

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
BOARD OF DIRECTORS MEETING MINUTES
REGULAR MEETING
JUNE 26, 2015 – 9:00 AM
SANTA CRUZ CITY COUNCIL CHAMBERS
809 CENTER STREET
SANTA CRUZ, CA 95060**

A regular meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District (METRO) was convened on Friday, June 26, 2015, at the Santa Cruz City Council Chambers at 809 Center Street in Santa Cruz, CA.

The Board Meeting Agenda Packet can be found online at www.SCMTD.com and is available for inspection at Santa Cruz METRO's Administrative offices at 110 Vernon Street, Santa Cruz, California.

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SECTION I: OPEN SESSION

- 1 **CALL TO ORDER at 9:00A** by Vice Chair Rotkin

- 2 **ROLL CALL:** The following Directors were **present**, representing quorum:

| | |
|---|-----------------------------|
| Director Ed Bottorff | City of Capitola |
| Director Karina Cervantez | City of Watsonville |
| Director Cynthia Chase | City of Santa Cruz |
| Director Jimmy Dutra | City of Watsonville |
| Director Zach Friend | County of Santa Cruz |
| Director Don Lane | City of Santa Cruz |
| Director John Leopold | County of Santa Cruz |
| Director Bruce McPherson | County of Santa Cruz |
| Director Mike Rotkin, Vice Chair | County of Santa Cruz |

The following Directors were absent:

| | |
|----------------------------------|-----------------------|
| Ex-Oficio Director Donna Blitzer | UC Santa Cruz |
| Director Dene Bustichi, Chair | City of Scotts Valley |
| Director Donald "Norm" Hagen | County of Santa Cruz |

STAFF PRESENT:

Alex Clifford, CEO
Leslyn Syren, General Counsel

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

Heather Adamson, AMBAG
Angela Aitken, METRO
Bill Dove, ParaCruz UTU Rep
Louise Keller, ParaCruz
Debbie Kinslow, METRO

Carolyn Derwing, METRO
Gloria Rovay, Riders of ParaCruz
Suzanne Silva, METRO
Dan Stevenson, UTU23
Daniel Zaragoza, METRO

Chair Bustichi acknowledged Carlos Landaverry's presence and noted his availability for Spanish Language Interpretation as needed.

Today's CCTV technician is Michael Oliphant.

3 ANNOUNCEMENTS

Vice Chair Rotkin announced Item 8-13, Consideration of Award of Contract to Khavarian Enterprises, Inc. d/b/a Vision Communications Co. for Radio System Maintenance and Repair Not To Exceed \$177,000, has been removed from today's agenda.

4 COMMUNICATIONS TO THE BOARD OF DIRECTORS

Vice Chair Rotkin announced the following items were distributed to Board members and available for public review at the sign-in table:

- Letter to Chair Bustichi from the Secretary of Transportation, Item 4.3
- A correction to Group 4's presentation, Item 16

Vice Chair Rotkin opened the floor to public comment. Hearing none, the meeting moved to the next item.

5 WRITTEN COMMUNICATIONS FROM MAC

Referencing the letter to CEO Clifford regarding the frequency of MAC meetings in today's Board packet, Item 5.2, CEO Clifford said he plans to return to the Board in August with a proposal addressing Board and MAC meeting frequency.

Vice Chair Rotkin opened the floor to public comment.

Hearing none, Director McPherson spoke briefly about the frequency of MAC meetings and inquired as to the impact of meeting quarterly versus monthly. He also suggested METRO staff consider holding board meetings once a month. CEO Clifford responded that his presentation would suggest once a month.

Vice Chair Rotkin noted that conducting fewer meetings does not mean less meaning and/or effectiveness. In fact, the opposite is often true. These are options worth investigating.

6 LABOR ORGANIZATION COMMUNICATIONS

Vice Chair Rotkin opened the floor to public comment. Hearing none, the meeting moved to the consent agenda.

