



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO) FINANCE,
BUDGET AND AUDIT STANDING COMMITTEE AGENDA REGULAR MEETING**

FEBRUARY 11, 2022 – 8:00AM

**DUE TO COVID-19, THIS MEETING WILL BE CONDUCTED VIA
TELECONFERENCE ONLY (NO PHYSICAL LOCATION) PURSUANT TO
ASSEMBLY BILL 361(GOVERNMENT CODE SECTION 54953)**

MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON

Directors, staff and the public may participate remotely via the Zoom website [at this link](#) or by calling 1-669-900-9128 - Meeting ID: 880 7540 3113 - Passcode: 991961

Public comment may be submitted via email to boardinquiries@scmttd.com. Please indicate in your email the agenda item to which your comment applies. Comments submitted before the meeting will be provided to the Directors before or during the meeting. Comments submitted after the meeting is called to order will be included in the Board's weekly correspondence that is posted online at board meeting packet link.

The Finance, Budget and Audit Standing Committee Meeting Agenda Packet can be found online at www.SCMTD.com.

The Committee may take action on each item on the agenda. The action may consist of the recommended action, a related action or no action. Staff recommendations are subject to action and/or change by the Board of Directors.

COMMITTEE ROSTER

Director Shebreh Kalantari-Johnson
Director Manu Koenig
Director Donna Lind
Director Mike Rotkin

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

Dawn Crummié
Julie Sherman

METRO Interim CEO/General Manager
METRO District Counsel

MEETING TIME: 8:00AM

NOTE: THE COMMITTEE CHAIR MAY TAKE ITEMS OUT OF ORDER

- 1 CALL TO ORDER**
- 2 ROLL CALL**

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

This time is set aside for Directors and members of the public to address any item not on the Agenda, but which is within the matter jurisdiction of the Committee. If you wish to address the Committee, please follow the directions at the top of the agenda. If you have anything that you wish distributed to the Committee and included for the official record, please include it in your email. Comments that require a response may be deferred for staff reply.

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

5 MONTHLY FINANCIAL UPDATE

Chuck Farmer, CFO

6 KEY PERFORMANCE INDICATORS (KPI) REPORT FOR 2nd QUARTER FY22 THROUGH DECEMBER 31, 2021

Kristina Mihaylova, Finance Deputy Director

7 ADJOURNMENT

Accessibility for Individuals with Disabilities

This document has been created with accessibility in mind. With the exception of certain 3rd party and other attachments, it passes the Adobe Acrobat XI Accessibility Full Check. If you have any questions about the accessibility of this document, please email your inquiry to accessibility@scmtd.com. Upon request, Santa Cruz METRO will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested at least two days before the meeting. Requests should be emailed to boardinquiries@scmtd.com or submitted by phone to the Executive Assistant at 831.426.6080. Requests made by mail (sent to the Executive Assistant, Santa Cruz METRO, 110 Vernon Street, Santa Cruz, CA 95060) must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

Public Comment

If you wish to address the Board, please follow the directions at the top of the agenda. If you have anything that you wish distributed to the Board and included in the official report, please include it in your email. Comments that require a response may be deferred for staff reply.



Year to Date Monthly Financial Report as of January 31, 2022

Finance, Budget & Audit Standing Committee

February 11, 2022

Chuck Farmer, Chief Financial Officer

January 2022 Key Financial Highlights

<h2>Service</h2>	<ul style="list-style-type: none">• Fixed Route (including Hwy 17) Cost per Revenue Service Hour is \$266 vs Budget of \$373<ul style="list-style-type: none">• Seven canceled trips, all due to not having an Bus Operator• ParaCruz Cost per Trip is \$95 vs Budget of \$108• Non-Student/Hwy 17 Passengers is 91,429 vs Budget of 113,293
<h2>Financials*</h2>	<ul style="list-style-type: none">• Revenue of \$3.1M is \$0.2M favorable to budget due to Sales Tax revenues• Expenses of \$4.5M is \$0.4M favorable to budget due to lower Wages/Fringe due to vacant positions, partially offset by increased Bus Operator OT costs• Net Operating Deficit of \$1.4M is \$0.6M favorable to budget
<h2>Capital</h2>	<ul style="list-style-type: none">• Capital spend of \$20K is \$4,151K lower than budget of \$4,171K• Acceptance of six Gillig buses was completed, and invoice will be paid in February
<h2>Personnel</h2>	<ul style="list-style-type: none">• 285 Active Personnel vs 321 Funded Personnel• 36 Vacancies at end of January, 25 related to Paratransit and Bus Operators• Recruitment on three vacancies (Revenue Acct Program Manager, Purchasing Manager, Dispatch/Scheduler) have been completed• A class of 3 Operators was started in January; next class of 10 is anticipated for April or June

January 2022, Pre-Close Financials

January 31, 2022 Monthly Operating Revenue and Expenses

\$ 000's	<u>January 31, 2022</u>		
	Actual*	Budget	Fav / (Unfav)
Operating Revenue			
Passenger Fares	\$ 618	\$ 638	\$ (20)
Sales Tax/including Measure D	2,388	2,199	189
All Other	53	51	2
Total Revenue	\$ 3,059	\$ 2,888	\$ 171
Operating Expense			
Labor - Regular	\$ 1,232	\$ 1,577	\$ 345
Labor - OT	256	83	(173)
Fringe	2,200	2,358	158
Non-Personnel	801	898	97
Total OpEx	\$ 4,489	\$ 4,916	\$ 427
Operating Surplus/(Deficit) before Transfers	\$ (1,430)	\$ (2,028)	\$ 598
Transfers			
Bus Replacement Fund*	\$ (204)	\$ (179)	\$ (25)
Operating Surplus/(Deficit) after Transfers	\$ (1,634)	\$ (2,207)	\$ 573

- Revenues favorable due to higher Sales Tax revenues
- Expenses favorable due to lower labor/fringe costs as a result of vacant positions and extended unpaid leaves of absence; partially offset by higher OT
- Bus Replacement Fund higher due to increased Measure D sales tax revenues

* Bus Replacement Fund – Minimum \$3M annual commitment from Measure D sales tax (\$2.2M) and STA-SGR (\$0.8M)

January 31, 2022

YTD Operating Revenue and Expenses

YTD as of January 31, 2022

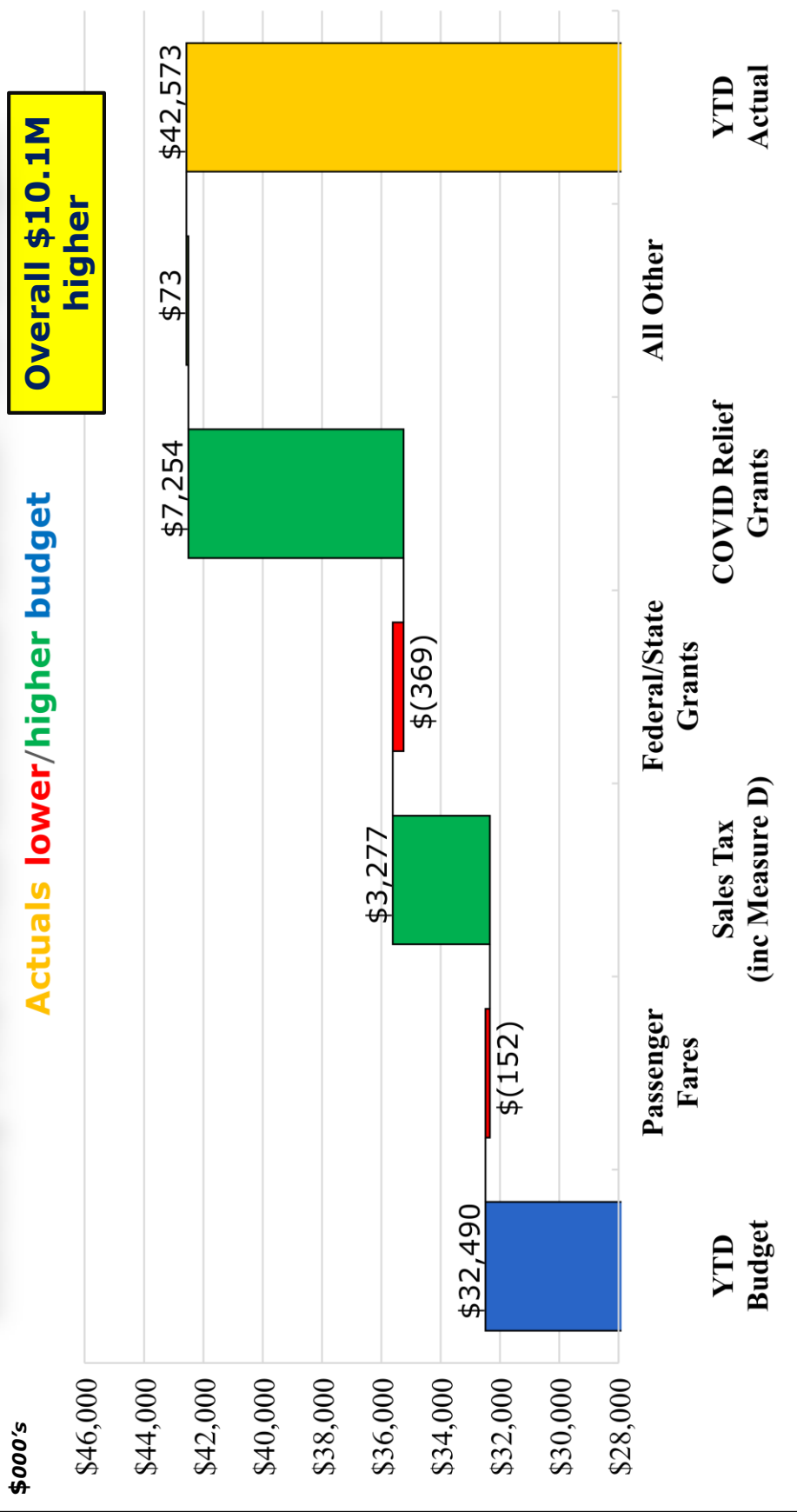
\$ 000's	Actual*	Budget	Fav / (Unfav)
Operating Revenue			
Passenger Fares	\$ 4,395	\$ 4,547	\$ (152)
Sales Tax/including Measure D	18,618	15,341	3,277
Federal/State Grants	11,891	12,260	(369)
COVID Relief Grants	7,254	-	7,254
All Other	415	342	73
Total Revenue	\$ 42,573	\$ 32,490	\$ 10,083
Operating Expense			
Labor - Regular	\$ 9,250	\$ 11,038	\$ 1,788
Labor - OT	1,633	682	(951)
Fringe	14,113	15,348	1,235
Non-Personnel	6,002	6,069	67
Total OpEx	\$ 30,998	\$ 33,137	\$ 2,139
Operating Surplus/(Deficit) before Transfers	\$ 11,575	\$ (647)	\$ 12,222
Transfers			
Bus Replacement Fund*	\$ (1,677)	\$ (1,249)	\$ (428)
Operating Surplus/(Deficit) after Transfers	\$ 9,898	\$ (1,896)	\$ 11,794

