



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)
FINANCE, BUDGET AND AUDIT STANDING COMMITTEE MEETING MINUTES*
JANUARY 8, 2021 – 8:00AM
MEETING HELD VIA TELECONFERENCE**

A regular meeting of the Finance, Budget and Audit Standing Committee of the Santa Cruz Metropolitan Transit District (METRO) was convened on Friday, January 8, 2021, via teleconference.

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

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1 **CALL TO ORDER** at 8:05AM by Board Chair Rotkin.

2 **ROLL CALL:** The following Directors were **present** via teleconference, representing a quorum:

Director Trina Coffman-Gomez
Director Donna Lind
Director Donna Meyers
Board Chair Mike Rotkin

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

Alex Clifford
Julie Sherman

METRO CEO/General Manager
METRO General Counsel

METRO EMPLOYEES AND MEMBERS OF THE PUBLIC WHO VOLUNTARILY INDICATED THEY WERE PRESENT (IN ALPHABETICAL ORDER) WERE:

Kristina Mihaylova
Lorraine Bayer

METRO Finance Deputy Director
METRO Accountant II

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

Hearing none, Chair Rotkin moved to the next agenda item.

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

Having none, Chair Rotkin moved to the next agenda item.

5 **MONTHLY FINANCIAL UPDATE**

Kristina Mihaylova, Deputy Finance Director, provided brief commentary to the presentation.

In response to Chair Rotkin’s question as to why the STA and TDA numbers were down, Ms. Mihaylova explained that our budget is based on the respective initial estimates that are not always on target; TDA was based on information provided in June and STA is based on November estimates. CEO Clifford added Local Transportation Fund revenues (LTF) are sales tax based and STA is based on diesel tax.

He believes the LTF revenues will be consistent with our projections as long as sales tax continues to come in over projection, while the diesel tax will probably remain lower than anticipated.

Director Coffman Gomez asked how METRO's CARESAct funding compared to other agencies in terms of covering their respective costs with the received funds. Ms. Mihaylova responded METRO seems to be among the first of the agencies to draw down the funds, carefully following the guidelines that covered most of our qualifying operating expenses. CEO Clifford noted that the other agencies' timing is different all across the nation; in fact, some are having problems. METRO has been extremely lucky in being able to draw down the CARES Act and to dedicate revenue sources to a COVID Reserves Fund to bridge the anticipated deficit gap until we return to a pre-COVID environment. We want to do everything possible to avoid furloughs and layoffs.

Director Coffman-Gomez asked if the reduction in overtime is due to COVID or a result of contract negotiations. Ms. Mihaylova indicated it seems to be COVID-related. Chair Rotkin reminded the assembly that METRO's policy has been, and continues to be, fiscally responsible. CEO Clifford added there was an increase in overtime to compensate for our inability to hire bus operators fast enough to provide service in a pre-COVID environment; while today we've reduced service levels due to reduced service need and we are not always covering vacancies and bus runs with overtime in an effort to reduce costs and preserve revenues for the impending COVID-caused fiscal cliff.

Chair Rotkin asked if there are any monies in internet sales that we are not capturing. Ms. Mihaylova provided a brief timeline of the actions taken, leading her to believe all monies are being captured.

There was no public comment.

6 ORAL SUMMARY OF FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED JUNE 30, 2020

Kristina Mihaylova, Deputy Finance Director, provided brief commentary to the materials included in the agenda packet and introduced Lorraine Bayer, Accountant II, to explain a few of the new nuances of the reports presented. The big takeaway is there were no findings. The income statement reflected on page 18 of the audit reflects the CARESAct revenue which has allowed METRO to show a surplus this year. We still have a significant amount of OPEB liability on the books; but, each year is fully paid for as we go. These actuarial projections are based on a lot of assumptions and do not affect METRO's status in the short term.

The auditor's letter, attachment 6A, reflected a past best practices recommendation, which METRO has met this year.

There was no public comment.

7 COVID-19 TRANSIT FISCAL CRISIS ORAL UPDATE

Alex Clifford, CEO/General Manager, spoke to the presentation. As of today, 20 METRO employees have tested positive. Two temporary employees also tested positive, but are not included in our count; their individual agency is responsible for reporting any exposure to CalOSHA. Much of our recent weekly testing has proven to be asymptomatic COVID positives. We have been fortunate that the majority of our employees have had moderate symptoms and all have returned to work following their quarantine/recovery.

Addressing Director Coffman-Gomez's earlier question regarding additional funding, CEO Clifford highlighted the funding on slide 7.5.

He noted that Board interface/assistance with our federal legislators and transit agencies may become important in the May 2021 timeframe once the Biden-Harris platform begins development.

We are investigating the possibility of a 2023 federal LoNo grant to fund a pilot of hydrogen fuel cell bus purchase of some yet to be determined number of buses.

Director Lind commended Alex for his recent KSBW coverage highlighting METRO's safety measures.

Director Coffman-Gomez inquired as to METRO's "essential worker" status in the vaccination queue. CEO Clifford noted we, and other transit agencies, are working with the California Transit Association to lobby the state to include transportation workers in Phase IB, Tier 2 of their vaccination rollout plan. He has not received the final decision, but believes transportation workers will be in Tier IB, Tier 2. They are now distributing vaccines in Tier 1B, Tier 1. We should follow that distribution tier; but we do not know when they will get to Tier 2. Bottom line, vaccinations likely remain a couple of months or more away.

Committee members noted that the entire Board appreciates the efforts and contributions of all METRO employees and unions for providing this essential service to many of our community during this difficult time.

Various accolades were expressed to Director Coffman-Gomez for her involvement and contributions to the Committee and the Board at large.

There were no public comments.

8 **ADJOURNMENT**

Board Chair Rotkin adjourned the meeting at 9:15AM.

Respectfully submitted,
Gina Pye
Executive Assistant