



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)  
FINANCE, BUDGET AND AUDIT STANDING COMMITTEE MEETING MINUTES\*  
FEBRUARY 12, 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, February 12, 2021, via teleconference.

The Committee Meeting Agenda Packet can be found online at [www.SCMTD.com](http://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 8:03AM by Board Chair Rotkin.

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

**Director Donna Lind**  
**Director Donna Meyers**  
**Board Chair Mike Rotkin**

**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  
Margo Ross  
John Urgo

METRO Finance Deputy Director  
METRO COO  
METRO Planning & Development Director

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 inquiry, CEO Clifford and Wondimu Mengistu, Grants/Legislative Analyst, explained the process undertaken in the event sales tax, TDA and STA funds exceed the anticipated amount.

There was no public comment.

## **6 FY22 & FY23 PRELIMINARY OPERATIONS BUDGET ASSUMPTIONS**

For the benefit of the assembly, Chair Rotkin explained the process involved in preparing METRO's budget.

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

Director Meyers asked how METRO models or projects Highway 17 ridership in the COVID-19 environment, with so many remote workers. CEO Clifford replied he communicates regularly with local employers to discuss their onsite/offsite workforce status. He further reminded the assembly the CARES Act funding enables us to plan and ensure the buses are available to meet the demand. John Urgo, Planning and Development Director, added the 2020 passenger survey drove some of the implemented changes.

Discussion ensued among the assembly regarding the changing financial impacts due to adaptations to increased online sales, potential to return to onsite work, other environments, etc.

CalPERS retirement practices, goals and costs were discussed. CEO Clifford informed the assembly that he recalls the cost to METRO is approximately \$25K per employee per year.

Holly Alcorn requested a list of on-hold positions be provided to the Union; i.e., any positions METRO does not intend on filling. CEO Clifford said these are preliminary discussions at this time and dependent on future funding. He can share what is known today, but cautioned this is an ongoing discussion. Referencing the bill moving through Congress, he noted it sets up an interesting scenario that is similar to that METRO experienced from the great recession (2008) through 2014/2015 wherein the reserves were continually drawn down to the extent that it resulted in a structural deficit in 2014. We want to be mindful and avoid this. Built into our funding scenario is a structural deficit. Last year, we were projecting a \$2M structural deficit. As we use our funds to maintain our service levels, we need to make adjustments to ensure we do not return to the 2014/2015 financial environment.

Chair Rotkin and CEO Clifford noted that the Operator attrition is ascribed to retirement, not planned furloughs.

There was no public comment.

## **7 KEY PERFORMANCE INDICATORS (KPI) REPORT FOR 2<sup>ND</sup> QUARTER FY21 THROUGH DECEMBER 31, 2020**

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

Director Rotkin brought the cost of the Paratransit operations to the attention of the assembly. Discussion among the assembly regarding the cost to operate ParaCruz and the potential cost offset provided by the implementation of micro-transit.

Director Lind asked if other transit agencies are taking the same approach to maintain service. CEO Clifford replied that transit agencies nationwide are trying to maintain as much service on the road as possible, while adhering to the safety regulations imposed by their respective health agencies. Director Rotkin anticipates UCSC opening up in the fall of 2021. In preparation for students returning in the fall, METRO is opening a recruitment for 10 Operators.

Regarding the alighting/disembarking incidents, Director Rotkin asked if METRO tracks the location(s) of alighting/disembarking incidents. Rufus Francis, Safety & Risk Management Director, clarifies such incidents are typically a result of the passenger rushing to get on or off. Margo Ross, COO, added METRO does track the location of the accidents to ensure there are no impediments due to bus stop location, bus stop condition, etc.

CEO Clifford and Ms. Mihaylova noted the difficulty in obtaining reliable peer-to-peer comparisons due to the lack of data, the difference in outsourced services vs in-house services, the service area size, etc. They will continue to search for and report more reliable data.

Chair Rotkin asked CEO Clifford if this was an area, outside of the NTD data, where transit organizations such as APTA, TBC, may be able to assist. CEO Clifford said there is a group within APTA that is trying to do this.

There was no public comment.

## **8 CONSIDERATION OF TEMPORARY FARE REDUCTION**

John Urgo, Planning & Development Director, spoke to the staff report included in the agenda packet and, in response to Director Rotkin's inquiry noted that Title VI will not be triggered when the standard fares are reinstated within a 6 month period, as this fare change is temporary; we are not changing our fare ordinance. Director Rotkin suggested METRO emphasize the temporary nature of the fare reduction as it is critical the public understands this is a temporary measure taken to assist everyone during this difficult environment.

There was no public comment.

## **9 COVID-19 TRANSIT FISCAL CRISIS ORAL UPDATE**

Alex Clifford, CEO/General Manager, shared a ridership graph and highlighted the effects caused by COVID-19. He then updated the assembly on the continued onsite testing, the downward trend of employee COVID-19 positive tests, the county-wide availability of vaccines to those over age 65, the facility changes with the installation of automatic faucets, physical changes to the Operator environment on the bus, installation of additional standalone air filters and inside/outside air filtration, etc.

There is a Biden/Harris bill working its way through the process that uses a proposed formula to ensure a more equitable distribution to large and small agencies. If successful, the transit portion could provide METRO with approximately \$26M.

Daniel Zaragoza, Operations Manager, ParaTransit Division, explained the new process adopted this week to accommodate ParaCruz passengers going through the Sutter Health vaccination drive-through site.

There were no public comments.

## **10 ADJOURNMENT**

Board Chair Rotkin adjourned the meeting at 9:39AM.

Respectfully submitted,

Gina Pye

Executive Assistant