



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)
SPECIAL BOARD MEETING MINUTES*
OCTOBER 17, 2018 – 9:00AM
SEASCAPE RESORT, PACIFIC MEETING ROOM
ONE SEASCAPE RESORT DRIVE
APTOS, CA 95003**

The Santa Cruz METRO Board of Directors convened a special meeting as referenced above. The 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. *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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CALL TO ORDER at 9:05AM by Chair McPherson.

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

Director Ed Bottorff, Board Vice Chair	City of Capitola
Director Cynthia Chase	City of Santa Cruz
Director Trina Coffman-Gomez	City of Watsonville
Director Jimmy Dutra	City of Watsonville AR 9:15AM
Director Norm Hagen	County of Santa Cruz
Director John Leopold	County of Santa Cruz
Director Donna Lind	City of Scotts Valley
Director Cynthia Mathews	City of Santa Cruz
Director Bruce McPherson, Board Chair	County of Santa Cruz
Director Dan Rothwell	County of Santa Cruz
Director Mike Rotkin	County of Santa Cruz
Ex-Officio Director Davon Thomas	UC Santa Cruz

Ex-Officio Director Thomas and Directors Chase and Lind were absent

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

None.

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

Hearing none, Chair McPherson moved to the next item

ORAL AND OTHER COMMUNICATIONS TO THE BOARD OF DIRECTORS

Director Coffman-Gomez invited the assembly to Watsonville's "State of the City" presentation later today.

WRITTEN COMMUNICATIONS FROM MAC (IF APPLICABLE)

Hearing none, Chair McPherson moved to the next item

LABOR ORGANIZATION COMMUNICATIONS

Frank Garden, SEIU 521, read the attached statement.

ADDITIONAL DOCUMENTATION - distributed and available at the back of the room

See attached.

There was no public comment.

CONSENT AGENDA

None

REGULAR AGENDA

9. STRATEGIC BUSINESS PLAN WORK SESSION

Teri Fisher, CEO Insight Strategies, spoke to the attached presentation noting that the focus was on developing a strategic business plan. Ms. Fisher also noted a correction to the second slide entitled, "Interview Themes" on page 14 of the handout: Support for RTC should read Support **from** RTC. (Note: pages 9 and 10 are NOT missing; they were pulled before the meeting.)

CEO Clifford added today's session represents the first in a series of steps to develop METRO's strategic business plan. He cited an example wherein METRO may add a new section to all board reports to highlight how any particular subject ties to the yet-to-be developed strategic business plan.

Angela Aitken, CFO, spoke to the attached presentation. She noted that the slide entitled, "Total Actual Revenue and Expense % Change vs CPI % Change" includes SB1 and Measure D projections as of June 2018.

Some of the suggestions and recommendations discussed included:

- Director Rotkin requested information on anticipated maintenance costs incurred because of METRO's aging fleet.
- Director Leopold suggested METRO chart the service provided to the community over the past ten years and that the land use strategy be tied to the service strategy. He also suggested METRO staff and board members schedule meetings with various state legislators to discuss the state of METRO after the results of Prop 6 are known as well as a meeting with the UCSC Chancellor and/or Vice Chancellor, perhaps volunteering the CEO to be a member of the TAPS replacement interview team.
- Director Coffman-Gomez suggested the development of an 'infomercial' by METRO staff so directors could easily share METRO information.
- Increased State of METRO presentations to the cities and Board of Supervisors.
- Coordinate transportation guest speakers' program with the SCCRTC.

See the “Major Current METRO Projects/Programs” distributed by Barrow Emerson, Planning and Development Director, at the meeting.

Board and staff participated in several strategic planning exercises.

Director Dutra departed at 3:43PM

Next steps:

Mr. Emerson to take the lead in completing the goal cascading framework. Our next session will focus on the results and economic impact of Prop 6 and other election results. Then, in January/February 2019, staff will work with the Board to develop measurable actions for the next fiscal year budget (FY20).