- Revenues favorable due to continued higher Sales Tax revenues and unbudgeted COVID related grants
- Expenses favorable due to lower labor/fringe costs as a result of vacant positions and extended unpaid leaves of absence; partially offset by higher OT
- Bus Replacement Fund higher due to increased Measure D sales tax revenues

* Bus Replacement Fund - Minimum \$3M annual commitment from Measure D sales tax (\$2.2M) and STA-SGR (\$0.8M)

* Pre-close financials, subject to adjustments post close

January YTD FY22 Revenue Actual* vs. Budget

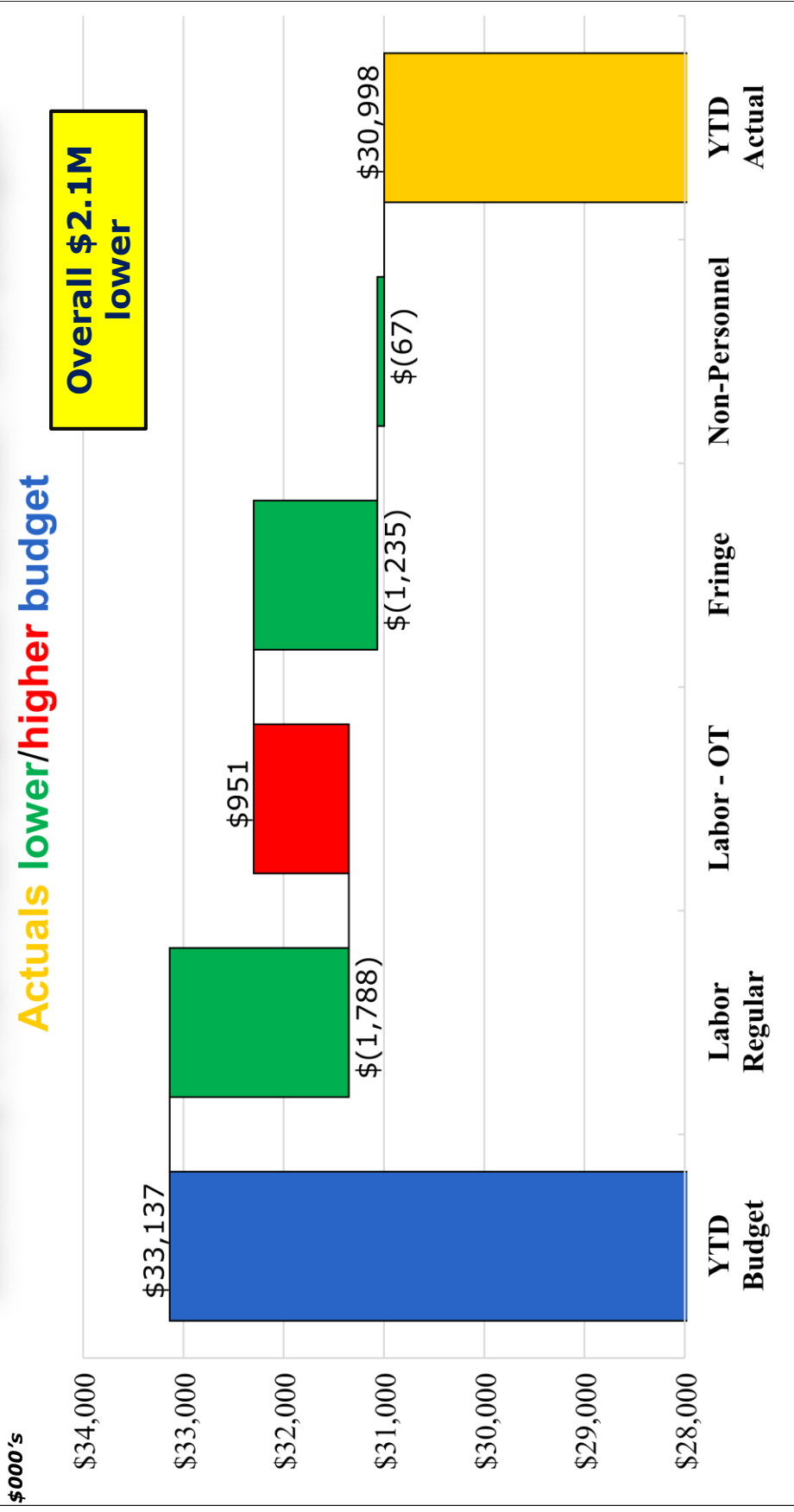


- Ridership is still below pre-pandemic levels, but is slowly recovering
- Sales tax higher than anticipated
- Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) drawdown

* Excludes Transfers

* Pre-close financials, subject to adjustments post close; excludes Transfers, includes COVID revenues

January YTD FY22 Expense Actual* vs. Budget



51 • Personnel and Fringe lower due to funded/vacant positions; partially offset by increased Bus Operator OT due to unfilled vacancies

* Pre-close financials, subject to adjustments post close; includes COVID related costs

Capital Spending & Project Completion

January 31, 2022

Capital Budget Spend

Project Category:	Month to Date		Year to Date		Full Year	
	Actuals*	Budget	Actuals*	Budget	Budget	% Spend
Construction Related Projects	\$ (2)	\$ 1	\$ 42	\$ 14	\$ 672	6.3%
IT Projects	-	12	49	142	549	8.9%
Facilities Repair & Improvements	-	-	302	715	1,709	17.7%
Revenue Vehicle Replacement	22	4,158	155	4,926	7,351	2.1%
Revenue Vehicle Electrification Projects	-	-	63	-	2,690	2.3%
Non-Revenue Vehicle Replacement	-	-	32	96	250	12.8%
Fleet & Maintenance Equipment	-	-	48	45	125	38.4%
Misc.	-	-	123	68	319	38.6%
Total	\$ 20	\$ 4,171	\$ 814	\$ 6,006	\$ 13,665	6.0%

1. January spending of \$20K is driven by monthly lease payment on three buses
2. YTD Spending of \$814K is behind budget for the fiscal year primarily due to cancelation of AVL/ITS contract and payment for six CNG buses that will be completed in February

5:9

Questions?

