



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)
FINANCE, BUDGET AND AUDIT STANDING COMMITTEE AGENDA
MEETING MINUTES*
JANUARY 5, 2018 – 9:30 AM
METRO ADMIN OFFICES
110 VERNON STREET
SANTA CRUZ, CA 95060**

A Finance, Budget and Audit Standing Committee Meeting was convened on Friday, January 5, 2018 at METRO's Admin offices at 110 Vernon Street, Santa Cruz, California. The Meeting Agenda Packet can be found online at www.SCMTD.com and is available for inspection at METRO's Administrative offices at 110 Vernon Street, Santa Cruz, California. *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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COMMITTEE ROSTER

Director John Leopold, Committee Chair	County of Santa Cruz
Director Donna Lind	City of Scotts Valley
Director Cynthia Mathews	City of Santa Cruz
Director Oscar Rios	City of Watsonville
Alex Clifford	METRO CEO/General Manager
Julie Sherman	METRO District Counsel

MEETING TIME: 9:30AM

NOTE: THE COMMITTEE CHAIR MAY TAKE ITEMS OUT OF ORDER

CALL TO ORDER

Meeting was called to order at 9:31AM by Committee Chair Leopold; noting all Committee Members were present

Director Rios was sworn in by Alex Clifford, CEO/General Manager.

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

Director Cynthia Mathews	City of Santa Cruz
Director Leopold	County of Santa Cruz
Director Donna Lind	City of Scotts Valley
Director Oscar Rios	City of Watsonville

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

Angela Aitken, METRO
Debbie Kinslow, METRO

Pete Rasmussen, METRO

COMMUNICATIONS TO THE FINANCE, BUDGET & AUDIT STANDING COMMITTEE

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

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

In response to Director Mathews' inquiry regarding the status of the Pacific Station redesign, Mr. Emerson advised that final interviews are being conducted next week in response to one RFP. The other was delayed due to consultant calendar conflicts.

ACCEPT AND FILE MINUTES OF THE JUNE 12, 2017 FINANCE, BUDGET AND AUDIT STANDING COMMITTEE MINUTES

There were no public comments.

ACTION: MOTION TO ACCEPT AND FILE THE MINUTES OF THE JUNE 12, 2017 FINANCE, BUDGET AND AUDIT STANDING COMMITTEE AS PRESENTED.

MOTION: Director Mathews

SECOND: Director Lind

MOTION CARRIED BY THOSE VOTING MEMBERS PRESENT.

APPROVE THE FINANCE STANDING COMMITTEE RECOMMENDATION TO THE BOARD OF DIRECTORS TO INITIATE A FARE RESTRUCTURING ANALYSIS PROCESS

Barrow Emerson, Planning and Development Manager, introduced Matt Marquez, Intern, and Pete Rasmussen, Transportation Planner. Mr. Emerson explained the purpose and intent behind the proposed fare restructuring analysis process and provided an attachment entitled, "Farebox Recovery %: FY12 to FY22". Referencing Attachment A, page 6A1.1, he noted that as costs continue to grow, the fare revenue is projected to remain stable. He added that potential pay increases over the next few years are not included; however, they are anticipated due to upcoming union negotiations.

CEO Clifford and others noted nationwide ridership is trending downward. METRO is being aggressive in assuming stable ridership. A presentation on ridership and trends will be presented at a future board meeting.

Director Leopold suggested the dates and specifics of previous fare increases be highlighted when presented to the Board.

Mr. Emerson and his department will be conducting an analysis relative to potential service to Los Gatos and/or San Jose Airport to address potential ridership growth opportunities.

Mr. Emerson added that METRO will be submitting a TIRCP grant application within the next couple of weeks requesting funding for approximately 20 mobile ticket readers and new buses. CEO Clifford reminded the assembly that the purpose of today's meeting was to initiate the fare restructuring analysis process. METRO will return in February with additional information addressing a number of matters; e.g., the high cost of living in Santa Cruz and the Bay area, the cost breakdown

of all fare options (passes, discounts, etc.), and revenue potential of various levels of fare increase(s).

Mr. Rasmussen discussed fare payment technology and the anticipated benefits to METRO, our customers and the public. The Planning team has identified substandard fare technology in examples such as: the amount of time consumed processing cash payments, lack of a ticket vending machine and/or Customer Service at Diridon Station, etc.

METRO is currently considering two levels of fare technology:

- 1) Mobile ticketing; and,
- 2) Account-based systems

Discussion ensued surrounding funding opportunities and possible fare structures, METRO's customer base, the pros/cons of local and nationwide fare payment applications, the possible advantages of publicizing UCSC articulated buses, reaching out to local school districts, board members constituents, other public agencies/organizations, benefits of including METRO Operators, Customer Service and their input, etc.

Mr. Rasmussen will provide a copy of his talking points to the Committee Members under separate cover.

There were no public comments.

ACTION: MOTION TO APPROVE THE FINANCE STANDING COMMITTEE RECOMMENDATION TO THE BOARD OF DIRECTORS TO INITIATE A FARE RESTRUCTURING ANALYSIS PROCESS

MOTION: Director Lind

SECOND: Director Mathews

MOTION CARRIED BY THOSE VOTING MEMBERS PRESENT.

Committee Chair Leopold adjourned the meeting at 10:41AM.

Respectfully submitted,

Gina Pye
Executive Assistant