



AGENDA
REGULAR MEETING OF APRIL 8, 2011
SANTA CRUZ CONFERENCE ROOM
110 VERNON STREET
SANTA CRUZ, CALIFORNIA
9:30 a.m. – 11:30 a.m.

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

NOTE: THE BOARD CHAIR MAY TAKE ITEMS OUT OF ORDER

SECTION I: OPEN SESSION - 9:30 a.m.

1. ROLL CALL
2. ORAL AND WRITTEN COMMUNICATION TO THE BOARD OF DIRECTORS
 - a. Virginia Kirly re: Support for a fare increase and reduced frequency in lieu of route elimination
 - b. Rebecca Garcia re: Impact of service reductions to Cabrillo College
3. LABOR ORGANIZATION COMMUNICATIONS
4. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

CONSENT AGENDA

- 5-1. CONSIDERATION OF TORT CLAIMS: REJECT THE CLAIM OF CONSUELO DIMAS, GUARDIAN AD LITEM FOR SALVADOR CHIPRES, #11-0009
Submitted by: Margaret Gallagher, District Counsel
- 5-2. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN AMENDMENT TO THE CONTRACT WITH DIXON & SON TIRES, INC. FOR PURCHASE OF REVENUE AND NON-REVENUE TIRES
Submitted by: Robert Cotter, Maintenance Manager
- 5-3. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A ONE-YEAR CONTRACT EXTENSION WITH MISSION LINEN & UNIFORM SERVICE FOR FURNISHING UNIFORMS, FLAT GOODS, AND LAUNDRY SERVICES FOR AN AMOUNT NOT TO EXCEED \$20,000
Submitted by: Robert Cotter, Maintenance Manager

- 5-4. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT AMENDMENT WITH GIRO, INC. TO THE HASTUS LICENSE AND SERVICES AGREEMENT IN THE AMOUNT OF \$84,962.50 FOR VEHICLE WITHDRAWAL WEB SERVICES MODULE, ADDITIONAL NON-OPERATOR EMPLOYEE LICENSE TRACKING, AND MODIFICATIONS TO SIGN-OUT, EMPLOYEE PERFORMANCE MONITOR, AND BID MONITOR, AND A CONTRACT AMENDMENT TO THE HASTUS MAINTENANCE AND SUPPORT AGREEMENT TO INCREASE THE AMOUNT TO \$24,370.00
Submitted by: Frank Cheng, MetroBase Project Manager & Information Technology Manager

REGULAR AGENDA

6. CONSIDERATION OF THE CREATION OF A SUBCOMMITTEE TO THE SANTA CRUZ METRO BOARD OF DIRECTORS AND DISCUSS THE FRAMEWORK OF THE FOUR (4) STRATEGIES TO REDUCE THE BUDGET DEFICIT IN FUTURE YEARS
Presented by: Chair Pirie
7. DISCUSSION OF A SERVICE REDUCTION OPTION IN AN EFFORT TO BALANCE THE FY12 AND FY13 BUDGETS
Presented by: Ciro Aguirre, Operations Manager
8. CONSIDERATION AND DISCUSSION OF SANTA CRUZ METRO'S OPERATING RESERVES, CAPITAL RESERVE RETAINED EARNINGS ACCOUNT, AND RESTRICTED COUNTY TREASURY ACCOUNT
Presented by: Angela Aitken, Acting Assistant General Manager & Finance Manager
9. DISCUSSION OF ISSUES RELATING TO OPTIONS FOR THE FUTURE ORGANIZATION STRUCTURE AT METRO
Presented by: Leslie R. White, General Manager
10. CONSIDERATION OF EXECUTION OF A LETTER OF AGREEMENT TO EXTEND THE CURRENT EMPLOYMENT AGREEMENT WITH LESLIE R. WHITE TO SERVE AS GENERAL MANAGER FOR THE PERIOD JANUARY 1, 2012 THROUGH DECEMBER 31, 2012
Presented by: Chair Pirie
11. **ORAL ANNOUNCEMENT:** THE NEXT REGULARLY SCHEDULED BOARD MEETING WILL BE HELD FRIDAY, APRIL 22, 2011 AT 9:00 A.M. AT THE SANTA CRUZ CITY COUNCIL CHAMBERS LOCATED AT 809 CENTER STREET, IN SANTA CRUZ
Presented by: Vice Chair Robinson
12. REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION: District Counsel
13. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

SECTION II: CLOSED SESSION

1. CONFERENCE WITH LABOR NEGOTIATORS
(Pursuant to Government Code Section 54957.6)

- a. Agency Negotiators: Robyn Slater, Human Resources Manager; Angela Aitken, Acting Assistant General Manager/Finance Manager; Ciro Aguirre, Operations Manager; and Mary Ferrick, Fixed Route Superintendent
 1. Employee Organizations: United Transportation Union (UTU), Local 23 (Fixed Route and Paracruz) and Service Employees International Union (SEIU), Local 521
2. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Pursuant to Government Code Section 54956.9)
 - a. Name of Case: Claim of Elizabeth Laurance
3. CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION
(Pursuant to Government Code Section 54957.5)
 - a. Number of Potential Cases: Two

SECTION III: RECONVENE TO OPEN SESSION

14. 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 #3 “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 Santa Cruz 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, or to access the agenda and the agenda packet, should contact Tony Tapiz, Administrative Services Coordinator, at 831-426-6080 as soon as possible in advance of the Board of Directors meeting. Hearing impaired individuals should call 711 for assistance in contacting METRO regarding special requirements to participate in the Board meeting.

3-23-11

IF YOU DECIDE TO CUT BUS 54, 55, + 56 AS NOTED IN THE SENTINEL YOU WILL LEAVE THE WHOLE AREA FROM RIO DEL MAR TO LA SELVA BEACH WITHOUT ANY WAY TO GET ANYWHERE. THE LOW-INCOME PROJECTS, AND THE COLLEGE STUDENTS WILL BE ISOLATED, TO SAY NOTHING OF THE MANY SENIORS WHO DON'T DRIVE. I WOULD BE GLAD TO PAY INCREASED^{AS} FARES, OR GET BY ON REDUCED SERVICE WHICH WE ALREADY HAVE, RATHER THAN CANCEL SERVICE.

Virginia M. Kirby

1860 VIA PACIFICA APT 2103

APTOS, CA 95003-5875

SANTA CRUZ
ADMIN DEPARTMENT

2011 MAR 28 PM 7:39

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APTOS
WATSONVILLE
SCOTTS VALLEY

Office of the President
6500 Sequel Drive
Aptos, CA 95003
T: 831.479.6306 F: 831.479.6153
www.cabrillo.edu

RECEIVED

March 31, 2011

2011 APR 4 PM 7 11

Board of Directors
Santa Cruz Metropolitan Transit District
Administrative Offices
110 Vernon Street
Santa Cruz, CA 95060

SANTA CRUZ METRO
ADMIN DEPARTMENT

Dear Santa Cruz Metropolitan Transit District Directors,

As a Director that has served on the Cabrillo College Governing Board for the past 19 years as well as a Watsonville community leader, I am deeply concerned about the cuts that the staff of Santa Cruz Metropolitan Transit District (METRO) has proposed as part of a 12 percent service reduction. The community college system both nationally and in California is focusing on student success and completion. This requires resources and services. Transportation is a vital service to the success of our students.

Of the six Santa Cruz METRO bus routes for Cabrillo/South County, **half** of these routes (three) are proposed for elimination. Those routes are as follows:

- Route 69:** Capitola Road/Cabrillo College
- Route 69N:** Night Capitola Road/Cabrillo College
- Route 91X:** Santa Cruz/Watsonville Express

Route 69 is a mainline route, Route 69N is an evening route, and Route 91X is an express route from Watsonville to Aptos. The elimination of *any* of these routes would adversely impact students' ability to get to campus, as thousands of them rely upon Santa Cruz METRO as their only form of transportation. The elimination of all three routes would be devastating.

A real-world example of the impact of eliminating Route 91X is illustrated by Alicia, a 17 1/2 year-old single mother who graduated from Watsonville High School, and is attending her first semester at Cabrillo College. As a new student, she knows few fellow students. She relies upon her son's father her own stepfather to care for her son while she attends school, and she relies upon the 91 Express to get from Watsonville to the Cabrillo Aptos Campus for her classes. She has no other options, and I fear that without reliable, public transportation from Watsonville to Aptos, attending college might become just too difficult for her to continue.

We understand and fully appreciate the difficult decisions that need to be made in times of declining resources, and are faced with those decisions ourselves. However in a time when our students are being impacted by state-mandated fee increases to balance California's budget deficit and a reduced capacity in the statewide education system due to budget cuts, is it fair to also place the burden of transportation on their backs?

Respectfully,

Rebecca Garcia ^{KF}

Rebecca J. Garcia
Director, Cabrillo College Governing Board

GOVERNMENT TORT CLAIM

RECOMMENDED ACTION

TO: Board of Directors
FROM: District Counsel
RE: Claim of: Consuelo Dimas, Guardian Ad Litem for Salvador Lopez Chipres
Received: 3/17/2011 Claim #: 11-0009
Date of Incident: 2/4/2011 Occurrence Report No.: SC 02-11-04

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

- 1. Reject the claim entirely.
- 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. Allow the claim in full.
- 7. Allow the claim in part, in the amount of \$ _____ and reject the balance.

By Margaret Gallagher
Margaret Gallagher
DISTRICT COUNSEL

Date: 3/23/11

I, Tony Tapiz, 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 April 8, 2011.

By _____
Tony Tapiz
RECORDING SECRETARY

Date: _____

MG/lg
Attachment(s)



Santa Cruz Metropolitan Transit District
110 Vernon Street
Santa Cruz, CA 95060

CLAIM FOR DAMAGES

(Pursuant to Section 910 et Seq., Government Code)

Claim # 11-0009
(To be completed by METRO staff)

Please Print or Type:

The name and post office address of the claimant:

Claimant's Legal First Name: Consuelo, aka Connie

Claimant's Legal Last Name: Dimas, Guardian Ad Litem for Salvador Chipres

Address to which notices are to be sent: Grunsky, Ebey, Farrar & Howell, c/o Dennis P. Howell,
240 Westgate Drive, Watsonville, CA 95076

Telephone (Home): _____

Telephone (Business/Cell): (831) 722-2444

Section 111 of the Medicare, Medicaid and SCHIP Extension Act of 2007 (MMSEA), a new federal law that became effective January 1, 2009, requires that the Santa Cruz Metropolitan Transit District report specific information about Medicare beneficiaries who have other insurance coverage. This reporting is to assist Centers for Medicare and Medicaid Services and other insurance plans to properly coordinate payment of benefits among plans so that (your) claims are paid promptly and correctly. We are asking you to answer the following questions so that we may comply with this law.

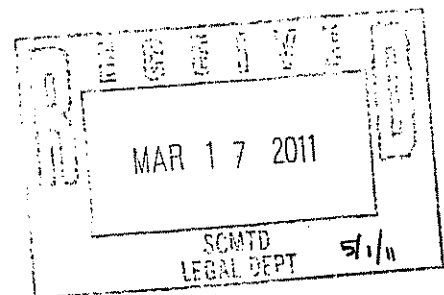
Are you presently, or have you ever been, enrolled in Medicare Part A or B? Yes or No

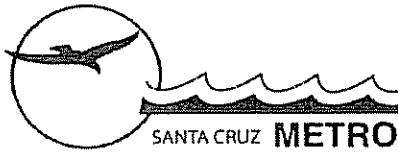
IF YES, please provide the following information:

Medicare Claim Number: _____

Date of Birth: _____

Social Security Number: _____





Gender: M or F

Claimant Name: Consuelo Dimas, aka
Connie Dimas, Guardian
Ad Litem for
Salvador Chipres

CLAIM FOR DAMAGES

The date, place and other circumstances of the occurrence or transaction that gave rise to the claim asserted:

Date of Incident/Accident: 2/4/11

Time of Incident/Accident: 1:10 AM PM

Location of Incident/Accident

Street/City: 475 Rodriguez St., Watsonville, CA 95076

A general description of the indebtedness, obligation, injury, damage or loss incurred so far as it may be known at the at the time of presentation of the claim. Please state the known facts surrounding the loss and use additional paper if needed.