5.10



KEY PERFORMANCE INDICATORS (KPI) REPORT

FOR 2nd QUARTER THROUGH December 31, 2021

Finance Committee Meeting

February 11, 2022

Chuck Farmer, Chief Financial Officer

Overview of Today's Presentation:

KPI Category	Criteria / Metric
Financial Performance	<ul style="list-style-type: none"> ✓ System Farebox Recovery Ratio ✓ Fixed Route & Commuter Cost / RSH ✓ ParaCruz Cost/Trip
Productivity	<ul style="list-style-type: none"> ✓ Total Ridership and Total Ridership / Hour ✓ Highway 17, USCS, Cabrillo, & Local Ridership ✓ Passengers / RSH by Route
Risk Management & Safety	<ul style="list-style-type: none"> ✓ Traffic Accidents ✓ Passenger Incidents
Reliability	<ul style="list-style-type: none"> ✓ Miles Between Chargeable Road Calls for Fixed Route, Highway 17, & ParaCruz
Dependability	<ul style="list-style-type: none"> ✓ Cancelled Trips by Cause ✓ Cancelled Trips by Region ✓ Pass-Ups

Financial Performance:

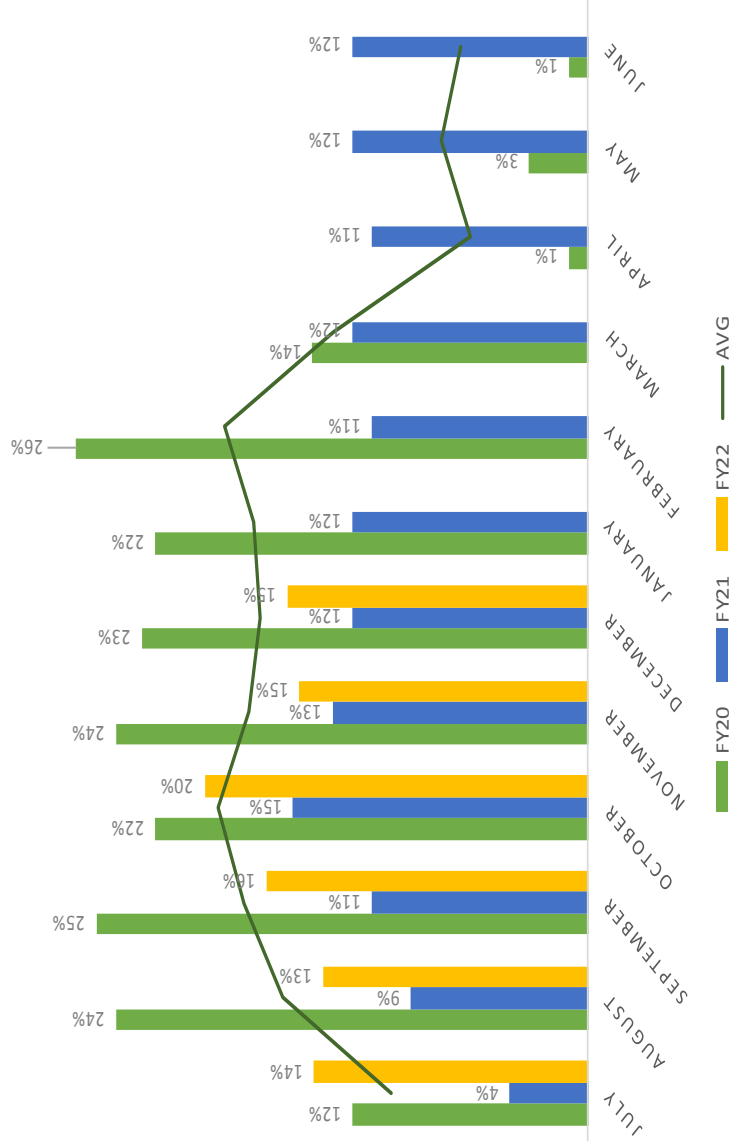
Metric:

System Farebox Recovery Ratio

Description & Importance:

The Farebox Recovery Ratio is an indication of how much of a transit agency's costs are covered by passenger fares and provides insight to the amount of non-passenger revenue (subsidy) needed to cover costs. Additionally, it allows the agency to compare cost-effectiveness within its own service.

SYSTEM FAREBOX RECOVERY RATIO



Current Status:

- In Q2 of FY22 the System Farebox Recovery Ratio continued to increase compared to Q2 of FY21.
- Farebox Recovery peaked in October at 20%, primarily due to a quarterly contract payment from Cabrillo, boosting revenue for the month. November and December fell back to 15% without the extra payment.
- The current ratio remains below the average 23% for Q2 of FY20 (before the outbreak of COVID-19).

Financial Performance:

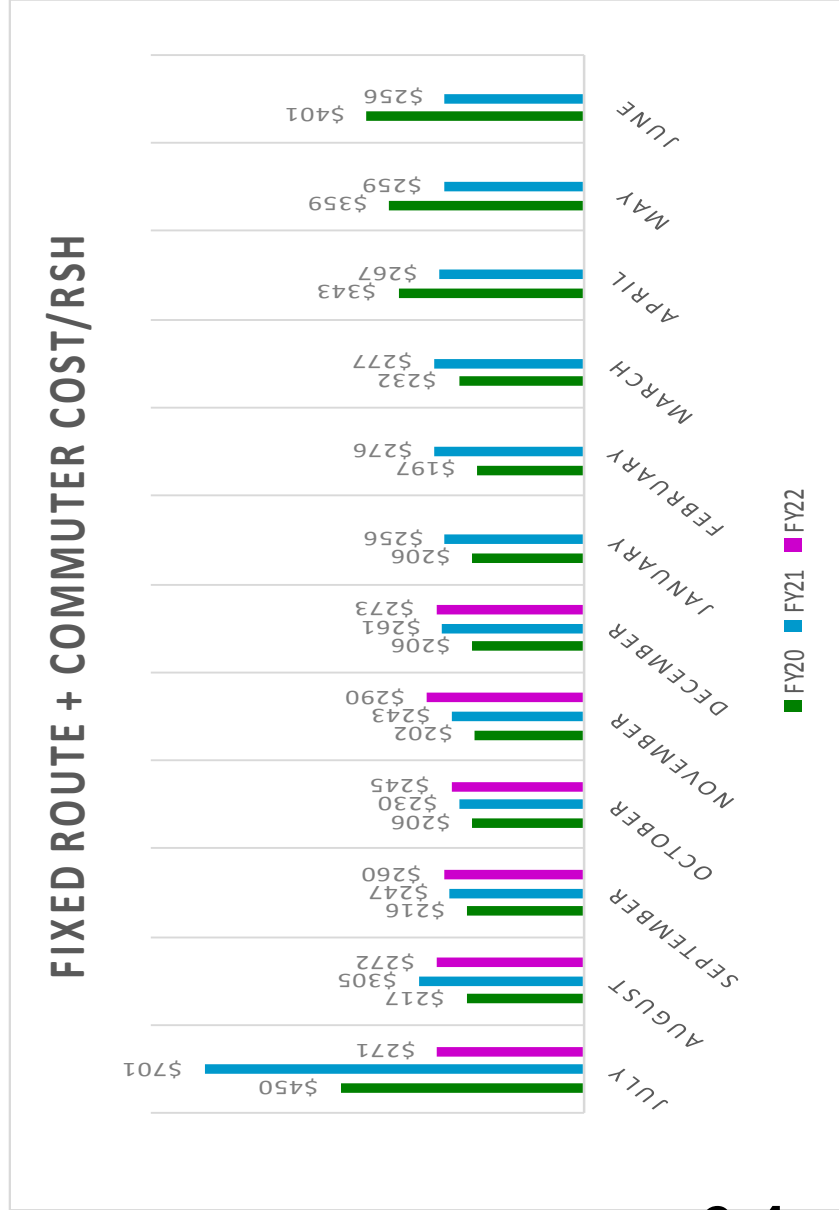
Metrics: Fixed Route & Commuter Cost per Revenue Service Hour (RSH)

Description & Importance: The metrics depict the cost per hour of service and are measured to ensure that transit services are delivered efficiently through effectively tracking and minimizing costs.

Current Status:

- In Q2 of FY22 costs have remained relatively steady and consistent with trends from prior years (since the start of the pandemic).

- There's a spike in cost per RSH in November due to increased expenses primarily in Professional & Technical Services and Temporary Help.



