



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)
FINANCE, BUDGET AND AUDIT STANDING COMMITTEE AGENDA
REGULAR MEETING
JUNE 12, 2017 – 9:00 AM
METRO ADMIN OFFICES
110 VERNON STREET
SANTA CRUZ, CA 95060**

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COMMITTEE ROSTER

Director John Leopold	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

AMERICANS WITH DISABILITIES ACT

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MEETING TIME: 9:00AM

NOTE: THE COMMITTEE CHAIR MAY TAKE ITEMS OUT OF ORDER

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

3 COMMUNICATIONS TO THE FINANCE, BUDGET & AUDIT STANDING COMMITTEE

This time is set aside for Directors and members of the general public to address any item not on the Agenda, but which is within the matter jurisdiction of the Committee. Each member of the public appearing at a Committee meeting shall be limited to three minutes in his or her presentation, unless the Chair, at his or her discretion, permits further remarks to be made. Any person addressing the Committee may submit written statements, petitions or other documents to complement his or her presentation. When addressing the Committee, the individual may, but is not required to, provide his/her name and address in an audible tone for the record.

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

5 ACCEPT AND FILE MINUTES OF THE MAY 8, 2017 FINANCE, BUDGET AND AUDIT STANDING COMMITTEE MINUTES

6 DISCUSSION AND REVIEW OF STRATEGIC CHANGES TO THE FY18 & FY19 OPERATING BUDGET AND FY18 CAPITAL BUDGET SINCE THE MAY 8, 2017 MEETING:

A. New Strategy for the Transfers to Capital Budget

B. 5 Year Budget Plan

i. Add Bus Operators Contingent Upon Receipt of Signed Commitment from UCSC

C. Operating Reserves as of 6/30/17 (Estimate)

D. Transfers to Reserves – 5 Year Projections

E. Estimated Operating Reserves as of 6/30/22

7 ADJOURNMENT

Pursuant to Section 54954.2(a)(1) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day. The agenda packet and materials related to an item on this Agenda submitted after distribution of the agenda packet are available for public inspection in the Santa Cruz METRO Administrative Office (110 Vernon Street, Santa Cruz) during normal business hours. Such documents are also available on the Santa Cruz METRO website at www.scmtd.com subject to staff's ability to post the document before the meeting.



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)
FINANCE, BUDGET AND AUDIT STANDING COMMITTEE AGENDA
MEETING MINUTES
MAY 8, 2017 – 9:00 AM
METRO ADMIN OFFICES
110 VERNON STREET
SANTA CRUZ, CA 95060**

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COMMITTEE ROSTER

Director John Leopold	County of Santa Cruz
Director Donna Lind	City of Scotts Valley
Director Cynthia Mathews	City of Santa Cruz
Director Oscar Rios	City of Watsonville
Julie Sherman	METRO District Counsel

MEETING TIME: 9:00AM

NOTE: THE COMMITTEE CHAIR MAY TAKE ITEMS OUT OF ORDER

In the absence of Committee Chair Leopold, Director Mathews was nominated and unanimously approved as Acting Committee Chair for today's meeting.

- 1 CALL TO ORDER**
Meeting was called to order at 9:06AM by Acting Committee Chair Mathews.
- 2 ROLL CALL:** The following Directors were **present**, representing a quorum:

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

Director Leopold was not present.

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

Angela Aitken, METRO
Debbie Kinslow, METRO

Kristina Mihaylova, METRO

3 COMMUNICATIONS TO THE FINANCE, BUDGET & AUDIT STANDING COMMITTEE

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

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

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

5 ACCEPT AND FILE MINUTES OF THE MARCH 3, 2017 FINANCE, BUDGET AND AUDIT STANDING COMMITTEE MINUTES

ACTION: MOTION TO ACCEPT AND FILE THE MINUTES OF THE MARCH 3, 2017 FINANCE, BUDGET AND AUDIT STANDING COMMITTEE AS PRESENTED.

MOTION: Director Lind SECOND: Director Mathews

ABSTAIN: Director Rios

MOTION CARRIED.