On February 4, 2011, at approximately 1:10 p.m., 79-year-old Salvador Chipres was walking southbound within a marked cross-walk, crossing the Metro station driveway in Watsonville. As he was crossing, a Metro bus driven by Ms. Miller was exiting the Metro station, intending to make a left turn onto Rodriguez Street. The bus driver did not see Mr. Chipres and struck him with the bus.

Mr. Chipres sustained serious injuries for which he was treated at Santa Clara Valley Medical Center and is currently being treated at Country Villa.



Claimant Name: Consuelo Dimas, aka
Connie Dimas, Guardian
Ad Litem for
Salvador Chipres

CLAIM FOR DAMAGES

The name or names of the METRO employee or employees causing the injury, damage, or loss, if known:

Mary Ellen Miller.

If the claim totals less than \$10,000, the amount claimed as of the date of the presentation of the claim: _____

If the amount exceeds \$10,000, this claim would be: Less than \$25,000 (Limited Civil Case) More than \$25,000

Claimant:

Consuelo Dimas
Signature/Print Name

Date: 03/16/2011

Consuelo, aka "Connie" Dimas, Guardian Ad Litem for Salvador Chipres

Attorney or Representative:

Dennis P. Howell
Signature/Print Name
Dennis P. Howell, Esq.

Date: 3/16/11

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: April 8, 2011

TO: Board of Directors

FROM: Robert Cotter, Maintenance Manager

SUBJECT: CONSIDERATION OF CONTRACT RENEWAL WITH DIXON & SON TIRES, INC. FOR PURCHASE OF REVENUE AND NON-REVENUE TIRES

I. RECOMMENDED ACTION

That the Board of Directors authorize the General Manager to execute an amendment to the contract with Dixon and Son Tires, Inc. to extend the term of the contract for 90 days and allow a percentage price increase on Bandag Retreading, Non-revenue tires, valve stems and Labor equal to the annual percentage change to the Consumers Price Index for the San Francisco-Oakland-San Jose area in effect as of March 1, 2011, to allow Staff time to establish a new tire contract after the national tire prices are published on April 1, 2011

II. SUMMARY OF ISSUES

- Santa Cruz METRO established a contract with Dixon & Son Tires, Inc. for revenue and non-revenue tires on March 1, 2006.
- The contract expired on February 28, 2011.
- Dixon & Son Tires, Inc. has agreed to a 90 day extension to the contract that expired February 28, 2011.
- METRO staff has issued an IFB two times for the tires, and was unable to establish firm-fixed prices for tires because of the fluctuating price of rubber and the tire industry.
- Staff recommends that the Board of Directors authorize the General Manager to execute an amendment to the contract with Dixon and Son Tires, Inc. to extend the term of the current contract for 90 days with a percentage price increase on Bandag Retreading, Non-revenue tires, valve stems and Labor equal to the annual percentage change to the Consumers Price Index for the San Francisco-Oakland-San Jose area in effect as of March 1, 2011, to allow Staff time to establish a new tire contract after the national tire prices are published on April 1, 2011

III. DISCUSSION

Santa Cruz METRO's current contract with Dixon & Son Tires, Inc. for revenue and non-revenue tires is due to expire on February 28, 2011. Dixon & Son, Inc. has provided good

service under this contract. An extension of the contract would be favorable to Santa Cruz METRO. Dixon & Son, Inc. has also reviewed the contract and has indicated their desire to extend the contract for an additional 90 days with a percentage price increase on Bandag Retreading, Non-revenue tires, valve stems and Labor equal to the annual percentage change to the Consumers Price Index for the San Francisco-Oakland-San Jose area in effect as of March 1, 2011 as allowed in the contract.

Staff recommends that the Board of Directors authorize the General Manager to execute an amendment to the contract with Dixon and Son Tires, Inc. to extend the term of the contract for 90 days with a percentage price increase on Bandag Retreading, Non-revenue tires, valve stems and Labor equal to the annual percentage change to the Consumers Price Index for the San Francisco-Oakland-San Jose area in effect as of March 1, 2010 as allowed in the contract.

IV. FINANCIAL CONSIDERATIONS

Funds to support this contract amendment are included in the Fleet FY11 Tires and Tubes budget.

V. ATTACHMENTS

Attachment A: Letter from Dixon & Son Tires, Inc.

Attachment B: Amendment to Contract with Dixon and Son Tires, Inc.

Prepared By: Hina Patel, Purchasing Agent
Date Prepared: March 31, 2011



March 31, 2011

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SANTA CRUZ METRO
ADMIN DEPARTMENT

SANTA CRUZ METRO
ADMIN DEPARTMENT

Santa Cruz Metropolitan
Transit District
120 Du Bois Street
Santa Cruz, Ca. 95060

Attn: Hine Patel,

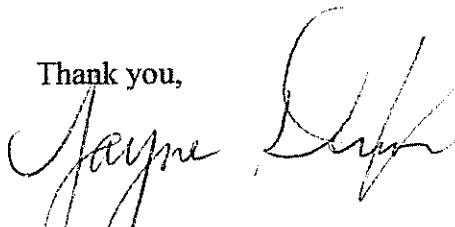
Dixon and Son Tire would like to extend the current Revenue and Non Revenue
Tire Contract for the 90-day period until the new bid has been awarded.

The price for Transit Tires are 275/70R22.5 =321.58, 12R22.5=\$429.51, and
305/70R22.5=\$468.60 per tire. The other size tires will increase 8 to 10 percent due to the
skyrocketing price of natural rubber and petroleum.

Dixon and Son Tires labor well remain the same at late year's rate.

We look forward to continuing doing business with Santa Cruz Metro, if you have any
questions or comments please call me at 831-722-4197.

Thank you,


Jayne Dixon

125 Walker St. Watsonville CA. 95076
Tel. (831) 722 4197

5-2.a1

Attachment B

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT FIFTH AMENDMENT TO CONTRACT FOR REVENUE AND NON-REVENUE TIRES

This Fifth Amendment to the Contract for revenue and non-revenue tires is made effective March 1, 2011 between the Santa Cruz Metropolitan Transit District, a political subdivision of the State of California (“Santa Cruz METRO”) and Dixon and Son, Inc. (“Contractor”).

I. RECITALS

- 1.1 Santa Cruz METRO and Contractor entered into a Contract for revenue and non-revenue tires (“Contract”) on March 1, 2006.
- 1.2 The Contract allows for the extension upon mutual written consent.
- 1.3 Contractor has requested a percentage price increase on Bandag Retreading, Non-revenue tires, valve stems and Labor equal to the annual percentage change to the Consumers Price Index for the San Francisco-Oakland-San Jose area in effect as of March 1, 2011.

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

II. TERM

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

This Contract shall continue through May 31, 2011. This Contract may be mutually extended by agreement of both parties.

III. COMPENSATION

- 3.1 Article 5.01 is amended to include the following language:

Effective March 1, 2011, a percentage price increase on Bandag Retreading, Non-revenue tires, valve stems and Labor equal to the annual percentage change to the Consumers Price Index for the San Francisco-Oakland-San Jose area shall be allowed.

METRO shall compensate Contractor in an amount not to exceed \$60,000 for this amendment.

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.

Attachment B

V. AUTHORITY

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

Signed on _____

SANTA CRUZ METRO
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR
DIXON AND SON, INC.

By _____
Dave H. Dixon
Owner

Approved as to Form:

Margaret R. Gallagher
District Counsel

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: April 8, 2011
TO: Board of Directors
FROM: Robert Cotter, Manager of Maintenance
SUBJECT: CONSIDERATION OF CONTRACT RENEWAL WITH MISSION LINEN & UNIFORM SERVICE FOR AN AMOUNT NOT TO EXCEED \$20,000

I. RECOMMENDED ACTION

That the Board of Directors authorize the General Manager to enter into a one-year contract extension with Mission Linen & Uniform Service for furnishing uniforms, flat goods, and laundry services for an amount not to exceed \$20,000 .

II. SUMMARY OF ISSUES

- Santa Cruz METRO has a contract with Mission Linen & Uniform Service for uniform, flat goods and laundry services.
- This contract was established on May 1, 2009 for a one-year period with four optional one-year extensions.
- Mission Linen & Uniform Service has requested a renewal of the contract without any changes to the rates for the new contract period.

III. DISCUSSION

Santa Cruz METRO has a contract with Mission Linen & Uniform Service for furnishing uniforms, flat goods, and laundry services that is due to expire on April 30, 2011. Over the past year, the quality of service provided by Mission Linen & Uniform Service has been good. Mission Linen & Uniform Service has reviewed the contract and has requested a one-year contract extension without any changes to the rates for the new contract period.

Staff recommends that Santa Cruz METRO exercise the option for a one-year contract extension with Mission Linen & Uniform Service for an amount not to exceed \$20,000. Staff further recommends that the Board of Directors authorize the General Manager to sign a one-year contract extension on behalf of Santa Cruz METRO.

IV. FINANCIAL CONSIDERATIONS

Funds to support this contract are included in the ParaCruz, Facilities and Fleet Maintenance FY10 operating budgets.

V. ATTACHMENTS

Attachment A: Letter from Mission Linen & Uniform Service.

Attachment B: Contract Amendment with Mission Linen & Uniform Service

Prepared By: Hina Patel, Purchasing Agent

Date Prepared: April 1, 2011

From: Fred Kostner [mailto:fkostner@missionlinen.com]
Sent: Thursday, March 24, 2011 4:59 PM
To: Hina Patel
Subject: RE: Contract 09-15 with Santa Cruz METRO

We also like to extend this agreement for an additional year. Sorry for the delay in responding.

Fred Kostner, *General Manager*

TEL: 831-424-1707 | FAX: 831-424-3439 | MOBILE: 831-970-2772

Mission Linen Supply | 315 Kern Street | Salinas, CA 93905



TEXTILE RENTAL | HEALTHCARE | UNIFORM RENTAL | INDUSTRIAL LAUNDRY SERVICES | FACILITY SERVICES

From: Hina Patel [mailto:HPatel@scmtd.com]
Sent: Wednesday, March 16, 2011 12:08 PM
To: Fred Kostner
Subject: re: Contract 09-15 with Santa Cruz METRO

Hello Frank,

The contract with your firm expires on 4/30/11, and we would like to extend for an additional year.

Can you please reply to this email and state that you would like to extend.

Please feel free to contact me if you have any questions.

Thank you,

Hina Patel
Purchasing Agent
Santa Cruz METRO
P: 831-426-6080 ext 1310
F: 831-426-2918

Attachment B

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT SECOND AMENDMENT TO CONTRACT NO. 09-15 FOR UNIFORM, FLAT GOODS AND LAUNDRY SERVICE

This Second Amendment to Contract No. 09-15 for Uniform, Flat Goods and Laundry Service is made effective May 1, 2011 between the Santa Cruz Metropolitan Transit District, a political subdivision of the State of California (“Santa Cruz METRO”) and MISSION LINEN & UNIFORM SERVICE. (“Contractor”).

I. RECITALS

1.1 Santa Cruz METRO and Contractor entered into a Contract for Uniform, Flat Goods and Laundry Service (“Contract”) on May 1, 2009.

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

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

II. TERM

2.1 Article 3.02 is amended to include the following language:

This Contract shall continue through April 30, 2012. 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 Second Amendment to the Contract and the person signing this Second Amendment on behalf of each has been properly authorized and empowered to enter into it. Each party further acknowledges that it has read this Second Amendment to the Contract, understands it, and agrees to be bound by it.

