



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)  
BOARD OF DIRECTORS AGENDA  
REGULAR MEETING  
JANUARY 27, 2017 – 8:30 AM  
METRO ADMINISTRATIVE OFFICES  
110 VERNON STREET  
SANTA CRUZ, CA 95060**

MISSION STATEMENT: “To provide a public transportation service that enhances personal mobility and creates a sustainable transportation option in Santa Cruz County through a cost-effective, reliable, accessible, safe, clean and courteous transit service.”

The Board Meeting Agenda Packet can be found online at [www.SCMTD.com](http://www.SCMTD.com) and is available for inspection at Santa Cruz Metro’s Administrative offices at 110 Vernon Street, Santa Cruz, California.

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**BOARD ROSTER**

|                                   |                           |
|-----------------------------------|---------------------------|
| Director Ed Bottorff              | City of Capitola          |
| Vacant Director                   | City of Scotts Valley     |
| Vacant Director                   | City of Watsonville       |
| Director Cynthia Chase            | City of Santa Cruz        |
| Director Jimmy Dutra, Vice Chair  | City of Watsonville       |
| Director Zach Friend              | County of Santa Cruz      |
| Director Norm Hagen               | County of Santa Cruz      |
| Vacant Director                   | City of Santa Cruz        |
| Director John Leopold             | County of Santa Cruz      |
| Director Bruce McPherson          | County of Santa Cruz      |
| Director Mike Rotkin, Chair       | County of Santa Cruz      |
| Ex-Officio Director Donna Blitzer | UC Santa Cruz             |
| Vacant Ex-Officio Director        | Cabrillo College          |
| Alex Clifford                     | METRO CEO/General Manager |
| Julie Sherman                     | METRO General Counsel     |

**TITLE 6 - INTERPRETATION SERVICES / TÍTULO 6 - SERVICIOS DE TRADUCCIÓN**

Spanish language interpretation and Spanish language copies of the agenda packet are available on an as-needed basis. Please make advance arrangements with the Executive Assistant at 831-426-6080. Interpretación en español y traducciones en español del paquete de la agenda están disponibles sobre una base como-necesaria. Por favor, hacer arreglos por adelantado con Coordinador de Servicios Administrativos al numero 831-426-6080.

**AMERICANS WITH DISABILITIES ACT**

The Board of Directors meets in an accessible facility. Any person who requires an accommodation or an auxiliary aid or service to participate in the meeting, or to access the

agenda and the agenda packet (including a Spanish language copy of the agenda packet), should contact the Executive Assistant, at 831-426-6080 as soon as possible in advance of the Board of Directors meeting. Hearing impaired individuals should call 711 for assistance in contacting Santa Cruz METRO regarding special requirements to participate in the Board meeting. For information regarding this agenda or interpretation services, please call Santa Cruz METRO at 831-426-6080.

## **SECTION I: OPEN SESSION**

NOTE: THE BOARD CHAIR MAY TAKE ITEMS OUT OF ORDER

### **1 SWEAR IN NEW DIRECTORS**

### **2 CALL TO ORDER**

### **3 ROLL CALL**

### **4 ANNOUNCEMENTS**

4-1. Spanish language interpretation will be available during "Oral Communications" and for any other agenda item for which these services are needed.

4-2. Today's meeting is being broadcast by Community Television of Santa Cruz County.

### **5 BOARD OF DIRECTORS COMMENTS**

### **6 COMMUNICATIONS TO THE BOARD OF DIRECTORS**

This time is set aside for Directors and members of the general public to address any item not on the Agenda which is within the subject matter jurisdiction of the Board. No action or discussion shall be taken on any item presented except that any Director may respond to statements made or questions asked, or may ask questions for clarification. All matters of an administrative nature will be referred to staff. All matters relating to Santa Cruz METRO will be noted in the minutes and may be scheduled for discussion at a future meeting or referred to staff for clarification and report. Any Director may place matters brought up under Communications to the Board of Directors on a future agenda. In accordance with District Resolution 611-2-1, speakers appearing at a Board meeting shall be limited to three minutes in his or her presentation. Any person addressing the Board may submit written statements, petitions or other documents to complement his or her presentation. When addressing the Board, the individual may, but is not required to, provide his/her name and address in an audible tone for the record.

### **7 WRITTEN COMMUNICATIONS FROM MAC (if applicable)**

### **8 LABOR ORGANIZATION COMMUNICATIONS**

### **9 ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS**

## CONSENT AGENDA

All items appearing on the Consent Agenda are recommended actions which are considered to be routine and will be acted upon as one motion. All items removed will be considered later in the agenda. The Board Chair will allow public input prior to the approval of the Consent Agenda items.

**10-01 APPROVE: RECOMMENDED ACTION ON TORT CLAIMS**

*Alex Clifford, CEO/General Manager*

**10-02 ACCEPT AND FILE: PRELIMINARY APPROVED CHECK JOURNAL DETAIL FOR THE MONTH OF DECEMBER 2016**

*Angela Aitken, Finance Manager*

**10-03 ACCEPT AND FILE: YEAR TO DATE MONTHLY FINANCIAL REPORT AS OF OCTOBER 31, 2016**

*Angela Aitken, Finance Manager*

**10-04 ACCEPT AND FILE: MINUTES OF THE SANTA CRUZ METRO BOARD OF DIRECTORS MEETING OF DECEMBER 9, 2016**

*Alex Clifford, CEO/General Manager*

**10-05 ACCEPT AND FILE: CONSIDERATION OF ISSUING A FORMAL REQUEST FOR PROPOSALS FOR EXCESS WORKERS' COMPENSATION INSURANCE AND BROKER SERVICES**

*Angela Aitken, Interim Human Resources Manager and Finance Manager*

**10-06 ACCEPT AND FILE: CONSIDERATION OF ISSUING A FORMAL REQUEST FOR PROPOSALS FOR EMPLOYEE VISION CARE SERVICES**

*Angela Aitken, Interim Human Resources Manager and Finance Manager*

## REGULAR AGENDA

**11 PRESENTATION OF EMPLOYEE LONGEVITY AWARDS FOR ANGELA AITKEN, MARIO ARELLANO, JON BARTHOLOMEW, RHONDA CARTER, MICHAEL COTRONEO, HARLAN GLATT, JUSTINA O'HAGIN, BRIAN McHALE AND DELVIS SEDA**

*Chair Mike Rotkin*

**12 RESOLUTION OF APPRECIATION, RETIREES: FRANK JACINTO, ROBYN D. SLATER, LESLYN SYREN**

*Chair Mike Rotkin*

**13 APPROVE: RESOLUTIONS OF APPRECIATION FOR FORMER BOARD MEMBERS, DENE BUSTICHI, KARINA CERVANTEZ AND DON LANE**

*Chair Mike Rotkin*

**14 ACCEPTANCE OF FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Angela Aitken, Finance Manager*

- 15 **APPROVE: CONSIDERATION OF AUTHORIZING THE CEO/GENERAL MANAGER, OR HIS DESIGNEE, AND GENERAL COUNSEL TO ALLOW, COMPROMISE, AND/OR SETTLE ANY WORKERS' COMPENSATION CLAIM OR CASE FILED AGAINST SANTA CRUZ METRO**  
*Angela Aitken, Interim HR Manager and Finance Manager*
  - 16 **APPROVE: CONSIDERATION OF INCREASING THE TORT LIABILITY SETTLEMENT AUTHORITY OF THE CEO/GENERAL MANAGER OR HIS DESIGNEE AND GENERAL COUNSEL TO \$50,000**  
*Angela Aitken, Interim HR Manager and Finance Manager*
  - 17 **APPROVE: CONSIDERATION OF AUTHORIZING THE CEO TO EXECUTE A 2<sup>ND</sup> AMENDMENT WITH HANSON BRIDGETT, LLP TO INCREASE THE CONTRACT TOTAL BY \$96,300 FOR AS-NEEDED LEGAL SERVICES**  
*Alex Clifford, CEO/General Manager*
  - 18 **APPROVE: REVISED METROBASE PHASE II (OPERATIONS BUILDING) LIFE OF PROJECT BUDGET AND CAPITAL RESOURCE ALLOCATION PLAN**  
*Alex Clifford, CEO/General Manager*
  - 19 **APPROVE: CONSIDERATION OF NOMINATING DIRECTORS TO SERVE AS BOARD OFFICERS, NOMINATING DIRECTORS TO FILL VACANT POSITIONS ON VARIOUS BOARD STANDING COMMITTEES, NOMINATE DIRECTORS TO FILL VACANT POSITIONS ON THE SANTA CRUZ CIVIC IMPROVEMENT CORPORATION (SCCIC), & NOMINATING REPRESENTATIVES AND ALTERNATES TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION (SCCRTC)**  
*Chair Mike Rotkin*
  - 20 **CEO ORAL REPORT**  
*Alex Clifford, CEO/General Manager*
  - 21 **REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION**  
*Julie Sherman, General Counsel*
  - 22 **ANNOUNCEMENT OF NEXT MEETING: FRIDAY, FEBRUARY 24, 2017 AT 8:30 AM, WATSONVILLE CITY COUNCIL CHAMBERS, 275 MAIN STREET, WATSONVILLE, CA**  
*Chair Mike Rotkin*
  - 23 **RECESS TO CLOSED SESSION**
- SECTION II: CLOSED SESSION**
- 24 **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**  
Significant exposure to litigation pursuant to Government Code Section 54956.9 (b) – one case

**25 CONFERENCE WITH LABOR NEGOTIATORS (GOVERNMENT CODE SECTION 54957.6)**

Agency Negotiators: Alex Clifford, CEO/General Manager  
Julie Sherman, General Counsel  
Employee Organization: SEIU, Local 521

**SECTION III: RECONVENE TO OPEN SESSION**

**26 REPORT OF CLOSED SESSION ITEMS**

[Julie Sherman, General Counsel](#)

**27 ADJOURNMENT**

[Chair Mike Rotkin](#)

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 to the Board of Directors 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](http://www.scmtd.com) subject to staff's ability to post the document before the meeting.

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**DATE:** January 27, 2017  
**TO:** Board of Directors  
**FROM:** Alex Clifford, CEO/General Manager  
**SUBJECT: RECOMMENDED ACTION ON TORT CLAIMS**

**I. RECOMMENDED ACTION**

**That the Board of Directors Approve Staff Recommendations for Claims for the Month of January 2017**

**II. SUMMARY**

This staff report provides the Board of Directors with recommendations on claims submitted to the Santa Cruz Metropolitan Transit District (METRO).

**III. DISCUSSION/BACKGROUND**

METRO's Risk Department received two claims for the month of January, 2017 for money or damages. As a public entity, METRO must act "within 45 days after the claim has been presented" (Govt C §912.4(a)). See staff recommendations in paragraph VI.

**IV. FINANCIAL CONSIDERATIONS/IMPACT**

None

**V. ALTERNATIVES CONSIDERED**

Within the 45-day period, the Board of Directors may take the following actions:

- Reject the claim entirely;
- Allow it in full;
- Allow it in part and reject the balance;
- Compromise it, if the liability or amount due is disputed (Govt C §912.4(a)); or
- Do nothing, and allow the claim to be denied by operation of law (Govt C §912.4 (c)).

**VI. DESCRIPTION OF CLAIMS**

| Claimant                   | Claim # | Description  | Recommended Action |
|----------------------------|---------|--|--------------------|
| Safeco Insurance, Vu, Hung | 16-0016 | Claimant driver merges in front of bus resulting in collision. | Reject             |
| Vu, Anna                   | 17-0001 | Bus makes contact with claimant's stopped car.                 | Reject             |

Prepared By: Tom Szeszowicki, Safety Specialist

**VII. APPROVAL:**

Alex Clifford, CEO/General Manager



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**DATE:** January 27, 2017  
**TO:** Board of Directors  
**FROM:** Angela Aitken, Finance Manager  
**SUBJECT: ACCEPT AND FILE PRELIMINARY APPROVED CHECK JOURNAL  
DETAIL FOR THE MONTH OF DECEMBER 2016**

**I. RECOMMENDED ACTION**

**That the Board of Directors accept and file the preliminary approved Check Journal Detail for the month of December 2016**

**II. SUMMARY**

- This staff report provides the Board with a preliminary approved Check Journal Detail for the month of December 2016.
- The Finance Department is submitting the check journal for Board acceptance and filing.

**III. DISCUSSION/BACKGROUND**

This preliminary approved Check Journal Detail provides the Board with a listing of the vendors and amounts paid out on a monthly cash flow basis (Operating and Capital expenses).

All invoices submitted for the month of December 2016 have been processed, checks issued and signed by the Finance Manager.

**IV. FINANCIAL CONSIDERATIONS/IMPACT**

None. The check journal is a presentation of invoices paid in December 2016 for purposes of Board review, agency disclosure, accountability and transparency.

**V. ALTERNATIVES CONSIDERED**

N/A

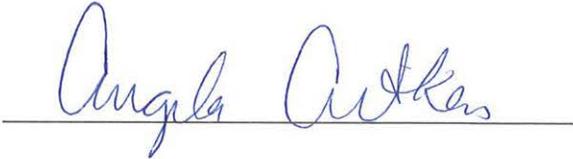
**VI. ATTACHMENTS**

**Attachment A:** Check Journal Detail for the Month of December 2016

Prepared By: Holly Riley, Senior Accounting Technician

**VII. APPROVALS:**

Angela Aitken, Finance Manager



Alex Clifford, CEO/General Manager



# Attachment A

DATE 01/03/17 11:27

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT  
CHECK JOURNAL DETAIL BY CHECK NUMBER  
ALL CHECKS FOR ACCOUNTS PAYABLE

PAGE 1

DATE: 12/01/16 THRU 12/31/16

| CHECK NUMBER | CHECK DATE | CHECK VENDOR | CHECK AMOUNT | VENDOR NAME                    | VENDOR TYPE | TRANS. NUMBER | TRANSACTION DESCRIPTION | TRANSACTION AMOUNT | COMMENT |
|--------------|------------|--------------|--------------|--------------------------------|-------------|---------------|-------------------------|--------------------|---------|
| 57718        | 12/05/16   | 003151       | 383.79       | ABC BUS INC                    |             | 75239         | INVENTORY ORDER         | 383.79             |         |
| 57719        | 12/05/16   | E437         | 274.76       | AITKEN, ANGELA                 |             | 75192         | TRAVEL REIMBURSEMENT    | 274.76             |         |
| 57720        | 12/05/16   | 002861       | 30.60        | AMERICAN MESSAGING SVCS, LLC   |             | 75299         | DEC 16 PAGER SERVICE    | 30.60              |         |
| 57721        | 12/05/16   | 001348       | 9,292.66     | ATHENS INSURANCE SERVICE, INC. |             | 75292         | DEC 16 TPA FEES         | 4,646.33           |         |
|              |            |              |              |                                |             | 75293         | NOV 16 TPA FEES         | 4,646.33           |         |
| 57722        | 12/05/16   | 0059         | 3,262.50     | BATTERIES USA, INC.            |             | 75298         | BATTERIES               | 3,262.50           |         |
| 57723        | 12/05/16   | 001356       | 1,768.64     | BRENCO OPERATING-TEXAS, LP     |             | 75296         | INVENTORY ORDER         | 1,768.64           |         |
| 57724        | 12/05/16   | 914          | 125.06       | CALTRONICS BUSINESS SYSTEMS    |             | 75300         | OFFICE SUPPLIES         | 125.06             |         |
| 57725        | 12/05/16   | 002034       | 1,922.03     | CARLON'S FIRE EXTINGUISHER     |             | 75206         | EXTINGUISHER INS OPS    | 222.50             |         |
|              |            |              |              |                                |             | 75208         | EXTINGUISH INS 1200B    | 121.00             |         |
|              |            |              |              |                                |             | 75209         | EXTINGUISH INS PACIF    | 270.00             |         |
|              |            |              |              |                                |             | 75250         | EXTINGUISH INSP GOLF    | 549.87             |         |
|              |            |              |              |                                |             | 75251         | EXTINGUISH INSP VERN    | 560.56             |         |
|              |            |              |              |                                |             | 75252         | EXTINGUISH INSP SVTC    | 48.00              |         |
|              |            |              |              |                                |             | 75253         | EXTINGUISH INSP WTC     | 150.10             |         |
| 57726        | 12/05/16   | 130          | 50.73        | CITY OF WATSONVILLE UTILITIES  |             | 75249         | 10/10-11/15 WATER WT    | 50.73              |         |
| 57727        | 12/05/16   | 001124       | 8,633.52     | CLEAN ENERGY                   |             | 75176         | LNG 10/27/16            | 8,633.52           |         |
| 57728        | 12/05/16   | E957         | 346.12       | CLIFFORD, ALEX                 |             | 75170         | MEETING REIMBURSEMENT   | 346.12             |         |
| 57729        | 12/05/16   | 075          | 847.77       | COAST PAPER & SUPPLY INC.      |             | 75177         | CUSTODIAL SUPPLIES      | 847.77             |         |
| 57730        | 12/05/16   | 003256       | 1,096.50     | COMCAST HOLDINGS CORPORATION   |             | 75216         | COA ADVERTISING         | 1,096.50           |         |
| 57731        | 12/05/16   | 002814       | 183.44       | CREATIVE BUS SALES, INC.       |             | 75220         | RPR VEH #2404           | 118.71             |         |
|              |            |              |              |                                |             | 75221         | RPR VEH #1501 PC        | 64.73              |         |
| 57732        | 12/05/16   | 003174       | 290.00       | CRUZ BROTHERS LOCATORS INC     |             | 75241         | UTILITY LOCATOR MB      | 290.00             |         |
| 57733        | 12/05/16   | 003274       | 6,353.47     | EAST BAY TIRE CO.              |             | 75255         | TIRES                   | 1,973.15           |         |
|              |            |              |              |                                |             | 75256         | TIRES                   | 927.31             |         |
|              |            |              |              |                                |             | 75257         | TIRES                   | 1,479.86           |         |
| 57734        | 12/05/16   | 002953       | 87.50        | EPICOR SOFTWARE CORP           |             | 75258         | TIRES                   | 1,973.15           |         |
| 57735        | 12/05/16   | 432          | 2,801.25     | EXPRESS SERVICES INC.          |             | 75189         | HCM UPGRADE             | 87.50              |         |
|              |            |              |              |                                |             | 75180         | TEMP W/E 10/30/16       | 787.50             |         |
|              |            |              |              |                                |             | 75187         | TEMP W/E 11/13/16       | 780.00             |         |
|              |            |              |              |                                |             | 75243         | TEMP W/E 11/13/16       | 303.75             |         |
|              |            |              |              |                                |             | 75287         | TEMP W/E 11/13/16       | 930.00             |         |
| 57736        | 12/05/16   | 959          | 77.85        | FIRST ADVANTAGE OCCUPATIONAL   |             | 75273         | DOT DRUG TESTING        | 62.68              |         |
|              |            |              |              |                                |             | 75274         | DOT DRUG TESTING        | 62.68              |         |
|              |            |              |              |                                |             | 75275         | DOT DRUG TESTING        | 42.12              |         |
|              |            |              |              |                                |             | 75276         | REVERSE DBL PMT54044    | -52.90             |         |
|              |            |              |              |                                |             | 75277         | CREDIT                  | -89.63             |         |
| 57737        | 12/05/16   | 003279       | 115.22       | FRONTIER COMMUNICATIONS CORP   |             | 75278         | DOT DRUG TESTING        | 52.90              |         |
|              |            |              |              |                                |             | 75193         | 11/13-12/12 SKY-OCEA    | 57.61              |         |
| 57738        | 12/05/16   | 001302       | 273.04       | GARDA CL WEST, INC.            |             | 75204         | 11/16-12/15 SKY-RIV     | 57.61              |         |
| 57739        | 12/05/16   | 647          | 1,189.03     | GENFARE A DIV OF SPX CORP      |             | 75217         | DEC 16 SERVICES         | 273.04             |         |
|              |            |              |              |                                |             | 75233         | INVENTORY ORDER         | 448.29             |         |
|              |            |              |              |                                |             | 75266         | RPR FAREBOX MECHANIS    | 740.74             |         |
| 57740        | 12/05/16   | 003310       | 825.00       | GOVERNMENT PAYMENT CONSULTING  |             | 75218         | TVM PINPAD S/W UPDAT    | 825.00             |         |
| 57741        | 12/05/16   | 003109       | 45,606.50    | HANSON BRIDGETT LLP            |             | 75184         | M# 032117.000003        | 17,301.00          |         |
|              |            |              |              |                                |             | 75185         | M# 032117.000002        | 8,473.50           |         |