Insight strategies will provide information consolidating the discussion and outcome of the session.

10. ANNOUNCEMENT OF NEXT MEETING: FRIDAY, OCTOBER 26, 2018 AT 9:00AM AT CAPITOLA CITY COUNCIL CHAMBERS, 420 CAPITOLA AVENUE, CAPITOLA, CA

Chair McPherson adjourned the meeting at 4:00 PM.

Respectfully submitted,

Gina Pye
Executive Assistant


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**Strategic Business Plan
Board Work Session
*Laying the Groundwork***




Participants: Santa Cruz METRO Board of Directors + Senior Leadership Team
Facilitator: Teri Fisher – CEO & Managing Partner, Insight Strategies, Inc.
Date: October 17, 2018




 **Opening Remarks – Alex Clifford, CEO** ²





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The Boy on the Bus




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The image shows a young boy with dark hair, wearing a light blue t-shirt and white earbuds, sitting on a school bus. He is looking out the window to his right. The bus interior has red seats. The window shows a blurred outdoor scene with trees and a building.

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Overview & Objectives



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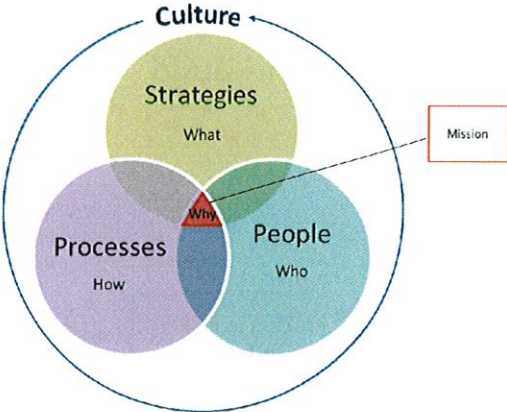
The image features a red and white target with three blue darts. All three darts have hit the center bullseye. The target is set against a plain white background.