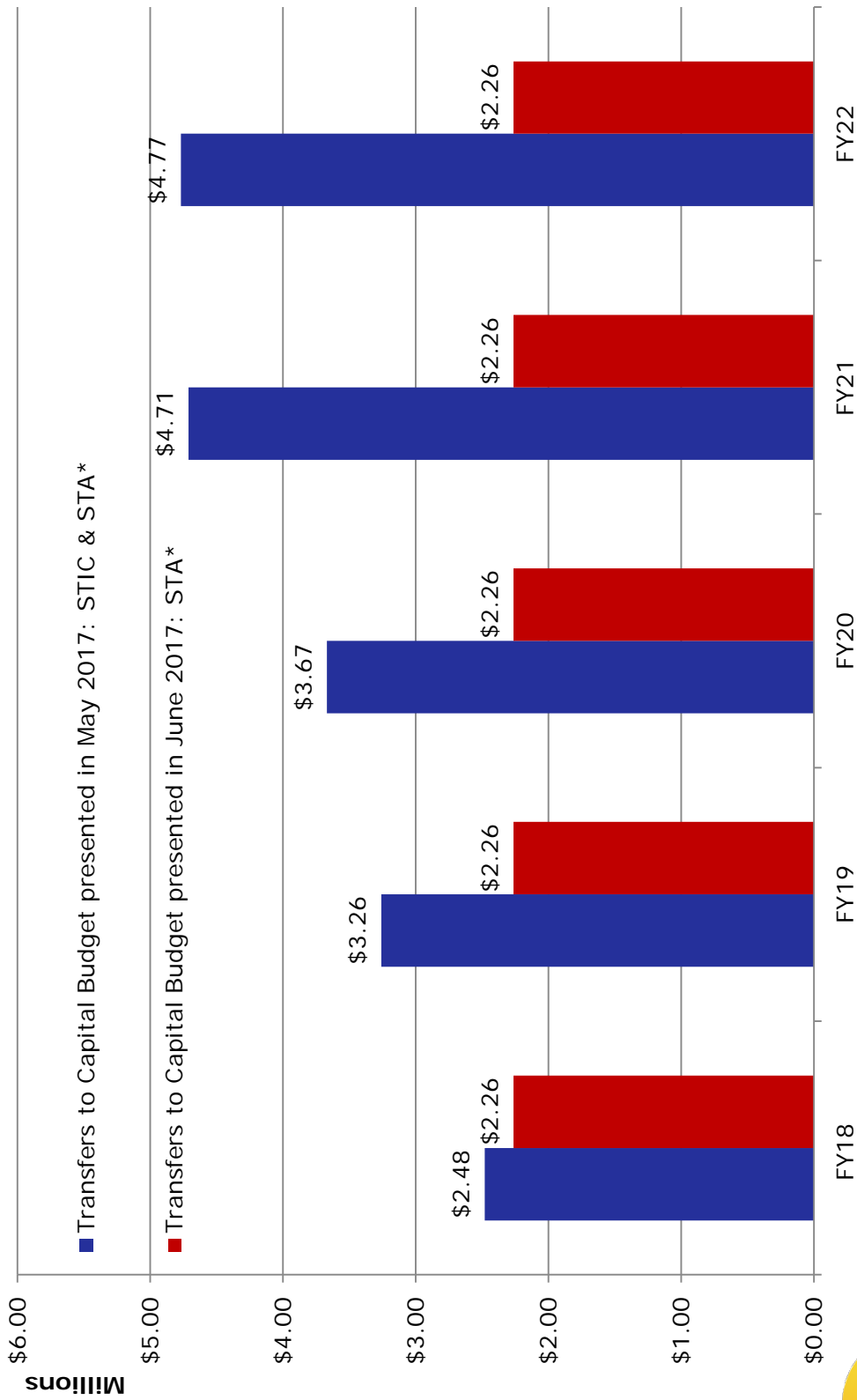
6 DISCUSSION AND REVIEW OF FY18 & FY19 OPERATING BUDGET AND FY18 CAPITAL BUDGET:

- A. 5-Year Budget Plan**
- B. FY18 & FY19 Operating Budget - Revenue Sources**
- C. Budget Assumptions – Revenue Sources**
- D. FY18 & FY19 Operating Budget – Consolidated Expenses**
- E. Budget Assumptions – Operating Expenses**
- F. Authorized and Funded Personnel : FY18 & FY19**
- G. FY17 PRELIMINARY Schedule of Reserve Account Balances – Unaudited as of 05/08/2017**
- H. FY18 Capital Budget**
- I. Unfunded Capital Projects**
- J. Common Industry Acronyms**

Finance Manager, Angela Aitken, outlined the documents to be discussed. At today's meeting, staff is seeking Committee approval of the budget assumptions and recommendation to present to the full board at the May 19, 2017 meeting with the FY18 and FY19 budget. She noted that, due to its successful passage, SB1 funding is now included in

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New Strategy for the Transfers to Capital Budget: Overview