# Attachment A

DATE 01/03/17 11:27

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT  
CHECK JOURNAL DETAIL BY CHECK NUMBER  
ALL CHECKS FOR ACCOUNTS PAYABLE

PAGE 2

DATE: 12/01/16 THRU 12/31/16

| CHECK NUMBER | CHECK DATE | CHECK VENDOR     | CHECK AMOUNT | VENDOR NAME                    | VENDOR TYPE | TRANS. NUMBER | TRANSACTION DESCRIPTION | TRANSACTION AMOUNT | COMMENT |
|--------------|------------|------------------|--------------|--------------------------------|-------------|---------------|-------------------------|--------------------|---------|
| 57742        | 12/05/16   | 65,524.54 003178 |              | HILL INTERNATIONAL INC         |             | 75186         | M# 032117.00004         | 7,610.00           |         |
| 57743        | 12/05/16   | 1,021.39 166     |              | HOSE SHOP, THE INC             |             | 75304         | M#032117.000002         | 252.00             |         |
| 57744        | 12/05/16   | 16,723.08 002979 |              | HUNT & SONS, INC.              |             | 75305         | M# 032117.000004        | 11,970.00          |         |
|              |            |                  |              |                                |             | 75242         | OCT 16 MB PROJ MGMT     | 65,524.54          |         |
|              |            |                  |              |                                |             | 75234         | CNG HOSE ASSEMBLY       | 1,021.39           |         |
|              |            |                  |              |                                |             | 75263         | INVENTORY ORDER         | 12,874.84          |         |
|              |            |                  |              |                                |             | 75264         | INVENTORY ORDER         | 3,848.24           |         |
| 57745        | 12/05/16   | 160.98 003122    |              | INDUSTRIAL SAFETY SUPPLY CO    |             | 75237         | INVENTORY ORDER         | 160.98             |         |
| 57746        | 12/05/16   | 811.72 1117      |              | KELLEY'S SERVICE INC.          |             | 75181         | INVENTORY ORDER         | 329.85             |         |
|              |            |                  |              |                                |             | 75228         | INVENTORY ORDER         | 65.54              |         |
|              |            |                  |              |                                |             | 75229         | CREDIT                  | -16.31             |         |
|              |            |                  |              |                                |             | 75230         | INVENTORY ORDER         | 215.73             |         |
|              |            |                  |              |                                |             | 75231         | INVENTORY ORDER         | 56.64              |         |
|              |            |                  |              |                                |             | 75232         | INVENTORY ORDER         | 72.79              |         |
|              |            |                  |              |                                |             | 75247         | INVENTORY ORDER         | 80.00              |         |
|              |            |                  |              |                                |             | 75248         | RPR VEH #1212           | 7.48               |         |
| 57747        | 12/05/16   | 236.63 167       |              | KEYSTON BROTHERS               |             | 75238         | UPHOLSTERY ITEMS        | 236.63             |         |
| 57748        | 12/05/16   | 1,784.26 001233  |              | KIMBALL MIDWEST                |             | 75244         | NON INVENTORY ORDER     | 1,784.26           |         |
| 57749        | 12/05/16   | 1,006.50 852     |              | LAW OFFICES OF MARIE F. SANG   | 7           | 75281         | CL210149 218396 2083    | 198.00             |         |
|              |            |                  |              |                                |             | 75282         | CL 17001199             | 280.50             |         |
|              |            |                  |              |                                |             | 75283         | CL 1999103213           | 181.50             |         |
|              |            |                  |              |                                |             | 75284         | CL 1989102352           | 346.50             |         |
| 57750        | 12/05/16   | 218.49 003059    |              | MAILFINANCE INC                |             | 75212         | 12/7-3/6 LEASE PC       | 218.49             |         |
| 57751        | 12/05/16   | 657.00 001145    |              | MANAGED HEALTH NETWORK         |             | 75169         | DEC 16 EAP              | 657.00             |         |
| 57752        | 12/05/16   | 28,329.63 003017 |              | MANSFIELD OIL CO OF GAINSVILLE |             | 75223         | DIESEL 10/25/16         | 14,567.33          |         |
| 57753        | 12/05/16   | 2,839.60 003115  |              | OFFICE TEAM                    |             | 75297         | DIESEL 11/9/16          | 13,762.30          |         |
|              |            |                  |              |                                |             | 75178         | TEMP W/E 11/04/16       | 1,022.52           |         |
|              |            |                  |              |                                |             | 75245         | TEMP W/E 11/11/16       | 821.08             |         |
|              |            |                  |              |                                |             | 75289         | TEMP W/E 11/18/16       | 996.00             |         |
| 57754        | 12/05/16   | 815.49 009       |              | PACIFIC GAS & ELECTRIC         |             | 75214         | 10/7-11/6 PARACRUZ      | 815.49             |         |
| 57755        | 12/05/16   | 17.65 043        |              | PALACE ART & OFFICE SUPPLY     |             | 75188         | OFFICE SUPPLIES         | 17.65              |         |
| 57756        | 12/05/16   | 1,500.00 002947  |              | PEDALERS EXPRESS               | 7           | 75191         | OCT 16 COURIER SVC      | 1,500.00           |         |
| 57757        | 12/05/16   | 133.09 050       |              | PITNEY BOWES INC. RENTAL PMT   |             | 75290         | RED INK                 | 133.09             |         |
| 57758        | 12/05/16   | 31.39 107A       |              | PROBUILD COMPANY LLC           |             | 75210         | RPR PRESSURE WASH #7    | 21.61              |         |
|              |            |                  |              |                                |             | 75211         | CHAIN OIL               | 9.78               |         |
| 57759        | 12/05/16   | 961.97 003266    |              | REFLECTIVE APPAREL FACTORY INC |             | 75294         | REFLECTIVE VESTS        | 961.97             |         |
| 57760        | 12/05/16   | 1,860.00 003304  |              | RENNE SLOAN HOLTZMAN SAKAI LLP |             | 75303         | HARRASSMENT TRAINING    | 1,860.00           |         |
| 57761        | 12/05/16   | 333.08 003024    |              | RICOH USA, INC CA              |             | 75254         | 8/12-11/11 IMAGES OP    | 165.99             |         |
|              |            |                  |              |                                |             | 75306         | 8/14-11/13 IMAGES PC    | 167.09             |         |
| 57762        | 12/05/16   | 87.89 135        |              | SANTA CRUZ AUTO PARTS, INC.    |             | 75225         | SQUEEGEE'S              | 10.31              |         |
|              |            |                  |              |                                |             | 75226         | CLEANING SUPPLIES       | 65.77              |         |
| 57763        | 12/05/16   | 20,270.61 002917 |              | SANTA CRUZ METRO TRANSIT W/C   |             | 75227         | CLEANING SUPPLIES       | 11.81              |         |
|              |            |                  |              |                                |             | 75285         | 10/16-10/31 W/C REPL    | 10,910.54          |         |
| 57764        | 12/05/16   | 8,680.90 079     |              | SANTA CRUZ MUNICIPAL UTILITIES |             | 75291         | 11/1-11/15 W/C REPLE    | 9,360.07           |         |
|              |            |                  |              |                                |             | 75194         | 10/6-11/4 VERNON IRR    | 10.70              |         |
|              |            |                  |              |                                |             | 75195         | 10/6-11/4 VERNON        | 458.51             |         |

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| CHECK NUMBER | CHECK DATE | CHECK VENDOR    | CHECK AMOUNT | VENDOR NAME                   | VENDOR TYPE | TRANS. NUMBER | TRANSACTION DESCRIPTION | TRANSACTION AMOUNT | COMMENT |
|--------------|------------|-----------------|--------------|-------------------------------|-------------|---------------|-------------------------|--------------------|---------|
| 57765        | 12/05/16   | 2,500.00 002267 |              | SHAW / YODER / ANTIWILH, INC. |             | 75196         | 10/6-11/4 GOLF CLUB     | 1,306.79           |         |
| 57766        | 12/05/16   | 3,938.87 003292 |              | SLINGSHOT CONNECTIONS LLP     |             | 75197         | 10/6-11/4 1200B RIV     | 2,344.41           |         |
|              |            |                 |              |                               |             | 75198         | 10/6-11/4 PACIFIC       | 2,888.48           |         |
|              |            |                 |              |                               |             | 75199         | 10/6-11/4 PACIFIC IS    | 50.85              |         |
|              |            |                 |              |                               |             | 75200         | 10/6-11/4 GOLF IRRIG    | 9.70               |         |
|              |            |                 |              |                               |             | 75201         | 10/6-11/4 CED-WALNUT    | 952.95             |         |
|              |            |                 |              |                               |             | 75202         | 10/6-11/4 1200 RIVER    | 63.76              |         |
|              |            |                 |              |                               |             | 75203         | 10/6-11/4 1200A RIV     | 87.76              |         |
|              |            |                 |              |                               |             | 75286         | 10/12-11/9 PARACRUZ     | 506.99             |         |
| 57765        | 12/05/16   | 2,500.00 002267 |              | SHAW / YODER / ANTIWILH, INC. |             | 75174         | NOV 16 LEGISLATE SVC    | 2,500.00           |         |
| 57766        | 12/05/16   | 3,938.87 003292 |              | SLINGSHOT CONNECTIONS LLP     |             | 75171         | TEMP W/E 11/20/16       | 1,261.26           |         |
|              |            |                 |              |                               |             | 75246         | TEMP W/E 11/13/16       | 1,034.88           |         |
|              |            |                 |              |                               |             | 75288         | TEMP W/E 11/20/16       | 1,642.73           |         |
| 57767        | 12/05/16   | 54.61 115       |              | SNAP-ON INDUSTRIAL            |             | 75262         | SHOP TOOL REPLACEMENT   | 54.61              |         |
| 57768        | 12/05/16   | 83.20 001232    |              | SPECIALIZED AUTO AND          |             | 75235         | RPR VEH #717            | 41.60              |         |
|              |            |                 |              |                               |             | 75236         | RPR VEH #603            | 41.60              |         |
| 57769        | 12/05/16   | 411.95 001976   |              | SPORTWORKS NORTHWEST, INC.    |             | 75265         | INVENTORY ORDER         | 411.95             |         |
| 57770        | 12/05/16   | 113.97 104      |              | STATE STEEL COMPANY           | 0           | 75224         | METAL FOR SHOP TRUCK    | 113.97             |         |
| 57771        | 12/05/16   | 127.93 001040   |              | TERRYBERRY CO., LLC           |             | 75190         | LONGEVITY AWARD         | 127.93             |         |
| 57772        | 12/05/16   | 1,098.38 003242 |              | THE JANEK CORPORATION         |             | 75295         | RRP ELECTRONIC ITEMS    | 1,098.38           |         |
| 57773        | 12/05/16   | 441.70 002675   |              | THOMSON REUTERS BARCLAYS WEST |             | 75179         | OCT 16 SERVICES         | 441.70             |         |
| 57774        | 12/05/16   | 4,644.40 582    |              | TOYOTA OF SANTA CRUZ          |             | 75219         | RPR VEH #804            | 4,644.40           |         |
| 57775        | 12/05/16   | 54.71 003285    |              | TRANSIT HOLDINGS INC          |             | 75175         | RPR VEH #1211           | 54.71              |         |
| 57776        | 12/05/16   | 591.33 003037   |              | TYCO INTEGRATED SECURITY      |             | 75205         | 12/1-2/28 1200B RIVE    | 591.33             |         |
| 57777        | 12/05/16   | 401.99 003152   |              | UNIFIRST CORPORATION          |             | 75172         | CUSTODIAL SUPPLIES      | 65.01              |         |
|              |            |                 |              |                               |             | 75173         | LAUNDRY SERVICE         | 336.98             |         |
| 57778        | 12/05/16   | 58.15 007       |              | UNITED PARCEL SERVICE         |             | 75261         | FREIGHT                 | 58.15              |         |
| 57779        | 12/05/16   | 224.00 003200   |              | UPS STORE #1128               |             | 75302         | FINGERPRINTING          | 224.00             |         |
| 57780        | 12/05/16   | 563.86 002829   |              | VALLEY POWER SYSTEMS, INC.    |             | 75267         | CREDIT                  | -135.94            |         |
|              |            |                 |              |                               |             | 75268         | INVENTORY ORDER         | 530.32             |         |
| 57781        | 12/05/16   | 2,654.36 221    |              | VEHICLE MAINTENANCE PROG INC  |             | 75270         | INVENTORY ORDER         | 0.87               |         |
| 57782        | 12/05/16   | 1,740.14 434    |              | VERIZON WIRELESS              | 0           | 75207         | 10/2-11/1 PUSH2TALK     | 2,654.36           |         |
|              |            |                 |              |                               |             | 75259         | INVENTORY ORDER         | 480.68             |         |
|              |            |                 |              |                               |             | 75213         | 10/2-11/1 TELECOM PC    | 309.21             |         |
|              |            |                 |              |                               |             | 75260         | 10/13-11/12 WIFI BUS    | 950.25             |         |
| 57783        | 12/05/16   | 9,257.96 001043 |              | VISION SERVICE PLAN           |             | 75272         | DEC 16 VISION           | 9,257.96           |         |
| 57784        | 12/05/16   | 300.00 001165   |              | VU, THANH DR. MD              | 7           | 75182         | DMV EXAM                | 75.00              |         |
|              |            |                 |              |                               |             | 75183         | DMV EXAM                | 75.00              |         |
|              |            |                 |              |                               |             | 75215         | DMV EXAM                | 75.00              |         |
|              |            |                 |              |                               |             | 75271         | DMV EXAM                | 75.00              |         |
| 57785        | 12/05/16   | 2,644.35 001506 |              | WESTERN STATES OIL CO.        |             | 75222         | INVENTORY ORDER         | 2,644.35           |         |
| 57786        | 12/05/16   | 6,900.00 002807 |              | WILLIAM AVERY & ASSOCIATES    |             | 75240         | HR MANAGER RECRUITME    | 6,900.00           |         |
| 57787        | 12/05/16   | 677.00 915      |              | WORKIN.COM, INC.              |             | 75279         | JOB PLACEMENT ADV       | 358.00             |         |
|              |            |                 |              |                               |             | 75280         | JOB PLACEMENT AD        | 319.00             |         |
| 57788        | 12/12/16   | 745.80 003151   |              | ABC BUS INC                   |             | 75367         | INVENTORY ORDER         | 739.39             |         |

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|--------------|------------|--------------|---------------------|-------------|-------------|---------------|-------------------------|--------------------|---------|
| 57789        | 12/12/16   | 6,855.01 382 | AIRTEC SERVICE INC. |             |             | 75449         | INVENTORY ORDER         | 6.41               |         |
|              |            |              |                     |             |             | 75409         | RPR HVAC PC             | 247.00             |         |
|              |            |              |                     |             |             | 75420         | RPR HVAC WTC            | 392.00             |         |
|              |            |              |                     |             |             | 75421         | RPR HVAC 1200A RIVER    | 2,900.00           |         |
|              |            |              |                     |             |             | 75422         | RPR HVAC PACIFIC AVE    | 403.56             |         |
|              |            |              |                     |             |             | 75423         | RPR HVAC GOLF CLUB      | 1,425.54           |         |
|              |            |              |                     |             |             | 75424         | RPR HVAC SVTC           | 242.00             |         |
|              |            |              |                     |             |             | 75425         | RPR HVAC VERNON         | 1,037.91           |         |
|              |            |              |                     |             |             | 75426         | RPR HVAC 1200B RIVER    | 207.00             |         |
|              |            |              |                     |             |             | 75308         | 10/19-11/18 CALNET3     | 3,228.45           |         |
|              |            |              |                     |             |             | 75418         | 10/19-11/18 SKY-OCEA    | 280.96             |         |
|              |            |              |                     |             |             | 75419         | 10/19-11/18 CEMENT      | 164.83             |         |
|              |            |              |                     |             |             | 75431         | 10/24-11/23 WIFI BUS    | 962.68             |         |
|              |            |              |                     |             |             | 75492         | CREDIT                  | -84.79             |         |
|              |            |              |                     |             |             | 75493         | BATTERIES               | 141.32             |         |
|              |            |              |                     |             |             | 75453         | EXTINGUISH TEST GOLF    | 335.00             |         |
|              |            |              |                     |             |             | 75472         | BUS ROUTE DECALS        | 5,022.29           |         |
|              |            |              |                     |             |             | 75473         | BUS STOP DECALS         | 10,883.70          |         |
|              |            |              |                     |             |             | 75399         | 1/17-6/17PARKING FEE    | 2,304.00           |         |
|              |            |              |                     |             |             | 75321         | 9/15-11/15 SVTC         | 81.84              |         |
|              |            |              |                     |             |             | 75440         | 11/18/16 BOD MEETING    | 80.00              |         |
|              |            |              |                     |             |             | 75385         | 10/17-11/21 WTC         | 367.00             |         |
|              |            |              |                     |             |             | 75386         | 10/17-11/21 WTC         | 56.18              |         |
|              |            |              |                     |             |             | 75387         | 11/23 WASTE WTC         | 802.72             |         |
|              |            |              |                     |             |             | 75360         | LNG 11/04/16            | 8,033.60           |         |
|              |            |              |                     |             |             | 75361         | LNG 11/02/16            | 7,961.25           |         |
|              |            |              |                     |             |             | 75362         | LNG 11/08/16            | 10,661.08          |         |
|              |            |              |                     |             |             | 75456         | NOV 16 MAINTENANCE      | 14,842.00          |         |
|              |            |              |                     |             |             | 75441         | TRAVEL REIMBURSEMENT    | 454.00             |         |
|              |            |              |                     |             |             | 75489         | CLEANING SUPPLIES       | 10.44              |         |
|              |            |              |                     |             |             | 75490         | CLEANING SUPPLIES       | 132.07             |         |
|              |            |              |                     |             |             | 75491         | CUSTODIAL SUPPLIES      | 132.67             |         |
|              |            |              |                     |             |             | 75455         | DEC 16 LANDSCAPING      | 2,890.00           |         |
|              |            |              |                     |             |             | 75461         | RPR VEH #2803           | 498.36             |         |
|              |            |              |                     |             |             | 75462         | RPR VEH #1203           | 559.33             |         |
|              |            |              |                     |             |             | 75445         | OFFICE SUPPLIES         | 186.62             |         |
|              |            |              |                     |             |             | 75339         | NOV 16 MAINTENANCE      | 2,126.25           |         |
|              |            |              |                     |             |             | 75437         | RPR VEH #2226           | 880.23             |         |
|              |            |              |                     |             |             | 75400         | INVENTORY ORDER         | 1,968.92           |         |
|              |            |              |                     |             |             | 75366         | RPR VEH #1109 PC        | 90.00              |         |
|              |            |              |                     |             |             | 75332         | TIRES                   | 1,931.28           |         |
|              |            |              |                     |             |             | 75432         | TIRES                   | 965.64             |         |
|              |            |              |                     |             |             | 75433         | TIRES                   | 927.31             |         |
|              |            |              |                     |             |             | 75434         | TIRES                   | 986.58             |         |
|              |            |              |                     |             |             | 75435         | TIRES                   | 893.86             |         |
|              |            |              |                     |             |             | 75436         | TIRES                   | 1,448.46           |         |