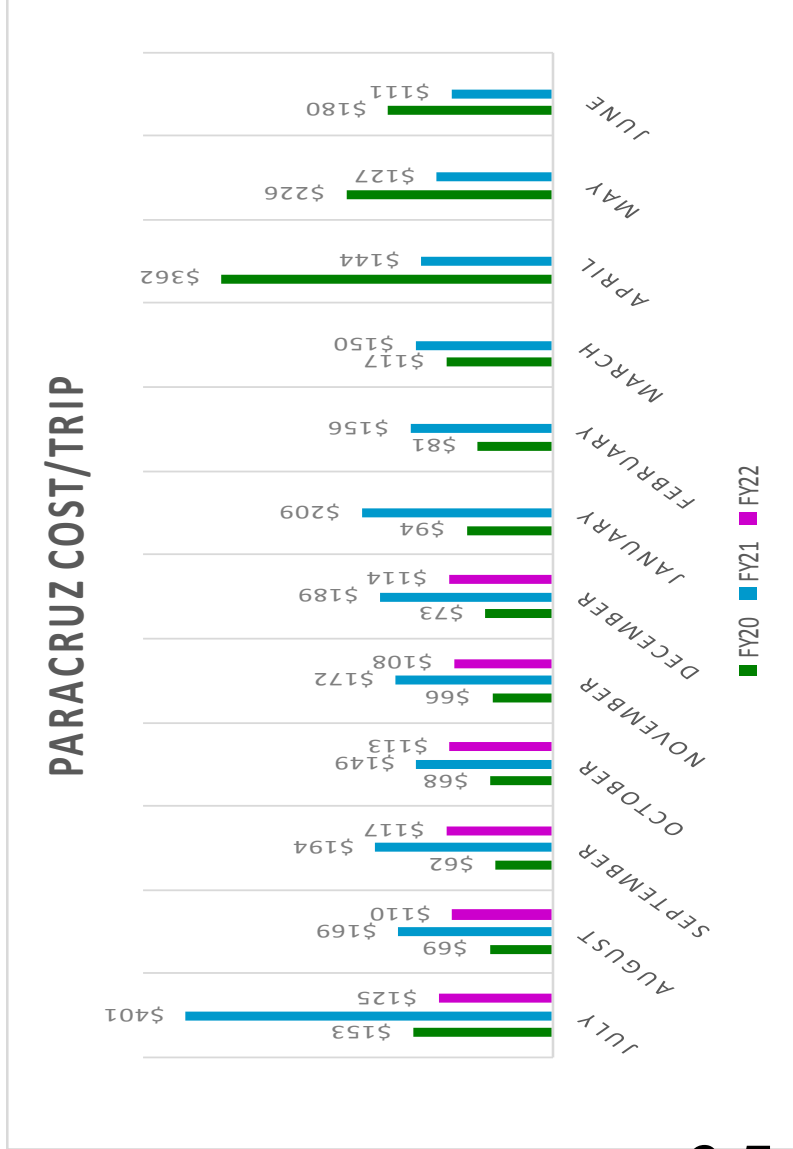
Fiscal Year	12 Month Average
FY20	\$255
FY21	\$290
FY22 YTD	\$268

Financial Performance:

Metrics:	<ul style="list-style-type: none"> ParaCruz Cost per Trip
Description & Importance:	<p>The metrics depict the cost per trip and are measured to ensure that transit services are delivered efficiently through effectively tracking and minimizing costs.</p>

Current Status:

- ParaCruz cost per trip increased during the pandemic because costs remained relatively fixed while trips decreased.
- As of Q2 FY22, cost per trip continues to decrease as ParaCruz trips increase and costs continue to remain relatively fixed.



Fiscal Year	12 Month Average
FY20	\$107
FY21	\$174
FY22 YTD	\$114

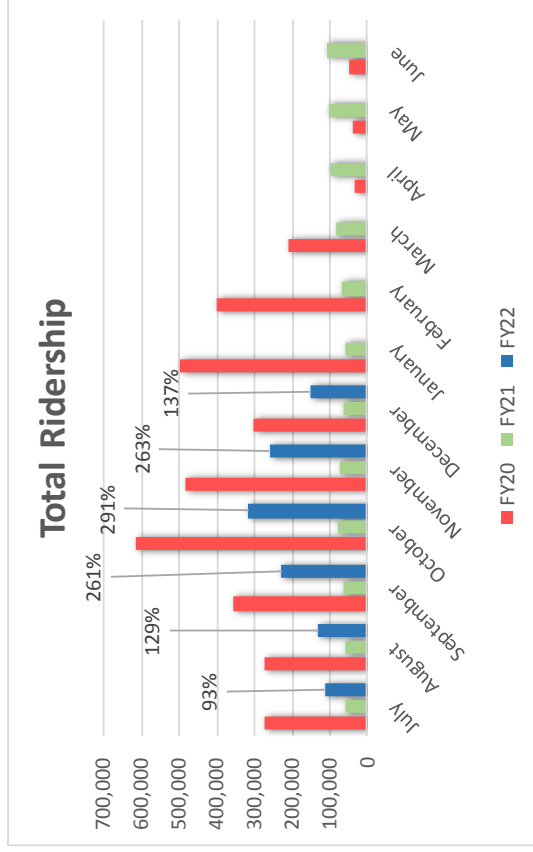
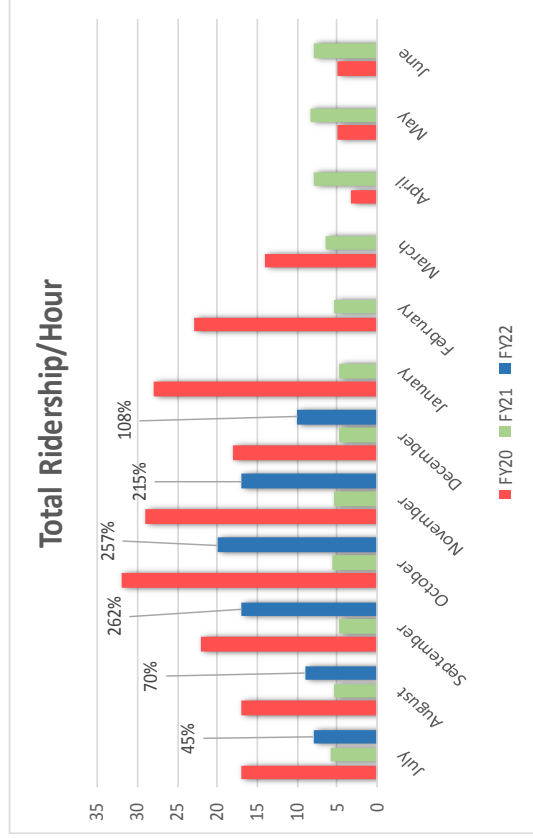
Productivity:

Metrics:

- Total Ridership
- Total Ridership per Hour

Description & Importance:

Total Ridership and Ridership per hour are measures of productivity. The metrics depict seasonal fluctuations in ridership related to holidays and school terms and other.



Current Status:

- Total Ridership/Hour has gradually increased in Q1 and Q2 of FY22. This increase is due to a number of factors, one of which being that UC Santa Cruz has resumed some in person classes, increasing overall ridership, seen at a peak in October.
- There is a slight in November and December which is consistent with seasonal trends, While ridership numbers have increased in Q2 of FY22 compared to Q2 of FY21, ridership is still down approximately 40% compared to Q2 of FY20, before the global pandemic.

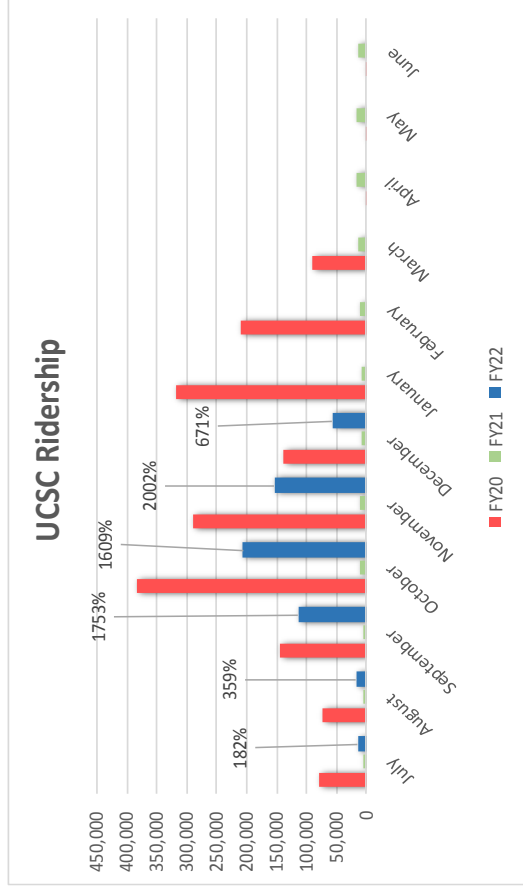
Productivity:

Metrics:

- UCSC Ridership
- Cabrillo Ridership

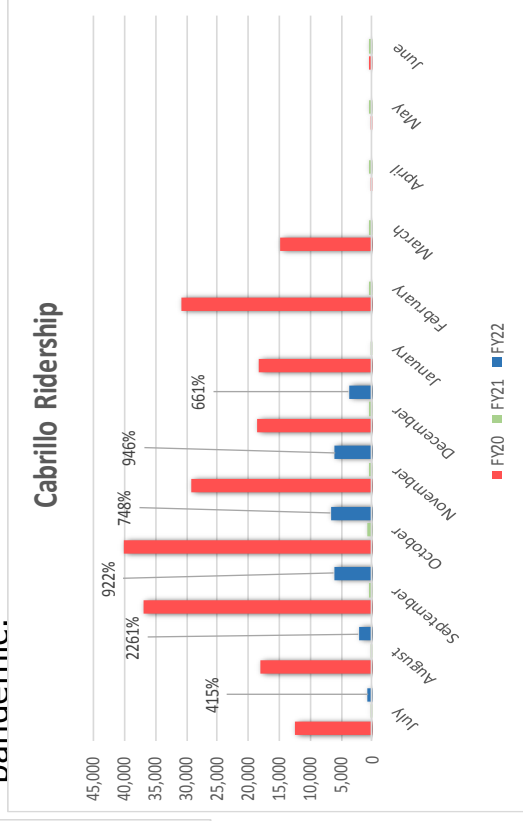
Description & Importance:

Historically, student ridership has been a large portion of METRO's total ridership. Increases in student enrollment and seasonal trends can be seen year over year in the graphs below.