SIGNATURES ON NEXT PAGE

Attachment B

Signed on _____

Santa Cruz METRO
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR
MISSION LINEN & UNIFORM SERVICE

By _____
Fred Kostner
General Manager

Approved as to Form:

Margaret R. Gallagher
District Counsel

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: April 8, 2011

TO: Board of Directors

FROM: Frank L. Cheng, Project Manager / IT Manager

SUBJECT: CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT AMENDMENT WITH GIRO, INC. TO THE HASTUS LICENSE AND SERVICES AGREEMENT IN THE AMOUNT OF \$84,962.50 FOR VEHICLE WITHDRAWAL WEB SERVICES MODULE, ADDITIONAL NON-OPERATOR EMPLOYEE LICENSE TRACKING, AND MODIFICATIONS TO SIGN-OUT, EMPLOYEE PERFORMANCE MONITOR, AND BID MONITOR, AND A CONTRACT AMENDMENT TO THE HASTUS MAINTENANCE AND SUPPORT AGREEMENT TO INCREASE THE AMOUNT TO \$24,370.00

I. RECOMMENDED ACTION

Consideration of authorizing the General Manager to execute a contract amendment with GIRO, Inc. to the Hastus License and Services Agreement in the amount of \$84,962.50 for Vehicle Withdrawal Web Services module, additional non-operator employee license tracking, and modifications to Sign-out, Employee Performance Monitor and Bid Monitor, and a contract amendment to the Hastus Maintenance and Support agreement to increase the amount to \$24,370.00

II. SUMMARY OF ISSUES

- On September 15th, 2009, METRO executed a contract amendment with Giro Inc. for Hastus License and Services Agreement to both upgrade existing software modules from version 2006 to 2009, and acquire new modules for dispatch and planning functions.
- After completion of the Bid and Daily Dispatch Specifications in early February 2011, the Hastinfo module in the agreement was found to be non-critical due to the implementation of Google Transit, and additional customization was necessary to the Bid & Daily modules components.
- On March 11th, the Board approved contract amendments #3 and #4, to respectively remove Hastinfo and pay for required customizations to Bid & Daily modules with no dollar change in the contract amount.
- On April 1st, GIRO and staff has completed the remaining specifications of all dispatch-related modules under contract: Sign In/Out, Employee Performance Monitor(EPM), and Employee Self-Service. During these specifications, METRO found required modules and needed extra customization on existing modules.

- An amendment to the Hastus Maintenance and Support Agreement was reviewed and modified to add the coverage of all District employees in the existing planning module which increases the original fee from \$24,190.00 to \$24,370.00.
- Staff recommends that the Board of Directors authorize the General Manager to execute a contract amendment with Giro, Inc. for the Hastus License and Services Agreement in the amount of \$84,962.50 for Vehicle Withdrawal Web Services module, additional non-operator employee license tracking, and modifications to Sign-out, Employee Performance Monitor, and Bid Monitor.

III. DISCUSSION

On September 15th, 2009, METRO executed a contract amendment with Giro Inc. for Hastus License and Services Agreement to both upgrade existing software modules from version 2006 to 2009, and acquire new modules for dispatch and planning functions. The contract is paid for entirely by ARRA federal stimulus funds. After completion of the Bid and Daily Dispatch Specifications in early February 2011, the Hastinfo module in the agreement was found to be non-critical due to the implementation of Google Transit, and additional customization was necessary to the Bid & Daily modules components.

On March 11th, the Board approved contract amendments #3 and #4, to respectively remove Hastinfo and pay for required customizations to Bid & Daily modules with no dollar change in the contract amount.

On April 1st, GIRO and staff has completed the remaining specifications of all dispatch-related modules under contract: Sign In/Out, Employee Performance Monitor(EPM), and Employee Self-Service. During these specifications, METRO found required modules and needed extra customization on existing modules. The Operator Sign Out module is included in the 2010 version. With the addition of Sign Out module to the 2009 version of Hastus, the difference is a \$14,685 savings. All modules must be on the same version to interoperate.

The current amendment consists of Vehicle Withdrawal Web Services module, additional non-operator employee license tracking, and modifications to Sign-out, Employee Performance Monitor, and Bid Monitor. Vehicle Withdrawal module provides the foundation for real-time integration between the MaintStar Fleet Maintenance System and Hastus. This integration will allow vehicle swaps between Operations and Fleet dead-list preventing them from being mistakenly assigned. Employee Performance Monitor module customization will help track all licensed operators. The addition of non-operator employees for license tracking will be needed for alerting Operations staff daily to all pending license issues per driver and track their operations. Bid Monitor module modification will add the ability to display on screen or web browser the biddable shifts.

An amendment to the Hastus Maintenance and Support Agreement was reviewed and modified to add the coverage of all District employees in the existing planning module which increases the original fee from \$24,190.00 to \$24,370.00.

Staff recommends that the Board of Directors authorize the General Manager to execute a contract amendment with Giro, Inc. for the Hastus License and Services Agreement in the amount of \$84,962.50 for Vehicle Withdrawal Web Services module, additional non-operator employee license tracking, and modifications to Sign-out, Employee Performance Monitor, and Bid Monitor, and a contract amendment to Hastus Maintenance and Support Agreement to increase the amount to \$24,370.00 .

IV. FINANCIAL CONSIDERATIONS.

American Recovery and Reinvestment Act (ARRA) Federal Stimulus Funds are available for this contract amendment. ARRA funds were allocated into three projects: Hastus, GFI fare box, and Para Cruz vans. Due to staff being prudent in ARRA funds expenditures, staff was able to add to the Hastus contract. The savings were from GFI fare box installation project and Para Cruz van purchases which were all within the original ARRA funds METRO received.

V. ATTACHMENTS

Attachment A: GIRO Proposal - License & Service Agreement Amendment #5

Attachment B: GIRO Proposal - Maintenance & Support Agreement Amendment #1

Prepared by:

Frank L. Cheng, Project Manager / IT Manager
Harlan I. Glatt, Sr. Database Manager

Attachment A

AMENDMENT NO. 5 TO THE HASTUS LICENSE AND SERVICES AGREEMENT (Reference number: 617)

BETWEEN:

GIRO INC./LE GROUPE EN INFORMATIQUE ET RECHERCHE OPÉRATIONNELLE, having its principal place of business at 75, Port-Royal Street East, Suite 500, in the city of Montreal, Province of Quebec, Canada H3L 3T1.

AND:

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, having its principal place of business at 110 Vernon Street, Santa Cruz, California, USA 95060-2101.

1. In Schedule "A", the text of item 3 is modified as follows:

"3. Maximum number of Peak Vehicles authorized under this license: 80 (eighty)*

* Allows, for *EPM* module, management of a maximum of 90 (ninety) non-driving employees".

2. In Schedule "A", item 5, a license amount of \$780 US is added for the addition of non-driving employees and an amount of \$84,182.50 US is added for additional services. Conditions of payment for these amounts are as follows:

Addition of non-driving employees

Amount: \$780 US

Conditions of payment: 100% upon signature of this amendment

Bid-Monitor modification (10 days)

Reference: GIRO's "*Proposal for implementing the Bid Monitor*" attached to this amendment

Amount: \$11,150 US

Conditions of payment: 100% upon delivery of the *Bid Monitor*

Signout modification (30 days)

Reference: GIRO's "*Proposal for implementing HASTUS 2010 Sign application*" attached to this amendment

Amount: \$33,450 US

Conditions of payment: 100% upon delivery of the *Signout* module

Web services support (10 days)

Reference: GIRO's "*Proposal for the configuration of the API DailyVehicle for integration with the fleet maintenance software*" attached to this amendment

Amount: \$11,150 US

Conditions of payment: 100% upon delivery of the *Web services*

EPM customization (25.5 days)

Reference: GIRO's "*Proposal for additional customization to EPM module*" attached to this amendment

Amount: \$28,432.50 US

Conditions of payment: 100% upon delivery of the *EPM* customized module

Attachment A

AMENDMENT NO. 5 TO THE HASTUS LICENSE AND SERVICES AGREEMENT (Reference number: 617) (continued)

IN WITNESS WHEREOF the parties hereto have executed this amendment:

**GIRO Inc./Le Groupe en Informatique
et Recherche Opérationnelle**

Santa Cruz Metropolitan Transit District

By

By

Name: Paul Hamelin

Name: _____

Title: President

Title: _____

Signature: _____

Signature: _____

Date: _____

Date: _____

Duly authorized, as he so declares.

Duly authorized, as he/she so declares.

Attachment A



March 25, 2011

Mr. Harlan Glatt
Senior Database Administrator
Santa Cruz Metro Transit District
110 Vernon Street
Santa Cruz, CA 95060
USA

Subject: Proposal for implementing the *Bid Monitor*

Dear Mr. Glatt:

As per your request for implementing the *Bid-Monitor* in your *HASTUS 2009* version, please find below our proposal.

Description

The Bid-Monitor functionality enables employees to electronically view available roster positions. It displays the shift numbers available for the current bid. It is a Web-based application and requires web servers. This includes the following:

- When a shift (roster position) is taken, the roster position number is displayed in a different color and scratched.
- The *Bid Monitor* can be displayed on a large screen or accessed by any employee on a browser. SCMTD wishes to add a link to the bid monitor in their current bid page. It is confirmed that this is possible and that the *Bid monitor* is not behind any security. SCMTD will be able to add a direct link.
- The *Bid Monitor* does not allow anyone to click on any parts of it and access secondary information such as duty details. There is no other information like tripper details, blocks, exceptions, etc. Only the shift numbers are displayed, open or filled.
- This includes help with installation, training on how to get a bid available on the internet (the *Bid Monitor* requires a bid session definition in *HASTUS*; this 'opens' the bid information to the Web and determines when it is closed, who can see it, etc.), support and light configuration (that is: change the color, font and size of the shift numbers. Other modifications to the page are not included).
- The *Bid Monitor* itself does not provide log or usage information and statistics. This is available with the *HASTUS* Web Services in general, and your local IIS installation.

.../2

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5-4.a3

Attachment A

Mr. Glatt

-2-

2011-03-25

- The *Bid Monitor* will be as is for the large screen or web page, with the sole exception of the shift numbers' font, color and size. There is a normal screen for the web (first screenshot), and a full screen for the large display (second screenshot):

SelfService Position Monitor

Bid Lookup

Bid

Division: SCMTD
 Booking: 20102D
 Session: 12/10/2009

Tasks

[Choose Bid Session](#)

Information

SelfService - Position Monitor

Other SelfService Links

[Employee](#)
[Please Monitor](#)
[Bid Look Up](#)

Positions

4	22	44	66	88	124
4	23	45	67	89	122
2	24	46	68	90	123
3	25	47	69	91	124
4	26	48	70	92	125
5	27	49	71	93	126
6	28	50	72	94	127
7	29	51	73	95	128
8	30	52	74	96	129
9	31	53	75	97	130
10	32	54	76	98	131
11	33	55	77	99	
12	34	56	78	100	
13	35	57	79	101	
14	36	58	80	102	
15	37	59	81	103	
16	38	60	82	104	
17	39	61	83	105	
18	40	62	84	106	
19	41	63	85	107	
20	42	64	86	108	
21	43	65	87	109	

SelfService Positions

Positions

4	22	44	66	88	124
4	23	45	67	89	122
2	24	46	68	90	123
3	25	47	69	91	124
4	26	48	70	92	125
5	27	49	71	93	126
6	28	50	72	94	127
7	29	51	73	95	128
8	30	52	74	96	129
9	31	53	75	97	130
10	32	54	76	98	131
11	33	55	77	99	
12	34	56	78	100	
13	35	57	79	101	
14	36	58	80	102	
15	37	59	81	103	
16	38	60	82	104	
17	39	61	83	105	
18	40	62	84	106	
19	41	63	85	107	
20	42	64	86	108	
21	43	65	87	109	

.../3

5-4.a4

Attachment A

Mr. Glatt

-3-

2011-03-25

Delivery schedule

Once the acceptance of this proposal received, the implementation of this feature will be integrated in the current project plan of *HASTUS 2009* implementation.