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|--------------|------------|------------------|--------------|-------------------------------|-------------|---------------|-------------------------|--------------------|---------|
| 57810        | 12/12/16   | 44.12 E672       |              | ESTRADA, URIEL                |             | 75383         | MEAL REIMBURSEMENT      | 14.60              |         |
|              |            |                  |              |                               |             | 75384         | MEAL REIMBURSEMENT      | 15.38              |         |
|              |            |                  |              |                               |             | 75402         | MEAL REIMBURSEMENT      | 14.14              |         |
| 57811        | 12/12/16   | 3,243.57 432     |              | EXPRESS SERVICES INC.         |             | 75395         | TEMP W/E 11/20/16       | 162.00             |         |
|              |            |                  |              |                               |             | 75396         | TEMP W/E 11/27/16       | 126.57             |         |
|              |            |                  |              |                               |             | 75413         | TEMP W/E 11/06/16       | 1,200.00           |         |
|              |            |                  |              |                               |             | 75475         | TEMP W/E 11/27/16       | 600.00             |         |
| 57812        | 12/12/16   | 11,708.30 002952 |              | FLYERS ENERGY LLC             |             | 75476         | TEMP W/E 11/20/16       | 1,155.00           |         |
|              |            |                  |              |                               |             | 75330         | DIESEL FOR GENERATOR    | 1,663.35           |         |
|              |            |                  |              |                               |             | 75331         | 11/1-11/15 FUEL         | 1,993.58           |         |
|              |            |                  |              |                               |             | 75365         | 11/1-11/15 FUEL         | 6,395.33           |         |
|              |            |                  |              |                               |             | 75408         | 11/16-11/30 FUEL        | 1,656.04           |         |
|              |            |                  |              |                               |             | 75406         | INVENTORY ORDER         | 435.72             |         |
| 57813        | 12/12/16   | 435.72 117       |              | GILLIG LLC                    |             | 75471         | TVM PINPAD S/W UPDAT    | 3,257.37           |         |
| 57814        | 12/12/16   | 3,257.37 003310  |              | GOVERNMENT PAYMENT CONSULTING |             | 75459         | NOV 16 WASTE SVTC       | 259.94             |         |
| 57815        | 12/12/16   | 280.21 001097    |              | GREENWASTE RECOVERY, INC.     |             | 75460         | NOV 16 WASTE SVTC       | 20.27              |         |
| 57816        | 12/12/16   | 43,571.09 003109 |              | HANSON BRIDGETT LLP           |             | 75429         | M# 032117.000003        | 43,571.09          |         |
| 57817        | 12/12/16   | 1,307.69 166     |              | HOSE SHOP, THE INC            |             | 75327         | STEAM CLEAN HOSE WTC    | 443.61             |         |
|              |            |                  |              |                               |             | 75342         | NON INVENTORY ORDER     | 44.06              |         |
|              |            |                  |              |                               |             | 75343         | NON INVENTORY ORDER     | 414.89             |         |
|              |            |                  |              |                               |             | 75344         | NON INVENTORY ORDER     | 54.53              |         |
|              |            |                  |              |                               |             | 75363         | NON INVENTORY ORDER     | 244.89             |         |
|              |            |                  |              |                               |             | 75364         | NON INVENTORY ORDER     | 105.71             |         |
| 57818        | 12/12/16   | 827.15 1117      |              | KELLEY'S SERVICE INC.         |             | 75345         | CREDIT                  | -16.31             |         |
|              |            |                  |              |                               |             | 75351         | CREDIT                  | -56.64             |         |
|              |            |                  |              |                               |             | 75352         | RPR VEH #315            | 87.39              |         |
|              |            |                  |              |                               |             | 75353         | INVENTORY ORDER         | 124.11             |         |
|              |            |                  |              |                               |             | 75354         | INVENTORY ORDER         | 127.19             |         |
|              |            |                  |              |                               |             | 75355         | RPR VEH #202            | 30.41              |         |
|              |            |                  |              |                               |             | 75356         | BATTERY VEH #903        | 84.89              |         |
|              |            |                  |              |                               |             | 75465         | CREDIT                  | -16.31             |         |
|              |            |                  |              |                               |             | 75466         | CREDIT                  | -16.31             |         |
|              |            |                  |              |                               |             | 75467         | CREDIT                  | -16.31             |         |
|              |            |                  |              |                               |             | 75468         | INVENTORY ORDER         | 100.05             |         |
|              |            |                  |              |                               |             | 75469         | INVENTORY ORDER         | 83.27              |         |
|              |            |                  |              |                               |             | 75470         | INVENTORY ORDER         | 158.13             |         |
|              |            |                  |              |                               |             | 75477         | INVENTORY ORDER         | 11.53              |         |
|              |            |                  |              |                               |             | 75478         | INVENTORY ORDER         | 142.06             |         |
| 57819        | 12/12/16   | 759.29 039       |              | KINKO'S INC.                  |             | 75411         | LG PRINT HEADWAYS       | 759.29             |         |
| 57820        | 12/12/16   | 245.97 E635      |              | KINSLOW, DEBBIE               |             | 75380         | TRAVEL REIMBURSEMENT    | 245.97             |         |
| 57821        | 12/12/16   | 504.00 003271    |              | KJRB INC                      |             | 75368         | TOWING BUS #1002        | 504.00             |         |
| 57822        | 12/12/16   | 313.50 852       |              | LAW OFFICES OF MARIE F. SANG  | 7           | 75447         | CL#2001103388 103414    | 313.50             |         |
| 57823        | 12/12/16   | 75.41 E182       |              | LOGIUDICE, JASON              |             | 75381         | MEAL REIMBURSEMENT      | 22.04              |         |
|              |            |                  |              |                               |             | 75382         | MEAL REIMBURSEMENT      | 22.54              |         |
|              |            |                  |              |                               |             | 75403         | MEAL REIMBURSEMENT      | 20.01              |         |
|              |            |                  |              |                               |             | 75430         | MEAL REIMBURSEMENT      | 10.82              |         |

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|--------------|------------|--------------|--------------|--------------------------------|-------------|---------------|-------------------------|--------------------|---------|
| 57824        | 12/12/16   | 001342       | 255.00       | MCW ASSOCIATES, INC.           |             | 75410         | NOV 16 SERVICE          | 255.00             |         |
| 57825        | 12/12/16   | 004          | 1,926.35     | NORTH BAY FORD LINC-MERCURY    |             | 75329         | RPR VEH #2403 PC        | 1,846.30           |         |
|              |            |              |              |                                |             | 75481         | INVENTORY ORDER         | 73.06              |         |
| 57826        | 12/12/16   | 003218       | 785.52       | NVB EQUIPMENT, INC.            |             | 75482         | RPR VEH# 2403 PC        | 6.99               |         |
| 57827        | 12/12/16   | 009          | 15,159.24    | PACIFIC GAS & ELECTRIC         |             | 75479         | INVENTORY ORDER         | 426.70             |         |
|              |            |              |              |                                |             | 75480         | INVENTORY ORDER         | 358.82             |         |
|              |            |              |              |                                |             | 75346         | 10/24-11/21 1200B       | 1,960.76           |         |
|              |            |              |              |                                |             | 75347         | 10/24-11/21 GOLF        | 5,973.31           |         |
|              |            |              |              |                                |             | 75348         | 10/24-11/21 VERNON      | 4,441.03           |         |
|              |            |              |              |                                |             | 75349         | 10/25-11/22 1200B       | 73.12              |         |
|              |            |              |              |                                |             | 75454         | 10/27-11/28 PACIFIC     | 2,711.02           |         |
| 57828        | 12/12/16   | 043          | 2,334.00     | PALACE ART & OFFICE SUPPLY     |             | 75320         | OFFICE SUPPLIES         | 271.85             |         |
|              |            |              |              |                                |             | 75412         | OFFICE SUPPLIES         | 2,062.15           |         |
| 57829        | 12/12/16   | 003086       | 1,458.39     | PAPE MACHINERY INC             |             | 75398         | RPR VEH #2220           | 1,458.39           |         |
| 57830        | 12/12/16   | 002947       | 1,510.00     | PEDALERS EXPRESS               | 7           | 75394         | NOV 16 COURIER SVC      | 1,510.00           |         |
| 57831        | 12/12/16   | 003307       | 881.92       | PEOPLE READY INC               |             | 75338         | TEMP W/E 11/13/16       | 220.48             |         |
| 57832        | 12/12/16   | 481          | 377.50       | PIED PIPER EXTERMINATORS, INC. |             | 75340         | TEMP W/E 11/20/16       | 661.44             |         |
|              |            |              |              |                                |             | 75324         | NOV 16 PEST METROMKT    | 53.50              |         |
|              |            |              |              |                                |             | 75325         | NOV 16 PEST VERNON      | 190.50             |         |
|              |            |              |              |                                |             | 75326         | NOV 16 PEST BETTYS      | 58.00              |         |
|              |            |              |              |                                |             | 75487         | NOV 16 PEST WTC         | 75.50              |         |
| 57833        | 12/12/16   | E962         | 289.88       | PIERCE, AL                     |             | 75444         | TRAVEL REIMBURSEMENT    | 289.88             |         |
| 57834        | 12/12/16   | 002939       | 37,966.50    | PREFERRED BENEFIT              |             | 75393         | DEC 16 DENTAL           | 37,966.50          |         |
| 57835        | 12/12/16   | E081         | 257.45       | REGAN, MICHAEL                 |             | 75443         | TRAVEL REIMBURSEMENT    | 257.45             |         |
| 57836        | 12/12/16   | 215          | 266.43       | RICOH USA, INC. TX             |             | 75474         | 11/26-12/25 LEASE CS    | 266.43             |         |
| 57837        | 12/12/16   | E992         | 336.74       | RIOS, MICHAEL                  |             | 75307         | TRAVEL REIMBURSEMENT    | 336.74             |         |
| 57838        | 12/12/16   | R539         | 5,000.00     | ROBERT MARIN &                 |             | 75397         | FELTON FAIR 2017        | 5,000.00           |         |
| 57839        | 12/12/16   | 135          | 51.94        | SANTA CRUZ AUTO PARTS, INC.    |             | 75350         | RPR VEH #315            | 74.06              |         |
|              |            |              |              |                                |             | 75401         | CREDIT                  | -22.12             |         |
| 57840        | 12/12/16   | 973          | 4,849.53     | SANTA CRUZ NISSAN DODGE VOLKS  |             | 75486         | RPR VEH #1124 PC        | 4,849.53           |         |
| 57841        | 12/12/16   | 001292       | 240.00       | SANTA CRUZ RECORDS MNGMT INC   |             | 75488         | NOV 16 SHREDDING        | 240.00             |         |
| 57842        | 12/12/16   | 003277       | 4,500.00     | SANTANA PAVING AND GRADING INC |             | 75388         | AMESTI RD TEMP STOP     | 4,500.00           |         |
| 57843        | 12/12/16   | 003292       | 1,481.76     | SLINGSHOT CONNECTIONS LLP      |             | 75414         | TEMP W/E 11/27/16       | 705.60             |         |
|              |            |              |              |                                |             | 75439         | TEMP W/E 11/27/16       | 776.16             |         |
| 57844        | 12/12/16   | 115          | 163.44       | SNAP-ON INDUSTRIAL             |             | 75452         | SHOP TOOL               | 163.44             |         |
| 57845        | 12/12/16   | 001232       | 2,065.59     | SPECIALIZED AUTO AND           |             | 75438         | RPR VEH #2800 PC        | 2,023.99           |         |
|              |            |              |              |                                |             | 75450         | SMOG VEH #317           | 41.60              |         |
| 57846        | 12/12/16   | 001008       | 465.26       | SWAGELOK NORTHERN CALIFORNIA   |             | 75391         | INVENTORY ORDER         | 465.26             |         |
| 57847        | 12/12/16   | 003189       | 1,000.00     | THE BUS COALITION INC          |             | 75392         | 2017 MEMBERSHIP DUES    | 1,000.00           |         |
| 57848        | 12/12/16   | 003010       | 117.00       | TOYOTA MATERIAL HANDLING       | 7           | 75483         | RPR VEH #704            | 117.00             |         |
| 57849        | 12/12/16   | 003285       | 5,178.80     | TRANSIT HOLDINGS INC           |             | 75336         | INVENTORY ORDER         | 25.06              |         |
|              |            |              |              |                                |             | 75337         | INVENTORY ORDER         | 368.55             |         |
|              |            |              |              |                                |             | 75369         | INVENTORY ORDER         | 17.74              |         |
|              |            |              |              |                                |             | 75370         | INVENTORY ORDER         | 2,289.98           |         |
|              |            |              |              |                                |             | 75404         | INVENTORY ORDER         | 1,835.31           |         |
|              |            |              |              |                                |             | 75405         | INVENTORY ORDER         | 543.44             |         |

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|--------------|------------|------------------|--------------|------------------------------|-------------|---------------|-------------------------|--------------------|---------|
| 57850        | 12/12/16   | 789.66 003152    |              | UNIFIRST CORPORATION         |             | 75451         | INVENTORY ORDER         | 98.72              |         |
|              |            |                  |              |                              |             | 75318         | MATS OPS                | 6.48               |         |
|              |            |                  |              |                              |             | 75319         | CUSTODIAL SUPPLIES      | 39.42              |         |
|              |            |                  |              |                              |             | 75322         | CUSTODIAL SUPPLIES      | 39.42              |         |
|              |            |                  |              |                              |             | 75323         | MATS OPS                | 6.48               |         |
|              |            |                  |              |                              |             | 75328         | CUSTODIAL/MATS PC       | 6.99               |         |
|              |            |                  |              |                              |             | 75357         | CUSTODIAL SUPPLIES      | 14.64              |         |
|              |            |                  |              |                              |             | 75358         | CUSTODIAL SUPPLIES      | 65.01              |         |
|              |            |                  |              |                              |             | 75359         | LAUNDRY SERVICE         | 210.47             |         |
|              |            |                  |              |                              |             | 75446         | MATS TOWELS             | 6.99               |         |
|              |            |                  |              |                              |             | 75457         | MATS OPS                | 6.48               |         |
|              |            |                  |              |                              |             | 75458         | CUSTODIAL SUPPLIES      | 39.42              |         |
|              |            |                  |              |                              |             | 75484         | LAUNDRY SERVICE         | 282.85             |         |
|              |            |                  |              |                              |             | 75485         | CUSTODIAL SERVICE       | 65.01              |         |
| 57851        | 12/12/16   | 120.15 007       |              | UNITED PARCEL SERVICE        |             | 75335         | FREIGHT                 | 90.06              |         |
|              |            |                  |              |                              |             | 75407         | RPR VEH #2226           | 30.09              |         |
| 57852        | 12/12/16   | 11,012.64 002829 |              | VALLEY POWER SYSTEMS, INC.   |             | 75333         | RPR VEH #2226           | 69.51              |         |
|              |            |                  |              |                              |             | 75334         | CREDIT                  | -135.94            |         |
|              |            |                  |              |                              |             | 75371         | INVENTORY ORDER         | 81.66              |         |
|              |            |                  |              |                              |             | 75372         | CREDIT                  | -46.41             |         |
|              |            |                  |              |                              |             | 75373         | INVENTORY ORDER         | 67.34              |         |
|              |            |                  |              |                              |             | 75374         | RPR VEH #2229           | 42.80              |         |
|              |            |                  |              |                              |             | 75375         | INVENTORY ORDER         | 67.34              |         |
|              |            |                  |              |                              |             | 75376         | RPR VEH #2229           | 609.94             |         |
|              |            |                  |              |                              |             | 75377         | INVENTORY ORDER         | 3.14               |         |
|              |            |                  |              |                              |             | 75378         | RPR VEH #2226           | 444.52             |         |
|              |            |                  |              |                              |             | 75379         | INVENTORY ORDER         | 46.41              |         |
|              |            |                  |              |                              |             | 75389         | INVENTORY ORDER         | 188.51             |         |
|              |            |                  |              |                              |             | 75390         | INVENTORY ORDER         | 3,686.35           |         |
|              |            |                  |              |                              |             | 75463         | RPR VEH #2229           | 2,636.93           |         |
|              |            |                  |              |                              |             | 75464         | INVENTORY ORDER         | 3,250.54           |         |
| 57853        | 12/12/16   | 200.89 221       |              | VEHICLE MAINTENANCE PROG INC |             | 75341         | INVENTORY ORDER         | 200.89             |         |
| 57854        | 12/12/16   | 467.16 001165    |              | VU, THANH DR. MD             | 7           | 75415         | DMV EXAM                | 75.00              |         |
|              |            |                  |              |                              |             | 75416         | DMV EXAM                | 75.00              |         |
|              |            |                  |              |                              |             | 75417         | DMV EXAM                | 75.00              |         |
|              |            |                  |              |                              |             | 75427         | DMV EXAM                | 75.00              |         |
|              |            |                  |              |                              |             | 75428         | DMV EXAM                | 75.00              |         |
|              |            |                  |              |                              |             | 75448         | NEW HIRE DMV EXAM       | 92.16              |         |
|              |            |                  |              |                              |             | 75442         | TRAVEL REIMBURSEMENT    | 399.46             |         |
|              |            |                  |              |                              |             | 75309         | FIRST AID REPL 1200B    | 218.65             |         |
|              |            |                  |              |                              |             | 75310         | FIRST AID REPL GOLF     | 37.14              |         |
|              |            |                  |              |                              |             | 75311         | FIRST AID REPL VERNO    | 28.36              |         |
|              |            |                  |              |                              |             | 75312         | FIRST AID REPL VERNO    | 43.54              |         |
|              |            |                  |              |                              |             | 75313         | CREDIT                  | -37.14             |         |
|              |            |                  |              |                              |             | 75314         | FIRST AID REPL GOLF     | 10.85              |         |
|              |            |                  |              |                              |             | 75315         | FIRST AID REPL VERNO    | 26.28              |         |