Session Agreements & Safety Message 5



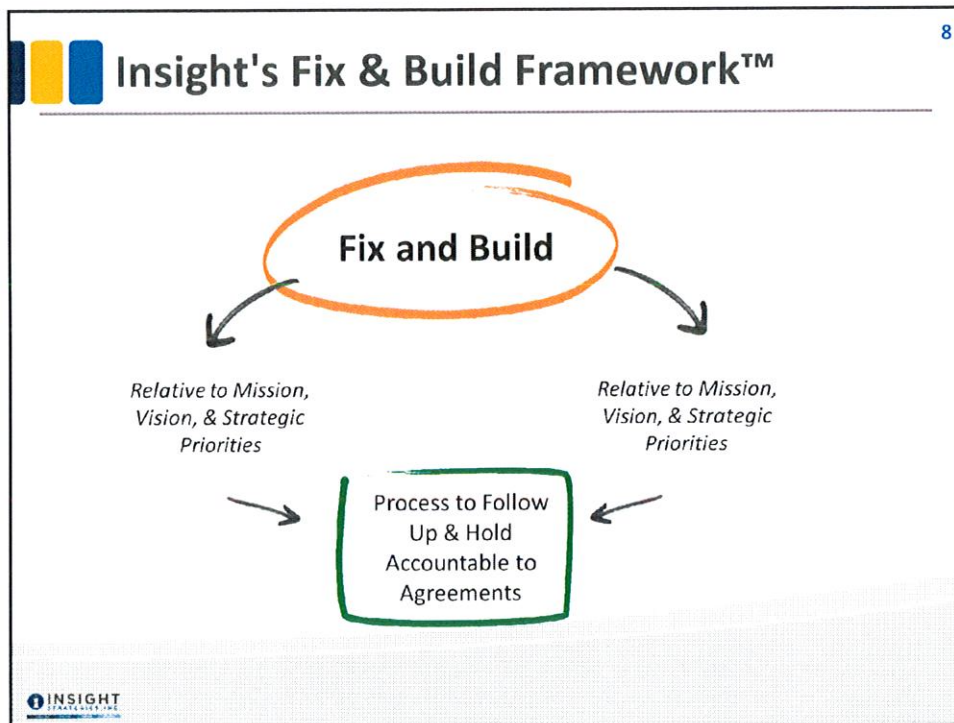
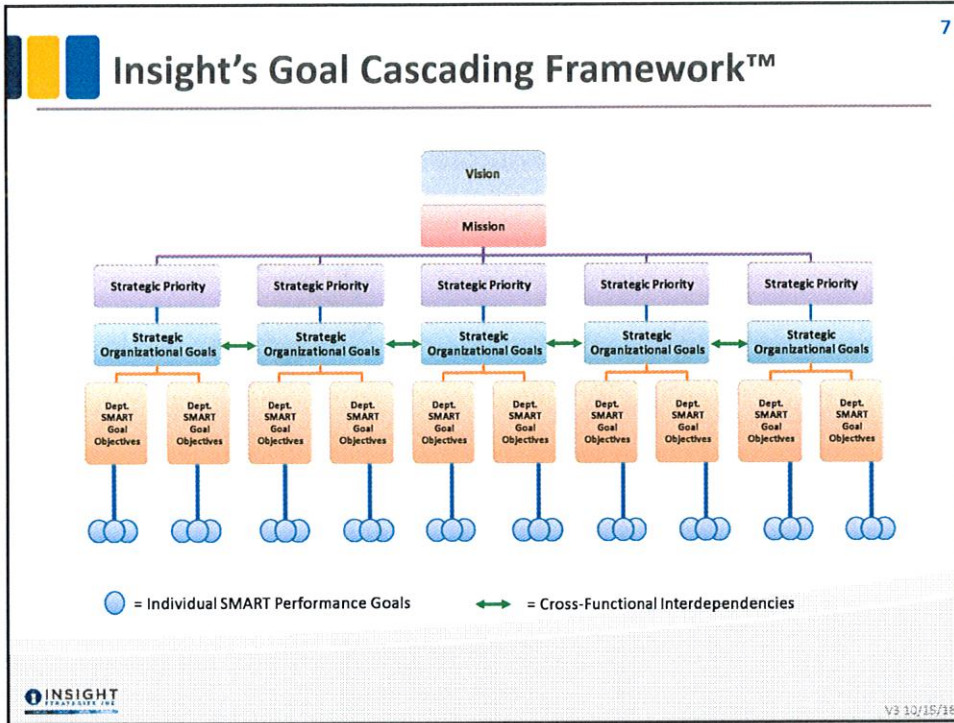
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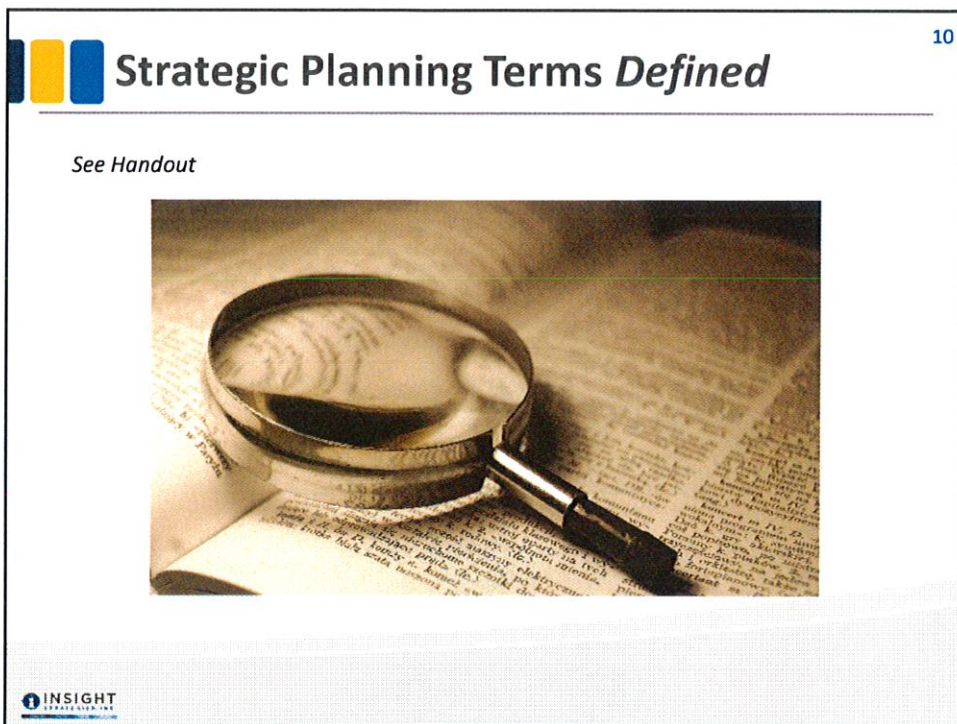
Insight's Organizational Health and High Performance Framework™ 6