Current Status:

Ridership decreased when UCSC started online classes. FY22 Q2 ridership has increased significantly: in Q2 of FY21 UCSC ridership averaged around 10,000/month and in Q2 of FY22 it's an average of 139,000. Ridership is still down 50% compared to Q2 of FY20, pre-pandemic.



Current Status:

Cabrillo ridership dramatically decreased when the community college started online classes in March of FY20 but has been increasing in Q2 of FY22. In Q2 of FY21 Cabrillo ridership averaged around 600/month and in Q2 of FY22 it has jumped to an average of 5,000/month. Ridership is still down 81% compared to Q2 of FY20, pre-pandemic.

Productivity:

Metrics:

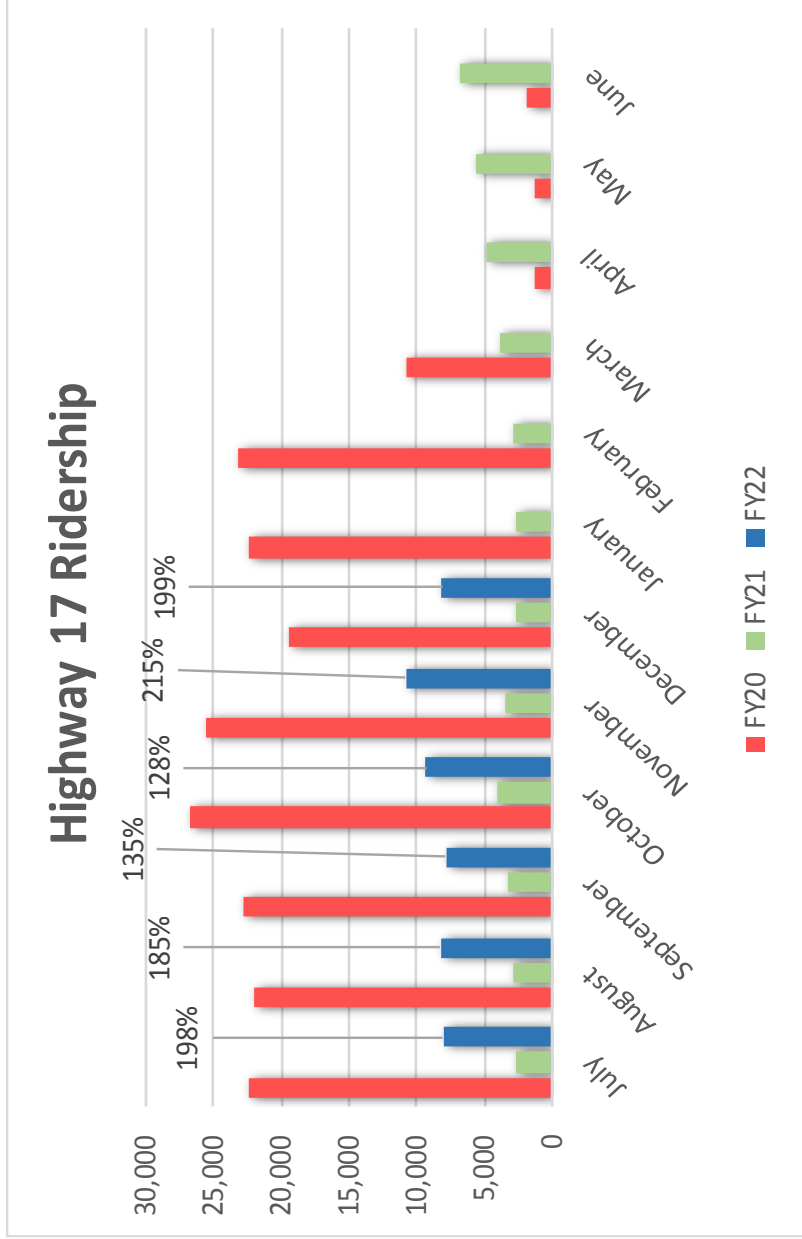
Highway 17 Ridership

Description & Importance:

Highway 17 demonstrates METRO's commuter ridership, connecting Santa Cruz to San Jose. Ridership excluding student and commuter routes reflects all other local routes within the county.

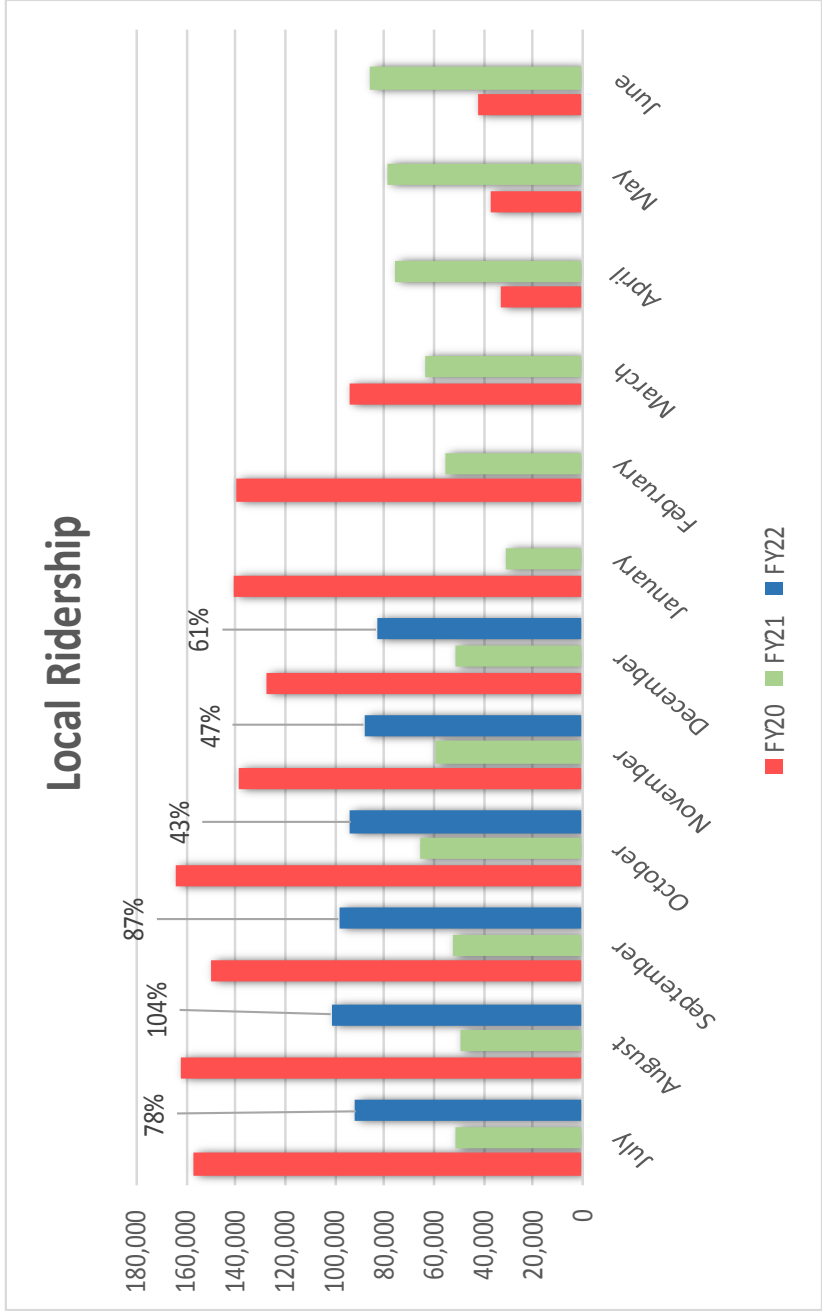
Current Status:

- Total Highway 17 ridership has maintained a steady increase into Q2 FY22 with a slight decline in December that is consistent with seasonal trends in prior years.
- Please note that while Hwy 17 ridership is up compared to FY21, ridership is still approximately 60% down compared to FY20, pre-pandemic.



Productivity:

Metrics:	<ul style="list-style-type: none"> Local Ridership
Description & Importance:	Local Ridership, excluding student and commuter routes, reflects all other local routes within the county.



Current Status:
 Local ridership has remained steady in Q1 and Q2 of FY22 with a slight decline into December. This is consistent with the Holiday season and seen in past years as well.

Ridership is still down 38% compared to Q1 FY20, pre-pandemic.

