	July 1, _____ to June 30, _____		\$ _____	\$ _____

PART II - CAPITAL - For vehicle procurement indicate quantity, vehicle size, vehicle length, passenger capacity, fuel type and expansion (E) or replacement (R).

SUBRECIPIENT	PROJECT DESCRIPTION	ESTIMATED COMPLETION DATE	NET PROJECT COST	FEDERAL SHARE
1. _____	_____	_____	\$ _____	\$ _____
2. _____	_____	_____	\$ _____	\$ _____
3. _____	_____	_____	\$ _____	\$ _____
Section 5311 Regional-Apportionment - <u>Total</u>			\$ <u>373,703.47</u>	\$ <u>62,317.00</u>

Flexible Funds - CMAQ, STP, or Federalized STIP*: Please see Section 5311 Handbook, Chapter IV.

PART III – FLEXIBLE FUNDS - Project description and associated dollar amounts must be consistent with attached Federally approved TIP page.

SUBRECIPIENT	PROJECT DESCRIPTION	FUND TYPE	FTIP PAGE ATTACHED	APPLICATION ATTACHED*	NET PROJECT COST	FEDERAL SHARE
1. _____	_____	_____	_____	_____	\$ _____	\$ _____
2. _____	_____	_____	_____	_____	\$ _____	\$ _____
3. _____	_____	_____	_____	_____	\$ _____	\$ _____

*Federalized STIP Projects must provide the date of the California Transportation Commission allocation approval.

<u>Flexible Fund - Total</u>	\$ _____	\$ _____
<u>Total Programmed</u>	\$ <u>373,703.47</u>	\$ <u>62,317.00</u>

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Resolution No. _____

On the Motion of Director: _____

Duly Seconded by Director: _____

The Following Resolution is Adopted:

**A RESOLUTION
AUTHORIZING AN APPLICATION
TO THE CALIFORNIA DEPARTMENT OF TRANSPORTATION
FOR
FTA SECTION 5311 FY2003 RURAL OPERATING ASSISTANCE**

WHEREAS, the Federal Transit Act authorizes financial assistance to public transit operators in non-urbanized areas as directed by 49 CFR 5311; and

WHEREAS, the California Department of Transportation administers the Section 5311 program in California and allocates federal funds by formula to each county with intercity public transit between urban areas including more than 50,000 persons; and

WHEREAS, the Santa Cruz Metropolitan Transit District operates intercity public transit in Santa Cruz County and is the only public transit operator designated to receive federal financial assistance from the Section 5311 program; and

WHEREAS, all applications for financial assistance impose certain obligations upon the applicant, including the provision of local share costs of the project.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT:

1. That the Secretary/General Manager is authorized to submit an application to the State of California Department of Transportation on behalf of the Santa Cruz Metropolitan Transit District for financial assistance to operate public transit service in non-urbanized portion of Santa Cruz County.
2. That the Secretary/General Manager is authorized to submit and file with this application all assurances and all supplemental information as required by the California Department of Transportation.
3. That the Secretary/General Manager is designated to execute standard grant agreements with the California Department of Transportation on behalf of the Santa Cruz Metropolitan Transit District to obtain \$62,317.00 in federal funds for Fiscal Year 2003 to assist with public transit operations in the non-urbanized portion of Santa Cruz County.
4. That the District has committed \$381,746.36 in local matching funds to the project.

Resolution No. _____

December 13, 2002

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5. That the Santa Cruz Metropolitan Transit District has, to the extent feasible, coordinated this project with other transportation providers and users in the region, including social service agencies capable of purchasing public transit.

PASSED AND ADOPTED this 13th day of December, 2002, by the following vote:

AYES: Directors -

NOES: Directors -

ABSTAIN: Directors -

ABSENT: Directors -

APPROVED _____

SHERYL AINSWORTH
Chairperson

ATTEST _____

LESLIE R. WHITE
General Manager

APPROVED AS TO FORM:

MARGARET GALLAGHER
District Counsel

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: December 13, 2002
TO: Board of Directors
FROM: Tom Stickel, Manager of Fleet Maintenance
**SUBJECT: CONSIDERATION OF AWARD OF CONTRACT FOR LONG TERM
DISABILITY INSURANCE**

I. RECOMMENDED ACTION

District Staff recommends that the Board of Directors authorize the General Manager to execute a contract for Long Term Disability Insurance with UNUM Provident Corporation.

II. SUMMARY OF ISSUES

- District Purchasing Office solicited proposals for Long Term Disability Insurance from qualified firms.
- Only one firm submitted a proposal for the District's review.
- District staff and Union representatives have reviewed and evaluated the proposal.
- District staff is recommending that a contract be established with UNUM Provident Corporation to provide Long Term Disability Insurance.

III. DISCUSSION

The District provides long-term disability insurance for its employees. The benefit provides for income continuation during absences due to disability. The District selected UNUM Provident Corporation to provide employee long-term disability insurance coverage in November of 1996. The contract will expire at the end of December 2002.

On October 30, 2002 District Request for Proposal No. 02-10 was mailed to several firms and was legally advertised. Although there were several insurance companies that expressed interest in submitting a proposal, on November 27, 2002, only one proposal was received from the current provider UNUM Provident Corporation.

The new contract will be for a two-year period and will provide the same coverages currently contracted for at a reduced rate. The new proposal offers a reduction in District cost of 51-58%.