CONSENT AGENDA

- 8-01 RECOMMENDED ACTION ON TORT CLAIMS**
- 8-02 ACCEPT AND FILE PRELIMINARY APPROVED CHECK JOURNAL DETAIL FOR THE MONTH OF APRIL 2015**
- 8-03 ACCEPT AND FILE MINUTES OF THE SANTA CRUZ METRO BOARD OF DIRECTORS REGULAR MEETING OF JUNE 12, 2015 AND THE SPECIAL MEETING OF JUNE 17, 2015**
- 8-04 ACCEPT AND FILE MINUTES FOR THE METRO ADVISORY COMMITTEE (MAC) MEETING OF MAY 20, 2015**
- 8-05 ACCEPT AND FILE THE METRO PARACRUZ OPERATIONS STATUS REPORT FOR APRIL 2015**
- 8-06 ACCEPT AND FILE SANTA CRUZ METRO SYSTEM RIDERSHIP REPORTS FOR THE MONTH OF APRIL 2015**
- 8-07 ACCEPT AND FILE STATUS REPORT OF ACTIVE GRANTS AND SUBMITTED GRANT PROPOSALS FOR JUNE 2015**
- 8-08 CONSIDERATION OF THE ADOPTION OF CHAPTER 8 TO TITLE I OF THE SANTA CRUZ METRO ADMINISTRATIVE CODE - RISK MANAGEMENT POLICY**
- 8-09 REPORT ON RUN TIME RECALIBRATION GRANT FUNDED PROJECT**
- 8-10 CONSIDERATION OF THE ADOPTION OF A RESOLUTION TO RATIFY THE BOARD'S DECISION ON MAY 8, 2015 TO ISSUE A REQUEST FOR PROPOSALS TO SECURE A PROFESSIONAL SERVICES CONTRACT TO DEVELOP A SYSTEMWIDE BUS SERVICE RESTRUCTURING PLAN**
- 8-11 CONSIDERATION OF ADOPTING A RESOLUTION AMENDING SANTA CRUZ METRO'S FARE ORDINANCE 84-2-1, TO INCLUDE APPROVED BOARD ACTIONS FROM THE APRIL 10, 2015 & MAY 22, 2015 PUBLIC HEARINGS**
- 8-12 CONSIDERATION OF AUTHORIZING THE CEO TO EXECUTE A CONTRACT EXTENSION WITH ALLIANT INSURANCE SERVICES, INC. FOR EXCESS WORKERS' COMPENSATION INSURANCE, INCREASING THE CONTRACT TOTAL BY \$194,770**

Vice Chair Rotkin introduced Mr. Marcus and provided a bit of background. He thanked Mr. Marcus for his contributions on behalf of the Board and METRO.

Mr. Marcus thanked his fellow drivers, union members, management and everyone at METRO. He accepted the commendation on behalf of every other driver and their acts of kindness; acknowledging the recent VTA driver who saved a kidnapping from occurring. Driving is his “right livelihood”; providing safe, courteous transportation for everyone; they are the eyes and ears of the public.

12 YEAR TO DATE MONTHLY FINANCIAL REPORT AS OF APRIL 30, 2015

Angela Aitken, Finance Manager, provided commentary to the presentation.

Vice Chair Rotkin noted that the reduction in expenses is partially contributable to staff sacrifices in working with less; he thanked staff for their contributions and efforts under the present financial conditions.

Ms. Aitken noted the fuel tax credit has been received.

Ms. Aitken highlighted the addition of the Metrobase Phase II Life of Project slide. In response to Director Leopold’s question, she verified that this does reflect the approved budget for Phase II.

Hearing no public comment, the Board moved to make a motion.

MOTION TO ACCEPT THE MONTHLY FINANCIAL REPORT AS OF APRIL 30, 2015 AS PRESENTED.

MOTION: DIRECTOR LANE

SECONDED: DIRECTOR DUTRA

MOTION PASSED WITH 9 AYES (Directors Bottorff, Cervantez, Chase, Dutra, Friend, Lane, Leopold, McPherson and Rotkin). Directors Blitzer, Bustichi and Hagen were absent.

13 PUBLIC HEARING TO COMMENCE AT THE SANTA CRUZ CITY COUNCIL CHAMBERS AT 9:00AM, OR AS SOON AS THEREAFTER THE MATTER CAN BE HEARD, FOR FINAL ADOPTION OF THE FINAL FY16 AND FY17 OPERATING BUDGETS, AND FY16 CAPITAL BUDGET

Public hearing began at 9:17A

Angela Aitken, Finance Manager, provided commentary to the presentation noting that the budget is balanced, but unsustainable going forward.

In response to questions regarding the drop in sales tax revenue and future projections from Director McPherson, Ms. Aitken stated that she does not anticipate any increase over the 3.1% received this year and is projecting 2% for FY16.