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|--------------|------------|------------------|--------------------------------|-------------|-------------|---------------|-------------------------|--------------------|---------|
| 57857        | 12/12/16   | 15,000.00 616    | BROWN ARMSTRONG                | 75317       |             |               | CREDIT                  | -43.54             |         |
| 57860        | 12/15/16   | 78,800.00 003183 | A PLUS PAINTING                | 75494       |             |               | FIRST AID REPL 1200B    | 43.54              |         |
|              |            |                  |                                | 75639       |             |               | FY16 AUDIT              | 15,000.00          |         |
|              |            |                  |                                | 75641       |             |               | PAINTING WTC            | 74,860.00          |         |
| 57861        | 12/19/16   | 202.26 002069    | A TOOL SHED, INC.              | 75629       |             |               | PAINT WTC RETENTION     | 3,940.00           |         |
| 57862        | 12/19/16   | 1,505.82 003151  | ABC BUS INC                    | 75510       |             |               | FLOORING WTC            | 202.26             |         |
| 57863        | 12/19/16   | 200.35 001934    | ALDRAN CHEMICAL, INC           | 75535       |             |               | INVENTORY ORDER         | 1,505.82           |         |
| 57864        | 12/19/16   | 367.68 002828    | ALLIED ELECTRONICS             | 75504       |             |               | INVENTORY ORDER         | 200.35             |         |
| 57865        | 12/19/16   | 156.20 001D      | AT&T                           | 75556       |             |               | TVM POWER SUPPLY        | 367.68             |         |
| 57866        | 12/19/16   | 103.26 002363    | BATTERIES PLUS #314            | 75652       |             |               | 10/19-11/18 OPS ELEV    | 156.20             |         |
| 57867        | 12/19/16   | 7,805.52 001844  | BRINKS INCORPORATED            | 75537       |             |               | BATTERIES               | 103.26             |         |
|              |            |                  |                                | 75536       |             |               | NOV 16 1200B SERVICE    | 4,071.92           |         |
|              |            |                  |                                | 75576       |             |               | NOV 16 1200B SERVICE    | 3,263.40           |         |
| 57868        | 12/19/16   | 5,250.00 001324  | CAPITALEGE ADVOCACY, INC.      | 75557       |             |               | OCT 16 1200B SERVICE    | 470.20             |         |
| 57869        | 12/19/16   | 2,349.00 001230  | CAPITOL CLUTCH & BRAKE, INC.   | 75557       |             |               | DEC 16 LEGISLATE SVC    | 5,250.00           |         |
| 57870        | 12/19/16   | 53,690.92 001124 | CLEAN ENERGY                   | 75514       |             |               | OCT 16 1200B SERVICE    | 2,349.00           |         |
|              |            |                  |                                | 75611       |             |               | BRAKE SUPPLIES          | 7,943.97           |         |
|              |            |                  |                                | 75612       |             |               | LNG 11/23/16            | 8,183.72           |         |
|              |            |                  |                                | 75613       |             |               | LNG 11/21/16            | 9,017.42           |         |
|              |            |                  |                                | 75614       |             |               | LNG 11/18/16            | 8,759.32           |         |
|              |            |                  |                                | 75615       |             |               | LNG 11/16/16            | 10,942.94          |         |
|              |            |                  |                                | 75616       |             |               | LNG 11/14/16            | 8,843.55           |         |
|              |            |                  |                                | 75603       |             |               | LNG 11/10/16            | 287.00             |         |
| 57871        | 12/19/16   | 287.00 003102    | CLEVER DEVICES LTD             | 75603       |             |               | INVENTORY ORDER         | 287.00             |         |
| 57872        | 12/19/16   | 2,783.78 075     | COAST PAPER & SUPPLY INC.      | 75532       |             |               | CUSTODIAL SUPPLIES      | 1,260.54           |         |
|              |            |                  |                                | 75589       |             |               | CUSTODIAL SUPPLIES      | 1,523.24           |         |
| 57873        | 12/19/16   | 60.47 002063     | COSTCO                         | 75622       |             |               | BOD MEETING             | 60.47              |         |
| 57874        | 12/19/16   | 542.62 002814    | CREATIVE BUS SALES, INC.       | 75582       |             |               | INVENTORY ORDER         | 260.34             |         |
|              |            |                  |                                | 75599       |             |               | INVENTORY ORDER         | 282.28             |         |
| 57875        | 12/19/16   | 39.07 003305     | CRIMP SUPPLY CORP              | 75499       |             |               | INVENTORY ORDER         | 39.07              |         |
| 57876        | 12/19/16   | 20,484.36 003116 | CUMMINS PACIFIC LLP            | 75498       |             |               | RPR VEH #1002           | 16,412.18          |         |
|              |            |                  |                                | 75502       |             |               | TOOL                    | 274.57             |         |
|              |            |                  |                                | 75608       |             |               | INVENTORY ORDER         | 253.20             |         |
|              |            |                  |                                | 75609       |             |               | INVENTORY ORDER         | 499.03             |         |
|              |            |                  |                                | 75610       |             |               | RPR VEH #2803           | 3,045.38           |         |
| 57877        | 12/19/16   | 1,164.48 900     | DEPARTMENT OF TOXIC SUBSTANCE  | 75584       |             |               | 7/1-9/30/16 425FRONT    | 1,164.48           |         |
| 57878        | 12/19/16   | 137.50 001329    | DOC AUTO LLC                   | 75527       |             |               | RPR VEH #1102 PC        | 137.50             |         |
| 57879        | 12/19/16   | 469.60 916       | DOCTORS ON DUTY MEDICAL CLINIC | 75301       |             |               | CREDIT                  | -200.40            |         |
|              |            |                  |                                | 75643       |             |               | DOT DRUG TESTS          | 670.00             |         |
| 57880        | 12/19/16   | 2,377.50 003274  | EAST BAY TIRE CO.              | 75606       |             |               | TIRES                   | 482.82             |         |
|              |            |                  |                                | 75607       |             |               | TIRES                   | 1,525.18           |         |
|              |            |                  |                                | 75648       |             |               | TIRES                   | 369.50             |         |
| 57881        | 12/19/16   | 1,687.50 432     | EXPRESS SERVICES INC.          | 75517       |             |               | TEMP W/E 11/27/16       | 585.00             |         |
|              |            |                  |                                | 75518       |             |               | TEMP W/E 11/20/16       | 1,102.50           |         |
| 57882        | 12/19/16   | 200.00 003318    | FAMILY DOCTORS OF SANTA CRUZ   | 75646       |             |               | MEDICAL EXAM            | 200.00             |         |
| 57883        | 12/19/16   | 39,027.96 002295 | FIRST ALARM                    | 75650       |             |               | NOV 16 SECURITY OPS     | 800.00             |         |
|              |            |                  |                                | 75651       |             |               | NOV 16 SECURITY ALL     | 38,227.96          |         |

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|--------------|------------|--------------|--------------|------------------------------|-------------|---------------|-------------------------|--------------------|---------|
| 57884        | 12/19/16   |              | 1,375.56     | FIS                          |             | 75495         | OCT 16 SERVICES         | 1,375.56           |         |
| 57885        | 12/19/16   |              | 5,566.17     | FLYERS ENERGY LLC            |             | 75509         | 11/16-11/30 FUEL PC     | 5,540.66           |         |
|              |            |              |              |                              |             | 75538         | PROPANE                 | 25.51              |         |
| 57886        | 12/19/16   |              | 709.38       | GILLIG LLC                   |             | 75598         | INVENTORY ORDER         | 709.38             |         |
| 57887        | 12/19/16   |              | 2,767.85     | GRAINGER                     |             | 75500         | TOOLS/NON INVENTORY     | 171.72             |         |
|              |            |              |              |                              |             | 75501         | TOOL                    | 12.23              |         |
|              |            |              |              |                              |             | 75519         | NON INVENTORY PARTS     | 100.05             |         |
|              |            |              |              |                              |             | 75533         | CLOCK FOR MMF           | 33.57              |         |
|              |            |              |              |                              |             | 75552         | EMERGENCY LIGHT VERN    | 58.61              |         |
|              |            |              |              |                              |             | 75561         | TOOL                    | 107.67             |         |
|              |            |              |              |                              |             | 75564         | REFLECTIVE TAPE         | 151.22             |         |
|              |            |              |              |                              |             | 75565         | TOOLS                   | 904.33             |         |
|              |            |              |              |                              |             | 75566         | TOOLS                   | 74.15              |         |
|              |            |              |              |                              |             | 75567         | INVENTORY ORDER         | 688.44             |         |
|              |            |              |              |                              |             | 75568         | SHOP SUPPLIES           | 42.63              |         |
|              |            |              |              |                              |             | 75570         | NON INVENTORY ORDER     | 24.85              |         |
|              |            |              |              |                              |             | 75571         | INVENTORY ORDER         | 13.04              |         |
|              |            |              |              |                              |             | 75583         | INVENTORY ORDER         | 213.49             |         |
|              |            |              |              |                              |             | 75586         | CUSTODIAL SUPPLIES      | 21.45              |         |
|              |            |              |              |                              |             | 75597         | INVENTORY ORDER         | 150.40             |         |
| 57888        | 12/19/16   |              | 247.95       | GREENWASTE RECOVERY, INC.    |             | 75516         | NOV 16 WASTE PC         | 247.95             |         |
| 57889        | 12/19/16   |              | 372.68       | HILTNER, THOMAS              |             | 75623         | TRAVEL REIMBURSEMENT    | 372.68             |         |
| 57890        | 12/19/16   |              | 559.63       | HOSE SHOP, THE INC           |             | 75512         | COACH DOWN              | 495.44             |         |
|              |            |              |              |                              |             | 75539         | INVENTORY ORDER         | 43.55              |         |
|              |            |              |              |                              |             | 75587         | WTC FLOOR SUPPLIES      | 20.64              |         |
| 57891        | 12/19/16   |              | 500.47       | KELLEY'S SERVICE INC.        |             | 75520         | CREDIT                  | -86.82             |         |
|              |            |              |              |                              |             | 75521         | INVENTORY ORDER         | 98.91              |         |
|              |            |              |              |                              |             | 75522         | INVENTORY ORDER         | 3.98               |         |
|              |            |              |              |                              |             | 75523         | INVENTORY ORDER         | 21.00              |         |
|              |            |              |              |                              |             | 75540         | CREDIT                  | -16.31             |         |
|              |            |              |              |                              |             | 75541         | COOLING SYSTEM TESTE    | 86.82              |         |
|              |            |              |              |                              |             | 75542         | RPR VEH #1401           | 41.64              |         |
|              |            |              |              |                              |             | 75543         | INVENTORY ORDER         | 141.52             |         |
|              |            |              |              |                              |             | 75562         | INVENTORY ORDER         | 3.89               |         |
|              |            |              |              |                              |             | 75563         | INVENTORY ORDER         | 98.22              |         |
|              |            |              |              |                              |             | 75572         | INVENTORY ORDER         | 107.62             |         |
|              |            |              |              |                              |             | 75555         | RED ZONE PAINT          | 687.68             |         |
| 57892        | 12/19/16   |              | 687.68       | KELLY-MOORE PAINT CO., INC.  |             | 75505         | SUPPLIES                | 104.92             |         |
| 57893        | 12/19/16   |              | 104.92       | KEYSTON BROTHERS             |             | 75617         | CAPITOLA MALL BANNER    | 88.92              |         |
| 57894        | 12/19/16   |              | 1,264.05     | KINKO'S INC.                 |             | 75618         | TRANSIT POSTERS 2016    | 1,175.13           |         |
|              |            |              |              |                              |             | 75619         | 11/28-12/27 LEASE AD    | 157.10             |         |
| 57895        | 12/19/16   |              | 157.10       | MAILFINANCE INC              |             | 75547         | WASTE OIL               | 358.50             |         |
| 57896        | 12/19/16   |              | 358.50       | MAXIMUM OIL SERVICE LLC      |             | 75625         | JAN 17 RENT             | 1,943.59           |         |
| 57897        | 12/19/16   |              | 1,943.59     | MGP XI REIT LLC              |             | 75577         | ****-***-***-1598       | 400.00             |         |
| 57898        | 12/19/16   |              | 400.00       | NEOFUNDS BY NEOPOST DBA      |             | 75621         | 10/26-11/25 TVM WIFT    | 109.98             |         |
| 57899        | 12/19/16   |              | 109.98       | NEXTEL COMMUNICATIONS/SPRINT |             | 75649         | RPR VEH #1103 PC        | 3,489.21           |         |
| 57900        | 12/19/16   |              | 3,679.57     | NORTH BAY FORD LINC-MERCURY  |             | 75496         |                         |                    |         |

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| 57901        | 12/19/16   | 003115       | 2,677.85     | OFFICE TEAM                    |             | 75524         | RPR VEH #1401           | 52.93              |         |
| 57902        | 12/19/16   | 009          | 6,130.09     | PACIFIC GAS & ELECTRIC         |             | 75525         | RPR VEH #1112 PC        | 41.48              |         |
| 57903        | 12/19/16   | 043          | 1,510.18     | PALACE ART & OFFICE SUPPLY     |             | 75526         | RPR VEH #1112 PC        | 95.95              |         |
| 57904        | 12/19/16   | 003307       | 220.48       | PEOPLE READY INC               |             | 75619         | TEMP W/E 11/25/16       | 597.60             |         |
| 57905        | 12/19/16   | 481          | 65.00        | PIED PIPER EXTERMINATORS, INC. |             | 75637         | TEMP W/E 12/2/16        | 2,080.25           |         |
| 57906        | 12/19/16   | 187          | 2,266.25     | POLAR RADIATOR SERVICE INC     |             | 75654         | 10/27-11/28 1200RIV     | 3,287.57           |         |
| 57907        | 12/19/16   | 107A         | 482.11       | PROBUILD COMPANY LLC           |             | 75655         | 11/3-12/3WTC SVT PNR    | 2,785.68           |         |
| 57908        | 12/19/16   | 003020       | 473.00       | QUEST DIAGNOSTIC INC.          |             | 75656         | 11/2-12/2 SVTC          | 56.84              |         |
| 57909        | 12/19/16   | 001153       | 444.94       | REPUBLIC ELEVATOR COMPANY INC  |             | 75531         | OFFICE SUPPLIES         | 39.47              |         |
| 57910        | 12/19/16   | 536          | 118.67       | RIVERSIDE LIGHTING & ELECTRIC  |             | 75546         | OFFICE SUPPLIES         | 13.43              |         |
| 57911        | 12/19/16   | 018          | 588.16       | SALINAS VALLEY FORD SALES INC  |             | 75548         | OFFICE SUPPLIES         | 121.06             |         |
| 57912        | 12/19/16   | 135          | 190.31       | SANTA CRUZ AUTO PARTS, INC.    |             | 75549         | OFFICE SUPPLIES         | 17.65              |         |
| 57913        | 12/19/16   | 002917       | 8,145.18     | SANTA CRUZ METRO TRANSIT W/C   |             | 75550         | CREDIT                  | -17.65             |         |
| 57914        | 12/19/16   | 768          | 175.80       | SCWTD C/S CHANGE FUND          |             | 75558         | OFFICE SUPPLIES         | 586.01             |         |
| 57915        | 12/19/16   | 002267       | 2,500.00     | SHAW / YODER / ANTIWIH, INC.   |             | 75559         | OFFICE SUPPLIES         | 31.37              |         |
| 57916        | 12/19/16   | 003292       | 2,741.56     | SLINGSHOT CONNECTIONS LLP      |             | 75560         | OFFICE SUPPLIES         | 1.31               |         |
| 57917        | 12/19/16   | 001817       | 380.00       | SOCIETY FOR HUMAN RESOURCE     |             | 75585         | OFFICE SUPPLIES         | 717.53             |         |
|              |            |              |              |                                |             | 75506         | TEMP W/E 11/27/16       | 220.48             |         |
|              |            |              |              |                                |             | 75624         | DEC 16 PRST GOLF        | 65.00              |         |
|              |            |              |              |                                |             | 75581         | RPR VEH #9828           | 360.00             |         |
|              |            |              |              |                                |             | 75595         | RPR VEH #9806           | 1,906.25           |         |
|              |            |              |              |                                |             | 75590         | PAINT SBF               | 31.25              |         |
|              |            |              |              |                                |             | 75591         | RPLC FLOORING WTC       | 53.65              |         |
|              |            |              |              |                                |             | 75592         | RPR LEAK SMC            | 5.86               |         |
|              |            |              |              |                                |             | 75593         | MOVE COPIER BACKOFFFI   | 2.94               |         |
|              |            |              |              |                                |             | 75594         | RPR LEAK SMC            | 22.50              |         |
|              |            |              |              |                                |             | 75630         | KEY HOLDER OPS          | 4.37               |         |
|              |            |              |              |                                |             | 75631         | RPR SHOP SINK           | 6.35               |         |
|              |            |              |              |                                |             | 75632         | CABINET INSTALL OPS     | 19.55              |         |
|              |            |              |              |                                |             | 75633         | CABINET INSTALL OPS     | 50.88              |         |
|              |            |              |              |                                |             | 75634         | CABINET INSTALL OPS     | 284.76             |         |
|              |            |              |              |                                |             | 75644         | NOV 16 DOT DRUG TEST    | 473.00             |         |
|              |            |              |              |                                |             | 75534         | DEC16 ELEVATOR MAINT    | 444.94             |         |
|              |            |              |              |                                |             | 75653         | BALLASTS                | 118.67             |         |
|              |            |              |              |                                |             | 75579         | INVENTORY ORDER         | 588.16             |         |
|              |            |              |              |                                |             | 75497         | TOOL/INVENTORY PARTS    | 80.63              |         |
|              |            |              |              |                                |             | 75544         | INVENTORY ORDER         | 31.68              |         |
|              |            |              |              |                                |             | 75545         | INVENTORY ORDER         | 1.16               |         |
|              |            |              |              |                                |             | 75580         | INVENTORY ORDER         | 76.84              |         |
|              |            |              |              |                                |             | 75645         | 11/16-11/30 W/C REPL    | 8,145.18           |         |
|              |            |              |              |                                |             | 75628         | TVM REPLENISH AUGUST    | 175.80             |         |
|              |            |              |              |                                |             | 75515         | DEC 16 LEGISLATE SVC    | 2,500.00           |         |
|              |            |              |              |                                |             | 75620         | TEMP W/E 12/04/16       | 1,764.01           |         |
|              |            |              |              |                                |             | 75642         | TEMP W/E 8/7/16         | 977.55             |         |
|              |            |              |              |                                |             | 75635         | 2017 MEMBERSHIP MD      | 190.00             |         |
|              |            |              |              |                                |             | 75636         | 2017 MEMBERSHIP EP      | 190.00             |         |