Cost summary

Description	Cost
Bid Monitor implementation (10 days @ \$1,115 US)	\$11,150
Total	\$11,150

Table 1 - Cost summary

Conditions

1. Costs are in US dollars and exclude any applicable taxes or duties, for which SCMTD will be responsible.
2. Costs are based on 2011 rate (\$1,115 US/day).
3. PO # for the total amount is required before the implementation can begin.
4. Full payment upon delivery of the enhanced software.
5. This offer is valid until June 14, 2011.

We trust that the enclosed information is to your satisfaction. If you have any questions, please do not hesitate to contact us.

Sincerely,

Lyne Senécal
Assistant Director, Public Transit Software
Lyne.Senecal@giro.ca

LS:AC

Attachment A



March 25, 2011

Mr. Harlan Glatt
Senior Database Administrator
Santa Cruz Metro Transit District
110 Vernon Street
Santa Cruz, CA 95060
USA

Subject: Proposal for implementing *HASTUS 2010 Sign* application

Dear Mr. Glatt:

As per your request for retrofitting your *HASTUS* version (2009) with the *SignOut* option (excluding the delays), please find below our proposal.

Description

Under the current contract, the *SignIn* option (*HASTUS 2009*) does not include the *SignOut* feature.

The *HASTUS 2009* version will be retrofitted with the *SignOut* option excluding the delays. This will include:

- Retrofit *HASTUS 2009* application with the *SignOut* times management (including the Manage Employee Returns window).
- Make available the *SignIn/SignOut 2010* Web application excluding the Web page that allows the operators to enter delays (i.e. no Delay button on the main *SignOut* screen).
- Adapt the appropriate Web Services (*HASTUS 2009*) that communicate with the *SignIn/SignOut 2010* Web application.
- Configuration.

Please note that retrofitting your version with the *SignOut* will not increase your license fees for *DailyCrew*.

Please also note that this "custom work" will not have any impact on the cost of a future upgrade (unless you ask for modifications to the generic *SignIn/SignOut* option).

.../2

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5-4.a6

Attachment A

Mr. Glatt

-2-

2011-03-25

Delivery schedule

Once the acceptance of this proposal received, the implementation of this feature will be integrated in the current project plan and delivered on September 17, 2011 (delivery of the customized version).

There are 4.5 days currently available for *HASTUS* modifications, and which will be reserved in order to include discussions regarding the *SignOut* option in the visit on February 23 -25, 2011 and produce the first version of the final specifications for the *SignIn/SignOut* option.

Following specifications discussions, two new customizations must be added to the *Signout* option, for a total of 5 days.

Approval and PO # are required before GIRO continues the spec discussions, configuration & implementation of the *SignIn/SignOut* option. 4.5 days will be credited once the PO # for 30 days is received.

Cost summary

Description	Number	Cost (US)
Cost for the specifications and preliminary analysis.	4.5 days	\$5017.50
Cost for configuration for the new part of the <i>SignIn/SignOut</i> option, implementation, integrated tests, documentation, project management, support during the deployment.	20.5 days	\$22,857.50
Block sign-ins and sign-outs (add an attribute formula to block sign-ins)	3 days	\$3,345.00
Sound (play a different sound whether the sign-in or sign-out is valid or not)	2 days	\$2,230.00
Total	30 days	\$33,450.00

Table 1 – Cost summary.

Conditions

1. These costs do not include any customization that may be required to the generic 2010 *SignOut* application/Web Services.
2. Costs are in US dollars and exclude any applicable taxes or duties, for which SCMTD will be responsible.
3. Costs are based on 2011 rate (\$1,115 US dollars per modification day).
4. PO # for the total amount is required before the implementation can begin.
5. Full payment upon delivery of the enhanced software.
6. This offer is valid until June 14, 2011.

.../3

5-4.a7

Attachment A

Mr. Glatt

-3-

2011-03-25

We trust that the enclosed information is to your satisfaction. If you have any questions, please do not hesitate to contact us.

Sincerely,

Anna Bragina
Senior Project Manager
anna.bragina@giro.ca

AB:AC

GIRO-SCMTD-PROP-TCOST-LET-DAILY-SIGNOUT-20110325

5-4.a8

Attachment A



March 25, 2011

Mr. Harlan Glatt
Senior Database Administrator
Santa Cruz Metro Transit District
110 Vernon Street
Santa Cruz, CA 95060
USA

Subject: Proposal for the configuration of the API *DailyVehicle* for integration with the fleet maintenance software.

Dear Mr. Glatt:

As requested, please find below the cost details for the configuration of the API *DailyVehicle* in *HASTUS* 2009 version customized for SCMTD.

Description

The SCMTD requirement is to interface, via Web Services, vehicle status information to the *HASTUS* Manage Vehicle Withdrawals table.

Since only the Vehicle Withdrawals Web Service is needed for the integration with the fleet maintenance software, the cost for the configuration required for a standard implementation is reduced to 10 days. Note that no customization is included.

A skeleton code will be provided. The setup will be done at the same time as the configuration of the *SignIn* & *SelfService* (in the fall of 2011). Therefore the integration project with the fleet maintenance software cannot start before this, and cannot start before the technical training is received and the installation & configuration of the *Sign* and *SelfService* modules are completed.

Please note that training/support on the SOAP/Web Services technology is not included.

Also note that it does not include any training visit as it will be covered during the technical part of the training for the *Sign* option and *SelfService* modules.

Page 1 of 2

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5-4.a9

Attachment A

Mr. Glatt

2011-03-25

Cost Summary

Description	Number	Amount
Configuration of the API <i>DailyVehicle</i> for integration with the fleet maintenance software (vehicle withdrawals only) (10 days @\$1,115US/day)	10 days	\$11,150
Total		\$11,150

Conditions

1. These costs do not include any customization that may be required to the generic *DailyVehicle* WebServices.
2. Costs are in US Dollars and exclude any applicable taxes or duties, for which SCMTD would be responsible.
3. SCMTD must pay in US Dollars per day (based on 2011 rate). PO # for the total amount is required to confirm this addition.
4. The proposed payment schedule is full payment upon delivery of the new module.
5. This offer is valid until June 14, 2011.

We trust that the enclosed information is to your satisfaction. If you have any questions, please do not hesitate to contact us.

Sincerely,

Anna Bragina
Senior Project Manager
anna.bragina@giro.ca

Attachment A



March 28, 2011

Mr. Harlan Glatt
Senior Database Administrator
Santa Cruz Metro Transit District
110 Vernon Street
Santa Cruz, CA 95060
USA

Subject: Proposal for additional customization to *EPM* module

Dear Mr. Glatt:

As per your request for *EPM* must-have modifications that exceed the customization budget available within the initial contract, please find below our proposal.

Description

An extra budget is required for “must-have” modifications that exceed the customization budget available within the *HASTUS 2009* contract. Modifications are described in the specifications document for *EPM* module.

Delivery schedule

Once the acceptance of this proposal received, the implementation of this feature will be integrated in the current project plan and delivered on September 17, 2011 (delivery of the customized version).

.../2

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5-4.a11

Attachment A

Cost summary

Description	Number	Cost (US)
Absence policy based on <i>Rolling year</i> rules.	10 days	\$11,150.00
Automate the <i>Due date (efu due date)</i> of Employees Follow-ups: <ul style="list-style-type: none">- A new <i>Nb processing days</i> project-defined field will represent the number of days within which this type of Employee Follow-Up must be processed.- The <i>Nb Processing days</i> will be specified by SCMTD when Employee Follow-Up types are defined.- When creating a new Employee Follow-Up with an Employee Follow-Up type, HASTUS will automatically calculate the <i>efu due date</i> from the Employee Follow-Up date + <i>Nb processing days</i> of the Employee Follow-Up type.	3 days	\$ 3,345.00
New <i>Rescinded</i> flag in the absence.	0.5 day	\$ 557.50
New command to retrieve and automatically flag all absence records of a given interval as <i>Rescinded</i> (At SCMTD, after 180 calendar days without a SICK/SCHD absence, all prior employee's absences will be rescinded upon request.)	8 days	\$ 8,920.00
An absence attribute that automatically considers the evaluation period of the related performance action at printing. This will allow the users to print a report of absence records related to a specific Performance action.	4 days	\$ 4,460.00
Total	25.5 days	\$28,432.50

Table 1 – Cost summary

Conditions

1. Costs are in US dollars and exclude any applicable taxes or duties, for which SCMTD will be responsible.
2. Costs are based on 2011 rate (\$1,115 US per day).
3. PO # for the total amount is required before the implementation can begin.
4. Full payment upon delivery of the enhanced software.
5. This offer is valid until June 14, 2011.

Attachment A

Mr. Glatt

-3-

2011-03-28

We trust that the enclosed information is to your satisfaction. If you have any questions, please do not hesitate to contact us.

Sincerely,

Lyne Senécal
Assistant Director, Public Transit Software
Lyne.Senecal@giro.ca

GIRO-SCMTD-PROP-TCOST-EPM extra customs-20110328

5-4.a13

Attachment B

AMENDMENT NO. 1 TO THE HASTUS MAINTENANCE AND SUPPORT CONTRACT (Reference number: 617-4)

BETWEEN:

GIRO INC./LE GROUPE EN INFORMATIQUE ET RECHERCHE OPÉRATIONNELLE, having its principal place of business at 75, Port-Royal Street East, Suite 500, in the city of Montreal, Province of Quebec, Canada H3L 3T1.

AND:

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, having its principal place of business at 110 Vernon Street, Santa Cruz, California, USA 95060-2101.

1. On the first page, the first paragraph under "FOR:" is modified as follows:

"The software *HASTUS-Vehicle*, *HASTUS-Crew*, *CrewOpt*, *HASTUS-Roster*, *Minibus*, and *HASTUS-ATP* version 2009 (hereinafter referred to as "Software") used by the Client for the operation of a maximum of eighty (80) peak vehicles (for *EPM* module, allows management of a maximum of ninety (90) non-driving employees).".

2. In Section 2.1, the fee of \$24,190 US is increased to \$24,370 US.

IN WITNESS WHEREOF the parties hereto have executed this amendment:

**GIRO Inc./Le Groupe en Informatique
et Recherche Opérationnelle**

Santa Cruz Metropolitan Transit District

By

By

Name: Daniel Dubuc

Name: _____

Title: Director, Finances

Title: _____

Signature: _____

Signature: _____

Date: _____

Date: _____

Duly authorized, as he so declares.

Duly authorized, as he/she so declares.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: April 8, 2011

TO: Board of Directors

FROM: Ellen Pirie, Chair, Board of Directors

SUBJECT: CONSIDERATION OF THE CREATION OF A SUBCOMMITTEE TO THE SANTA CRUZ METRO BOARD OF DIRECTORS AND DISCUSS THE FRAMEWORK OF THE FOUR (4) STRATEGIES TO REDUCE THE BUDGET DEFICIT IN FUTURE YEARS

I. RECOMMENDED ACTION

That the Board of Directors consider the creation of a subcommittee to the Santa Cruz Metro Board of Directors and discuss the framework of the four (4) strategies to reduce the budget deficit in future years.

II. SUMMARY OF ISSUES

- Currently, the Santa Cruz METRO Board of Directors is facing difficult decisions regarding budget stability and the service levels provided to the public.
- The current anemic economy and the federal ADA complimentary paratransit service requirements, that legally must be provided, have resulted in multi-year budgetary shortfalls.
- Due to budgetary short falls related to the Federal, State and Local economic conditions, current levels of service are unsustainable.
- The Board agreed to form a subcommittee to review the composition, framework and recommend strategy of the four (4) “buckets” General Manager Leslie R. White outlined at the March 25, 2011 Board of Director meeting:
 - Service Reductions
 - Reserves
 - Contractual Concessions and Unfunded Positions
 - New Revenues

III. DISCUSSION

Currently, the Santa Cruz METRO Board of Directors is facing difficult decisions regarding budget stability and the service levels provided to the public. The current anemic economy and the federal ADA complimentary paratransit service requirements, that legally must be provided, have resulted in multi-year budgetary shortfalls. Due to budgetary short falls related to the Federal, State and Local economic conditions, current levels of service are unsustainable.