Productivity:

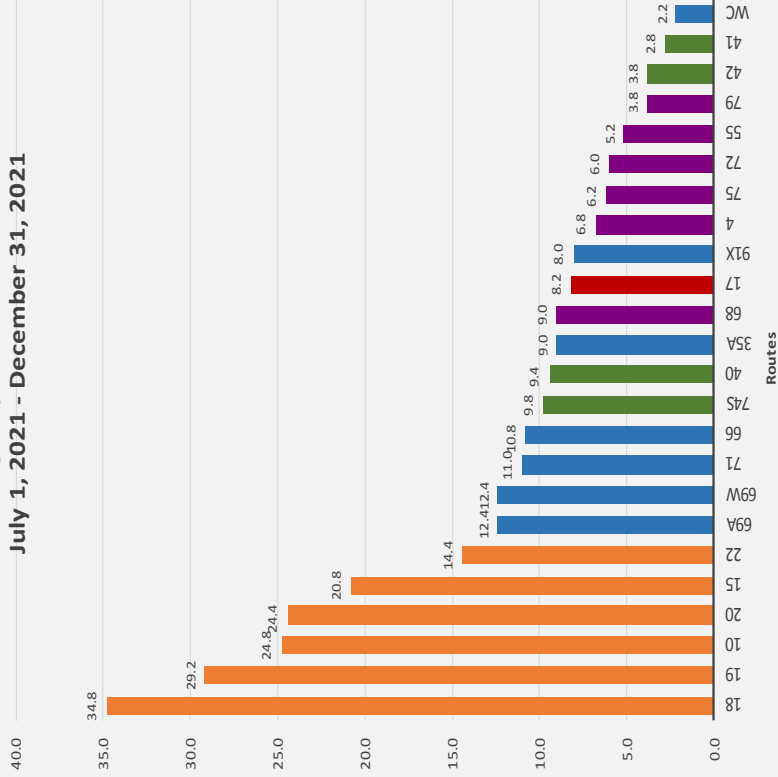
Metrics:

- **FY21 Passengers per Revenue Service Hour by Route**

Description & Importance:

Passengers per Revenue Service Hour (RSH) depicts the overall productivity of each route measured by passengers per hour of service. This ratio of productivity helps the agency focus on poor productivity routes and can stimulate discussions about frequency of service in urban and semi-urban areas of the county versus geographic coverage.

FY22 Passengers per Revenue Service Hour
July 1, 2021 - December 31, 2021



Current Status:
In Q1 FY22 UCSC

started up in person classes again, which continued into Q2.

As a result, the university routes are back with higher passengers per RSH, taking over Intercity routes for higher hourly ridership.

Risk Management & Safety:

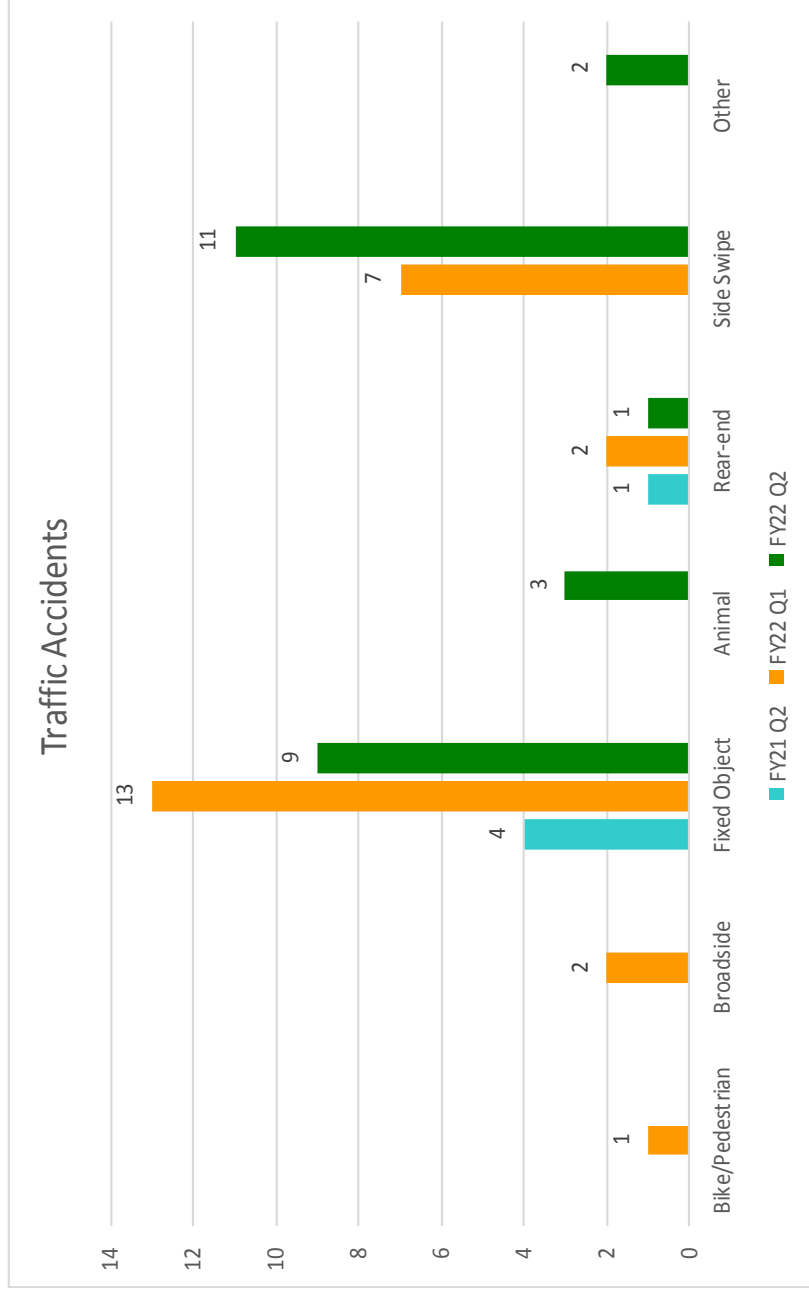
Metrics:

Traffic Accidents

Description & Importance:

Traffic Collisions are broken down into different categories: in loading zones, in intersections, between intersections, with bicycles, with pedestrians, with other district vehicles, with the rear of the vehicle, and other types of collisions, including with stationary objects. This chart is representative of chargeable accidents, excluding Broadside and Side Swipes. This metric reflects Accidents that occurred in Q1 of each fiscal year.

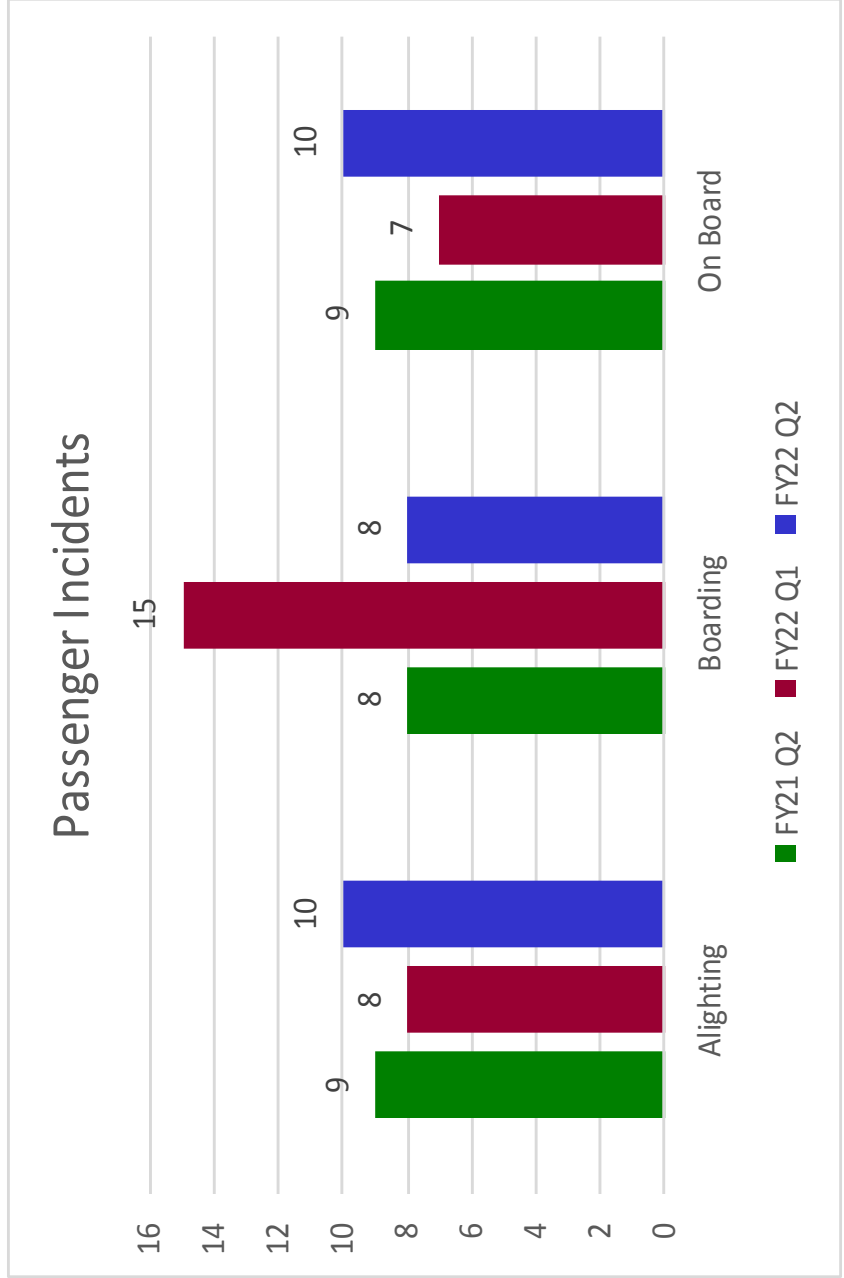
- Current Status:**
- "Fixed objects continue to decrease due to retraining and safety communication.
 - All ParaCruz chargeability incidents remain low. Accidents are rare.



