



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

SEPTEMBER 9, 2022 – 8:00AM

DUE TO COVID-19, THE SEPTEMBER 9, 2022 SANTA CRUZ METRO FINANCE, BUDGET AND AUDIT STANDING COMMITTEE MEETING WILL BE CONDUCTED AS A 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

The public may participate remotely via the Zoom website [at this link](#) and following the instructions or by calling 1-669-900-9128 Meeting ID 862 2061 0274 Passcode 574552

Public comment may be submitted via email to boardinquiries@scmtd.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 correspondence that is posted online at the board meeting packet link. . Oral public comments will also be accepted during the meeting through Zoom. Should Zoom not be operational, please check online at: www.scmtd.com for any updates or further instruction.

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

Michael Tree
Julie Sherman

METRO CEO/General Manager
METRO District Counsel

MEETING TIME: 8:00 AM

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 YEAR TO DATE FINANCIAL REPORT AS OF JUNE 30, 2022

Chuck Farmer, CFO

6 YEAR TO DATE MONTHLY FINANCIAL REPORT AS OF AUGUST 31, 2022

Chuck Farmer, CFO

7 ADJOURNMENT

Accessibility for Individuals with Disabilities

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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 Financial Report as of June 30, 2022

Finance, Budget, & Audit Committee

September 9, 2022

Chuck Farmer, Chief Financial Officer

FY22 Pre-Audit Financials

June 30, 2022 – Pre-audit

Full Year Operating Revenue and Expenses

Full Year Estimate as of June 30, 2022

\$ 000's	Prelim Actual*	Budget	Fav / (Unfav)
Operating Revenue			
Passenger Fares	\$ 2,401	\$ 2,295	\$ 106
Special Transit Fares	5,847	6,025	(178)
Total Operating Revenue	\$ 8,248	\$ 8,319	(\$ 72)
Operating Expense			
Labor - Regular	\$ 16,165	\$ 18,922	\$ 2,757
Labor - OT	2,838	1,133	(1,705)
Fringe	18,500	20,481	1,980
Non-Personnel <i>(excludes COVID costs)</i>	10,715	10,308	(407)
Total OpEx	\$ 48,219	\$ 50,843	\$ 2,624
Operating Surplus/(Deficit)	(\$ 39,971)	(\$ 42,524)	\$ 2,553
	<i>17.1%</i>	<i>16.4%</i>	<i>0.7%</i>
Non-Operating Revenue/(Expense)			
Sales Tax/including Measure D	\$ 32,164	\$ 26,303	\$ 5,860
Federal/State Grants	21,065	19,451	1,615
COVID Relief Grants	13,558	-	13,558
COVID Related Costs	(295)	(121)	(174)
Pension UAL/Bond Interest Payment	(7,687)	(5,650)	(2,037)
All Other	774	677	97
Total Non-Operating Revenue/(Expense)	\$ 59,579	\$ 40,660	\$ 18,920
Operating Surplus/(Deficit) before Transfers	\$ 19,608	(\$ 1,864)	\$ 21,472
Transfers and Other			
Transfers to Bus Replacement Fund	(\$ 2,913)	(\$ 2,240)	(\$ 673)
Transfers to Reserves Replenishment	(9,574)	(2,175)	(7,399)
Transfers (to) / from COVID Reserve Fund	(7,121)	6,279	(13,400)
Operating Surplus/(Deficit) after Transfers	-	-	-

- Expenses favorable vs. Budget due to lower headcount and hours paid
- Prelim Actuals include projected \$13.6M drawdown of CRRSAA/ARPA funds. Final results will be available post audit
- Non-Operating higher than Budget by \$18.9M due to higher Sales Tax Revenues and COVID relief grants
- \$7.1M expected to be transferred to COVID reserve bucket.