The Board agreed to form a subcommittee to review the composition, framework and recommend strategy of the four (4) “buckets” General Manager Leslie R. White outlined at the March 25, 2011 Board of Director meeting:

- Service Reductions
- Reserves
- Contractual Concessions and Unfunded Positions
- New Revenues

I would like to place the following proposed members on the committee:

- Director John Leopold
- Director Dan Dodge
- Director Dene Bustichi
- Director Hillary Bryant
- Director Ellen Pirie

The initial meeting of the Subcommittee will need to take place April 11th, 12th or 13th. The exact date and time for this initial meeting to be discussed.

IV. FINANCIAL CONSIDERATIONS

This committee will put forward recommended strategies, framework and composition of the four (4) “buckets” as outlined above to help facilitate solutions to the budget deficit.

V. ATTACHMENTS

None.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: April 8, 2011
TO: Board of Directors
FROM: Ciro F. Aguirre, Operations Manager
SUBJECT: DISCUSSION OF A SERVICE REDUCTION OPTION IN AN EFFORT TO BALANCE THE FY12 AND FY13 BUDGETS

I. RECOMMENDED ACTION

That Santa Cruz METRO staff provide the Board of Directors with a report for discussion of a service reduction option in an effort to balance the FY12 and FY13 budgets. The Board of Directors is requested to provide staff with feedback and direction regarding the service reduction option.

II. SUMMARY OF ISSUES

- At the March 25, 2011 Board of Directors meeting the Board of Directors broadly discussed service reductions.
- The Board of Directors directed staff to plan service reductions with the following priorities:
 - Maintaining as much geographic coverage throughout Santa Cruz County as possible.
 - Reduce fixed route service in a manner that does not impact the complimentary Para-transit service known as ParaCruz.
 - Examine reduced frequency of transit service along appropriate transit corridors.
 - Investigate reducing the number of bus stops along appropriate routes to facilitate quicker travel times.
 - Ensure that route schedules reflect class times for schools around Santa Cruz County.
- Santa Cruz METRO staff attempted to develop a basic outline of a 12% reduction in transit service that is reflective of the above priorities set by the Board of Directors. However, an adequate service model could not be developed in the short time provided to stay on pace with a September 15, 2011 implementation date.
- Santa Cruz METRO staff recommends that the Board of Directors consider moving forward with the 12% reduction option that was presented at the March 25, 2011 meeting for implementation on September 15, 2011.

III. DISCUSSION

At the March 25, 2011 Board of Directors meeting staff presented a 12% reduction based on ridership levels. The Board, staff, and members of the public engaged in a broad discussion around options for reductions in transit service needed to balance the FY12 and FY13 budgets. That discussion mapped out directives for staff in moving forward in the development of a service reduction option. Santa Cruz METRO staff attempted to develop a basic outline of a 12% service reduction using the Board of Directors priorities, however, at this time, an adequate service model could not be developed in the short time provided to stay on pace with a September 15, 2011 implementation date.

In perspective, the 30% reduction and 12% reduction options that were presented to the Board of Directors in March took several months with several hundred staff hours to create a presentable service model. In just over 6 work days, staff could not develop a viable service model that takes a fundamentally different approach in strategy and priority.

Santa Cruz METRO staff recommends that the Board of Directors consider moving forward with the 12% reduction option that was presented at the March 25, 2011 meeting. Much of this option has already been developed to achieve a viable amount of budgetary savings and meets a majority of the priorities set forth by the Board of Directors.

Under the current 12% service reduction option:

- There are some losses in geographic coverage; however 93% of the current 479 directional route miles are still intact. There may be opportunities to provide service to some of that lost coverage as this option is fine tuned for final approval in June.
- ParaCruz would be impacted; however the Board of Directors could adopt a policy that maintains ParaCruz service area current levels regardless of fixed route network changes.
- Current route frequencies remain mostly intact yet budgetary savings are achieved.
- While no bus stops are proposed to be deactivated, planning, operations and facilities staff along with the public could develop a long term study that evaluates streamlining the bus stop network to facilitate quicker travel times and better on time performance.
- The vast majority of service during commuter and school bell times would remain intact, yet this 12% option reduces the Peak Pull-Out from 76 buses to roughly 65 to 68 buses.

Attachment A is a package of maps and route lists to show the current route network, a route network at the 12% reduction option as well as other informational items.

IV. FINANCIAL CONSIDERATIONS

Reducing service by 12% is estimated to save \$1.44 million in direct labor costs. Savings in fuel, maintenance, and other costs are to be determined during further development of a specific proposal. Estimates in losses in passenger fare revenue will also be determined during development of a specific proposal.

V. ATTACHMENTS

Attachment A: Service Reduction Option

Prepared By: Carolyn Derwing, Schedule Analyst
Erich Friedrich, Jr. Transportation Planner

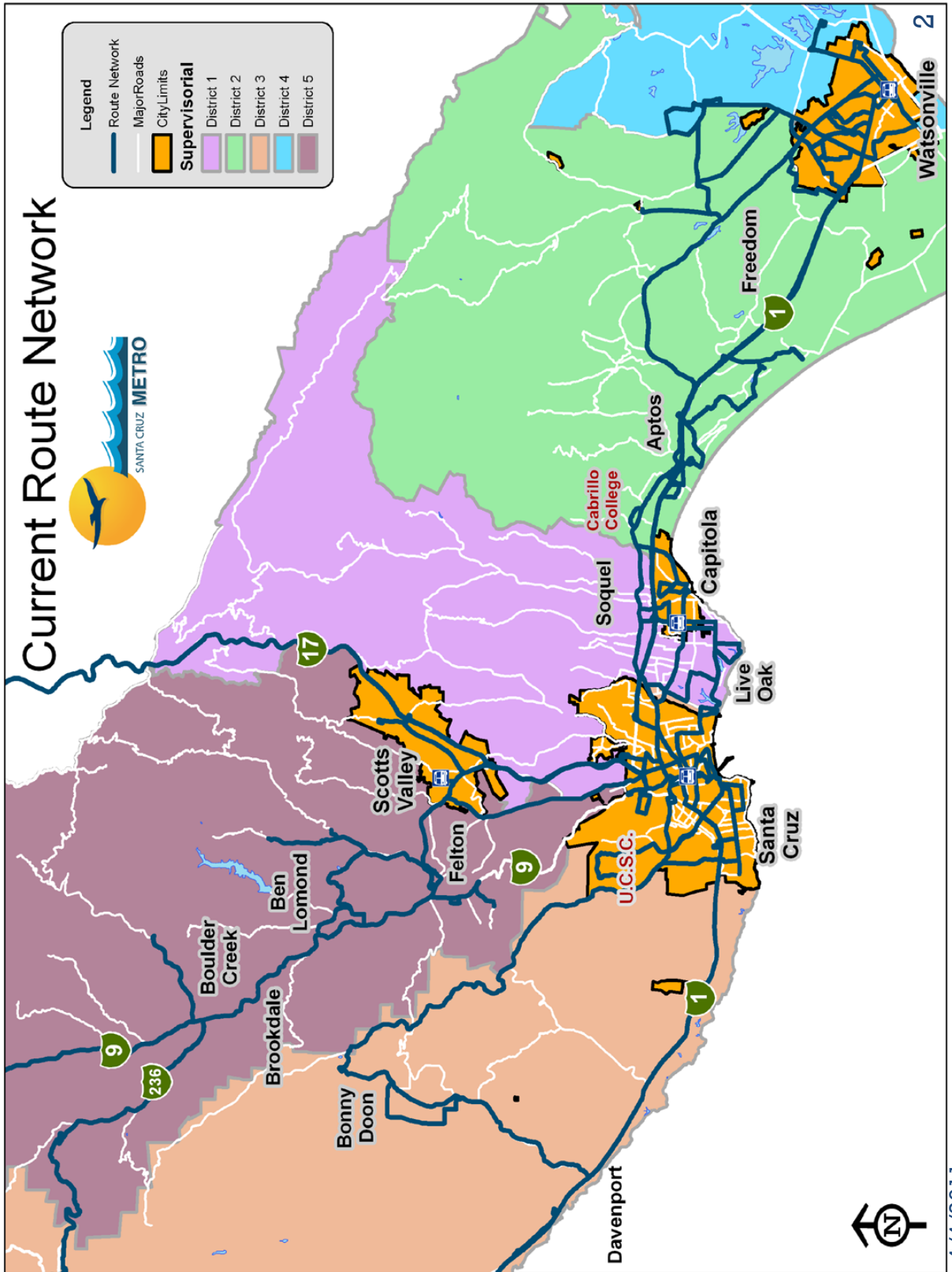
Date Prepared: April 4, 2011

12% Service Reduction Option

Santa Cruz METRO Board of
Directors Meeting
April 8, 2011



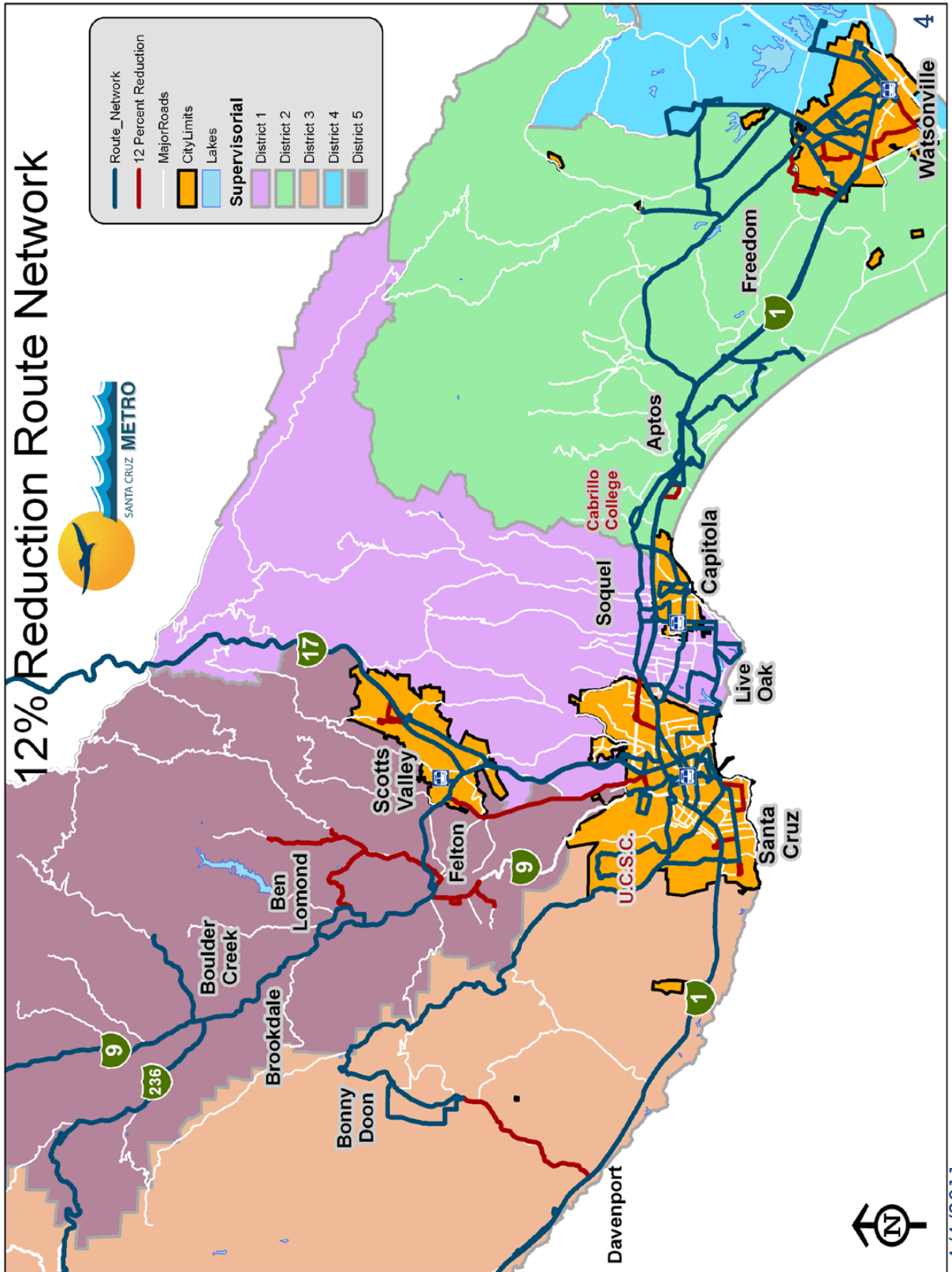
Attachment A



Current Route List

<u>Local Santa Cruz</u> Route 3 Route 4 Route 8	<u>Mid-County</u> Route 54 Route 55 Route 56
<u>UCSC</u> Route 10 Route 16N (Night Owl) Route 12 Route 19 Route 13 Route 19N (Night Owl) Route 15 Route 20 Route 16 Route 20D	<u>Live Oak</u> Route 66 Route 68 Route 69
<u>Scotts Valley & San Lorenzo Valley</u> Route 30 Route 33 Route 34 Route 35/35A	<u>Cabrillo/South County</u> Route 69A Route 69N Route 69W Route 71 Route 91X
<u>North Coast</u> Route 40 Route 41 Route 42	<u>Local Watsonville</u> Route 72 Route 74 Route 75 Route 79