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| CHECK NUMBER | CHECK DATE | CHECK VENDOR     | CHECK AMOUNT | VENDOR NAME                   | VENDOR TYPE | TRANS. NUMBER | TRANSACTION DESCRIPTION | TRANSACTION AMOUNT | COMMENT |
|--------------|------------|------------------|--------------|-------------------------------|-------------|---------------|-------------------------|--------------------|---------|
| 57918        | 12/19/16   | 14,469.87 001075 |              | SOQUEL III ASSOCIATES         | 7           | 75578         | JAN 17 RENT             | 14,469.87          |         |
| 57919        | 12/19/16   | 229.76 E382      |              | TOLINE, SHARON                |             | 75575         | TRAVEL REIMBURSEMENT    | 229.76             |         |
| 57920        | 12/19/16   | 2,705.02 003285  |              | TRANSIT HOLDINGS INC          |             | 75503         | INVENTORY ORDER         | 491.76             |         |
|              |            |                  |              |                               |             | 75511         | RPR VEH# 2308           | 380.26             |         |
|              |            |                  |              |                               |             | 75600         | INVENTORY ORDER         | 82.98              |         |
|              |            |                  |              |                               |             | 75601         | INVENTORY ORDER         | 1,743.75           |         |
| 57921        | 12/19/16   | 623.10 003152    |              | UNIFIRST CORPORATION          |             | 75602         | INVENTORY ORDER         | 6.27               |         |
|              |            |                  |              |                               |             | 75528         | LAUNDRY SERVICE         | 209.77             |         |
|              |            |                  |              |                               |             | 75529         | CUSTODIAL SUPPLIES      | 65.01              |         |
|              |            |                  |              |                               |             | 75530         | LAUNDRY SERVICE         | 14.64              |         |
|              |            |                  |              |                               |             | 75551         | CUSTODIAL SUPPLIES      | 6.99               |         |
|              |            |                  |              |                               |             | 75553         | CUSTODIAL SUPPLIES      | 39.42              |         |
|              |            |                  |              |                               |             | 75554         | MATS OPS                | 6.48               |         |
|              |            |                  |              |                               |             | 75569         | LAUNDRY SERVICE         | 14.64              |         |
|              |            |                  |              |                               |             | 75573         | LAUNDRY SERVICE         | 214.39             |         |
|              |            |                  |              |                               |             | 75574         | CUSTODIAL SUPPLIES      | 65.01              |         |
|              |            |                  |              |                               |             | 75626         | CREDIT                  | -14.64             |         |
| 57922        | 12/19/16   | 4,738.51 002829  |              | VALLEY POWER SYSTEMS, INC.    |             | 75627         | LAUNDRY SERVICE         | 1.39               |         |
|              |            |                  |              |                               |             | 75507         | INVENTORY ORDER         | 267.91             |         |
|              |            |                  |              |                               |             | 75508         | INVENTORY ORDER         | 2,618.52           |         |
|              |            |                  |              |                               |             | 75513         | RPR VEH #2229           | 22.38              |         |
|              |            |                  |              |                               |             | 75604         | RPR VEH #2223           | 20.36              |         |
| 57923        | 12/19/16   | 330.01 434       |              | VERIZON WIRELESS              | 0           | 75605         | INVENTORY ORDER         | 1,809.34           |         |
| 57924        | 12/19/16   | 163.19 002291    |              | WINCHESTER AUTO               |             | 75647         | 11/2-12/01 PUSH2TALK    | 330.01             |         |
| 57925        | 12/19/16   | 52.00 003290     |              | WORKFORCEQA LLC               |             | 75596         | INVENTORY ORDER         | 163.19             |         |
| 57926        | 12/19/16   | 214.79 147       |              | ZEE MEDICAL SERVICE CO.       |             | 75638         | DOT DRUG PANEL          | 52.00              |         |
| 57927        | 12/23/16   | 37.12 002941     |              | AA SAFE & SECURITY CO         |             | 75588         | FIRST AID KIT SVTC      | 214.79             |         |
| 57928        | 12/23/16   | 328.21 003151    |              | ABC BUS INC                   |             | 75772         | INVENTORY ORDER         | 37.12              |         |
|              |            |                  |              |                               |             | 75773         | INVENTORY ORDER         | 234.32             |         |
| 57929        | 12/23/16   | 40.00 001088     |              | ADVANCED MECHANICAL SERVICES  | 7           | 75727         | BACKFLOW TESTING        | 93.89              |         |
| 57930        | 12/23/16   | 221.38 002828    |              | ALLIED ELECTRONICS            |             | 75703         | INVENTORY ORDER         | 40.00              |         |
| 57931        | 12/23/16   | 876.80 003019    |              | AMERICAN REPROGRAPHICS CO LLC |             | 75671         | LCN REDLINE SCANNING    | 221.38             |         |
| 57932        | 12/23/16   | 827,553.98 502   |              | CA PUBLIC EMPLOYEES'          |             | 75657         | JAN 16 MEDICAL          | 876.80             |         |
| 57933        | 12/23/16   | 2,746.13 588     |              | CALTIP                        |             | 75777         | OCT 16 CODE 5100        | 827,553.98         |         |
|              |            |                  |              |                               |             | 75778         | NOV 16 CODE 5100        | 2,151.59           |         |
| 57934        | 12/23/16   | 1,387.26 914     |              | CALTRONICS BUSINESS SYSTEMS   |             | 75674         | OFFICE SUPPLIES         | 594.54             |         |
|              |            |                  |              |                               |             | 75675         | OFFICE SUPPLIES         | 297.98             |         |
|              |            |                  |              |                               |             | 75676         | OFFICE SUPPLIES         | 38.06              |         |
| 57935        | 12/23/16   | 102.49 M022      |              | CAPELLA, KATHLEEN             | 0           | 75676         | JAN 17 RETIREE SUPP     | 1,051.22           |         |
| 57936        | 12/23/16   | 280.95 002034    |              | CARLON'S FIRE EXTINGUISHER    |             | 75743         | NOV16 MAINTENANCE PC    | 102.49             |         |
| 57937        | 12/23/16   | 340.00 003102    |              | CLEVER DEVICES LTD            |             | 75726         | COMPACT FLASHCARD       | 280.95             |         |
|              |            |                  |              |                               |             | 75766         | COMPACT FLASHCARD       | 170.00             |         |
| 57938        | 12/23/16   | 5,130.00 003034  |              | COASTAL LANDSCAPING INC. DBA  |             | 75787         | TREE TRIMMING SMC       | 170.00             |         |
| 57939        | 12/23/16   | 822.00 003256    |              | COMCAST HOLDINGS CORPORATION  |             | 75707         | COA BROADCASTING FEE    | 5,130.00           |         |
| 57940        | 12/23/16   | 70.75 002063     |              | COSTCO                        |             | 75715         | BOARD MEETING SUPPLI    | 822.00             |         |
|              |            |                  |              |                               |             |               |                         | 70.75              |         |

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| CHECK NUMBER | CHECK DATE | CHECK VENDOR | CHECK AMOUNT | VENDOR NAME                    | VENDOR TYPE | TRANS. NUMBER | TRANSACTION DESCRIPTION | TRANSACTION AMOUNT | COMMENT |
|--------------|------------|--------------|--------------|--------------------------------|-------------|---------------|-------------------------|--------------------|---------|
| 57941        | 12/23/16   | 003174       | 290.00       | CRUZ BROTHERS LOCATORS INC     |             | 75672         | UTILITY LOCATOR OPS     | 290.00             |         |
| 57942        | 12/23/16   | 003116       | 272.76       | CUMMINS PACIFIC LLP            |             | 75704         | INVENTORY ORDER         | 88.87              |         |
| 57943        | 12/23/16   | M039         | 51.24        | DAVILA, ANA MARIA              | 0           | 75759         | INVENTORY ORDER         | 183.89             |         |
| 57944        | 12/23/16   | 002946       | 33,777.47    | DAY WIRELESS SYSTEMS           |             | 75737         | JAN 17 RETIREE SUPP     | 51.24              |         |
| 57945        | 12/23/16   | 157          | 2,855.49     | DELL MARKETING L.P.            |             | 75761         | INVENTORY ORDER         | 19.58              |         |
| 57946        | 12/23/16   | 002104       | 14,456.14    | DEPT OF INDUSTRL RELATIONS-SIP |             | 75789         | LOGGER & 6 RADIOS       | 33,757.89          |         |
| 57947        | 12/23/16   | 003274       | 7,486.97     | EAST BAY TIRE CO.              |             | 75713         | LAPTOPS FOR SAFETY      | 2,855.49           |         |
|              |            |              |              |                                |             | 75708         | 2017 ASSESSMENT FEE     | 14,456.14          |         |
|              |            |              |              |                                |             | 75697         | TIRES                   | 986.58             |         |
|              |            |              |              |                                |             | 75698         | TIRES                   | 739.01             |         |
|              |            |              |              |                                |             | 75699         | TIRES                   | 986.58             |         |
|              |            |              |              |                                |             | 75700         | TIRES                   | 927.31             |         |
|              |            |              |              |                                |             | 75701         | TIRES                   | 986.58             |         |
|              |            |              |              |                                |             | 75702         | TIRES                   | 416.12             |         |
|              |            |              |              |                                |             | 75762         | TIRES                   | 986.58             |         |
|              |            |              |              |                                |             | 75763         | TIRES                   | 532.63             |         |
|              |            |              |              |                                |             | 75764         | TIRES                   | 482.82             |         |
|              |            |              |              |                                |             | 75765         | TIRES                   | 442.76             |         |
| 57948        | 12/23/16   | 002953       | 175.00       | EPICOR SOFTWARE CORP           |             | 75788         | HCM SOFTWARE UPGRADE    | 175.00             |         |
| 57949        | 12/23/16   | 432          | 2,429.26     | EXPRESS SERVICES INC.          |             | 75677         | TEMP W/E 12/4/16        | 344.26             |         |
|              |            |              |              |                                |             | 75681         | TEMP W/E 12/4/16        | 1,222.50           |         |
|              |            |              |              |                                |             | 75718         | TEMP W/E 12/4/16        | 862.50             |         |
| 57950        | 12/23/16   | 001172       | 54.27        | FERGUSON ENTERPRISES INC. #795 |             | 75696         | RPR LEAK SMC            | 54.27              |         |
| 57951        | 12/23/16   | 002295       | 135.00       | FIRST ALARM                    |             | 75724         | NOV 16 SECURITY PC      | 135.00             |         |
| 57952        | 12/23/16   | 912          | 7,502.86     | FOLGER GRAPHICS                |             | 75678         | 2016 WINTER HEADWAYS    | 7,502.86           |         |
| 57953        | 12/23/16   | 647          | 380.92       | GENFARE A DIV OF SPX CORP      |             | 75745         | INVENTORY ORDER         | 380.92             |         |
| 57954        | 12/23/16   | M041         | 51.24        | GOUVEIA, ROBERT                | 0           | 75738         | JAN 17 RETIREE SUPP     | 51.24              |         |
| 57955        | 12/23/16   | 282          | 544.74       | GRAINGER                       |             | 75688         | TOOL TOTES              | 132.95             |         |
|              |            |              |              |                                |             | 75689         | TOOL TOTES              | 295.33             |         |
|              |            |              |              |                                |             | 75690         | GFCI INDOOR PLUG        | 63.23              |         |
| 57956        | 12/23/16   | 003109       | 99,815.03    | HANSON BRIDGETT LLP            |             | 75691         | PAINT SUPPLIES VERN     | 53.23              |         |
|              |            |              |              |                                |             | 75733         | M# 032117.000003        | 29,796.00          |         |
|              |            |              |              |                                |             | 75734         | M# 032117.000002        | 27,698.00          |         |
|              |            |              |              |                                |             | 75735         | M# 032117.000003        | 22,649.03          |         |
|              |            |              |              |                                |             | 75736         | M# 032117.000002        | 19,672.00          |         |
| 57957        | 12/23/16   | 001745       | 12,940.50    | HARTFORD LIFE AND ACCIDENT INS |             | 75658         | DEC 16 LIFE AD&D        | 2,609.86           |         |
|              |            |              |              |                                |             | 75659         | DEC 16 LTD              | 10,330.64          |         |
| 57958        | 12/23/16   | 003178       | 55,567.42    | HILL INTERNATIONAL INC         |             | 75776         | NOV 16 MB PROJ MGMT     | 55,567.42          |         |
| 57959        | 12/23/16   | R612         | 581.25       | HOWIE & SMITH, L.L.P.          |             | 75712         | FILE #15-42201          | 581.25             |         |
| 57960        | 12/23/16   | 1117         | 10.44        | KELLEY'S SERVICE INC.          |             | 75667         | INVENTORY ORDER         | 10.44              |         |
| 57961        | 12/23/16   | 039          | 43.99        | KINKO'S INC.                   |             | 75706         | HWY17 POSTER WINTER     | 43.99              |         |
| 57962        | 12/23/16   | 003017       | 14,379.59    | MANSFIELD OIL CO OF GAINSVILLE |             | 75760         | DIESEL 11/29/16         | 14,379.59          |         |
| 57963        | 12/23/16   | 003115       | 927.65       | OFFICE TEAM                    |             | 75679         | TEMP W/E 12/2/16        | 927.65             |         |
| 57964        | 12/23/16   | 009          | 1,647.91     | PACIFIC GAS & ELECTRIC         |             | 75725         | 11/8-12/7 PARACRUZ      | 1,647.91           |         |
| 57965        | 12/23/16   | 043          | 1,937.33     | PALACE ART & OFFICE SUPPLY     |             | 75682         | OFFICE SUPPLIES         | 155.55             |         |
|              |            |              |              |                                |             | 75683         | OFFICE SUPPLIES         | 717.53             |         |

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|--------------|------------|------------------|--------------|--------------------------------|-------------|---------------|-------------------------|--------------------|---------|
| 57966        | 12/23/16   | 51.24 M109       |              | PEREZ, CHERYL                  |             | 75719         | OFFICE SUPPLIES         | 362.52             |         |
| 57967        | 12/23/16   | 111.50 481       |              | PIED PIPER EXTERMINATORS, INC. |             | 75723         | OFFICE SUPPLIES         | 32.37              |         |
| 57968        | 12/23/16   | 80.00 187        |              | POLAR RADIATOR SERVICE INC     |             | 75728         | OFFICE CHAIR RINA       | 669.36             |         |
| 57969        | 12/23/16   | 278.92 107A      |              | PROBULD COMPANY LLC            |             | 75739         | JAN 17 RETIREE SUPP     | 51.24              |         |
| 57970        | 12/23/16   | 99,408.00 003302 |              | RK & ASSOCIATES INC DBA ESCON  |             | 75665         | DEC 16 PEST BETTYS      | 58.00              |         |
| 57971        | 12/23/16   | 9,096.00 904     |              | RNL/INTERPLAN, INC. A CA CORP  |             | 75666         | DEC 16 PEST METROMKT    | 53.50              |         |
| 57972        | 12/23/16   | 102.49 M085      |              | ROSSI, DENISE                  | 0           | 75732         | RPR VEH #1206           | 80.00              |         |
| 57973        | 12/23/16   | 51.24 M030       |              | ROWE, RUBY                     |             | 75663         | RPR LEAK SMC            | 35.21              |         |
| 57974        | 12/23/16   | 139.53 135       |              | SANTA CRUZ AUTO PARTS, INC.    |             | 75664         | RPR LEAK SMC            | 243.71             |         |
| 57975        | 12/23/16   | 18.35 848        |              | SANTA CRUZ ELECTRONICS, INC.   |             | 75782         | ADA RAMP MB OPS         | 99,408.00          |         |
| 57976        | 12/23/16   | 80.00 001292     |              | SANTA CRUZ RECORDS MNGMT INC   |             | 75781         | PROF SVC THRU 11/30     | 9,096.00           |         |
| 57977        | 12/23/16   | 308.04 149       |              | SANTA CRUZ SENTINEL            | 0           | 75740         | JAN 17 RETIREE SUPP     | 102.49             |         |
| 57978        | 12/23/16   | 12,269.21 977    |              | SANTA CRUZ TRANSPORTATION, LLC |             | 75741         | JAN 17 RETIREE SUPP     | 51.24              |         |
| 57979        | 12/23/16   | 27.00 113        |              | SCWTD PETTY CASH - FLEET       |             | 75694         | INVENTORY ORDER         | 122.77             |         |
| 57980        | 12/23/16   | 63.87 E967       |              | SILVA, SUZANNE                 |             | 75695         | INVENTORY ORDER         | 16.76              |         |
| 57981        | 12/23/16   | 1,091.48 003292  |              | SLINGSHOT CONNECTIONS LLP      |             | 75673         | OFFICE SUPPLIES         | 18.35              |         |
| 57982        | 12/23/16   | 168.13 366       |              | TENNANT COMPANY                |             | 75722         | DEC 16 SHREDDING PC     | 80.00              |         |
| 57983        | 12/23/16   | 239.25 003242    |              | THE JANEK CORPORATION          |             | 75744         | NOV 16 LEGAL ADS        | 308.04             |         |
| 57984        | 12/23/16   | 441.70 002675    |              | THOMSON REUTERS BARCLAYS WEST  |             | 75721         | NOV 16 SERVICES         | 12,269.21          |         |
| 57985        | 12/23/16   | 2,646.29 003285  |              | TRANSIT HOLDINGS INC           |             | 75709         | TVM SERVICE FUND        | 27.00              |         |
| 57986        | 12/23/16   | 80.00 454        |              | TRANSPORTATION SAFETY INSTITUT |             | 75660         | MEETING EXP REIMBURS    | 63.87              |         |
| 57987        | 12/23/16   | 654.50 003037    |              | TYCO INTEGRATED SECURITY       |             | 75680         | TEMP W/E 12/11/16       | 1,091.48           |         |
| 57988        | 12/23/16   | 3,997.55 057     |              | U. S. BANK                     |             | 75746         | FLOOR SCRUBBER PARTS    | 168.13             |         |
| 57989        | 12/23/16   | 89.16 003152     |              | UNIFIRST CORPORATION           |             | 75705         | RPR ELECTRONICS         | 239.25             |         |
|              |            |                  |              |                                |             | 75711         | NOV 16 SERVICE          | 441.70             |         |
|              |            |                  |              |                                |             | 75692         | INVENTORY ORDER         | 43.57              |         |
|              |            |                  |              |                                |             | 75693         | INVENTORY ORDER         | 43.57              |         |
|              |            |                  |              |                                |             | 75768         | INVENTORY ORDER         | 4.12               |         |
|              |            |                  |              |                                |             | 75769         | INVENTORY ORDER         | 60.39              |         |
|              |            |                  |              |                                |             | 75770         | INVENTORY ORDER         | 24.14              |         |
|              |            |                  |              |                                |             | 75771         | INVENTORY ORDER         | 491.76             |         |
|              |            |                  |              |                                |             | 75774         | INVENTORY ORDER         | 1,968.62           |         |
|              |            |                  |              |                                |             | 75775         | INVENTORY ORDER         | 10.12              |         |
|              |            |                  |              |                                |             | 75710         | JUL17 SEMINARS          | 80.00              |         |
|              |            |                  |              |                                |             | 75784         | 1/1-3/31 ALARM SMC      | 272.10             |         |
|              |            |                  |              |                                |             | 75785         | 1/1-3/31 ALARM SVT      | 185.41             |         |
|              |            |                  |              |                                |             | 75786         | 1/1-3/31 ALARM WTC      | 196.99             |         |
|              |            |                  |              |                                |             | 75729         | ****-****-****-6490     | 53.75              |         |
|              |            |                  |              |                                |             | 75730         | ****-****-****-1518     | 998.19             |         |
|              |            |                  |              |                                |             | 75731         | ****-****-****-5056     | 2,945.61           |         |
|              |            |                  |              |                                |             | 75661         | MATS OPS                | 6.48               |         |
|              |            |                  |              |                                |             | 75662         | CUSTODIAL SUPPLIES      | 39.42              |         |
|              |            |                  |              |                                |             | 75668         | MATS TOWELS             | 6.99               |         |
|              |            |                  |              |                                |             | 75669         | LAUNDRY SERVICE         | 14.64              |         |
|              |            |                  |              |                                |             | 75670         | LAUNDRY SERVICE         | 14.64              |         |
|              |            |                  |              |                                |             | 75720         | MATS TOWELS             | 6.99               |         |

# Attachment A

DATE 01/03/17 11:27

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT  
CHECK JOURNAL DETAIL BY CHECK NUMBER  
ALL CHECKS FOR ACCOUNTS PAYABLE