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FY22 Pre-audit Capital Budget Spend

Project Category:	Full Year		Full Year % Spend
	Actuals*	Budget	
Construction Related Projects	\$ 56	\$ 207	27.0%
IT Projects	49	49	99.4%
Facilities Repair & Improvements	431	932	46.2%
Revenue Vehicle Replacement	6,946	7,427	93.5%
Revenue Vehicle Electrification Projects	92	165	56.1%
Non-Revenue Vehicle Replacement	32	100	31.8%
Fleet & Maintenance Equipment	48	48	100.0%
Misc.	132	226	58.3%
Total	\$ 7,785	\$ 9,154	85.0%

Completed Projects FY22

- ✓ 10 CNG Buses - six put into service Jan 2022, four put into service Jun 2022
- ✓ JKS Facility – Bus Wash Rehab
- ✓ Maintenance Facility – Paint Exterior

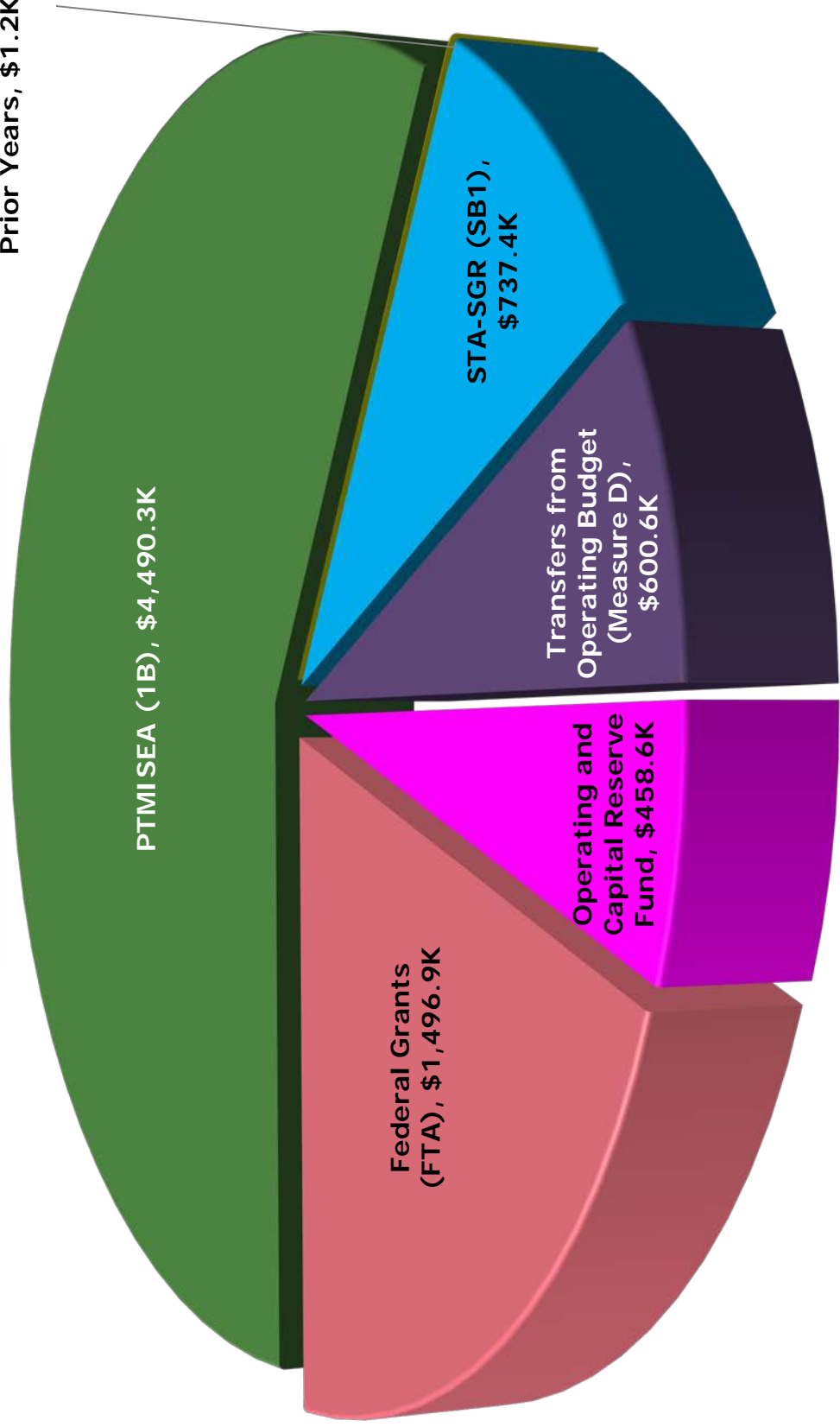
* Pre-close/Pre-Audit financials, subject to adjustments post close