Director Leopold asked if METRO's projected 2% sales tax revenue projection ties to that of Santa Cruz County's Treasurer. Ms. Aitken said she prefers to be conservative thereby uses a lower percentage.

Vice Chair Rotkin asked Ms. Aitken to broadly explain funding sources to the public; i.e., what is METRO not receiving? Ms. Aitken said that federal and state operating funds (such as STA) are not as robust as in the past. The reduction in sales tax revenue has had a big impact. Cap and trade funding is new but unfortunately not something we can rely on. There are no huge revenue sources on the horizon.

CEO Clifford added that federal funding is flat. METRO is losing ground as funding has not kept pace with expenses.

Director McPherson noted there are no indications that state or federal status will change. The state appears to be focused on highways, streets and roads rather than transit.

METRO's goal is to stop using reserves and return capital operating funds to fund capital rather than operating expenses. The state has just permitted METRO to use STA funding for operating expenses in 2016.

CEO Clifford spoke regarding PEPRA as an increasing risk to our budget and will return to the Board with more information in August.

Vice Chair Rotkin opened the floor to public comment.

Dan Stevenson, a citizen of US, UTU member and bus driver with 15 years for the District, spoke about the structural deficit and the research he'd conducted. He wants to be accurate about the problem: Financial situations are temporary and politically enhanced in nature. He asked, "Where is the political will to evaluate beyond the numbers? What if public responded in kind?"

There was no further public comment.

Director Dutra inquired as to the amount of the new security budget. Ms. Aitken responded the new budget amount represents an addition of \$10,000.

Director Chase inquired regarding Pacific Station's security budget. CEO Clifford responded that all of the department budgets have been rolled back to 2014 actual levels. Liseth Guizar, Safety, Security and Risk Manager, has a plan to provide full coverage through the hours of bus operation in the respective facilities; some night-time hours will not be patrolled. She will monitor the situation closely. To alleviate some of the Santa Cruz City Police Department's concerns, Ms. Guizar is exploring using First Alarm roving patrols in conjunction with the City; METRO would pay any incremental costs.

Vice Chair Rotkin noted there have been problems at Pacific Station historically and the public often judges METRO based on what they see at the transit centers. He has concerns that any problems be handled quickly. He likes the idea of shared patrols. He asked that METRO consider adding money back to the budget to ensure history is not repeated. CEO Clifford said he would return to the Board immediately if problems surface.

Director Friend asked that the Board be more proactive and provide direction to create a baseline position. The reality is that the location does cause problems. The City of Santa Cruz has worked hard to make the Pacific Station area welcoming and friendly for all.

CEO Clifford committed to return in August with options. Director Lane requested that the report include an agreement between First Alarm and the Santa Cruz Police Department at that time.

Director Dutra said the shrinking government funding could have a huge impact on areas such as Watsonville where the public depends on the bus to get to work and to school. He was disappointed to learn that the customer service position wouldn't be funded as there are no customer service reps in Watsonville at the current time. Bilingual customer service could have taken more people out of their cars by helping to explain how to ride the bus.

CEO Clifford agreed that Watsonville does represent a great opportunity to gain ridership and is committed to a customer service function at that location. METRO is working to understand why our LCTOP application was not accepted so that we can better compete going forward. He will work to provide a Plan B for Watsonville.

MOTION TO APPROVE THE BUDGET AS PRESENTED AND ASK THAT THE CEO RETURN WITH A SECURITY PLAN AT THE AUGUST 2015 MEETING.

MOTION: DIRECTOR LEOPOLD

SECONDED: DIRECTOR CHASE

MOTION PASSED WITH 9 AYES (Directors Bottorff, Cervantez, Chase, Dutra, Friend, Lane, Leopold, McPherson and Rotkin). Directors Blitzer, Bustichi and Hagen were absent.

14 CONSIDERATION OF METROBASE STATUS REPORT

Andrew Kreck, Hill International Project Manager, provided explanations for the various change orders and added he is unaware of any upcoming large change orders that the Board should be prepared to understand. Future reports will include the contingency balance.

There was no public comment. No Board action required.

Vice Chair Rotkin thanked Mr. Kreck for the team's efforts.

MOTION TO ACCEPT THE METROBASE STATUS REPORT AS PRESENTED.

MOTION: DIRECTOR LEOPOLD

SECONDED: DIRECTOR DUTRA

MOTION PASSED WITH 9 AYES (Directors Bottorff, Cervantez, Chase, Dutra, Friend, Lane, Leopold, McPherson and Rotkin). Directors Blitzer, Bustichi and Hagen were absent.