Risk Management & Safety:

Metrics:	<ul style="list-style-type: none"> Passenger Incidents
<i>Description & Importance:</i>	Passenger Incidents are accidents with METRO passengers either while boarding a bus, on board a bus, or alighting (descending) a bus. This metric reflects Accidents that occurred in Q1 of each fiscal year.

- Current Status:
- Safety department reviews camera footage to gather data. All incidents are non-chargeable.
 - 4200 series buses continue to have fewer "Slips, Trips and Falls after increased signage.



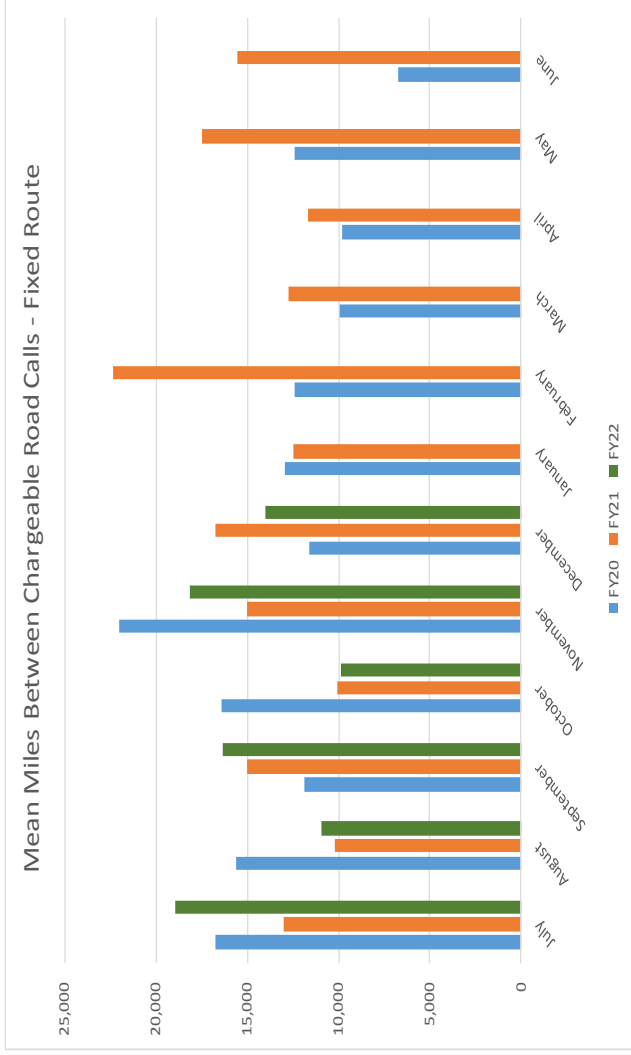
Reliability:

Metrics:

- Mean Miles Between Chargeable Road calls – Fixed Route (Local)

Description & Importance:

A chargeable road call results from a mechanical failure that impedes the vehicle from completing or starting a scheduled revenue trip because actual movement is limited, or there are safety concerns. The mileage depicted is how many miles were run for the month divided by the number of chargeable road calls. The graph below is for METRO's Fixed Route.



Fiscal Year	12 Month Average
FY20	13,216
FY21	14,368
FY22 YTD	14,714

Fiscal Year	Average age of Fleet	Avg. Road Miles
FY20	12.55 yrs	2,359,097
FY21	12.90 yrs	1,463,225
FY22 YTD	13.55 yrs	184,993

6.13

Current Status:

Mileage is increasing while road calls vary by 1 or 2. Chargeable road calls in FY22 Q2 are 21, 11, and 14 for October, November, and December, respectively.

Reliability:

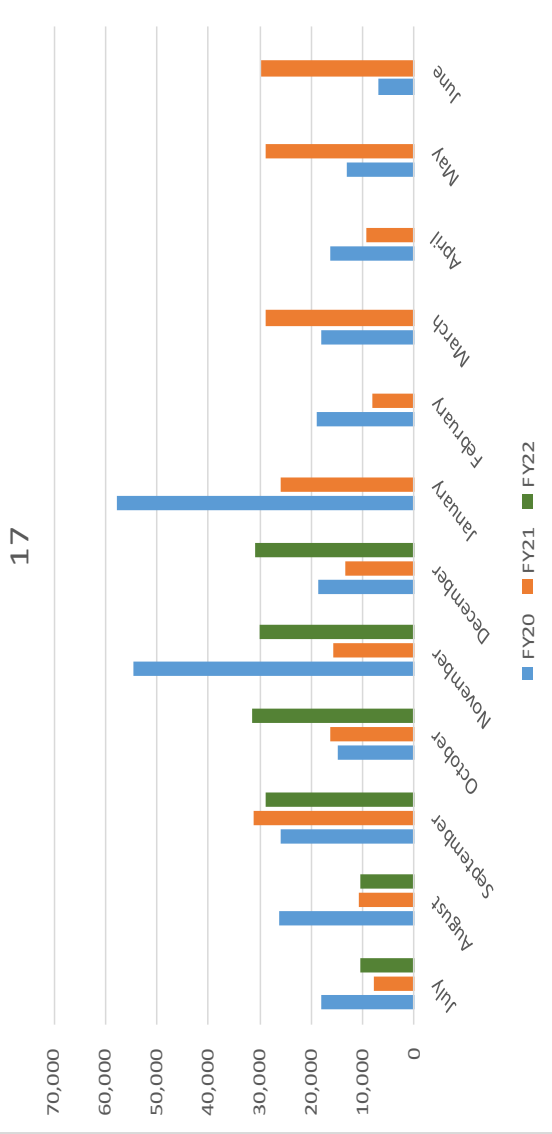
Metrics:

- Mean Miles Between Chargeable Road Calls – Highway 17

Description & Importance:

A chargeable road call results from a mechanical failure that impedes the vehicle from completing or starting a scheduled revenue trip because actual movement is limited, or there are safety concerns. The mileage depicted is how many miles were run for the month divided by the number of chargeable road calls. The graph below is for METRO's Commuter Route.

Mean Miles Between Chargeable Road Calls - Highway 17



Fiscal Year	12 Month Average
FY20	24,126
FY21	18,821
FY22 YTD	23,713

Fiscal Year	Average age of Fleet	Avg. Road Miles
FY20	12.55 yrs	588,010
FY21	12.90 yrs	237,484
FY22 YTD	9.04 yrs	347,665

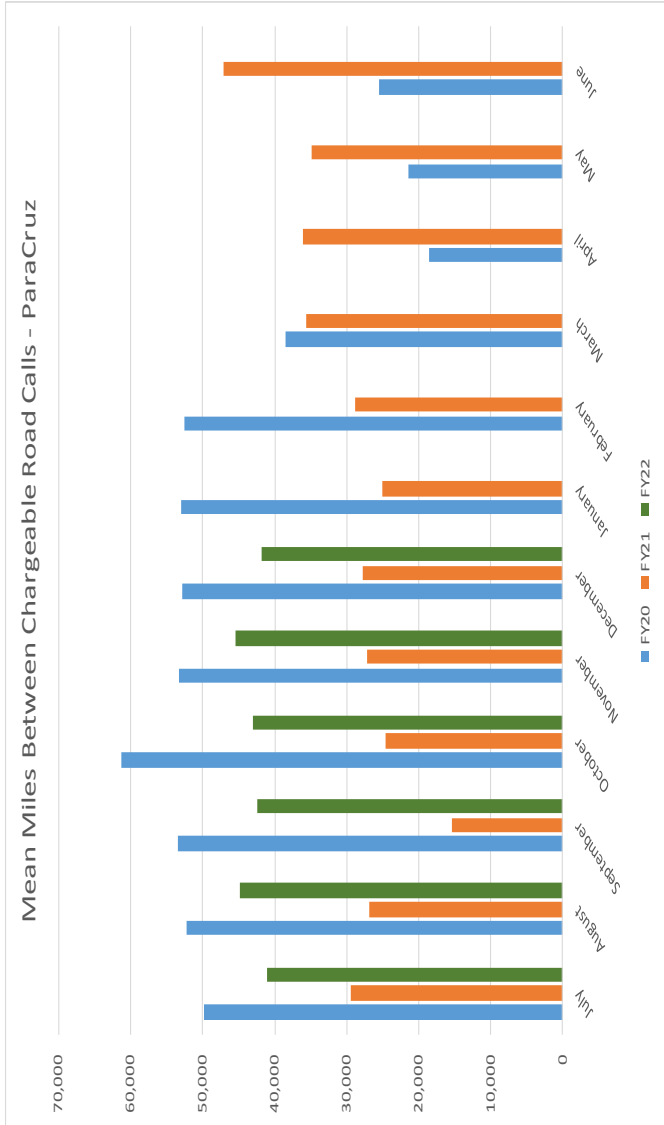
6.14 Current Status:

- Commuter buses tend to perform better due to more highway miles, fewer stops, and the newer fleet with less wear and tear
- There was 1 chargeable road call in October, 0 in November, and 1 in December for Highway 17 in Q2 FY22.