** Revised Budget approved by BoD in April 2022

FY22 Capital Portfolio Spending by Funding

Source* \$7,785K

State Transit Assistance (STA)- Prior Years, \$1.2K



Operating Reserves* as of 06/30/2022

\$2.3M



Fully Funded

\$0.7M



Fully Funded

\$15.2M



Fully Funded

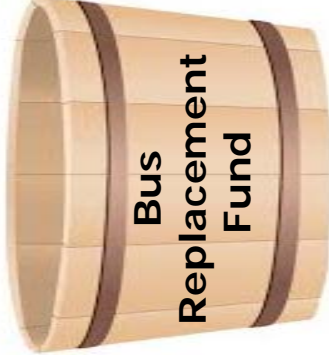
\$3.0M



Fully Funded

No minimum Balances for these Funds

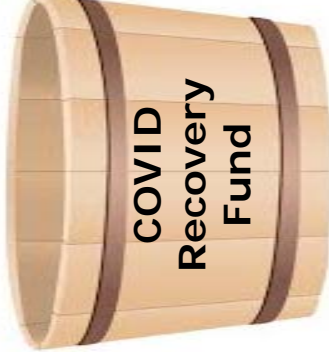
\$4.3M



\$4.0M



\$29.7M



\$5.8M



*Balances in the various Reserve categories are aligned with METRO Reserve Fund policy (revised and adopted by the Board on Nov 15, 2019)
 Bus Replacement Fund – Minimum \$3M annual commitment from Measure D sales tax and STA-SGR, uncommitted balance shown
 UAL & OPEB – Minimum \$2M annual commitment

Questions?

Appendix

FY22 Pre-audit Capital Budget Detail Spend

	FY22 - Full Year		Full Year
	Actuals	Budget	% Spend
Construction Related Projects			
METRO owned facility for ParaCruz	\$ 43,556	\$ 65,223	\$ 21,667 66.8%
Pacific Station - PS - METRO Redevelopment	6,892	-	(6,892) N/A
Pacific Station - PS - Conceptual Design/MOU	5,335	141,283	135,948 3.8%
Construction Related Projects Total	\$ 55,783	\$ 206,506	\$ 150,723 27.0%
IT Projects			
Secondary Virtualization System -	\$ 48,742	\$ 49,000	\$ 258 99.5%
IT Projects Total	\$ 48,742	\$ 49,000	\$ 258 99.5%
Facilities Upgrades & Improvements			
Maintenance Yard Security	\$ 12,183	\$ 22,183	\$ 10,001 54.9%
Maintenance Yard Security - Demo two structures, repair sinkhole	15,541	451,600	436,059 3.4%
Bus Stop Improvements	21,134	27,120	5,986 77.9%
JKS Facility - Gate Control	95,412	91,687	(3,725) 104.1%
JKS Facility - Bus Wash Rehab	141,304	150,000	8,696 94.2%
JKS Facility - Upper Security Gates	21,622	-	(21,622) N/A
Maintenance Facility - Paint Exterior	116,000	127,623	11,623 90.9%
Awning at Fueling Station - A&E only	7,607	22,186	14,579 34.3%
Fuel Mgmt System for Paracruz	-	40,000	40,000 0.0%
Facilities Upgrades & Improvements Total	\$ 430,803	\$ 932,399	\$ 501,596 46.2%

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* Pre-close/Pre-Audit financials, subject to adjustments post close
 ** Revised Budget approved by BoD in April 2022