PAGE 14

DATE: 12/01/16 THRU 12/31/16

| CHECK NUMBER | CHECK DATE | CHECK VENDOR     | CHECK VENDOR NAME            | CHECK VENDOR | CHECK AMOUNT | VENDOR TYPE | TRANS. NUMBER | TRANSACTION DESCRIPTION | TRANSACTION AMOUNT | COMMENT      |
|--------------|------------|------------------|------------------------------|--------------|--------------|-------------|---------------|-------------------------|--------------------|--------------|
| 57990        | 12/23/16   | 67.91 007        | UNITED PARCEL SERVICE        | 0            | 75758        |             | 75758         | FREIGHT                 | 67.91              |              |
| 57991        | 12/23/16   | 10,452.33 002829 | VALLEY POWER SYSTEMS, INC.   | 0            | 75747        |             | 75747         | INVENTORY ORDER         | 370.62             |              |
|              |            |                  |                              |              | 75748        |             | 75748         | INVENTORY ORDER         | 637.53             |              |
|              |            |                  |                              |              | 75749        |             | 75749         | INVENTORY ORDER         | 58.29              |              |
|              |            |                  |                              |              | 75750        |             | 75750         | INVENTORY ORDER         | 418.21             |              |
|              |            |                  |                              |              | 75751        |             | 75751         | JD ENGINE REBUILD       | 1,386.74           |              |
|              |            |                  |                              |              | 75752        |             | 75752         | RPR VEH #2223           | 370.20             |              |
|              |            |                  |                              |              | 75753        |             | 75753         | INVENTORY ORDER         | 3,475.86           |              |
|              |            |                  |                              |              | 75754        |             | 75754         | CREDIT                  | -407.81            |              |
|              |            |                  |                              |              | 75755        |             | 75755         | RPR VEH #2220           | 267.64             |              |
|              |            |                  |                              |              | 75756        |             | 75756         | INVENTORY ORDER         | 844.72             |              |
|              |            |                  |                              |              | 75757        |             | 75757         | RPR VEH #2223           | 3,030.33           |              |
| 57992        | 12/23/16   | 788.54 434       | VERIZON WIRELESS             | 0            | 75716        |             | 75716         | 11/2-12/1PUSH2TALK P    | 479.00             |              |
| 57993        | 12/23/16   | 225.00 001165    | VU, THANH DR. MD             | 7            | 75717        |             | 75717         | 11/2-12/1 TELECOM PC    | 309.54             |              |
|              |            |                  |                              |              | 75685        |             | 75685         | DMV EXAM                | 75.00              |              |
|              |            |                  |                              |              | 75686        |             | 75686         | DMV EXAM                | 75.00              |              |
|              |            |                  |                              |              | 75687        |             | 75687         | DMV EXAM                | 75.00              |              |
| 57994        | 12/23/16   | 3,245.29 002807  | WILLIAM AVERY & ASSOCIATES   | 0            | 75714        |             | 75714         | HR MGR RECRUITMENT      | 3,245.29           |              |
| 57995        | 12/23/16   | 51.24 M088       | YAGI, RANDY                  | 0            | 75742        |             | 75742         | JAN 17 RETIREE SUPP     | 51.24              |              |
| 57996        | 12/23/16   | 3,584.20 003321  | YORK RISK SERVICES GROUP INC | 0            | 75779        |             | 75779         | SEPT 16 CODE 5099       | 724.23             |              |
|              |            |                  |                              |              | 75780        |             | 75780         | OCT 16 CODE 5099        | 2,859.97           |              |
| TOTAL        |            | 2,095,235.20     | ACCOUNTS PAYABLE             |              |              |             |               | TOTAL CHECKS            | 277                | 2,095,235.20 |



**DATE:** January 27, 2017  
**TO:** Board of Directors  
**FROM:** Angela Aitken, Finance Manager  
**SUBJECT: ACCEPT AND FILE THE YEAR TO DATE MONTHLY FINANCIAL  
REPORT AS OF OCTOBER 31, 2016**

**I. RECOMMENDED ACTION**

**That the Board of Directors accept and file the Year to Date Monthly  
Financial Report as of October 31, 2016.**

**II. SUMMARY OF ISSUES**

- An analysis of Santa Cruz Metropolitan Transit District's (METRO) financial status is prepared monthly in order to inform the Board of Directors regarding METRO's actual revenues and expenses in relation to the adopted operating and capital budgets for the fiscal year.
- This staff report is the web-accessible companion document to the attached PowerPoint presentation titled "Year to Date Monthly Financial Report as of October 31, 2016."
- Staff recommends that the Board of Directors accept and file the attached report.

**III. DISCUSSION/BACKGROUND**

Below are the written explanations of the various charts and graphs in the attached Year to Date Monthly Financial Report as of October 31, 2016. The fiscal year has elapsed 33%.

Slide 1

(Cover) Year to Date Monthly Financial Report as of October 31, 2016

Slide 2

FY17 Operating Revenue and Expenses for the Month Ending October 31, 2016

- Operating Revenues for the month are favorable by \$44K
- Operating Expenses
  - Labor Regular - favorable by \$144K
  - Labor OT - unfavorable by \$182K
  - Fringe Benefits – favorable by \$260K
  - Non-Personnel - favorable by \$31K

- Total Operating Expenses – favorable by \$253K
- Total Budget to Actual Variance - favorable by \$297K

Slide 3

FY17 Operating Revenue and Expenses Year to Date as of October 31, 2016

- Operating Revenues Year to Date are unfavorable by \$79K
- Operating Expenses
  - Labor Regular - favorable by \$52K
  - Labor OT - unfavorable by \$606K
  - Fringe Benefits - favorable by \$401K
  - Non-Personnel - favorable by \$251K
- Total Operating Expenses –favorable by \$98K

Total Budget to Actual Variance - favorable by \$19K

Slide 4

FY17 Operating Revenue by Major Funding Source - Year to Date as of October 31, 2016

- Passenger Fares- actual is \$2,943K while budget is \$3,359K
- Sales Tax Revenue- actual is \$6,513K while budget is \$6,356K
- TDA- actual and budget are both \$1,675K
- Other Revenue- actual is \$154K while budget is \$198K
- Fuel Tax Credit- actual is \$159K while the budget is \$0
- STA Op Assistance- actual is \$151K while the budget is \$0
- STIC Op Assistance- actual is \$2,084K while the budget is \$2,125K
- Federal Op Assistance- actual is \$4,203K while the budget is \$4,247K

Slide 5

Favorable/ (Unfavorable) Revenue Variance to Budget Year to Date as of October 31, 2016

- Passenger Fares variance to budget is unfavorable by \$416K primarily due to:
  - Passenger Fares – Bulk Purchase and the decrease in bulk purchases of discounted passes from Cabrillo College. Additionally system-wide ridership decreased 7% year-over-year due to the service reduction implemented after September 8, 2016.
  - Special Transit Fares and the anticipated budgeted increase from the contract with Cabrillo College. The FY17 Special Transit Fares Budget currently includes \$944K for Cabrillo oriented services (12-month

commitment from Cabrillo College). The funding commitment, however, was subsequently aligned with the school year, hence will cover a 10-month period of the 2016 – 17 school year (Fall and Winter semester).

- Decreased Highway 17 Ridership as a result of increased fares (in the fall of 2015); lower fuel prices; reduced on-time performance due to increased congestion, as well as the service reduction implemented September 8, 2016.
- Sales Tax Revenue variance to budget is favorable by \$157K due to higher than anticipated sales.
- Other Revenue variance to budget is unfavorable by \$44K primarily due to
  - Seasonal fluctuations in the Advertising Income, while the budget has been straight-lined.
  - Other Operating Assistance – AMBAG Funding and the Bus of Shoulder Study grant budgeted, but not awarded.
- Fuel Tax Credit variance to budget is favorable by \$159K as the total budget for Fuel Tax Credit is entered at the end of the fiscal year. Fuel Tax Credit is transferred to Reserves at year-end.
- STA Op Assistance variance to budget is favorable by \$151K as it is an adjustment for STA payments for the prior fiscal year, FY16.
- STIC Op Assistance variance to budget is unfavorable by \$42K due to lower allocations. Updated budget projections were available after the FY17 Final budget was finalized and were not captured in the final budget document.
- Federal Op Assistance variance to budget is unfavorable by \$44K due to lower allocations.

#### Slide 6

FY17 Operating Expenses by Major Expense Category Year to Date as of October 31, 2016

- Labor - Regular- actual is \$5,354K while budget is \$5,406K
- Labor - OT- actual is \$1,149K while budget is \$543K
- Fringe Benefits- actual is \$6,490K while budget is \$6,891K
- Services- actual is \$870K while budget is \$1,025K
- Mobile Materials & Supplies- actual is \$926K while budget is \$937K
- Other Expenses- actual is \$667K while budget is \$752K

Slide 7

FY17 Operating Expenses by Major Expense Category Year to Date as of October 31, 2016

- Labor – Regular variance to budget is favorable by \$52K due to
  - 20 vacant funded positions, of which 11 are on hold
  - Extended unpaid leaves of absence
- Labor – OT variance to budget is unfavorable by \$606K due to vacant positions in various departments.
- Fringe Benefits variance to budget is favorable by \$401K primarily due to the 20 vacant funded positions and extended unpaid leaves of absence.
- Services variance to budget is favorable \$155K due to Prof & Tech Fees and Repair – Rev Vehicle under budget.
- Mobile Materials & Supplies variance to budget is favorable by \$11K.
- Other Expenses are favorable by \$85K primarily due to lower Settlement Costs and Miscellaneous expenses.

Slide 8

FY17 Capital Budget Spending Year to Date as of October 31, 2016

- Total Capital Projects spending year to date is \$620K; FY17 budget is \$5.2M
  - Construction Related Projects account for 99.7% of the spending

Slide 9

FY17 Capital Budget – Excludes MetroBase Project – JKS Ops Bldg. - Spending Year to Date as of October 31, 2016

- Total Capital Projects spending year to date is \$17K; FY17 budget without JKS Ops Bldg. is \$2.3M. Spending percentages are as follows:
  - Construction Related Projects (excluding-JKS Ops Bldg) are 90.3%
  - Misc Projects are 7.3%
  - IT Projects are 2.4%

Slide 10

(Cover Sheet) – Metrobase Phase II Operations Building Life of Project – Budget Adopted September 23, 2016

Spending as of January 11, 2017

Slide 11

MetroBase Phase II – Life of Project - Spending as of January 11, 2017

- Total Project Budget is \$27.3M; spending is at \$26.2M; remaining is \$1.1M; project is 96% spent

Slide 12

(Cover Sheet) – Additional Information

Slide 13

Additional Information for the Month of October 2016

- Unemployment Rate % in Santa Cruz County is 5.3%
- \$ Gasoline per Gallon for the San Francisco-Oakland-San Jose area is \$2.83
- Monthly Ridership – Without UCSC (Highway 17 and Fixed Route) has decreased in October to approximately 240K riders.

Slide 14

FY17 Operating Expenses Year to Date as of December 31, 2016: Preliminary

- Operating Expenses
  - Labor Regular - favorable by \$305K
  - Labor OT - unfavorable by \$921K
  - Fringe Benefits - favorable by \$676K
  - Non-Personnel - favorable by \$631K
- Total Operating Expenses –favorable by \$691K

**IV. FINANCIAL CONSIDERATIONS/IMPACT**

Total Budget to Actual Variance for the month and year to date is favorable by \$297K and \$19K, respectively.

**V. ALTERNATIVES CONSIDERED**

- There are no alternatives to consider, as this is an accept and file Year to Date Monthly Financial Report.

**VI. ATTACHMENTS**

**Attachment A:** Year to Date Monthly Financial Report as of October 31, 2016 Presentation

Prepared By: Kristina Mihaylova, Sr. Financial Analyst

**VII. APPROVALS:**

Angela Aitken, Finance Manager



Alex Clifford, CEO/General Manager





# **Year to Date Monthly Financial Report as of October 31, 2016**

Santa Cruz METRO Board of Directors

*January 27, 2017*

Angela Aitken, Finance Manager

# FY17 Operating Revenue and Expenses For the Month Ending October 31, 2016

33% of Fiscal Year Elapsed

| <b>\$ In Thousands</b>                            | <b>Actual</b>  | <b>Budget</b>  | <b>Budget to Actual</b> |
|---|----------------|----------------|-------------------------|
| <b>Operating Revenue:</b>                         | \$2,496        | \$2,452        | \$44                    |
| <b>Operating Expenses:</b>                        |                |                |                         |
| Labor - Regular                                   | \$1,207        | \$1,351        | \$144                   |
| Labor - Overtime                                  | \$318          | \$136          | (\$182)                 |
| Fringe Benefits                                   | \$1,463        | \$1,723        | \$260                   |
| Non-Personnel Expenses                            | \$633          | \$664          | \$31                    |
| <b>Total Operating Expenses:</b>                  | <b>\$3,621</b> | <b>\$3,874</b> | <b>\$253</b>            |
| <b>Operating Budget Favorable/ (Unfavorable):</b> |                |                | <b>\$297</b>            |

10-03A.2



# FY17 Operating Revenue and Expenses

## Year to Date as of October 31, 2016

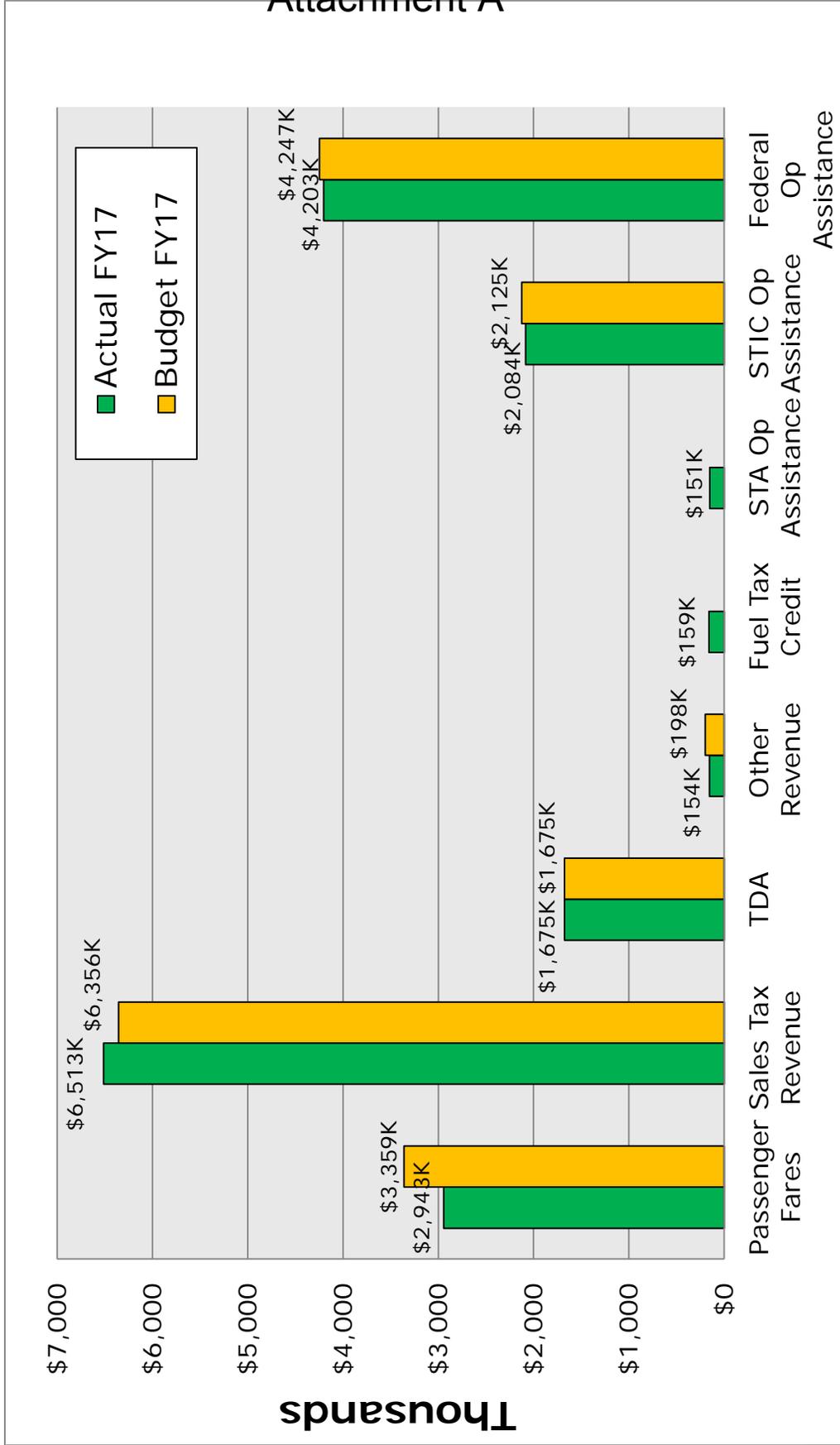
33% of Fiscal Year Elapsed

| <b>\$ In Thousands</b>                            | <b>Actual</b>   | <b>Budget</b>   | <b>Budget to Actual</b> |
|---|-----------------|-----------------|-------------------------|
| <b>Operating Revenue:</b>                         | \$17,881        | \$17,960        | (\$79)                  |
| <b>Operating Expenses:</b>                        |                 |                 |                         |
| Labor - Regular                                   | \$5,354         | \$5,406         | \$52                    |
| Labor - Overtime                                  | \$1,149         | \$543           | (\$606)                 |
| Fringe Benefits                                   | \$6,490         | \$6,891         | \$401                   |
| Non-Personnel Expenses                            | \$2,463         | \$2,714         | \$251                   |
| <b>Total Operating Expenses:</b>                  | <b>\$15,456</b> | <b>\$15,554</b> | <b>\$98</b>             |
| <b>Operating Budget Favorable/ (Unfavorable):</b> |                 |                 | <b>\$19</b>             |