Reliability:

Metrics: • Mean Miles Between Chargeable Road Calls - ParaCruz

Description & Importance: A chargeable road call results from a mechanical failure that impedes the vehicle from completing or starting a scheduled revenue trip because actual movement is limited, or there are safety concerns. The mileage depicted is how many miles were run for the month divided by the number of chargeable road calls. The graph below is for METRO's ParaCruz vehicles.



Fiscal Year	12 Month Average
FY20	44,374
FY21	29,869
FY22 YTD	43,108

Fiscal Year	Average age of Fleet	Avg. Road Miles
FY20	6.13 yrs	571,539
FY21	6.18 yrs	255,833
FY22 YTD	6.78 yrs	465,985

6.15 Current Status:

For Q2 FY22, Paracruz road calls are as follows: 1 in October, 3 in November, and 1 in December. ParaCruz mileage has been increasing with more trips while road calls have been consistent, so mean miles between chargeable road calls have been increasing.

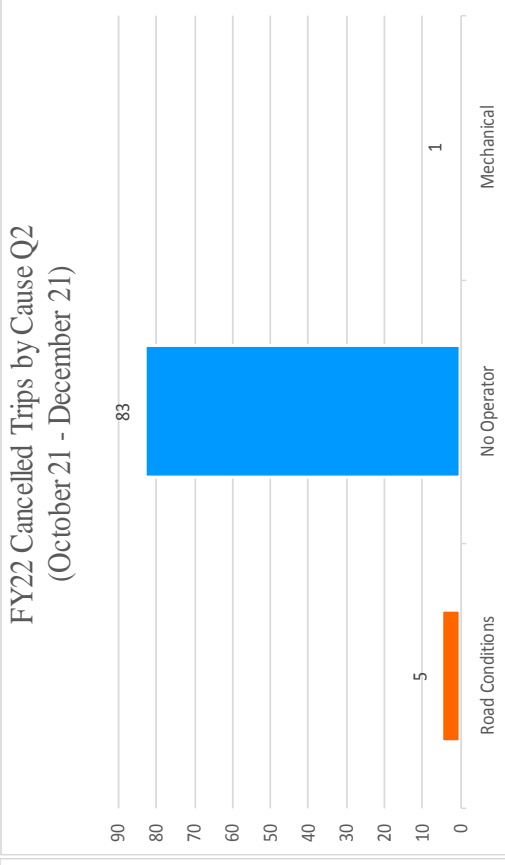
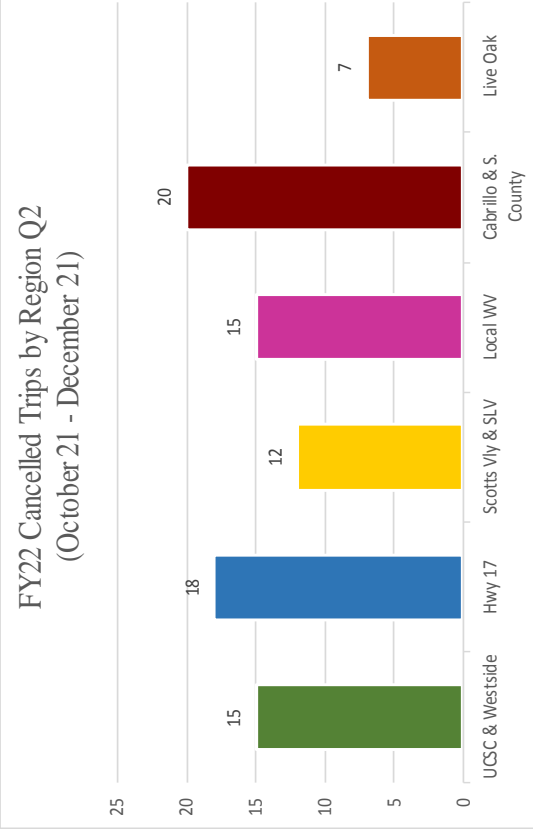
Dependability:

Metrics:

- Cancelled Trips by Region
- Cancelled Trips by Cause

Description & Importance:

Cancelled trips are analyzed for different causes. Cancelled trips by Region show the areas the trip was canceled, while Cancelled Trips by Cause reveal the cause for the cancellations.



Current Status:

In Q2 of FY22 the only month with cancelled trips was in October. The cancelled trips were primarily on weekends, with the highest concentration of cancellations on Sunday October 31st from a lack of personnel and primarily due to Halloween celebrations. The regions affected by cancelled trips were distributed across areas of service including UCSC & Westside, Cabrillo & South County, and Highway 17.

Dependability:

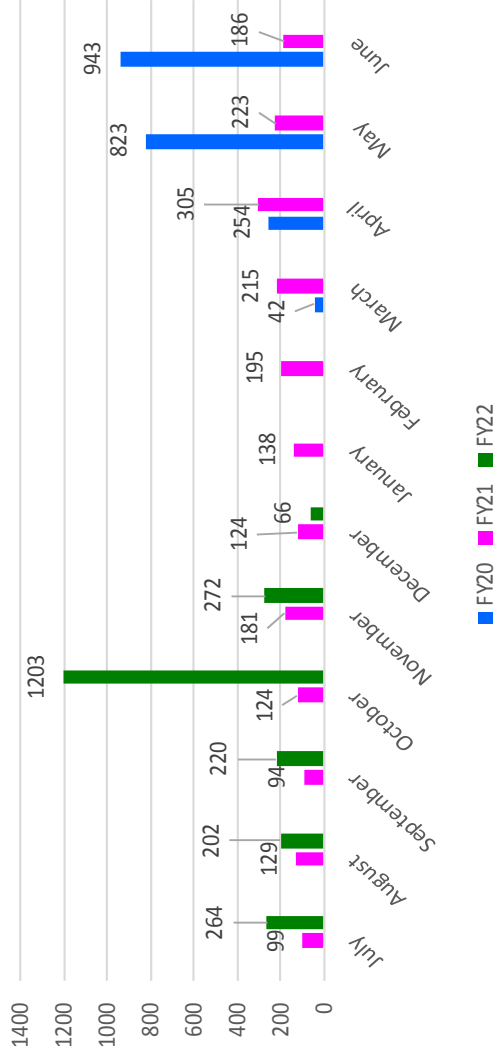
Metrics:

• Pass-Ups

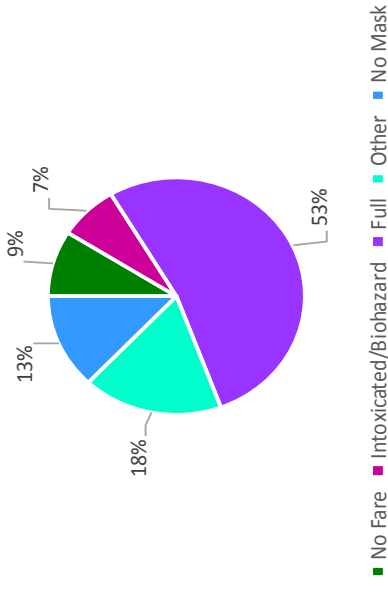
Description & Importance:

Pass-Ups are when a bus route must leave behind a passenger and are caused by a variety of reasons. Pass-ups are analyzed for different causes including: No Fare, No Mask, Exceeds Capacity Load (Full Bus), Intoxicated/Biohazard, and Other.

Pass Ups by Month



Total Pass-Ups by Reason



Current Status:

- Pass-ups declined throughout FY21 but have been increasing in FY22 with a spike in October. The majority of these pass ups is caused by full bus capacity. This is most likely due to restarting in person classes at UCSC which increased overall ridership.
- The number of pass ups fell again in November and December in Q2 FY22 as ridership tends to slightly dip in these months for the holiday season.

Questions

6.18