FY22 Pre-audit Capital Budget Detail Spend

	FY22 - Full Year			Full Year
	Actuals	Budget	Variance	% Spend
Revenue Vehicle Purchases				
Replace Six (6) CNG Buses (Gillig)	\$ 3,905,392	\$ 4,136,017	\$ 230,625	94.4%
AVL/ITS	128,593	68,000	(60,593)	189.1%
3 New Flyer-Repl. - principal lease payments	267,116	267,172	56	100.0%
2 35' CNG Buses	1,322,220	1,508,382	186,162	87.7%
2 35' CNG Buses	1,322,220	1,447,701	125,481	91.3%
Revenue Vehicle Purchases Total	\$ 6,945,540	\$ 7,427,272	\$ 481,732	93.5%
Fleet Electrification Projects				
2 ZEBs (Proterra 2 of 4)	\$ 58,916	\$ 103,339	\$ 44,423	57.0%
Electric Bus (4) Highway 17	21,527	21,527	(0)	100.0%
JKS Facility - ZEB Yard Charging Infrastructure	11,988	37,743	25,755	31.8%
ZEB Deployment & Fleet Planning (CTE)	-	1,975	1,975	0.0%
Fleet Electrification Projects Total	\$ 92,431.3	\$ 164,584.0	\$ 72,152.7	56.2%
Non-Revenue Vehicle Purchases				
Non-Rev Electric Vehicles -	\$ 31,840	\$ 100,000	\$ 68,160	31.8%
Non-Revenue Vehicle Purchases Total	\$ 31,840	\$ 100,000	\$ 68,160	31.8%
Fleet & Maintenance Equipment				
Floor Scrubber (1) for Maint. Shop	\$ 22,801	\$ 22,801	\$ -	100.0%
Facility Maintenance	25,440	25,441	1	100.0%
Fleet & Maintenance Equipment Total	\$ 48,241	\$ 48,242	\$ 1	100.0%

* Pre-close/Pre-Audit financials, subject to adjustments post close
 ** Revised Budget approved by BoD in April 2022

FY22 Pre-audit Capital Budget Detail Spend

	FY22 - Full Year			Full Year	
	Actuals	Budget	Variance	% Spend	
Miscellaneous					
Misc Capital Contingency - total left/approved BoD Nov 2019	\$ 1,891	\$ 91,800	\$ 89,909		2.1%
Misc Capital - EOC Equipment	4,437	10,400	5,963		42.7%
Misc Capital - Radio Console Upgrade	37,834	41,800	3,966		90.5%
Misc Capital - MaintStar update	37,000	37,000	-		100.0%
Misc Capital - SVT Trash & Recycling	8,754	8,754	-		100.0%
Misc Capital - Timekeeping system - upgrade	16,262	16,300	38		99.8%
Misc Capital - Hardware for Bus Stop Redesign	19,080	19,599	519		97.4%
Misc Capital Contingency FY23	1,288	-	(1,288)		N/A
Misc Capital - Exercise Equipment/Refrigerator (Ops)	5,006	-	(5,006)		N/A
Misc. Total	\$ 131,552	\$ 225,653	\$ 94,101		58.3%
Grand Total	\$ 7,784,932	\$ 9,153,656	\$ 1,368,724		85.0%

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* Pre-close/Pre-Audit financials, subject to adjustments post close
 ** Revised Budget approved by BoD in April 2022

FY22 Pre-audit Capital Budget Funding Spend

	FY22 - Full Year			
	Actuals	Budget	Variance	% Spend
Capital Funding				
PTMISEA (1B)	\$ 4,490,256	\$ 4,469,355	\$ (20,901)	100.5%
Federal Grants (FTA)	1,496,889	1,701,732	204,843	88.0%
STA-SGR (SB1)	737,355	882,754	145,399	83.5%
Transfers from Operating Budget (Measure D)	600,595	1,059,366	458,771	56.7%
Operating and Capital Reserve Fund	458,615	1,012,193	# 553,578	45.3%
State Transit Assistance (STA)-Prior Years	1,221	28,255	27,034	4.3%
Grand Total	\$ 7,784,932	\$ 9,153,655	\$ 1,368,724	85.0%