15 QUARTERLY ORAL REPORT REGARDING THE STATUS OF CONSTRUCTION ON THE JUDY K. SOUZA OPERATIONS FACILITY COMPONENT OF THE METROBASE PROJECT

Andrew Kreck, Hill International Project Manager, provided an oral timeline of the project.

There was no public comment. No Board action required.

16 RECEIVE A PRESENTATION ON THE PACIFIC STATION CONCEPTUAL REDESIGN PROJECT

Tom Hiltner, Acting Planning and Development Manager, provided a verbal history of the project and the relationship with Group 4, highlighting the possible synergy between mixed use developments in the same area. He plans to return in August with recommendations addressing the financial constraints, housing and transportation requirements.

David Schnee, principal of Group 4, presented the options for Board consideration.

Vice Chair Rotkin opened the floor to the public.

Bonnie Lipscomb, City of Santa Cruz, said she is excited about the opportunity to work with DevCon and METRO on this project and believes option 2 addresses any previous pricing concerns. The City is also comparing the option costs.

Terry Teitelbaum, Santa Cruz Community Health Centers and Santa Cruz Women's Health Center, noted they have been downtown for 40 years. There is a critical need for health center capacity. They are excited to have the opportunity to expand their services. She is hopeful that other health services, such as Dientes, join the effort.

Vice Chair Rotkin said this is a tremendous opportunity for the District and the City of Santa Cruz. He asked what the likelihood is for locating the required federal funding. CEO Clifford answered that when this project was originally undertaken, there were federal earmarks available. Unfortunately, the environment has changed. There are opportunities via a TIGER grant, cobbling partners together, Cap and Trade funds, etc. Grant funding was utilized to do the development work. The Pacific Station uses capital dollars. He will return in August with funding plans, contract parameters, etc.

Director Lane is hopeful that the legislature will free up the affordable housing money which had been locked up in bonds. The complexity of the project does offer funding opportunities and would make us a great partner in the community.

No Board action required.

17 CONSIDER A RESOLUTION AUTHORIZING THE TRANSFER OF METRO'S LOW CARBON TRANSIT OPERATIONS PROGRAM FUNDS TO MONTEREY-SALINAS TRANSIT

Tom Hiltner, Acting Planning and Development Manager, explained that the proposed resolution is the last step required in the transfer of funds and that the funds will return to METRO next year. He thanked Josh Shaw, Executive Director of CTA, for his efforts and actions.

Hearing no public comment, the Board moved to make a motion.

MOTION TO ACCEPT THE RESOLUTION AUTHORIZING THE TRANSFER OF METRO'S LOW CARBON TRANSIT OPERATIONS PROGRAM FUNDS TO MONTEREY-SALINAS TRANSIT AS PRESENTED IN THE RESOLUTION.

MOTION: DIRECTOR LANE

SECONDED: DIRECTOR MCPHERSON

MOTION PASSED WITH 9 AYES (Directors Bottorff, Cervantez, Chase, Dutra, Friend, Lane, Leopold, McPherson and Rotkin). Directors Blitzer, Bustichi and Hagen were absent.

18 CEO ORAL REPORT

CEO Clifford noted that Governor Brown signed AB94 this week which provides an exemption for one year and allows METRO to use STA funds for operating expenses. The process to make this permanent begins in September/October via SB508.

19 REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION

Leslyn Syren, General Counsel, announced the topics to be discussed during the Closed Session:

1. Conference with Real Property Negotiators (Government Code section 54956.8)
Property: 333 Front Street, Santa Cruz, CA
Negotiators: Alex Clifford, CEO/GM
Leslyn Syren, District Counsel

2. Conference with Labor Negotiator (Government Code section 54957.6)
Agency Negotiator: Alex Clifford, CEO/GM
Employee Organization: UTU/SMART, Local 23
SEIU, Local 521
Unrepresented Management Employees

There is no anticipated report after the Closed Session.

**20 ANNOUNCEMENT OF NEXT MEETING: FRIDAY, AUGUST 14, 2015 AT 8:30AM,
METRO ADMIN OFFICES, 110 VERNON STREET, SANTA CRUZ**

Vice Chair Rotkin announced the next meeting in August and reminded the assembly that there are no meetings scheduled in July 2015.

Director Friend departed at 10:55A

21 The Board adjourned to Closed Session at 11:00A