Attachment A



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12 % Reduction Route List

<p><u>Local Santa Cruz</u> Route-3 Route 4 Route 8</p>	<p><u>Mid-County</u> Route 54 Route 55 Route 56</p>
<p><u>UCSC</u> Route 10 Route-16N (Night Owl) Route 12 Route 19 Route-13 Route-19N (Night Owl) Route 15 Route 20 Route 16 Route 20D</p>	<p><u>Live Oak</u> Route 66 Route 68 Route-69</p>
<p><u>Scotts Valley & San Lorenzo Valley</u> Route-30 Route-33 Route-34 Route 35/35A</p>	<p><u>Cabrillo/South County</u> Route 69A Route-69N Route 69W Route 71 Route-91X</p>
<p><u>North Coast</u> Route 40 Route 41 Route-42</p>	<p><u>Local Watsonville</u> Route 72 Route-74 Route 75 Route 79</p>



12% Reduction Option

Percent Reduction	Shifts/Bids/FTEs Down	Gross Savings* (estimates)
12%	18	\$1,444,000



4/4/2011

*Direct labor costs only; savings in fuel, maintenance, and Other costs are to be determined with further development

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: April 8, 2011

TO: Board of Directors

FROM: Angela Aitken, Finance Manager and Acting Assistant General Manager

SUBJECT: CONSIDERATION AND DISCUSSION OF SANTA CRUZ METRO'S OPERATING RESERVES, CAPITAL RESERVE RETAINED EARNINGS ACCOUNT, AND RESTRICTED COUNTY TREASURY ACCOUNTS

I. RECOMMENDED ACTION

That the Board of Directors discuss Santa Cruz METRO's Operating Reserves, Capital Reserve Retained Earnings Account, and Restricted County Treasury Accounts.

II. SUMMARY OF ISSUES

- Santa Cruz METRO has an Operating Reserve Account made up of the following individual reserve accounts:
 - Cash Flow Reserve
 - Workers Compensation
 - Liability Insurance
 - Carryover from Previous Year
 - GASB 45 – OPEB Liability
- Santa Cruz METRO has a Capital Reserve Retained Earnings Account that has an estimated balance on 12/31/10 of \$14,025,636 for which the Board has approved Capital expenditures against the balance during FY11. This capital cash flow reserve account helps facilitate the ability to fund capital projects where reimbursement is delayed.
- Santa Cruz METRO also maintains Restricted County Treasury Accounts with funds that have been designated for specific Capital projects.
- This staff report will attempt to define what the above accounts are, and how the funds in these accounts sustain the Operating and Capital budgets of Santa Cruz METRO on a daily basis.

III. DISCUSSION

The Board of Directors has requested a discussion on the Operating Reserve, Capital Reserve Retained Earnings Account, and the Restricted County Treasury Accounts that Santa Cruz Metro uses to sustain operations on a daily basis. In the following discussion, we will define these individual accounts and how they are all inter-related.

Operating Reserve Accounts

Cash Flow – This account was established to cover two (2) months of payroll and accounts payable cash flow in case of a fiscal or natural disaster or emergency. The Board adopted a minimum balance of \$5,225,000 which is approximately what a “normal” two (2) months worth of cash flow needed between invoices being paid and cash coming in the door over the same period of time. Currently this account is funded with \$2,511,102 which is only 48% of the Board adopted minimum balance. If a disaster or emergency should happen, we would only be able to fund less than 30 days worth of “normal” payroll and accounts payable cash flow. If we had extraordinary cash flow items to be paid, those days covered would be less.

Workers Compensation – This account covers the Long Term portion of the Workers Compensation liability per our June 30, 2010 Santa Cruz Actuarial Review of the Self-Insured Workers’ Compensation Program report prepared by Bickmore Risk Services. The Board adopted a minimum balance of \$3,194,347 which corresponds to this June 2010 Actuarial Review. Currently, this account is funded with \$2,091,581 which is only 65% of the Board adopted minimum balance. If large claims should settle, we may not be able to reasonably fund these potential liabilities.

Liability Insurance – The balance in this account is calculated by adding the outstanding liabilities/claims against Santa Cruz METRO as of the end of the fiscal year plus the Self Insured Retention (SIR) of \$250K. The sum of these amounts was used to establish the Board adopted minimum balance of \$814,500 on June 30, 2010 to cover this estimated liability. Currently this account is funded with \$700,757 which is only 86% of the Board adopted minimum balance. If additional large claims should happen, we may not be able to reasonably fund those potential liabilities. As the FY11 and FY12 budgets are revised, Staff will ask for money to come out of this reserve account to pay towards the three (3) large accidents Santa Cruz METRO has had over the last 18 months. This account funds our \$250K per accident deductible with CalTIP as stated above. The three (3) large accidents we have had recently, will have consumed almost all of this balance by the end of FY12.

Carryover from Previous Year - This account is funded by excess revenue that is used to fund operating expenses in subsequent years. The Board does not adopt a minimum balance on this account as we use the funds to balance subsequent years as necessary. Due to budgeting being an estimate, we will usually have a carryover amount from the previous year. Some examples which would create the carryovers are positions being fully funded but then vacated during the year for numerous reasons, which creates a savings to the budget until the position is filled. Operating expenses may be funded in the current year but the final invoices may not be received until the subsequent year. Our fuel and maintenance accounts are very price and demand driven and subsequently could have a substantial carryover or next to no carryover, depending on the fluctuations of the price of fuel and the need for maintenance on our vehicles during the fiscal year. This creates excess funding in the current year that can be used as carryover in subsequent years.

GASB 45 – Other Post Employment Benefits (OPEB) Liability – This account is for the employment benefits that our retirees receive per their contract after they retire from Santa Cruz METRO. Some of these benefits include Medical, Dental and Vision insurance. In our current Operating budget, we use the

“pay-as-you-go” method to fund the current year expense of approx \$1.6M. In addition to the current year operating expense, staff recommended on April 23, 2010, that the Board establish an irrevocable trust which staff is researching, and publish an unfunded current liability of \$2,561,254 as the current liability above the current year operating expense of FY10. No funding of this liability was requested at that time. Staff has listed and published this liability on the Operating Reserve Account sheet but Santa Cruz METRO is not in a position at this time to fund the FY11 liability of over \$5M. It is not urgent at this time to fund this liability but it will be prudent to start funding this liability when we are in a better financial position. As every year progresses, our current liability will increase by approximately \$2.5M each year with the current contractual obligations we have in place today.

Capital Reserve Retained Earnings Account

As of 12/31/10, the Santa Cruz METRO Capital Reserve Retained Earnings Account is made up of:

- **Prior Year State Transit Assistance (STA) – \$1.4M**
- **Reserved Retained Earnings from prior years – \$12.6M**

Prior Year State Transit Assistance (STA) account – \$1.4M – Historically, STA has been used to fund our ongoing annual Capital budgets. For FY11, Prior Year STA is funding the following capital projects:

- | | |
|---|-----------|
| - Human Resources Software Upgrade - | \$250,000 |
| - Fleet and Facilities Maintenance software - | \$170,000 |
| - Automated Purchasing System - | \$ 84,000 |
| - Smart Card – Fare box System - | \$ 82,620 |
| - Santa Cruz Metro Transit Center Lane Four (4) Shelter Replacement - | \$ 75,000 |
| - Para Cruz Trapeze Pass Customer Certification - | \$ 5,000 |
| - Repairs to Operations Parking Lot - | \$ 4,000 |

These STA funds are restricted and can only be used for Capital improvement projects. Currently, there is approximately \$729K available for Capital improvement projects in this account. In FY11 and FY12, the STA installments of \$2.8M and \$2.3M respectively from those two fiscal years were redirected from the Capital budget to backfill the Operating budget. The Capital projects funded in the FY11 Capital budget were projects that were approved in FY10 and not completed; therefore, the projects were rolled forward in to FY11. There were no new STA funded Capital projects in the FY11 Capital budget.

Reserved Retained Earnings - \$12.6M – This capital cash flow reserve account includes all remaining operating funds that were not needed at the end of a fiscal year to balance the budget. Cash flow is the movement of cash into or out of a financial account or project. Cash flow helps facilitate Santa Cruz Metro’s ability to fund projects where reimbursement is be delayed. Every year as we apply for grants or other funding that is subsequently awarded to us, we have used these funds as leverage (cash flow) to incur these expenses prior to being reimbursed by the awarding agency after the project has been completed or the expenses have been incurred; whichever we are allowed to do first. We use this capital cash flow reserve account to fund all capital grant expenditures prior to reimbursement from the awarding agency. Staff reviews the projects every month and requests monthly reimbursements to the corresponding agencies if expenses have been incurred. This capital cash flow account is also where we may incur our matching funds expense needed for a grant if matching funds are not available in the STA account where we would normally incur this Capital match. These matching funds are not reimbursable and will bring the balance of this capital cash flow reserve account down by whatever amount was needed to use as a match to the awarded grant. Matching funds range from 1–20% of the grant awarded. Having this reserved retained earnings account has allowed us to apply for grants which have been awarded for the following projects:

- State of Good Repair (11-12 buses) -	\$ 5,820,000
- Highway 17 Buses (5) -	\$ 2,500,000
- Purchase 425 Front Street -	\$ 2,075,000
- GFI Smart Card Fare box System -	\$ 2,385,750
- Para Cruz Vans (27) -	\$ 1,750,000
- 2 nd CNG Tank -	\$ 1,561,070
- Transit Management Information Technology -	\$ 1,160,403
- Bus Stop Improvements -	\$ 500,000
- Trapeze Pass Project (IVR) -	\$ 22,426

If you add up the above projects, you will find that they exceed the \$12.6M balance we currently have in this account by \$5.2M. Santa Cruz Metro strategically leverages this capital cash flow reserve account against projects that will be reimbursed by the awarding agency. By coordinating the timing of an entities reimbursement and our scheduled completion of projects, we are able to balance the amount of money we expense out of this account against completed projects, and then be reimbursed prior to incurring expenses from another project that has been awarded but has a later timeline to which expenses will be incurred in this capital cash flow account.