5.12

* Pre-close/Pre-Audit financials, subject to adjustments post close

** Revised Budget approved by BoD in April 2022



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

Finance, Budget & Audit Standing Committee

September 9, 2022

Chuck Farmer, Chief Financial Officer

August 2022 Key Financial Highlights

<h2>Service</h2>	<ul style="list-style-type: none">• Fixed Route (including Hwy 17) Cost per Revenue Service Hour is \$XXX vs Budget of \$342<ul style="list-style-type: none">• XX canceled trips• ParaCruz Cost per Trip is \$XX vs Budget of \$75• Non-Student/Hwy 17 Passengers is XXX vs Budget of 120,304
<h2>Financials</h2>	<ul style="list-style-type: none">• Total Operating Surplus/(Deficit) is favorable \$0.4M driven by higher Passenger Fares of \$20K, lower non-personnel of \$0.1M, wages of \$0.2M, and fringe of \$0.3M; partially offset by higher OT of \$0.1M• Non-Operating Revenues of \$2.6M are \$0.8M favorable vs budget of \$1.9M driven primarily by higher sales tax revenues
<h2>Capital</h2>	<ul style="list-style-type: none">• Capital spend of \$23K is \$129K lower than budget of \$152K primarily due to delay of demo of structures and sinkhole repair as a result of permitting issues
<h2>Personnel</h2>	<ul style="list-style-type: none">• XXX Active Personnel vs 329 Funded Personnel• 47 Vacancies at end of August, 31 related to Paratransit and Bus Operators