10-03A.3

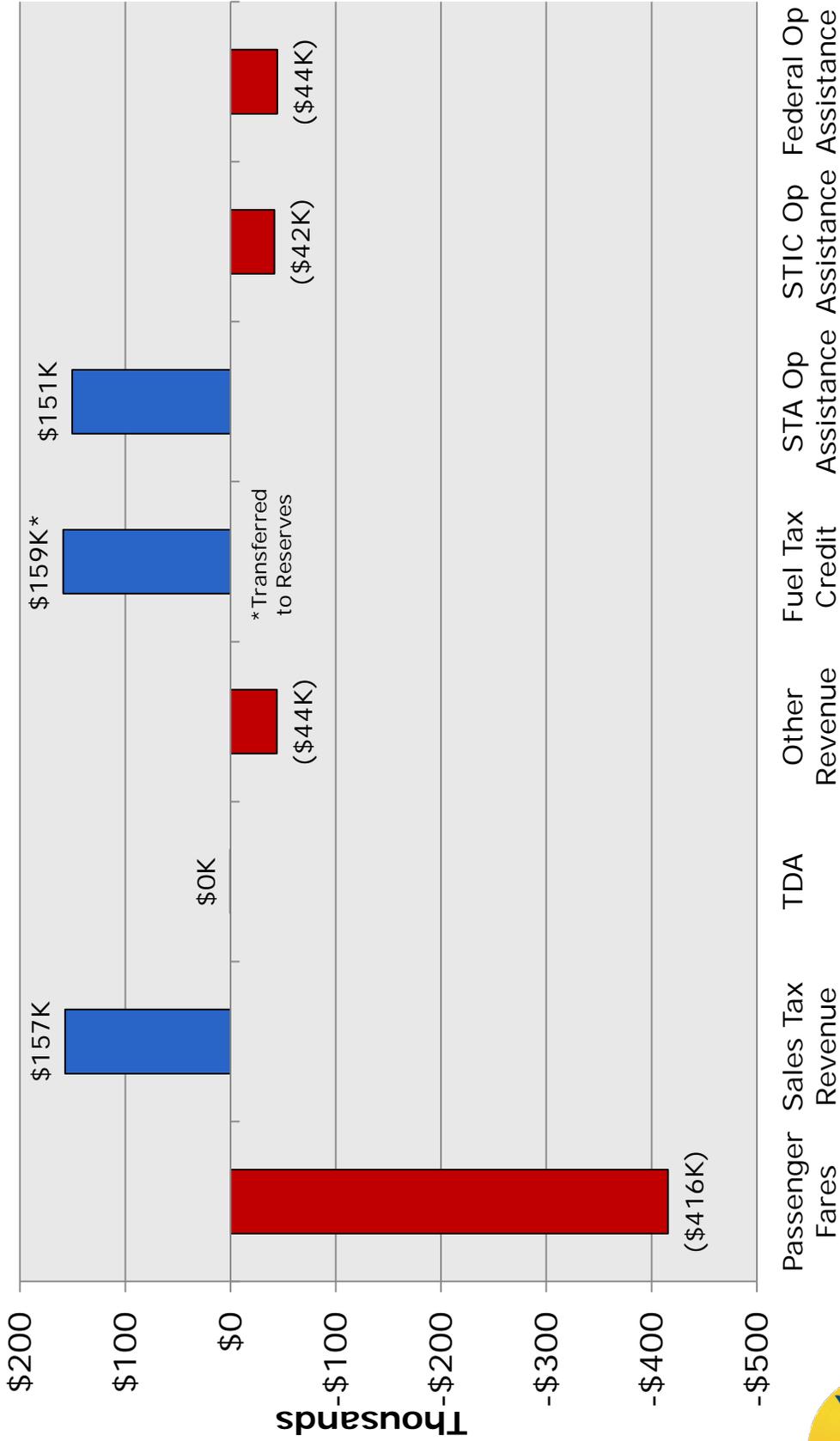


FY17 Operating Revenue by Major Funding Source  
Year to Date as of October 31, 2016  
 33% of Fiscal Year Elapsed



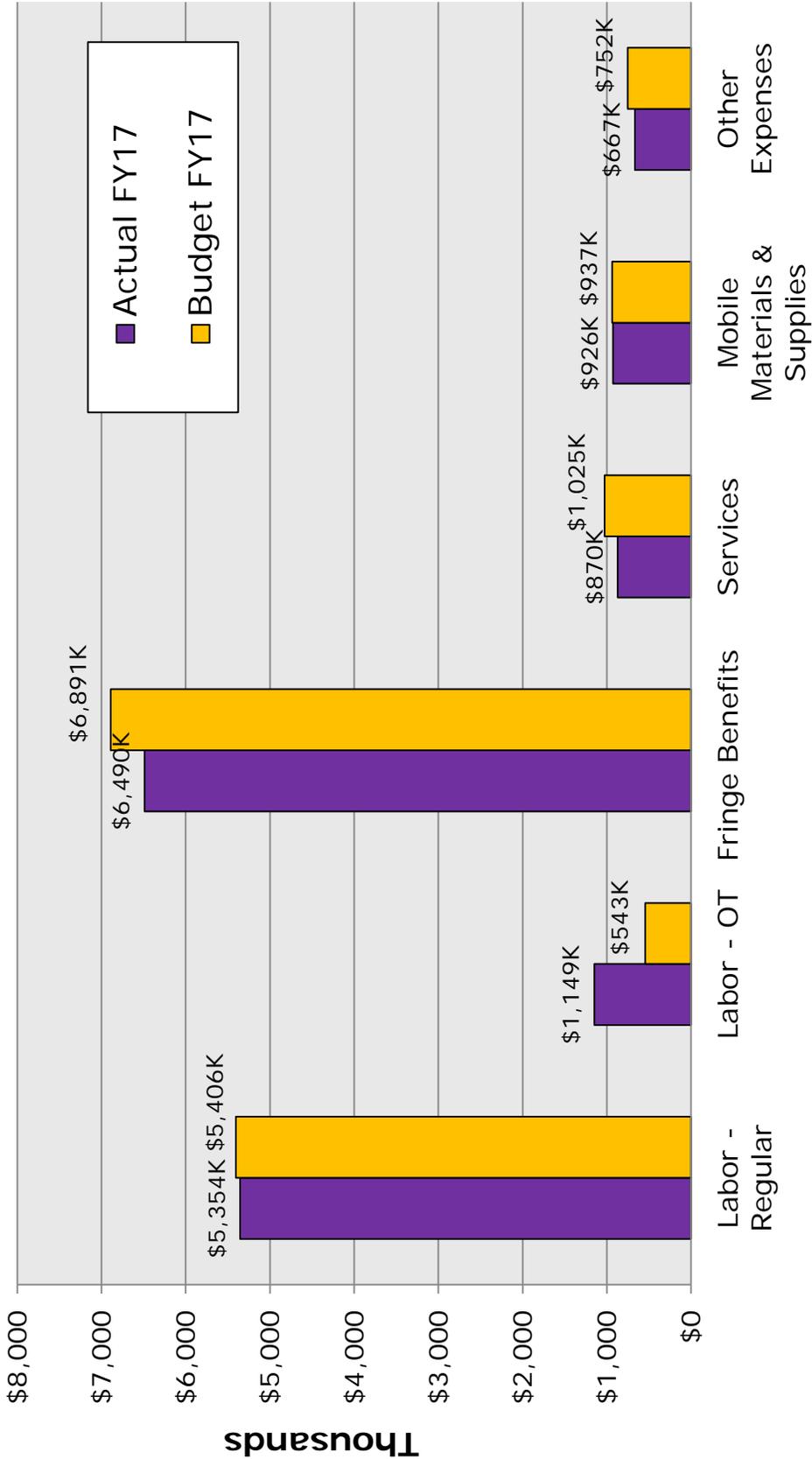
# Favorable/(Unfavorable) Revenue Variance to Budget Year to Date as of October 31, 2016

33% of Fiscal Year Elapsed



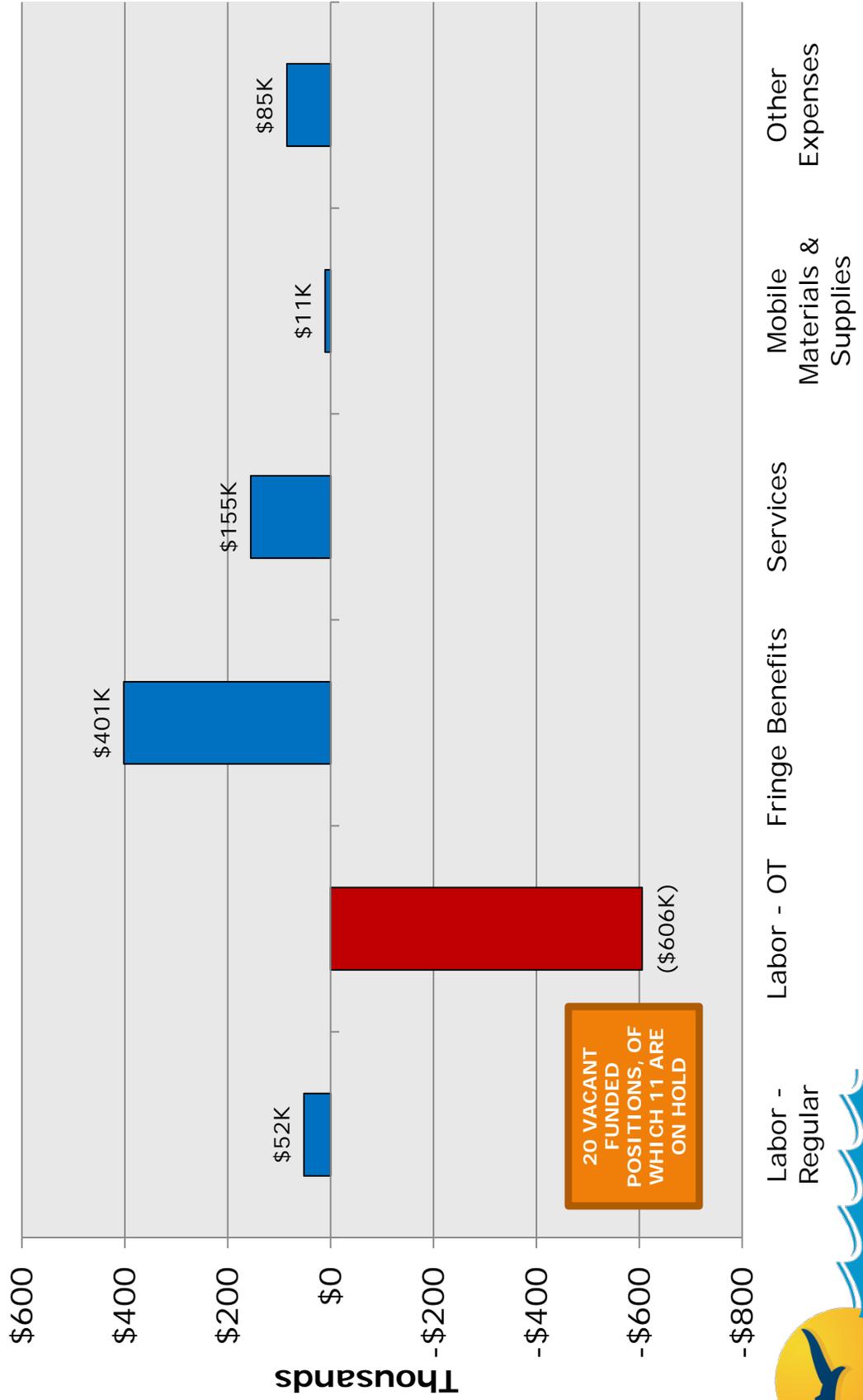
FY17 Operating Expenses by Major Expense Category  
Year to Date as of October 31, 2016

33% of Fiscal Year Elapsed



# Favorable/(Unfavorable) Expense Variance to Budget Year to Date as of October 31, 2016

33% of Fiscal Year Elapsed



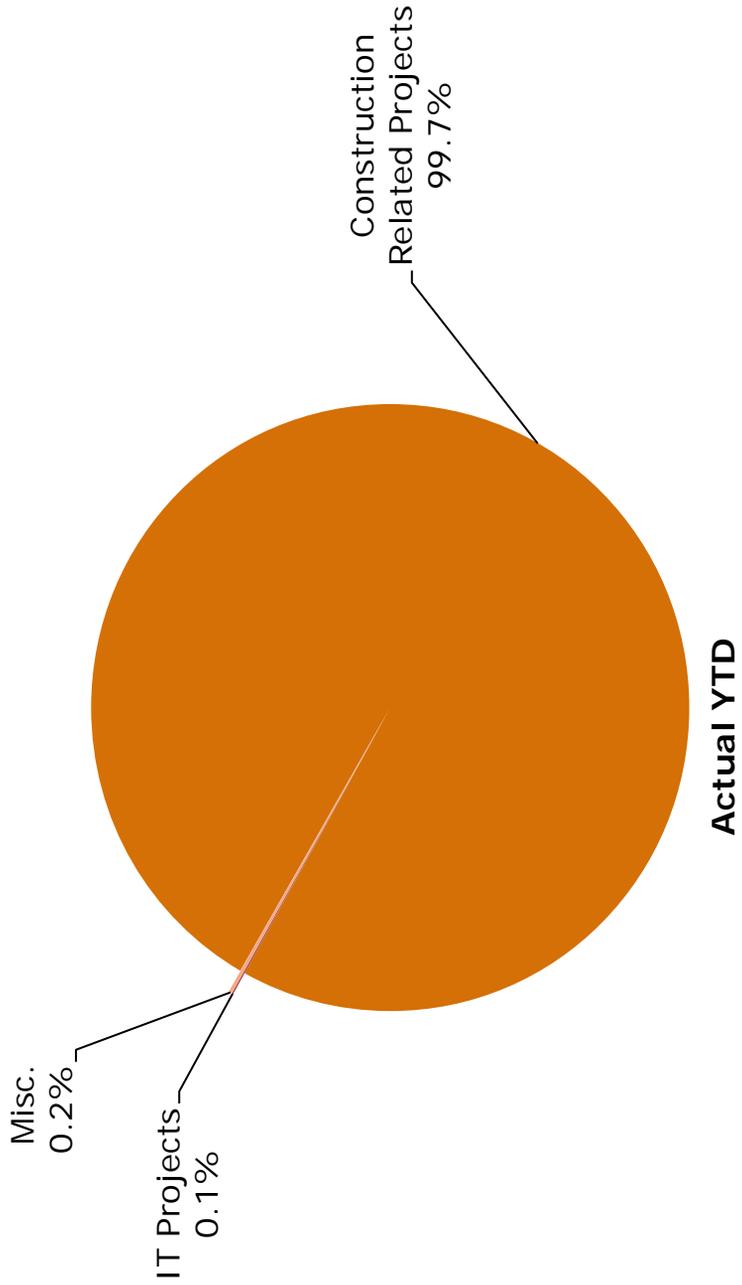
10-03A.7

# FY17 Capital Budget

Spending Year to Date as of October 31, 2016

33% of Fiscal Year Elapsed

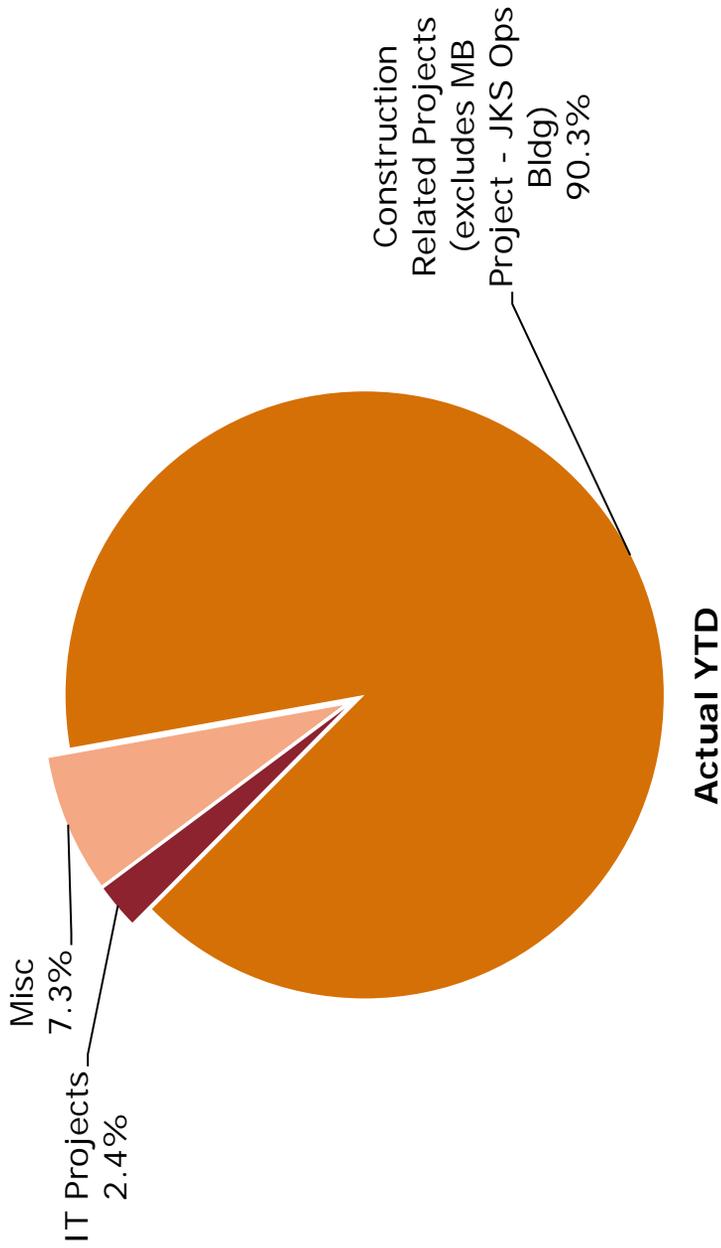
|                                | Actual YTD       | Total FY17 Budget  | % Spent YTD |
|--------------------------------|------------------|--------------------|-------------|
| <b>Total Capital Projects:</b> | <b>\$619,761</b> | <b>\$5,210,832</b> | <b>12%</b>  |



FY17 Capital Budget - Excludes MetroBase Project - JKS Ops Bldg.  
Spending Year to Date as of October 31, 2016

33% of Fiscal Year Elapsed

|                                | Actual YTD      | Total FY17 Budget  | % Spent YTD |
|--------------------------------|-----------------|--------------------|-------------|
| <b>Total Capital Projects:</b> | <b>\$16,696</b> | <b>\$2,340,832</b> | <b>0.7%</b> |



**MetroBase Phase II  
Operations Building  
Life of Project  
Budget Adopted September 23, 2016  
Spending as of January 11, 2017**

# MetroBase Phase II - Life of Project Spending as of January 11, 2017

## Attachment A

| \$ In Thousands   | Budget          | Actual          | Remaining      | % Spent    |
|---|-----------------|-----------------|----------------|------------|
| LCN – Prime Construction Contract                           | \$13,572        | \$13,513        | \$59           | 100%       |
| Construction Contract Contingency                           | \$2,272         | \$2,141         | \$131          | 94%        |
| In-House Project Management                                 | \$653           | \$650           | \$3            | 100%       |
| Consultant Costs (Hill Int'l., TRC and RNL)                 | \$6,902         | \$6,689         | \$212          | 97%        |
| Non-Construction Contingencies                              | \$0             | \$0             | \$0            | 0%         |
| Contracted Professional Services – prior to 9/26/14         | \$150           | \$150           | \$0            | 100%       |
| Additional Cost and Services (VSWs, Security, Dubois, etc.) | \$3,802         | \$3,088         | \$714          | 81%        |
| <b>Total:</b>   | <b>\$27,350</b> | <b>\$26,231</b> | <b>\$1,120</b> | <b>96%</b> |