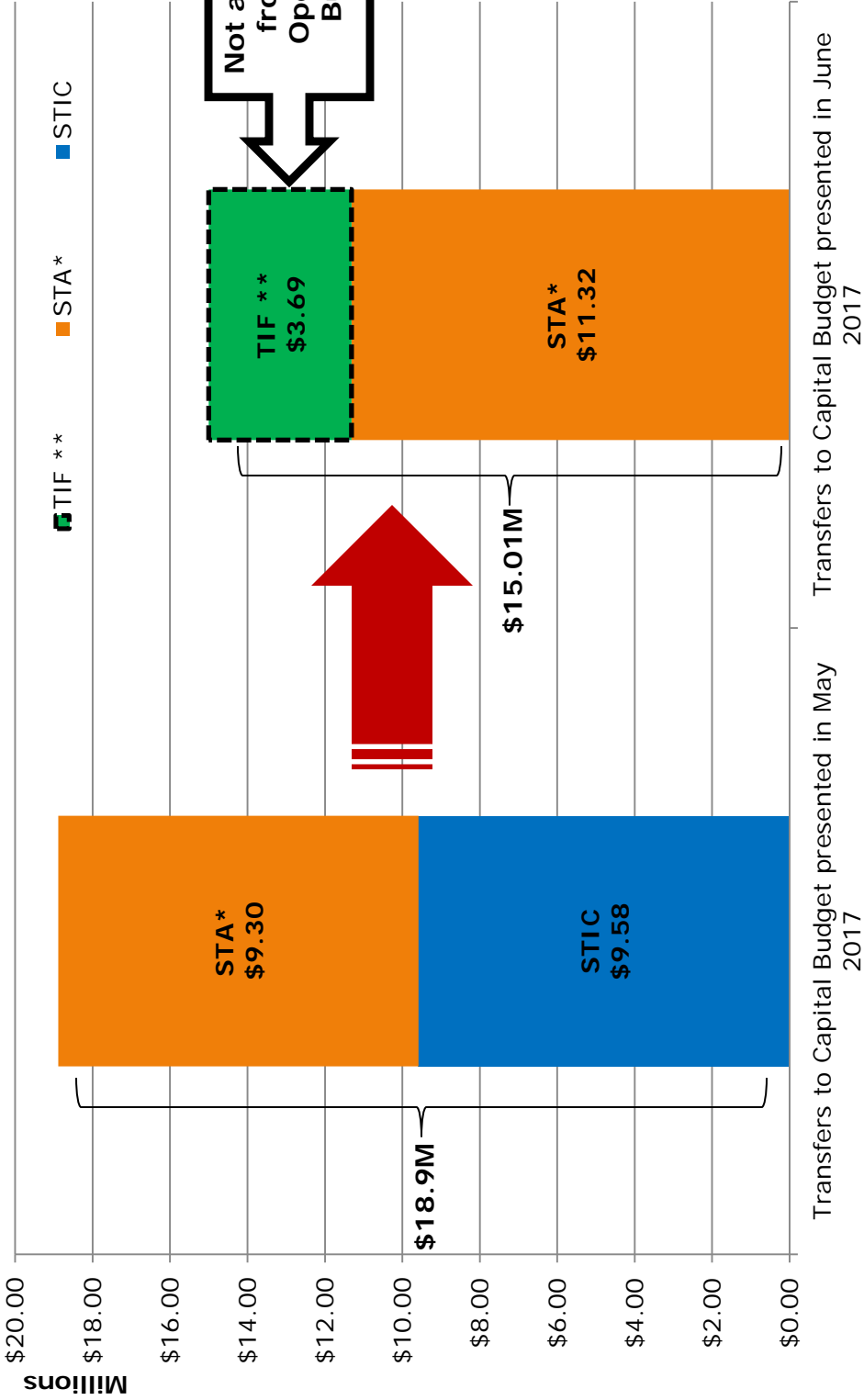


STIC funds cannot be used to match Federal Grants

*STA includes SB1



New Strategy for the Transfers to Capital Budget: Total FY18 to FY22



STIC funds cannot be used to match Federal Grants

* STA includes SB1
 ** TIF: Transportation Improvement Fee



SANTA CRUZ METROPOLITAN TRANSIT DISTRICT - 5 - YEAR BUDGET PLAN

REVENUE:	BUDGET FY18	BUDGET FY19	% VAR	FORECASTED BUDGET FY20	% VAR	FORECASTED BUDGET FY21	% VAR	FORECASTED BUDGET FY22	% VAR
Passenger Fares	10,459,429	10,459,429	0.0%	10,459,429	0.0%	10,459,429	0.0%	10,459,429	0.0%
<i>Passenger Fares</i>	2,791,893	2,791,893	0.0%	2,791,893	0.0%	2,791,893	0.0%	2,791,893	0.0%
Special Transit Fares	5,044,644	5,044,644	0.0%	5,044,644	0.0%	5,044,644	0.0%	5,044,644	0.0%
<i>Paratransit Fares</i>	339,141	339,141	0.0%	339,141	0.0%	339,141	0.0%	339,141	0.0%
Highway 17 Fares	1,758,751	1,758,751	0.0%	1,758,751	0.0%	1,758,751	0.0%	1,758,751	0.0%
Highway 17 Payments	525,000	525,000	0.0%	525,000	0.0%	525,000	0.0%	525,000	0.0%
Other Revenue	501,393	505,736	0.9%	510,029	0.8%	514,789	0.9%	519,048	0.8%
1979 Gross Sales Tax (1/2 cent)	20,061,806	20,563,351	2.5%	21,077,435	2.5%	21,604,371	2.5%	22,144,480	2.5%
2016 Net Sales Tax (Measure D)	2,978,897	3,053,369	2.5%	3,129,704	2.5%	3,207,946	2.5%	3,288,145	2.5%
Transp Dev Act (TDA) - Op Asst	6,767,933	6,937,131	2.5%	7,110,560	2.5%	7,288,324	2.5%	7,470,532	2.5%
*Federal Op Assistance	4,302,285	4,396,666	2.2%	4,493,117	2.2%	4,717,773	5.0%	4,820,737	2.2%
STA - Operating (includes SB1)	3,380,240	3,901,906	15.4%	3,901,906	0.0%	3,901,906	0.0%	3,901,906	0.0%
STA - Operating (includes SB1) (Transfer to Capital Budget)	(2,263,000)	(2,263,000)	0.0%	(2,263,000)	0.0%	(2,263,000)	0.0%	(2,263,000)	0.0%
STIC - Op Assistance	2,210,167	2,220,000	0.4%	2,520,687	13.5%	2,646,721	5.0%	2,704,684	2.2%