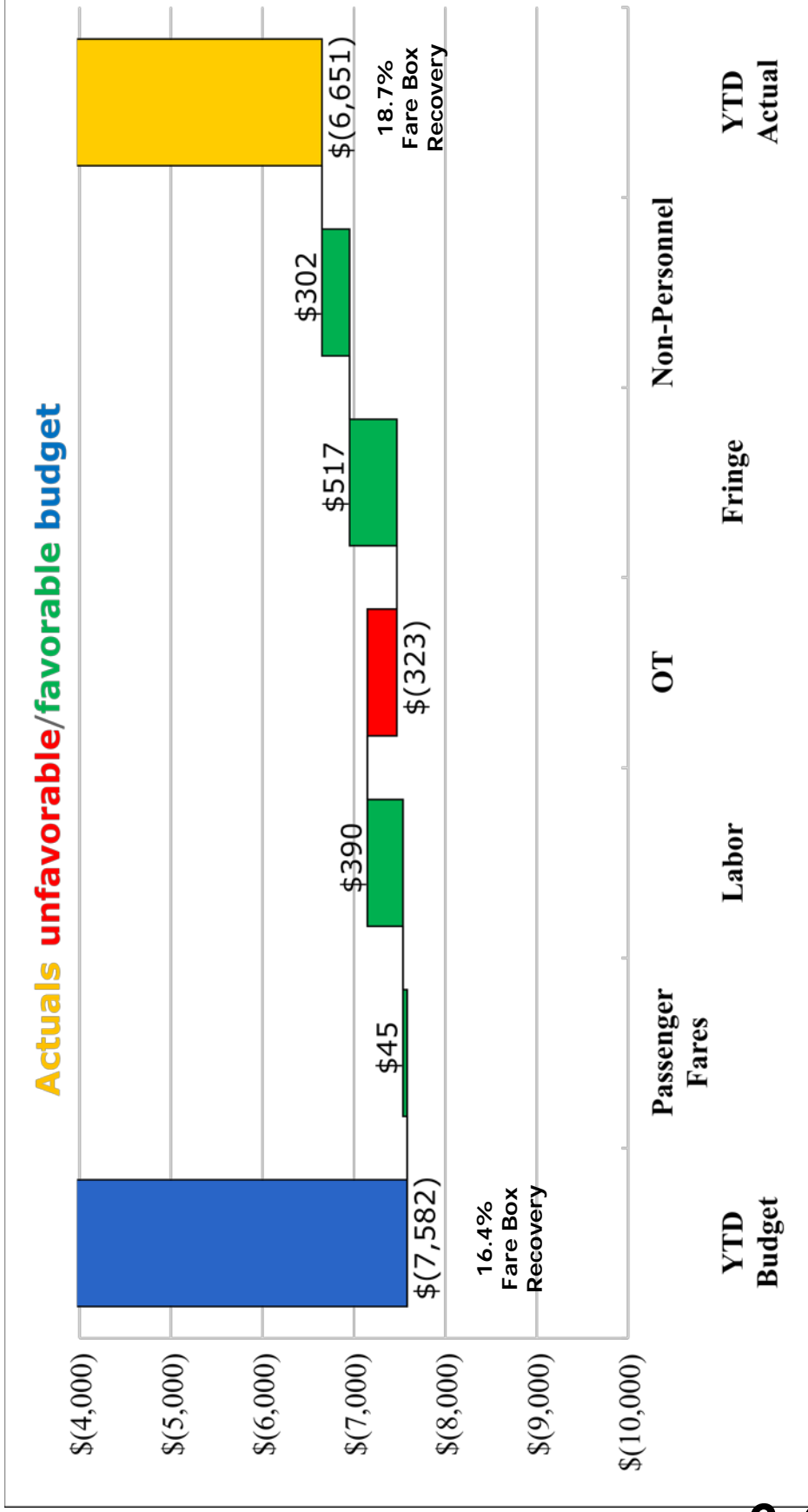
August 2022, YTD Pre-Close Financials

August YTD FY23 Operating Revenue & Expense

Actual* vs. Budget

\$000's

Overall \$0.9M favorable



* Excludes Transfers, August not foot due to rounding

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

August 31, 2022

YTD Operating Revenue and Expenses

\$ 000's	Actual*	Budget	Fav / (Unfav)
Operating Revenue			
Passenger Fares	\$ 455	\$ 403	\$ 52
Special Transit Fares	1,079	1,086	(7)
Total Operating Revenue	\$ 1,534	\$ 1,489	\$ 45
Operating Expense			
Labor - Regular	\$ 2,878	\$ 3,267	\$ 390
Labor - OT	603	280	(323)
Fringe	3,082	3,599	517
Non-Personnel (<i>excludes COVID costs</i>)	1,623	1,925	302
Total OpEx	\$ 8,186	\$ 9,071	\$ 885
Operating Surplus/(Deficit)	(\$ 6,651)	(\$ 7,582)	\$ 931
<i>Farebox Recovery</i>	<i>18.7%</i>	<i>16.4%</i>	<i>2.3%</i>
Non-Operating Revenue/(Expense)			
Sales Tax/including Measure D	\$ 5,371	\$ 5,170	\$ 202
COVID Related Costs	(20)	(53)	33
Pension UAL/Bond Interest Payment	(438)	(438)	0
All Other	101	100	1
Total Non-Operating Revenue/(Expense)	\$ 5,014	\$ 4,779	\$ 236
Operating Surplus/(Deficit) before Transfers	(\$ 1,637)	(\$ 2,803)	\$ 1,166
Transfers and Other			
Transfers to Bus Replacement Fund	(\$ 624)	(\$ 395)	(\$ 229)
Operating Surplus/(Deficit) after Transfers	(\$ 2,261)	(\$ 3,198)	\$ 937

- \$0.9M Operating Surplus driven by shortage of bus drivers; partially offset by increased OT
- Sales tax of \$5.4M is 3.9% higher than budget
- Bus Replacement Fund higher than budget by \$0.2M

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* Pre-close financials, subject to adjustments post close

Capital Spending & Project Completion

August 31, 2022 Capital Budget Spend

Project Category:	Month to Date		Year to Date		Full Year	
	Actuals*	Budget	Actuals*	Budget	Budget**	% Spend
Construction Related Projects	\$ -	\$ -	\$ -	\$ -	\$ 2,050	0.0%
IT Projects	-	-	-	-	1,650	0.0%
Facilities Repair & Improvements	-	-	-	-	1,525	0.0%
Revenue Vehicle Replacement	23	434	45	461	13,127	0.3%
Revenue Vehicle Electrification Projects	-	2	-	2	6,159	0.0%
Non-Revenue Vehicle Replacement	31	-	63	-	510	12.4%
Fleet & Maintenance Equipment	-	-	-	-	180	0.0%
Misc.	-	-	-	-	300	0.0%
Total \$	54	\$ 436	\$ 108	\$ 463	\$ 25,501	0.4%