Example: The State of Good Repair (11-12 buses) grant was awarded to Santa Cruz METRO in October of 2010 to continue replacing our 1984 and 1989 Diesel buses. On March 29, 2011, the FTA allowed us to “pin” this grant in the Federal system which obligated us to incur \$5,820,000 to buy buses. When we “pinned” this grant, we put a liability against our Reserved Retained Earnings account for \$5,820,000 of which \$4,830,060 will be reimbursed by FTA and \$989,400 will be funded with this capital cash flow account, not to be reimbursed by the FTA. This project will not incur expenses for approximately 6-9 months.

At that time, the Highway 17 Buses project for \$2.5M will be fully reimbursed by VTA Measure A funds; the Purchase of 425 Front Street will be reimbursed by the FTA for \$1.4M and the capital cash flow reserve balance will be reduced by \$675K; the GFI Smart Card Fare box System project

for \$2.4M and the Para Cruz Vans project for \$1.7M will be reimbursed by FTA; and we will have the cash flow on hand again to incur expenses for the State of Good Repair grant of \$5.8M and other grants that we may want to pursue during the fiscal year. With the non-reimbursable share of the existing grants, the balance in the capital cash flow reserve account will be reduced by approximately \$1.5M in non reimbursable funds to \$11.1M.

The capital cash flow reserve account funds can be used to fund operating expenses. At this time, Santa Cruz METRO has obligated the balance of this account against Board approved future Capital obligations. The Board has the option of reviewing this account in the future for use against operating expenses. This account is obligated above its cash balance at this time. Defaulting on obligated FTA, CalTrans and other funding sources would have a rippling effect through the agency as some of the grants also have operating expenses for labor that will be paid for through these grants. Defaulting on these grants could mean potential layoffs of grant funded positions for which we have no budgeted operating funds to pay for.

Example: The State of Good Repair (11-12 buses) grant has approximately \$175K in direct labor costs incorporated into it to be paid for by the FTA and not out of the Operating budget. The Bus Stop Improvement grant has approximately \$150K in direct labor costs incorporated into it to be paid for by CalTrans instead of the operating budget. These are two examples of ways we are leveraging our grant funds to lessen our operating expenses wherever possible.

Restricted County Treasury Accounts – The following Capital Grant funds are held in restricted accounts at the County Treasury for specific Capital Projects and cannot be used for operating or any other expenses not directly related to the Capital Project:

Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) – \$1.5M – This account funds expenses directly associated to the building of Metro Base. These funds were used to finish the Maintenance building. If the State sells bonds, we will receive more of this funding to put towards building the Operations building.

Lawsuit/Sakata – \$ 1.3M – This account has funds that were received from the closing of the Sakata facility and can only be used to fund expenses directly associated with the building of Metro Base. \$500K was used this year for the Maintenance building, leaving a balance of \$800K.

1B State Security Bond Funds - \$800K - This account has funds that were received from the State and can only be used to fund expenses directly associated with the Video Surveillance Project (CCTV) and the Land Mobile Radio Project (LMR). As the funds come in, we have been able to progress on these projects slowly. All funds received have been obligated.

IV. FINANCIAL CONSIDERATIONS

The funds in the Operating Reserve, Capital Reserve Retained Earnings Account, and the Restricted County Treasury Accounts are funds that Santa Cruz Metro uses to leverage future obligations that have stabilized the agency and secures Capital grant funding for our future.

V. ATTACHMENTS

Attachment A: Schedule of Operating Reserve Account Balances–December 31, 2010 (Post Audit)

Attachment B: Restricted County Treasury Accounts

Attachment C: Capital Reserved Retained Earnings Account



**SCHEDULE OF OPERATING RESERVE ACCOUNT BALANCES
DECEMBER 31, 2010
(Post audit)**

	Board Adopted Minimum Balance	Balance at 6/30/10	Proposed Addition/ (Withdrawal)	Estimated Balance at 12/31/10	% Funded	Comments:
Operating Reserves:						
Cash Flow Reserve	To cover two month's cash flow for fiscal or natural disaster or emergency (\$ 5,225,000)	\$ 2,511,102	\$ 0	\$ 2,511,102	48%	Board approved use of \$2.5M to balance FY10 operating budget. Reserve is 48% funded.
Workers Compensation Reserve	Long term portion of workers compensation liability per 6/30/10 actuarial review (\$ 3,194,347)	\$ 2,091,581	\$ 0	\$ 2,091,581	65%	Minimum balance updated for FY10. Reserve is 65% funded.
Liability Insurance Reserve	\$250,000 SIR, plus estimated liability on outstanding cases (\$ 814,500)	\$ 700,757	\$ 0	\$ 700,757	86%	Minimum balance updated for FY10. Reserve is 86% funded.
Carryover from Previous Year	Excess revenue to support operating expenses in subsequent year(s) (N/A)	\$ 1,989,862	\$ (1,071,106)	\$ 918,756	N/A	Proposed withdrawal required to balance FY11 operating budget.
GASB 45 - OPEB Liability	Per Actuarial Study from TCS, Inc. dated July 23, 2010 (\$ 5,118,074)	\$ 0	\$ 0	\$ 0	0%	Actuarial Accrued Liability is \$43,442,791. Staff will propose funding current liability of \$ 5,118,074 with submittal of FY12 budget. Reserve is 0% funded.
Total Operating Reserves:	Total Board Adopted Minimum Balance (\$ 9,233,847)	\$ 7,293,302	\$ (1,071,106)	\$ 6,222,196	67%	Total Operating Reserve is 67% funded.

Indicates Actual Balance is below Board Adopted Minimum Reserve Balance.

Attachment B

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT Restricted County Treasury Accounts

Cash in Restricted County Treasury
Accounts and Obligated Capital
Projects:

RESTRICTED	
PTMISEA	\$ 1,500,000
Metrobase Maint Facility \$1.5M	\$ 1,500,000
Subtotal Committed:	\$ 1,500,000
Funds Available:	-

RESTRICTED	
STA - (Prior Year)	\$ 1,400,000
HR Software Upgrade	\$ 250,000
Fleet & Facilities Maint. (Maintstar)	\$ 170,000
Automated Purchasing System	\$ 84,000
Smart Card - Farebox System	\$ 82,620
MTC Lane Four Shelter Replacement	\$ 75,000
Trapeze Pass Customer Certification	\$ 5,000
Repair Operations Parking Lot	\$ 4,000
Subtotal Committed:	\$ 670,620
Funds Available:	\$ 729,380

RESTRICTED	
Lawsuit / Sakata	\$ 1,300,000
Metrobase Maint Facility	\$ 500,000
Subtotal Committed:	\$ 500,000
Funds Available:	\$ 800,000

RESTRICTED	
State Security Bond Funds (1B)	\$ 800,000
Video Surveillance Project (CCTV)	\$ 507,663
Land Mobile Radio Project (LMR)	\$ 292,337
Subtotal Committed:	\$ 800,000
Funds Available:	-

Attachment B

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT Restricted County Treasury Accounts

Subtotal Cash in Restricted County Treasury Accounts from above:	
PTMISEA	\$ 1,500,000
STA (Prior Year)	\$ 1,400,000
Lawsuit / Sakata Proceeds	\$ 1,300,000
State Security Bond Funds (1B)	\$ 800,000
Subtotal Restricted Cash:	<u>\$ 5,000,000</u>
Subtotal Capital Projects Obligated against Restricted County Treasury Accounts from above:	
PTMISEA	\$ 1,500,000
STA (Prior Year)	\$ 670,620
Lawsuit / Sakata Proceeds	\$ 500,000
State Security Bond Funds (1B)	\$ 800,000
Subtotal Cash in County Treasury:	<u>\$ 3,470,620</u>
Net Available Restricted Funds:	<u><u>\$ 1,529,380</u></u>

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT Capital Reserved Retained Earnings Account

Reserved Retained Earnings and
Obligated Capital Projects:

NON RESTRICTED	
Reserved Retained Earnings - \$14M less STA of \$1.4M = \$12.6	\$ 12,600,000
State of Good Repair	\$ 5,820,000
Highway 17 Bus Replace (5) - VTA	\$ 2,500,000
Purchase 425 Front Street	\$ 2,075,000
Smart Card - Farebox System	\$ 2,385,750
Purchase 27 ParaCruz Vehicles	\$ 1,750,000
2nd CNG Tank	\$ 1,561,070
Transit Mgmt. Info. Tech. (Hastus)	\$ 1,160,403
Bus Stop Improvements	\$ 500,000
Trapeze Pass (IVR) Project	\$ 22,426
Subtotal Obligated:	\$ 17,774,649
Funds Available:	\$ (5,174,649)

Capital Projects Available for
Reimbursement from an outside
Agency:

Project:	Reimbursing Agency:
State of Good Repair	FTA
Highway 17 Bus Replace (5) - VTA	VTA - (Measure A)
Purchase 425 Front Street	FTA / CalTrans (TCRP)
Smart Card - Farebox System	FTA - ARRA
Purchase 27 ParaCruz Vehicles	FTA - ARRA
2nd CNG Tank	FTA / MBUAPCD (Air District)
Transit Mgmt. Info. Tech. (Hastus)	FTA - ARRA
Bus Stop Improvements	CalTrans (CTC)
Trapeze Pass (IVR) Project	CalTrans
Subtotal:	\$ 16,532,241

Capital Projects funded with Reserved
Retained Earnings - Not available for
Reimbursement:

State of Good Repair	\$ 989,400
2nd CNG Tank	\$ 253,008
Subtotal:	\$ 1,242,408

Capital Projects Available for Reimbursement by an Outside Agency	\$ 16,532,241
Capital Projects Funded with Reserved Retained Earnings	\$ 1,242,408
Obligated Capital Projects	\$ 17,774,649

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: April 8, 2011
TO: Board of Directors
FROM: Leslie R. White, General Manager
SUBJECT: DISCUSSION OF ISSUES RELATING TO OPTIONS FOR THE FUTURE ORGANIZATION STRUCTURE AT METRO

I. RECOMMENDED ACTION

That the Board of Directors discuss options for the future organization of METRO.

II. SUMMARY OF ISSUES

- The Santa Cruz Metropolitan Transit District (METRO) is created by enabling statutes contained in the California State Public Utility Codes Chapter 98000.
- The Enabling Statutes that grant powers and authority to special districts also apply to METRO.
- METRO has operated as a full service, stand alone, special district since 1985 when the fleet maintenance function was transferred to METRO from the City of Santa Cruz. The Operations function had previously been absorbed into METRO from the private operator in 1976.
- Currently, the METRO Board of Directors is facing difficult decisions regarding budget stability and the service levels provided to the public.
- In November 1978 the voters of Santa Cruz County approved a permanent ½ cent sales tax dedicated to METRO designed to support the provision of county-wide fixed route service.
- The current anemic economy and the federal ADA complimentary paratransit service requirements, that legally must be provided, have resulted in multi-year budgetary shortfalls.
- In the next two years the Board of Directors will need to identify an individual to serve as the General Manager of METRO after Les White retires.
- The change in leadership at METRO presents the Board of Directors with the opportunity to evaluate alternate organization structures in light of the financial/service challenges facing the agency.
- This Staff Report outlines four possible options designed to stimulate discussion by the Board of Directors.
- The four options outlined in this Staff Report include; merging METRO with the Santa Cruz County Regional Transportation Commission (SCCRTC), employing a recruiting firm to search for new General Manager, conducting an “internal-only”

recruit for a new General Manager, employing the services of a Management Company to provide a new General Manager as well as other management services.

- This Staff Report does not suggest or require any decisions from the Board of Directors, but rather is submitted to assist in discussions.

III. DISCUSSION

The Board of Directors is currently confronted with challenges with respect to the financial sustainability of the transportation service provided in Santa Cruz County. Additionally, METRO will undergo a transition in staff leadership in the next two years. These changes present the Board of Directors with the opportunity to evaluate alternate organization structures in light of the financial/service challenges facing the agency.