STIC (Transfer to Capital Budget)	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Fuel Tax Credit	657,354	677,075	3.0%	697,387	3.0%	718,309	3.0%	739,858	3.0%
Fuel Tax Credit (Transfer to Reserves)	(657,354)	(677,075)	3.0%	(697,387)	3.0%	(718,309)	3.0%	(739,858)	3.0%
Transfers (to)/ from Operating Reserves	(507,685)	(915,130)	80.3%	(9,431)	-99.0%	(37,797)	300.8%	18,886	-150.0%
TOTAL REVENUE	47,891,465	48,859,459	2.0%	50,930,435	4.2%	52,040,462	2.2%	53,064,846	2.0%
OPERATING EXPENSES:									
Labor and Fringe Benefits: Bus Operators	16,900,284	17,484,885	3.5%	18,265,045	4.5%	18,642,970	2.1%	19,087,108	2.4%
Labor and Fringe Benefits: Paratransit	4,137,880	4,284,021	3.5%	4,490,933	4.8%	4,602,061	2.5%	4,712,643	2.4%
Labor and Fringe Benefits: Other	18,185,813	18,833,777	3.6%	19,469,682	3.4%	19,964,655	2.5%	20,434,320	2.4%
Services	3,543,479	3,085,840	-12.9%	3,533,840	14.5%	3,659,840	3.6%	3,659,840	0.0%
Supplies	3,304,070	3,303,970	0.0%	3,303,970	0.0%	3,303,970	0.0%	3,303,970	0.0%
Utilities	609,000	609,000	0.0%	609,000	0.0%	609,000	0.0%	609,000	0.0%
Casualty & Liability and Taxes	718,036	760,163	5.9%	760,163	0.0%	760,163	0.0%	760,163	0.0%
Purchased Transportation	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Misc. Expense and Leases & Rentals	492,902	497,802	1.0%	497,802	0.0%	497,802	0.0%	497,802	0.0%
TOTAL OPERATING EXPENSES	47,891,465	48,859,459	2.0%	50,930,435	4.2%	52,040,462	2.2%	53,064,846	2.0%
(DEFICIT)/SURPLUS	507,685	915,130		9,431		37,797		(18,886)	
Operations Sustainability Reserve Fund: \$5,357,927 (Balance as of 06/12/17)	5,792,757	6,707,887		6,717,319		6,755,115		6,736,230	

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Operating Reserves as of 06/30/2017

Target: \$3.4M



\$1.2M Deficient

(estimate as of 6/12/2017)