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Insight's Transit-Specific Vision Statement
To be the "go-to" trusted partner in transit and transportation for strategic and leadership impact—from the boardroom to the breakroom.





Transit Agency Strategic Framework Examples





dart Strategic Framework (FY 2016 - FY 2017)		12/1/2015
Mission: Enriching Lives, Connecting Communities, Expanding Opportunities		
Strategic Priorities	Organizational SMART Performance Goals	
1) Safety & Operational Excellence	<ol style="list-style-type: none"> 1. Improve safety by increasing the Safety Index Factor by 5% by year end FY17. 2. Improve service reliability by increasing CIP by 2% using the NTD criteria by year end FY 17. 3. Improve the overall quality of service metric ranking on DART's biannual Customer Satisfaction Survey by 1% to an 85% very satisfied or satisfied response by year end FY17. 4. Provide 5 million trips with DART services by year end FY16. 	
2) Financial Stewardship & Sustainability	<ol style="list-style-type: none"> 1. Based on our understanding of community support, develop strategies to address long term financial sustainability goals, by year end FY16. 2. Where data exists, 100% of SMART goals are created based on those metrics (functional level and up), where data doesn't exist, processes will be created for future decision making, by June 30, 2016. 3. Improve monthly planning and management of budgetary resources as measured by Actual vs. Budget utilization % by month +/- 2%. 4. Create a process that tracks budgetary resource allocation that ensures investments are made to advance DART's strategic goals. Process to be completed by January 30, 2016. 	
3) Workforce Performance, Readiness & Wellbeing	<ol style="list-style-type: none"> 1. To ensure that agreed upon staffing levels are met, reduce vacancies by 50% (from 6.24 to 4.13), by year end FY17. 2. Reduce voluntary turnover of key staff by 15% by year end FY17. 3. Ensure performance plans are completed for 100% of non-bargaining unit employees, by year end FY17. 4. Establish a wellness program by year end FY17. 	
4) Partnership & Engagement	<ol style="list-style-type: none"> 1. Update the DART Forward plan by Nov. 15, 2014. 2. Develop and deliver an annual employee engagement survey to establish baseline perceptions by year end FY16. Improve internal communication effectiveness and culture/morale to a score of "X" (based on FY16 baseline perception) by year-end FY17. 3. Increase quantity and quality of outreach to stakeholders for FY 2017 as measured by: <ul style="list-style-type: none"> • 1x/month for mass communications (emails, newsletters, etc.) • 1x/quarter via 1:1 personal communication (email, phone) • 2x/year face-to-face. 4. Improve stakeholder perception of relationship strength through a qualitative survey to be administered, by year end FY17. 5. Establish baseline metric for measuring public support and perception of the value of DART through the DART Forward 2035 Update survey by end of FY16. Enhance public support and perception through improvement on key issues that surface on the DART Forward survey by "X" percent by end of FY17. 	