METRO has operated as a full service, stand alone, special district since 1985 when the fleet maintenance function was transferred to METRO from the City of Santa Cruz. The Operations function had previously been absorbed into METRO from the private operator in 1976. METRO is created in Chapter 98000 of the California State Public Utility Codes as well as having powers granted in other state statutes relating to special purpose districts. The METRO Board of Directors has the authority to employ personnel, accept grants, levy taxes (subject to voter approval), issue debt, and exercise Eminent Domain (with consent from the affected local jurisdiction) to acquire rights, equipment, facilities, and property necessary to provide public transportation services. In 1978 the voters of Santa Cruz County approved a permanent ½ cent sales tax to support the provision of fixed route bus service throughout the county. In recent years the anemic economy and the unfunded federal ADA complimentary paratransit service requirements, that legally must be provided, have resulted in multi-year budgetary shortfalls.

There are four options presented in this Staff Report. This report is a cursory review of the options. Those options that are of interest to the Board can be evaluated in greater detail with specific costs and efficiencies quantified. However, some of the examinations could require the use of outside consulting services and it is felt to be prudent to determine the level of interest from the Board prior to hiring consultants.

Four organizational options that could be implemented at METRO in the future are as follows:

SCCRTC Merger Option

The Santa Cruz County Regional Transportation Commission has the responsibility for planning and funding surface transportation facilities and services in Santa Cruz County. The SCCRTC is the Regional Transportation Planning Agency (RTPA) for the county which is required under the State of California Transportation Development Act. The SCCRTC is the recipient of both state and federal funds which are used to support transportation projects. Included in the funds received by the SCCRTC are the receipts from a ¼ cent sales tax (TDA) that are used to support city/county pedestrian projects, some SCCRTC administration expenses, Community Bridges paratransit service, the Volunteer Center, The Red Cross, other transportation projects and METRO. The majority of the TDA funds that are received by the SCCRTC are granted to METRO and have been used by METRO to support the operating budget. The SCCRTC also receives funds under the State of California State Transit Assistance (STA) program. These

funds have also been passed through to METRO. The STA funding has been the most unstable in recent years and at one time the program was suspended by the Legislature. Prior to FY10, METRO used the STA funds for capital expenses due to restrictions from the state. The State Legislature removed the restrictions and allowed STA funds to be used for operating expenses for FY11 and FY12. The ability to use STA for operating expenses will expire in FY13 unless legislation to the contrary is passed. The SCCRTC is also a recipient for funds from the 2006 Proposition 1B Bond Program. Part of the transit capital funds that are made available by bond sales under the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) go to the SCCRTC and their part of these funds go directly to METRO. The SCCRTC has passed funds received from the PTMISEA through to METRO for the MetroBase Facility Construction Project.

The SCCRTC is also created by state enabling legislation. This legislation provides powers and authority to the SCCRTC in a manner similar to METRO. Currently, the SCCRTC carries out a number of roles, including, the SAFE Authority, the Rail/Trail Authority, and the RTPA responsibility. In examining the need to achieve efficiency in administering transportation services and projects in Santa Cruz, in light of the current economy, the Board could elect to examine whether there are savings that could be achieved by merging METRO with the SCCRTC. A merger of this type would add to the various roles that the SCCRTC currently fulfills.

A cursory examination of the operation of the SCCRTC and METRO indicates that there could be savings and efficiencies in the areas of Executive Management, Finance, IT, Planning, Grants, Board support, and facilities leases. Annual savings achieved by the merger of the two agencies while anticipated, is unknown at this time.

Any discussion of a merger of the SCCRTC and METRO would have to include discussions by the SCCRTC Commission Members. Currently, this topic is on the agenda for the SCCRTC Commission Members for discussion on April 21, 2011. One of the sensitive areas of a merger of the two agencies could be the construction of the new Board/Commission. It would be necessary to pass new enabling legislation that would outline the construction of the governing Board and be crafted in such a way as to preserve the current ½ cent sales tax that supports transit operations. Additionally, it would necessary to negotiate new Labor Agreements with the Unions that would be affected by a merger. The tasks outlined in this paragraph would take a significant amount of time at both the local and state levels.

Should the Board have an interest in further examination of the Merger Option it would be necessary to employ the services of a consultant to refine the savings estimates.

External General Manager Recruit

If the Board has an interest in maintaining the current operating structures and would like to have a wide selection of candidates to choose from for the next General Manager then an external search option would be the approach. This was the approach used by the Board of Directors when Les White was hired to replace Scott Galloway. The Los Angeles firm of Norman Roberts and Associates was used to assist the Board in identifying the characteristics of a General Manager that the Board was seeking. A national search was conducted that included an

evaluation of candidates that were seeking a new position and inquiries to candidates that were not actively seeking a new position. The list of candidates was screened by the consultants to achieve the number of finalists that the Board had determined that it wanted to directly evaluate. A subcommittee of three Members of the Board was appointed to oversee this phase of the recruitment. From this point the subcommittee selected a number of candidates that they wished to bring to Santa Cruz to meet with. At the conclusion of this process the subcommittee selected three finalists to be interviewed by the entire Board. One of the selected finalists withdrew and the full Board interviewed the remaining two candidates. The total cost of the recruitment process was approximately \$35,000 in 1997.

If the Board has interest pursuing the External Recruitment Option an RFP for the selection of a professional recruiting firm would be the first step in this process. It is anticipated that current costs for external recruiting would be approximately \$50,000. It is also anticipated that this process would require approximately 9 months to execute.

Internal-Only General Manager Recruit

There are individuals currently working within METRO that may have an interest in being considered as candidates for the position of General Manager. There also may be local individuals, not working for METRO, who may have an interest in being considered for the position of General Manager. This was the option that was used by the Board of Directors in the mid 1970's when Scott Galloway was employed as the General Manager. If the Board has an interest in pursuing this option a subcommittee could be appointed to oversee the candidate solicitation process and to identify individuals that would be qualified to be considered by the full Board. Given the nature of an internal-only recruit it might be appropriate for the Board to request assistance from the Human Resources Departments of either one of the Cities or the County.

It is anticipated that the internal-only approach would be the quickest of the options contained in this Staff Report. It would also be the least expensive of the listed options, with a cost estimated to be approximately \$10,000.

Professional Management Company

There are many smaller transit systems in the United States that have found it to be preferable to contract with professional transit management companies to provide for a General Manager and other services. This approach provides the opportunity for the Board to select firms on the basis of experience and qualifications and then to select a General Manager from the candidates offered by the firm. If conflicts develop it is easier for a Board to request a change in personnel as the firm maintains a list of managers and the departing manager is assigned to another community where there is better compatibility. This approach can diminish some of the "Board/Manager" tensions that can emerge if the community wants to move in a direction that manager is not comfortable with. There are a number of professional management companies that operate in the bay area including, First Transit, MV, Veolia, and McDonald Transit. The drawback to this option is that it is typically more expensive, depending on the needs of the Board and the transit system.

If the Board has an interest in pursuing this option the next logical step would be the preparation of Request for Proposals and a scope of work that could be distributed to prospective firms. It is anticipated that the implementation of the Professional Management Firm Option would take approximately 9 months to execute and would cost approximately \$450,000 annually.

The information presented in this Staff Report does not suggest or require any decisions from the Board of Directors at this time, but rather is submitted to assist in the discussions.

IV. FINANCIAL CONSIDERATIONS

The financial impact on METRO of each of the various options outlined in this Staff Report is not totally known at this time.

V. ATTACHMENTS

None

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: April 8, 2011

TO: Board of Directors

FROM: Ellen Pirie, Chair, Board of Directors

SUBJECT: CONSIDERATION OF EXECUTION OF A LETTER OF AGREEMENT TO EXTEND THE CURRENT EMPLOYMENT AGREEMENT WITH LESLIE R. WHITE TO SERVE AS GENERAL MANAGER FOR THE PERIOD JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

I. RECOMMENDED ACTION

That the Board of Directors authorize the Chair to execute a Letter of Agreement to extend the Employment Agreement with Leslie R. White to serve as General Manager for the period January 1, 2012 through December 31, 2012.

II. SUMMARY OF ISSUES

- On November 3, 1997 the Board of Directors entered into an Employment Agreement with Leslie R. White to serve in the position of General Manager.
- On November 11, 1998, and August 17, 2001, October 22, 2004, September 28, 2007, and October 22, 2010 the Board of Directors renewed the Employment Agreement with Mr. White with minor modifications.
- The current Employment Agreement between the Board of Directors and Mr. White will expire on December 31, 2011.
- Currently Mr. White desires to continue to serve METRO as the General Manager by Executing a Letter of Agreement to extend the current Agreement through December 31, 2012. METRO is confronted with significant financial challenges and Mr. White's experience would be of assistance over the next year.
- The proposed Agreement Amendment contains the same terms and conditions as prior contracts, with the following exceptions: there would be no salary increases provided during the term of the extension, also, any salary/benefit reductions applied to the remainder of the employees at METRO would be applied to Mr. White. Additionally, the expiration date of the Agreement would be changed to December 31, 2012.

III. DISCUSSION

On November 3, 1997 the METRO Board of Directors entered into an Employment Agreement with Leslie R. White to serve in the position of General Manager. On November 11, 1998,

August 17, 2001, October 22, 2004, September 28, 2007, and October 22, 2010 the Board of Directors renewed the Employment Agreement with Leslie R. White with modifications.

The Employment Agreement Extension with Mr. White will expire on December 31, 2011. Currently, Mr. White has indicated that he desires to serve as the General Manager for an additional year. METRO will face significant financial and service challenges over the next year. The experience that Mr. White has in will be beneficial to assisting the Board face the coming challenges. A proposed Letter of Agreement to extend the Employment Agreement between METRO and Mr. White has been developed and is attached to this Staff Report. The proposed Letter of Agreement contains the same terms and conditions as prior contracts, with the following exceptions: there would be no salary increases provided during the term of the extension and any salary/benefit reductions applied to other METRO employees would be applied to Mr. White as well. The expiration date of the current Agreement would be changed to December 31, 2012.

IV. FINANCIAL CONSIDERATIONS

The compensation and benefit costs associated with approval of the proposed Employment Agreement are provided for in the METRO Operating Budget.

V. ATTACHMENTS

Attachment A: Proposed Letter of Agreement to extend the Employment Agreement--METRO/Leslie R. White

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Letter of Agreement

This is a Letter of Agreement made and entered into on April 8, 2011, by and between the Santa Cruz Metropolitan Transit District (hereinafter referred to as "District"), and Leslie R. White (hereinafter referred to as "Employee").

WHEREAS, the Board of Directors of the District is authorized pursuant to the Santa Cruz Metropolitan Transit District Act of 1967, Sections 98114 and 98115 of the California Public Utilities Code to enter into contracts on behalf of the District and to appoint and fix the salary of the Secretary/General Manager; and

WHEREAS, the Board of Directors of the District, on November 3, 1997 entered into an Agreement to employ the services of Leslie R. White in the position of Secretary/General Manager; and

Whereas, on November 11, 1998, and August 17, 2001, October 22, 2004, September 28, 2007, and October 22, 2010, the Board of Directors renewed the Employment Agreement with the Employee, with minor modifications.

WHEREAS, the current extension of the Employment Agreement between the Board of Directors and the Employee expires on December 31, 2011 and,

WHEREAS, the current financial condition of the District makes increases in compensation inadvisable; and,

WHEREAS, the Employee is agreeable to serving as General Manager for an additional year with no increase in compensation, as well as accepting whatever salary/benefit reductions that are applied to the remainder of METRO employees; and,

WHEREAS, the Board of Directors of the District and the Employee wish to continue the current Employment Agreement with Leslie R. White through December 31, 2012.

THEREFORE, the Board of Directors of the District and the Employee hereby agree that the current Employment Agreement is extended through December 31, 2012.

Employee:

Santa Cruz Metropolitan Transit District

LESLIE R. WHITE
General Manager

ELLEN PIRIE
Chair, Board of Directors

Date

Date