Target: \$3.0M



Fully Funded

Target: \$7.3M



\$1.9M Deficient

Target: \$0.7M



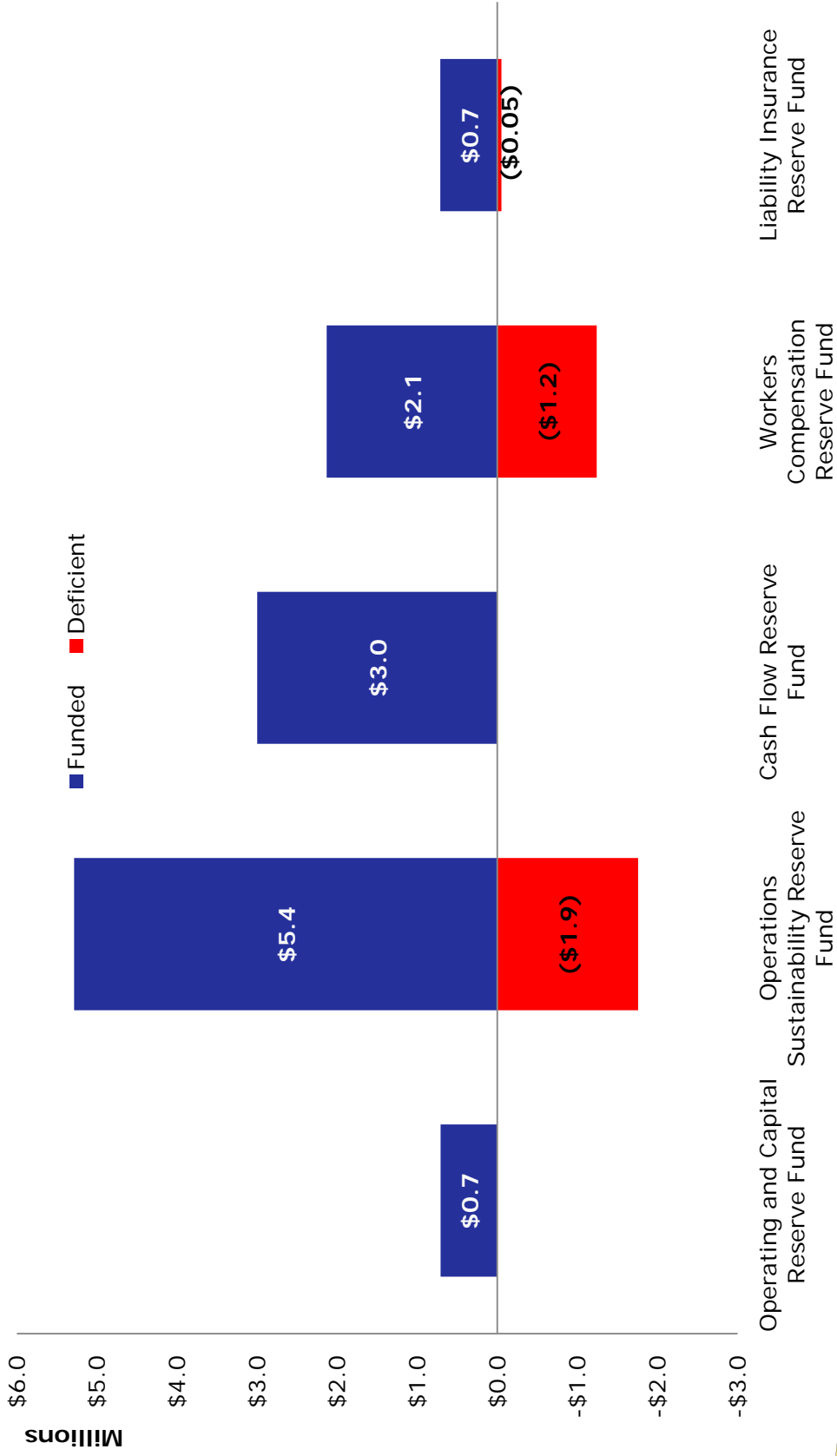
\$0.05M Deficient



No Minimum Balance

* Committed against FTA 5339 Bus Grant Application

FY17 Preliminary Reserve Account Balances as of 06/12/2017 (in \$ millions)



Transfers to Reserves - 5 Year Projections (in \$ millions)



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Estimated Operating Reserves as of

06/30/2022

Target: \$3.4M



Fully Funded

(After Transfers to Reserves in FY18 to FY22)

Target: \$3.0M



Fully Funded

Target: \$7.3M



Fully Funded

Target: \$0.7M



Fully Funded



No Minimum Balance

(Assumes no use of Reserves in FY18 to FY21, \$0.02M used in FY22)



Estimated Reserve Account Balances – Fully Funded as of 06/30/2022 (in \$ millions)