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Successes and Accomplishments

What are some of Santa Cruz METRO's successes and accomplishments from the past three years?



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Brainstorm & Discuss: Transit Trends

Think about trends facing the transit industry. What trends indicate VUCA (volatility, uncertainty, complexity, or ambiguity)? (Examples: new technology, uncertain and prolonged economic uncertainty, skill shortages, etc.)

- Service
- Products
- Workplace
- Funding
- Customers



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Strategic Priorities


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Strategic Priorities

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Strategic Priorities are what the organization needs to focus on and pay attention to in order to achieve its business goals.



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Strategic Priority Examples



Strategic Priorities

In alignment with our Board, the strategic priorities are...

- Improve safety and service quality
- Exercise financial accountability
- Foster employee engagement
- Enhance customer experience
- Promote community and industry focus



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Strategic Priority Examples




Strategic Priorities



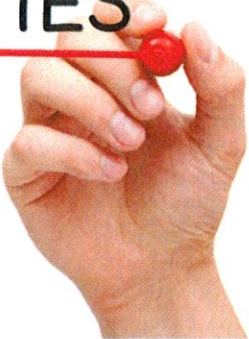
- Safety & Operational Excellence
- Financial Stewardship & Sustainability
- Workforce Performance, Readiness, & Wellbeing
- Partnership & Engagement





 **Determine Santa Cruz METRO's Strategic Priorities** 25

PRiORiTiES

1.
2.
3.







 **VOB Interview Findings – Summary** 26

Voice of the Board Assessment
9 Interviews | 7 Questions

1. What are the top 3 things Santa Cruz METRO does well?
2. What are the top 3 areas for improvement?
3. In the next 5 years... What are Metro's highest priority strategies and goals? "Big buckets"
4. What are the greatest challenges/obstacles to achieving these highest priority strategies and goals?
5. Describe what roles the Board plays or should play.
6. Catch All?
7. What is your feedback for Alex – keep/start/improve or stop?







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Interview Themes

1. What are the top 3 things Santa Cruz METRO does well?

Freq.	Response
5	Drivers are extraordinary
4	Supporting the students/colleges
4	Excellent service
2	Supporting the senior community
2	Alex and Barrow are great
2	Dealing with financial situation
2	BOD gets along well
1	Bus route
1	Public perception
1	Open to new technology
1	Supporting the disabled community
1	Sharp well run office
1	Capital improvements
1	Traffic reduction
1	Improving union relationship






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Interview Themes

2. What are the top 3 areas for improvement?

Freq.	Response
5	New buses (improving but keep working on it)
4	Improve union relationship
3	Financial stability (improving but still a way to go)
3	Communication
2	Tech improvement (buy tickets on your phone)
2	Increase public awareness
2	Support for RTC <i>from RTC</i>
2	Replace routes that were cut due to budget issues
1	Partner with new groups on "green" initiatives
1	Long term solutions
1	Innovate (too cautious)
1	Be more proactive (vs reactive)
1	Language barrier with public
1	Give back to the community






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Interview Themes

3. In the next 5 years... What are the highest priority strategies and goals?

Freq.	Response
3	Continue fiscal improvement, funding (i.e. tax), grants
2	Reduce carbon footprint/go "green" and get higher tech buses
2	Increase ridership
2	Increase route options
2	Take advantage of tax funds
2	Funding
2	Fleet upgrades and replacements
1	Increase collaboration with RTC
1	Become more political and legislative
1	Grants
1	Improve training





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Interview Themes

4. What are the greatest challenges/obstacles to achieving these highest priority strategies and goals?

Freq.	Response
4	Revenue, grants, and finances
1	Increasing PR and awareness of metro
1	Replacing routes that were cut
1	Communication
1	Federal government support
1	Succession planning, i.e. finding qualified drivers
1	BOD balance overall needs vs individual needs
1	Modernize
1	Going green
1	BOD accountability
1	Lobbying (BOD could do better)
1	Changes in transit patterns
1	Replacing old buses/fleet
1	Improving union relationship