District staff and Union representatives have reviewed and evaluated the proposal. District staff is recommending that a new contract be established with UNUM Provident Corporation to provide Long Term Disability Insurance. Contractor will provide all services meeting all District specifications and requirements.

IV. FINANCIAL CONSIDERATIONS

Adequate funds are available in the current year budget for this contract.

V. ATTACHMENTS

- A. Contract with UNUM Provident Corporation - Note: Exhibits to the contract were distributed to the Board only, however, they will be available for review at the Administration Office.**

PROFESSIONAL SERVICES CONTRACT FOR LONG TERM DISABILITY INSURANCE (02-10)

THIS CONTRACT is made effective on January 1, 2003 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("District"), and UNUM PROVIDENT CORPORATION ("Contractor").

1. RECITALS

1.01 District's Primary Objective

District is a public entity whose primary objective is providing public transportation and has its principal office at 370 Encinal Street, Suite 100, Santa Cruz, California 95060.

1.02 District's Need for Long Term Disability Insurance

District has the need for Long Term Disability Insurance. In order to obtain these services, the District issued a Request for Proposals, dated October 30 2002, setting forth specifications for such services. The Request for Proposals is attached hereto and incorporated herein by reference as Exhibit "A".

1.03 Contractor's Proposal

Contractor is a firm/individual qualified to provide Long Term Disability Insurance and whose principal place of business is 1277 Treat Blvd., Walnut Creek, California. Pursuant to the Request for Proposals by the District, Contractor submitted a proposal for Long Term Disability Insurance, which is attached hereto and incorporated herein by reference as Exhibit "B."

1.04 Selection of Contractor and Intent of Contract

On December 13, 2002 District selected Contractor as the offeror whose proposal was most advantageous to the District, to provide the Long Term Disability Insurance described herein. This Contract is intended to fix the provisions of these services.

District and Contractor agree as follows:

2. INCORPORATED DOCUMENTS AND APPLICABLE LAW

2.01 Documents Incorporated in this Contract

The documents 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.

A. Exhibit "A"

Santa Cruz Metropolitan Transit District's "Request for Proposals" dated October 30, 2002 including Addendum No. 1.

B. Exhibit "B" (Contractor's Proposal)

Contractor's Proposal to the District for Long Term Disability Insurance signed by Contractor and dated November 27, 2002.

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" supercede Exhibit "B".

2.03 Recitals

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

3. DEFINITIONS

3.01 General

The terms below (or pronouns in place of them) have the following meaning in the contract:

3.01.01 CONTRACT - The Contract consists of this document, the attachments incorporated herein in accordance with Article 2, and any written amendments made in accordance with Section 13.14.

3.01.02 CONTRACTOR - The Contractor selected by District for this project in accordance with the Request for Proposals issued October 30 2002.

3.01.03 CONTRACTORS STAFF - Employees of Contractor.

3.01.04 DAYS - Calendar days.

3.01.05 OFFEROR - Contractor whose proposal was accepted under the terms and conditions of the Request for Proposals issued October 30 2002.

3.01.06 PROVISION - Any term, agreement, covenant, condition, clause, qualification, restriction, reservation, or other stipulation in the contract that defines or otherwise controls, establishes, or limits the performance required or permitted by either party.

3.01.07 SCOPE OF WORK (OR "WORK") - The entire obligation under the Contract, including, without limitation, all labor, equipment, materials, supplies, transportation, services, and other work products and expenses, express or implied, in the Contract.

4. TIME OF PERFORMANCE

4.01 Term

The term of this Contract will be for a period not to exceed two (2) years and shall commence upon the issuance of the contract by the District.

At the option of the District, this contract agreement may be renewed for three (3) additional one (1) year terms upon mutual written consent.

5. COMPENSATION

5.01 Terms of Payment

District shall compensate Contractor in an amount not to exceed the amounts/rates agreed upon by the District. Contractor shall invoice District at a rate of \$1.22 per \$100 covered payroll for Management, Administrative, and Maintenance employees. Contractor shall invoice District at a rate of \$1.66 per \$100

covered payroll for Bus Operators. Total monthly cost to District to be \$15,869.19. Contractor guarantees rates to District for two years. District shall reasonably determine whether work has been successfully performed for purposes of payment. Compensation shall be made within forty-five (45) days of District written approval of Contractor's written invoice for said work.

5.02 Invoices

Contractor shall submit invoices with the Agreement No. 02-10 on a monthly basis. Expenses shall only be billed if allowed under this Agreement. Said invoice records shall be kept up-to-date at all times and shall be available for inspection by the District (or any grantor of the District, 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 Agreement. Under penalty of law, Contractor represents that all amounts billed to the District are (1) related to this Agreement; and (2) necessary for the performance of the project.

6. 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.

DISTRICT

Santa Cruz Metropolitan Transit District
370 Encinal Street
Suite 100
Santa Cruz, CA 95060
Attention: General Manager

CONTRACTOR

UNUM Provident Corporation
1277 Treat Blvd., Suite 300
Walnut Creek, CA 94597
Attention: Rob Norton, CLU, ChFC, Sales Consultant

7. 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 this Contract. Each party further acknowledges that it has read this Contract, understands it, and agrees to be bound by it.

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR
UNUM PROVIDENT CORPORATION

By _____
William E. Murphy
Market Manager

Approved as to Form:

Margaret Rose Gallagher
District Counsel