✓ YTD spending of \$108K is behind budget of \$463K primarily due to delay of Automatic Passenger Counters – originally planned as part of Clever Device AVL installation but could not be certified “Buy America”. This resulted in a formal procurement process for APCs in order to meet the Buy America requirement.

* Pre-close financials, subject to adjustments post close

Questions?

Appendix

July 31, 2022

Monthly Operating Revenue and Expenses

\$ 000's	Actual*	Budget	Fav / (Unfav)
Operating Revenue			
Passenger Fares	\$ 227	\$ 195	\$ 32
Special Transit Fares	438	445	(7)
Total Operating Revenue	\$ 665	\$ 640	\$ 25
Operating Expense			
Labor - Regular	\$ 1,416	\$ 1,846	\$ 430
Labor - OT	286	137	(149)
Fringe	1,611	1,822	211
Non-Personnel (<i>excludes COVID costs</i>)	809	960	152
Total OpEx	\$ 4,121	\$ 4,765	\$ 644
Operating Surplus/(Deficit)	(\$ 3,456)	(\$ 4,125)	\$ 669
	<i>16.1%</i>	<i>13.4%</i>	<i>2.7%</i>
	<i>Farebox Recovery</i>		
Non-Operating Revenue/(Expense)			
Sales Tax/including Measure D	\$ 3,008	\$ 2,922	\$ 86
COVID Related Costs	-	(29)	29
Pension UAL/Bond Interest Payment	(221)	(221)	0
All Other	90	49	41
Total Non-Operating Revenue/(Expense)	\$ 2,877	\$ 2,721	\$ 155
Operating Surplus/(Deficit) before Transfers	(\$ 579)	(\$ 1,403)	\$ 824
Transfers and Other			
Transfers to Bus Replacement Fund	(\$ 258)	(\$ 223)	(\$ 35)
Operating Surplus/(Deficit) after Transfers	(\$ 837)	(\$ 1,627)	\$ 790

6.10

* Pre-close financials, subject to adjustments post close

August 31, 2022

Monthly Operating Revenue and Expenses

	Actual*	Budget	Fav / (Unfav)
<i>\$ 000's</i>			
Operating Revenue			
Passenger Fares	\$ 228	\$ 208	\$ 20
Special Transit Fares	641	641	-
Total Operating Revenue	\$ 869	\$ 849	\$ 20
Operating Expense			
Labor - Regular	\$ 1,462	\$ 1,422	(\$ 40)
Labor - OT	317	143	(174)
Fringe	1,471	1,776	306
Non-Personnel (<i>excludes COVID costs</i>)	815	965	150
Total OpEx	\$ 4,064	\$ 4,306	\$ 242
Operating Surplus/(Deficit)	(\$ 3,195)	(\$ 3,457)	\$ 262
<i>Farebox Recovery</i>	<i>21.4%</i>	<i>19.7%</i>	<i>1.7%</i>
Non-Operating Revenue/(Expense)			
Sales Tax/including Measure D	\$ 2,363	\$ 2,247	\$ 116
COVID Related Costs	(20)	(24)	4
Pension UAL/Bond Interest Payment	(217)	(217)	-
All Other	11	52	(41)
Total Non-Operating Revenue/(Expense)	\$ 2,137	\$ 2,057	\$ 80
Operating Surplus/(Deficit) before Transfers	(\$ 1,058)	(\$ 1,400)	\$ 342
Transfers and Other			
Transfers to Bus Replacement Fund	(\$ 366)	(\$ 172)	(\$ 194)
Operating Surplus/(Deficit) after Transfers	(\$ 1,424)	(\$ 1,572)	\$ 147

6.11

* Pre-close financials, subject to adjustments post close

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