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Interview Themes

5. Describe what roles the Board plays or should play.

Freq.	Response
6	Policy (understanding, oversight, decision making, etc.) “not just window dressing”
4	Advocate for Metro (get out there, lobbying, etc.)
3	Fiscal responsibility
3	Support and advice for CEO
2	Messaging and informing community
1	Future planning
1	Not the “day to day” – that’s the staff’s role
1	Allocation of service
1	Balance of capital opportunities
1	Mission focused






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Interview Themes

6. Catch All?

- Peer reviews and 360s are great
- Get as fiscally strong as possible
- Good board – understands challenges
- In past has had amateur marketing person, need more sophistication in that role
- Wear “Metro hat” to session






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Interview Themes

7. What is your feedback for Alex?

Alex to share




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Interview Themes

Observations & Recommendations



SWOT² Analysis



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SWOT² Analysis 36


Strengths –Compared to other like organizations, what does **Santa Cruz METRO** do that is excellent? On a scale of 1-10, it would be rated an 8, 9 or 10.


Weaknesses –Compared to other like organizations, what could be improved? On a scale of 1-10, it would be rated a 0, 1, 2, 3 or 4. Weaknesses are within organizational control.

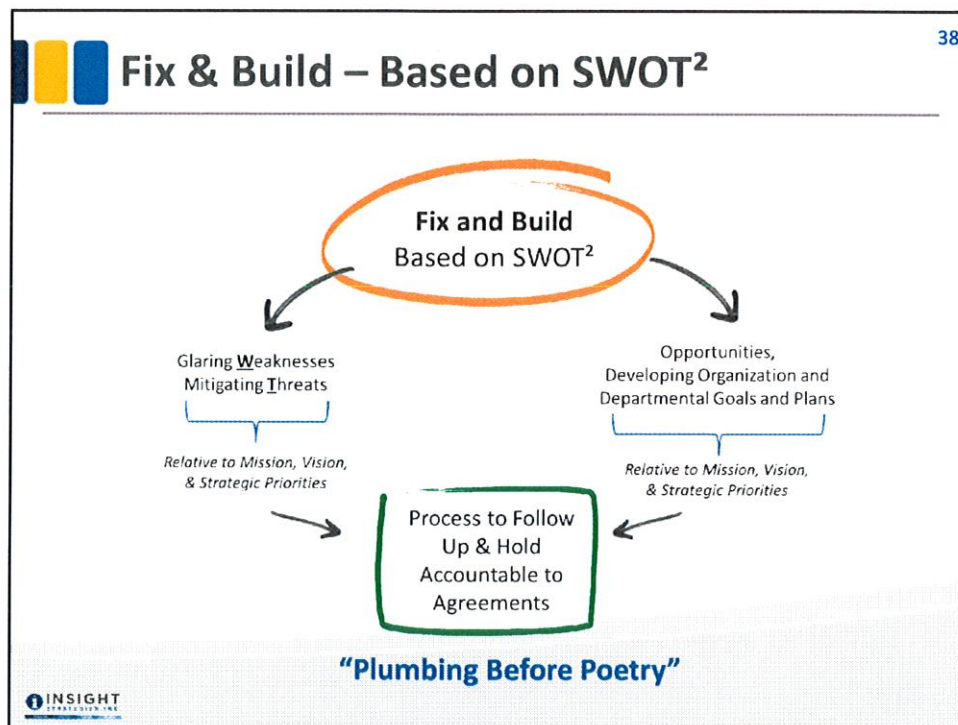
Opportunities –What opportunities exist for **Santa Cruz METRO** that will better enable it to achieve its mission and vision, achieve continued success and relevance?

Threats –What threats exist that could inhibit **Santa Cruz METRO** from achieving its mission and vision? Threats are outside of an organization’s control, i.e. Economic, Competitive, Policies, Trends, Funding, etc.

Trends – *Refer to Transit Trends Conversation*



 SWOT² Questions 37	
<p>Strengths</p> <ul style="list-style-type: none"> • What do we do well? • What are our assets? • What are our core competencies? • What successful experiences do we have – what did it take to achieve those successes? 	<p>Weaknesses (internal)</p> <ul style="list-style-type: none"> • What do we need to do better? • What training, tools and technology do we need that we don't have? • Where do we lack resources? • What problems keep reoccurring? • What communication and organizational issues exist? • Where are the process issues?
<p>Opportunities</p> <ul style="list-style-type: none"> • What are new needs of our customers? • What future trends exist? • What economic trends benefit us? • What political and social trends benefit us? • What new technology benefits us? • Where can we improve service? • Where can we offer more services? • What are functional opportunities? • What are process opportunities? 	<p>Threats (external)</p> <ul style="list-style-type: none"> • Where are we vulnerable? • How are we perceived? • How can technology be a threat? • What economic trends could impact us? • What social and market trends could impact us? • What policies could impact us?



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Closing Thoughts, Next Steps

Next Steps in Strategic Planning Process

Insight Strategies Strategic Thinking and Planning Process™

1. **Align Organizational Health and High Performance Factors**
2. **Strategic Thinking & Execution**
3. **Mission Development**
4. **Value Development**
5. **Strategic Priorities**
6. **Market Analysis**
7. **Goal Development**
8. **Action Plan**
9. **Performance Management**

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The Psychology of Change

Shock

Denial

Resistance

Disorientation

Exploration

Commitment

Kubler/Ross

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Roles & Responsibilities



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Roles and Responsibilities

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The Board's Role in Agency's Success



The CEO's Role in Agency's Success



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Closing Thoughts, Next Steps

- Session Evaluation

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Thank You!

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www.InsightStrategies.com

Attachment

Major Current METRO Projects/Programs

These ongoing projects/programs need to be considered when developing strategic priority direction. These are generally issues with either significant annual operating costs and/or large one-time capital costs.

• Capital needs

100 Bus Fleet Bus Replacement Plan	
	Timeframe: CARB requirement that METRO fleet be 100% electric by 2040
	Financial Context: Strategy assumes \$3 million annual commitment for 22 years
	Risks/Issues: <ul style="list-style-type: none"> ○ 62-bus replacement strategy (introduced at 9/28 Board meeting) ● CARB requirement to start buying electric buses star 2023 – 2026 ● Significant electric infrastructure required at JKS Operations Yard, Pacific Station, and/or Watsonville Transit Center
Facilities	
	Timeframe: 10-year
	Financial Context: \$200M Unfunded Capital List
	Risks/Issues: Unforeseen major expenses
Pacific Station	
	Timeframe: 2019 decision on redevelopment vs. rehabilitation
	Financial Context: \$1.5 million available (PTMISEA)
	Risks/Issues: METRO financial resources and staff time
Para Cruz Facility	
	Financial Context: Current \$180,000 annual lease cost with uncertain future
	Timeframe: Lease thru 6/2021
	Risks/Issues: <ul style="list-style-type: none"> ● Soquel park and Ride option ● METRO could lose lease in 3 years (6/2021) years
3 Other Transit Centers	Watsonville, Scotts Valley, Capitola Mall
	Timeframe: 10 years
	Financial Context: no major expenditures currently planned
	Risks/Issues: <ul style="list-style-type: none"> ● Long range parking facilities upgrades (structures?) <ul style="list-style-type: none"> ○ Cost for 200 structure parking \$50K per space = \$10M ● Future of Capitola Mall

Attachment

SR-1 Bus On Shoulders	opportunity for additional, reliable/cost-efficient service in corridor
	Timeframe: 2019 decision, 2023 start of Phase I construction
	Financial Context: up to \$500,000 development costs FY19-20
	Risks/Issues: <ul style="list-style-type: none"> • Caltrans rejection of fast track opportunity for implementation with Phase 1 Auxiliary lane project (Soquel – 41st.)s • Can \$8 Million implementation cost could be funded through RTC auxiliary lane budget?

• Service

ParaCruz Service	85,000 annual riders
	Timeframe: 10 years
	Financial Context: <ul style="list-style-type: none"> • \$5M annually operating cost • \$65 cost per ride
	Risks/Issues: <ul style="list-style-type: none"> • Future role of other local providers • Future role of Alternative service models

Fixed-Route Service	5 million annual riders
	Timeframe: 10 years
	Financial Context: <ul style="list-style-type: none"> • \$2 million annual unscheduled overtime • \$1 million annual cost for 8 additional operators
	Risks/Issues: <ul style="list-style-type: none"> • Service growth potential limited <ul style="list-style-type: none"> ○ Additional operators needed to stabilize “Extra Board” (daily backup operators) at new higher percentage due to changing work culture, prior to adding new service ○ Coverage vs. ridership allocation of service balance (Jarrett Walker) ○ Current daily span of service and frequency is minimal ○ Limited “choice” ridership increase potential without more service, better amenities, marketing, and customer service • Non –college student ridership decline • rising operations costs <ul style="list-style-type: none"> ○ Labor 80% of operating costs ○ upcoming labor negotiations ○ Classification and Compensation studies

Attachment

UCSC/Cabrillo Services	52% and 7% (2.5 million/300,000) of METRO annual ridership (growing share)
	Timeframe: <ul style="list-style-type: none"> UCSC - annual lump sum contracts Cabrillo - year 1 of 3/5 years contract (2-year option)
	Financial Context: <ul style="list-style-type: none"> USCS - \$4.5 million in operating subsidy annually along with \$200K for articulated bus operations (UCSC saved 8 operators in 9/16) Cabrillo - \$944,000 in operating subsidy annually (Cabrillo saved 8 operators in 9/16)
	Risks/Issues: <ul style="list-style-type: none"> UCSC financial capacity Cabrillo enrollment decline

Highway 17 Express	330,000 annual ridership
	Timeframe: 10 years
	Financial Context: <ul style="list-style-type: none"> Annual net operating cost is \$4 million after partner contributions (\$500,000) 19 bus fleet including introduction of electric buses in next 2-3 years
	Risks/Issues: VTA, others partnership

Fare Restructure	
	Timeframe: post Prop 6 decision, implement FY20?
	Financial Context: \$1-2 million opportunity
	Risks/Issues: <ul style="list-style-type: none"> Opportunity to fund technology improvements Increased fares could reduce ridership (current 20+% fare box recovery)

Alternative Service Models	Uber/Lyft, microtransit, on-demand service, etc.
	Timeframe: Staff proposal in 2019 for possible 2020 implementation
	Financial context: unknown but relatively limited savings potential but opportunity for enhanced community mobility and reduced impact on fixed-route fleet.
	Issues/Risks: <ul style="list-style-type: none"> changing market for fixed route transit cost savings potential

Attachment

- **External Stakeholder Influences**

RTC - Unified Corridor Study	Unified Corridor Study will make decisions about future public transit projects
	Timeframe: 10 years
	Financial Context: unfunded
	Risks/Issues: resource (buses/operators) commitment without funding

AMBAG –2018-40 Regional Transportation Plan	funding assumptions
	Timeframe: 10 and 20 years
	Financial Context: Significant revenue shortfall relative to needs
	Risks/Issues: decrease in current federal/state/local funding levels

County/Cities - Urban Development plans	Local jurisdictions decide on future urban growth levels and locations
	Timeframe: 10 years
	Financial Context: unknown
	Risks/Issues: resource (buses/operators) commitment without funding