10-03A.11

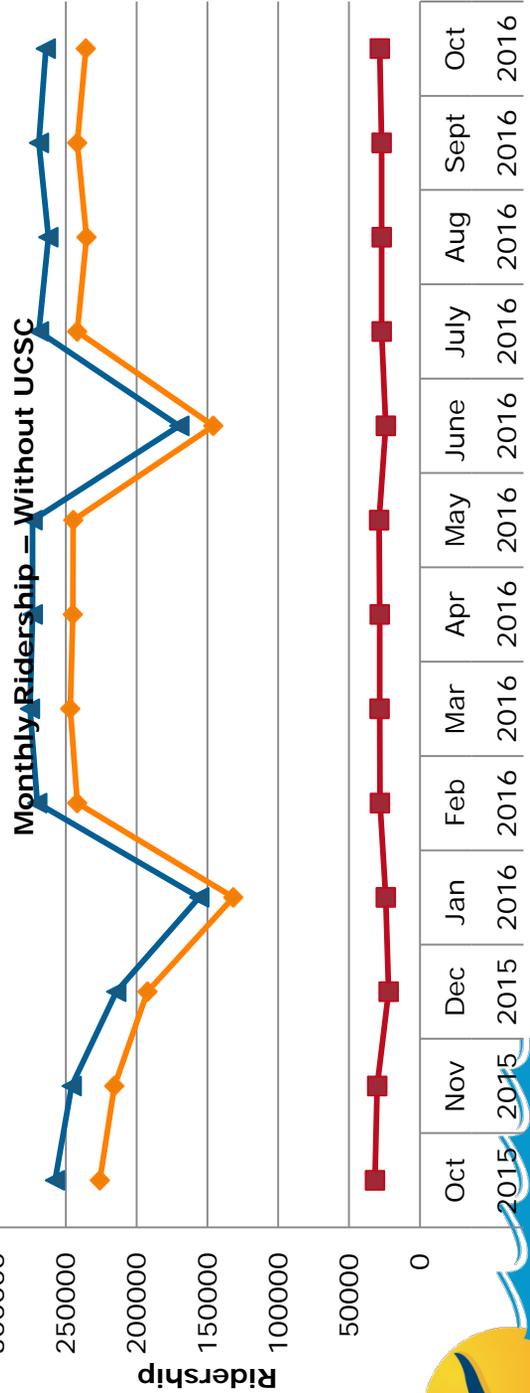
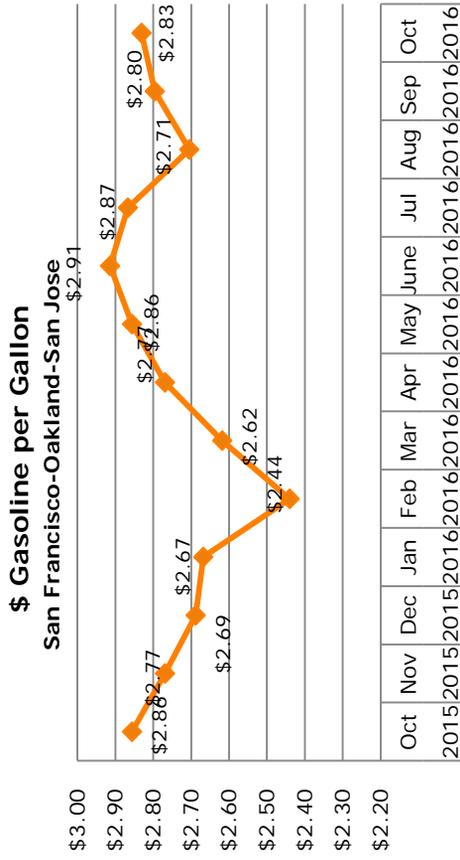
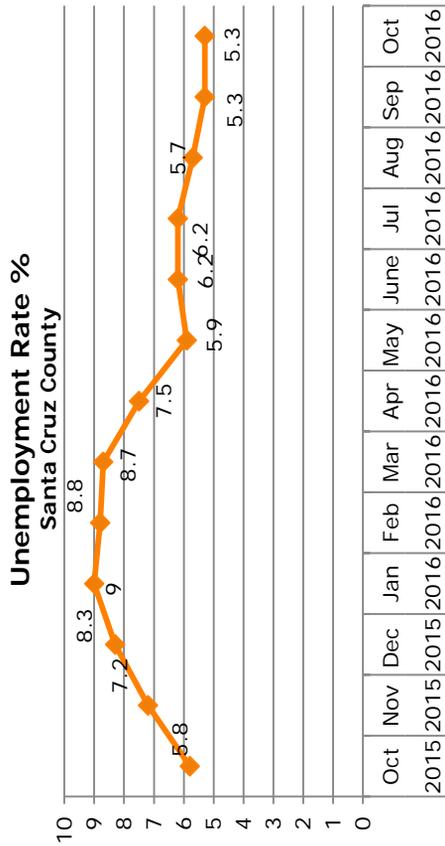


# Additional Information

10-03A.12



# Additional Information



# FY17 Operating Expenses

**Year to Date as of December 31, 2016: PRELIMINARY**

50% of Fiscal Year Elapsed

| \$ In Thousands           | Actual   | Budget   | Budget to Actual Favorable/ (Unfavorable) |
|---------------------------|----------|----------|---|
| Operating Expenses:       |          |          |   |
| Labor - Regular           | \$7,804  | \$8,109  | \$305                                     |
| Labor - Overtime          | \$1,736  | \$815    | (\$921)                                   |
| Fringe Benefits           | \$9,661  | \$10,337 | \$676                                     |
| Non-Personnel Expenses    | \$3,451  | \$4,082  | \$631                                     |
| Total Operating Expenses: | \$22,652 | \$23,343 | \$691                                     |



# Questions



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**DATE:** January 27, 2017  
**TO:** Board of Directors  
**FROM:** Alex Clifford, CEO/General Manager  
**SUBJECT: ACCEPT AND FILE MINUTES OF THE SANTA CRUZ METRO BOARD OF DIRECTORS MEETING OF DECEMBER 9, 2016**

**I. RECOMMENDED ACTION**

**That the Board of Directors Accept and File the Minutes for the Santa Cruz Metropolitan Transit District (METRO) Board of Directors Meeting of December 9, 2016**

**II. SUMMARY**

- Staff is providing minutes from the Santa Cruz Metropolitan Transit District (METRO) Board of Directors Meeting of December 9, 2016.
- Each meeting, staff will provide minutes from the previous METRO Board of Directors meeting.

**III. DISCUSSION/BACKGROUND**

The Board requested that staff include, in the Board Packet, minutes for previous METRO Board of Directors meetings. Staff is enclosing the minutes from these meetings as a mechanism of complying with this request.

**IV. FINANCIAL CONSIDERATIONS/IMPACT**

None

**V. ALTERNATIVES CONSIDERED**

None

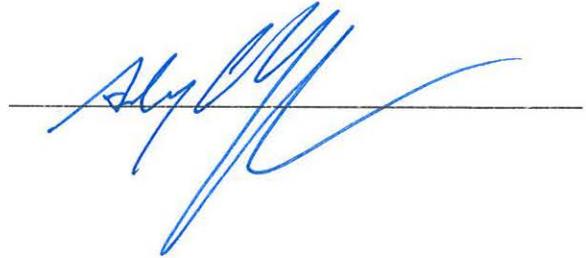
**VI. ATTACHMENTS**

**Attachment A:** Draft minutes for the Board of Directors Meeting of December 9, 2016

Prepared by: Gina Pye, Executive Assistant

**VII. APPROVALS:**

Alex Clifford, CEO/General Manager



# Attachment A

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)  
BOARD OF DIRECTORS AGENDA MEETING MINUTES  
DECEMBER 9, 2016 – 8:30 AM  
METRO ADMIN OFFICES  
110 VERNON STREET  
SANTA CRUZ, CA 95060**

A regular meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District (METRO) was convened on Friday, December 9, 2016 at the METRO Admin Offices, 110 Vernon Street, Santa Cruz, CA.

The Board Meeting Agenda Packet can be found online at [www.SCMTD.com](http://www.SCMTD.com) and is available for inspection at Santa Cruz METRO's Administrative offices at 110 Vernon Street, Santa Cruz, California.

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@scmttd.com](mailto:accessibility@scmttd.com)

## **SECTION I: OPEN SESSION**

**1 CALL TO ORDER at 8:35 AM by Chair Rotkin.**

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

|  |                             |                  |
|--|-----------------------------|------------------|
| <b>Director Ed Bottorff</b>              | <b>City of Capitola</b>     |                  |
| <b>Director Cynthia Chase</b>            | <b>City of Santa Cruz</b>   |                  |
| <b>Director Zach Friend</b>              | <b>County of Santa Cruz</b> |                  |
| <b>Director Norm Hagen</b>               | <b>County of Santa Cruz</b> |                  |
| <b>Director Don Lane</b>                 | <b>City of Santa Cruz</b>   |                  |
| <b>Director Bruce McPherson</b>          | <b>County of Santa Cruz</b> | <b>AR 8:37AM</b> |
| <b>Director Mike Rotkin, Chair</b>       | <b>County of Santa Cruz</b> |                  |
| <b>Ex Officio Director Donna Blitzer</b> | <b>UCSC</b>                 |                  |

Directors Bustichi, Cervantez, Dutra and Leopold were absent.

### **STAFF PRESENT:**

Alex Clifford  
Leslyn K. Syren

METRO CEO/General Manager  
METRO District Counsel

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

Antonio Castillo, SEIU VMU  
Joan Jeffries, SEIU  
Daniel Zaragoza, METRO

Erich Friedrich, AMBAG  
Suzanne Silva, METRO

# Attachment A

## 3 ANNOUNCEMENTS

Chair Rotkin introduced Carlos Landaverry and his Spanish Language Interpretation services and continued with the following announcements and this meeting is being televised by Community Television of Santa Cruz County with technician, Mr. Lynn Dunton, on channel 26.

*Director McPherson arrived at 8:37AM*

## 4 ART CONTEST RESULTS

Chair Rotkin presented the art contest winners below with additional prizes. Each child was presented with a ribbon and a gift by April Warnock, Paratransit Superintendent. METRO thanked several local merchants for their generous donations.

1st Place: Mr. Clarke Maciel-Snyder

2nd Place: Mr. Dorian Garcia and Ms. Alma Mendez

3rd Place: Mr. Jose Velasco, Ms. Olivia Cole, Ms. Madeline Taylor, Ms. Harlow Kadmiri and Mr. Elliot Higgins-Axton

Ms. Mendez and Ms. Kadmiri were not present.

## 5 BOARD OF DIRECTORS COMMENTS

Director McPherson thanked everyone, METRO employees and the Bus Operators in particular for the successful passing of Measure D. It took a lot of work through a combined effort to achieve the 2/3 margin. As a result, Santa Cruz County will have improved transportation to meet the needs of our residents. Now that we are taxing ourselves, the State and Federal agencies are more likely to help with matching funds. This was a phenomenal achievement.

Director Lane echoed Director McPherson's comments noting the unions made substantial contributions to the campaign.

Director Hagen also expressed his appreciation for the way the County residents came together to achieve this success.

Hearing no further comments, Chair Rotkin moved to the next agenda item.

## 6 COMMUNICATIONS TO THE BOARD OF DIRECTORS

Mr. Eduardo Montesino, thanked Director Lane for handling the finances of the campaign and keeping them on task. He then expressed his discontent with management and labor relations.

Hearing no further comments, Chair Rotkin moved to the next agenda item.

## 7 COMMUNICATIONS FROM MAC

Veronica Elsea, speaking as a private citizen, expressed her happiness with the passing of Measure D and reminded everyone that this gives a new meaning to "shop locally".

## 8 LABOR ORGANIZATION COMMUNICATIONS

See Mr. Montesino's comments under Item 6 above.

## 9 ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

Chair Rotkin announced the following items were distributed to Board Members and are available at the back of the room for public viewing:

- News clips of interest

# Attachment A

- Additional information pertaining to Item 13, COA Update, was distributed to Board members and is available at the rear of the assembly.

## CONSENT AGENDA

- 10-01 ACCEPT AND FILE: PRELIMINARY APPROVED CHECK JOURNAL DETAIL FOR THE MONTH OF NOVEMBER 2016
- 10-02 ACCEPT AND FILE: YEAR TO DATE MONTHLY FINANCIAL REPORT AS OF SEPTEMBER 30, 2016
- 10-03 ACCEPT AND FILE: REVISED MINUTES OF THE SANTA CRUZ METRO PERSONNEL/HUMAN RESOURCES STANDING COMMITTEE MEETING OF SEPTEMBER 21, 2016
- 10-04 ACCEPT AND FILE: MINUTES OF THE SANTA CRUZ METRO BOARD OF DIRECTORS MEETING OF NOVEMBER 18, 2016
- 10-05 ACCEPT AND FILE: MINUTES OF THE METRO ADVISORY COMMITTEE (MAC) MEETING OF AUGUST 17, 2016
- 10-06 APPROVE: CONSIDERATION OF OWNED AND LEASED PROPERTY INVENTORIES TO DETERMINE IF THERE ARE ANY PROPERTY IN EXCESS OF SANTA CRUZ METRO'S FORESEEABLE NEEDS
- 10-07 APPROVE: CONSIDERATION OF AUTHORIZING THE CEO TO EXECUTE A 4<sup>TH</sup> AMENDMENT EXTENDING THE CONTRACT WITH FOLGER GRAPHICS, INC. FOR PRINTING OF HEADWAYS – BUS RIDERS' GUIDE, INCREASING THE CONTRACT TOTAL BY \$32,000
- 10-08 APPROVE: CONSIDERATION OF AUTHORIZING THE CEO TO EXECUTE A 1<sup>ST</sup> AMENDMENT EXTENDING THE CONTRACT WITH FLYERS ENERGY, LLC FOR OFF-SITE FUELING SERVICES, INCREASING THE CONTRACT TOTAL BY \$460,000
- 10-09 **PULLED FROM CONSENT**  
APPROVE: CONSIDERATION OF AWARD OF CONTRACT TO PEDX FOR COURIER SERVICES
- 10-10 APPROVE: CONSIDERATION OF AUTHORIZING THE CEO TO EXECUTE A 7<sup>TH</sup> AMENDMENT EXTENDING THE CONTRACT FOR TWO MONTHS WITH HILL INTERNATIONAL, INC. FOR PROJECT MANAGEMENT CONSULTANT SERVICES, INCREASING THE CONTRACT TOTAL BY \$125,000
- 10-11 APPROVE: CONSIDERATION OF A 5-YEAR LEASE AGREEMENT WITH ALI GHARAHGOZLOO AND JESSICA HSU, DBA JESSICA'S GROCERY
- 10-12 APPROVE: A SEMI-ANNUAL REPORT ON THE STATUS OF METRO'S DISADVANTAGED BUSINESS ENTERPRISE PROGRAM

Referring to Item 10-09, Mr. Rick Graves, representing Clutch Couriers, informed the Board that Clutch Couriers formally submitted a protest. He spoke of their history with METRO and provided the Clerk with documentation. Chair Rotkin noted that Item 10-09 was being pulled from the agenda and no further action would take place at today's meeting.

# Attachment A - CORRECTED

**ACTION: MOTION TO ACCEPT THE CONSENT AGENDA AS PRESENTED WITH ITEM 10-09 PULLED TO BE PRESENTED AT A FUTURE DATE.**

**MOTION: DIRECTOR LANE**

**SECOND: DIRECTOR CHASE**

**MOTION PASSED WITH 6 AYES (Directors Bottorff, Chase, Hagen, Lane, McPherson and Rotkin) Vice Chair Dutra, Directors Bustichi, Cervantez and Leopold were not present. Director Friend abstained.**

## REGULAR AGENDA

**11 PRESENTATION OF EMPLOYEE LONGEVITY AWARDS FOR H.D. BROWN, ARLAN COLWELL, ANTONIO CASTILLO, EFREN ESCAMILLA, PEGGY FLECHTNER, LEONEL HERRERA, HUNG C. LEE AND TODD PINSKY**

Chair Rotkin recognized the contributions of the employees, noting they had each been with METRO for 10 years. Messrs. Colwell, Herrera, Lee and Pinsky were not present.

Mr. Efren Escamilla, Van Operator, thanked everyone at METRO and April Warnock, Paratransit Superintendent.

Mr. H.D. Brown, Bus Operator, also thanked everyone at METRO, in particular Ciro Aguirre, Anna Marie Gouveia, Daniel, Michael and Eduardo for their hard work.

Ms. Peggy Flechtner, Bus Operator, said she highly recommends METRO as a place to work and thanked her coworkers and staff.

Mr. Antonio Castillo, Fleet Maintenance Lead Mechanic, thanked everyone for the opportunity to grow and move up in the job.

**12 ACCEPT: ORAL METRO ADVISORY COMMITTEE (MAC) SEMI-ANNUAL REPORT**

Ms. Veronica Elsea, MAC Chair, thanked the Board for allowing her to serve and acknowledged her fellow MAC members and their service. She reviewed the activity of the past year and thanked Mr. Harlan Glatt and Mr. Barrow Emerson for their contributions to the Committee.

Ms. Else announced the 2017 MAC 2017 meeting schedule: February 15, May 17, August 16 and November 15 with the location(s) yet to be confirmed. She advised interested parties to monitor the website for updates. The 2017 MAC Chair will be Michael Pisano, Vice Chair will be Joseph Martinez; both for a **one two** year term, **with the option to run for a second term**. MAC plans to continue their efforts working with Stay Connected and the public on behalf of METRO

Chair Rotkin thanked Ms. Elsea, noting her contributions and activities have made a difference.

Director McPherson also thanked Ms. Elsea for her contributions and said he had the pleasure of working with her during her tenure as MAC Chair.

Hearing no further comments, Chair Rotkin moved to the next agenda item.

# Attachment A

## **13 ACCEPT: UPDATE ON THE DEVELOPMENT OF BUS STOP POLICIES AND PROCEDURES**

Mr. Barrow Emerson, Planning and Development Manager, introduced Mr. Pete Rasmussen, Transportation Planner, who provided the assembly with basic bus stop information and added commentary to Item 13A.1.

Director Hagen, speaking as a METRO rider, thanked Mr. Rasmussen and his team for their efforts.

Hearing no further comments, Chair Rotkin moved to the next agenda item.

## **14 ACCEPT: ORAL COA UPDATE**

Mr. Barrow Emerson, Planning and Development Manager, provided an update on the September 2016 service changes and referenced the one page ridership by route handout which breaks down the routes by category. (See attached.)

He also announced that the latest edition of "Headways" is being distributed today.

Director McPherson asked if the cutback was still at 12%, given the addition of four trips. Mr. Emerson answered that 12% is still a good average as the four trips had a very miniscule impact; however, they had a critical impact to the bus service.

Chair Rotkin thanked the staff for the teamwork and good system we have in place.

Director McPherson added that it is important to note we are looking at Fall and Measure D revenue impacts.

Hearing no further comments, Chair Rotkin moved to the next agenda item.

## **15 APPROVE: CONSIDERATION OF AWARD OF CONTRACT TO HANSON BRIDGETT LLP FOR GENERAL COUNSEL AND LEGAL SERVICES NOT TO EXCEED \$1,750,000**

Chair Rotkin provided a brief oral history of the process and the importance of ensuring METRO is adequately protected. He also stressed that the General Counsel works primarily for the Board but has daily contact with the CEO/General Manager on issues as applicable.

Director Lane asked how this cost fits into the overall Legal Services budget. Chair Rotkin replied that while the framework of the contract includes a fee for a certain set of ongoing services, there may be unanticipated items which may occur and that the CEO would be notified in advance of any special needs outside the contract which may arise. CEO Clifford referred the assembly to page 2 of the report for specifics.

**ACTION: MOTION TO APPROVE THE AWARD OF CONTRACT TO HANSON BRIDGETT LLP FOR GENERAL COUNSEL AND LEGAL SERVICES NOT TO EXCEED \$1,750,000 AS PRESENTED.**

**MOTION: DIRECTOR LANE                      SECOND: DIRECTOR HAGEN**

**MOTION PASSED WITH 7 AYES (Directors Bottorff, Chase, Friend, Hagen, Lane, McPherson and Rotkin) Vice Chair Dutra, Directors Bustichi, Cervantez and Leopold were not present.**

# Attachment A

**16 ACCEPT: CY 17 STATE AND FEDERAL LEGISLATIVE AGENDAS**

Alex Clifford, CEO/General Manager, highlighted the past year's accomplishments and future goals, including several suggestions at the State and Federal levels. This information is provided for board members to use when speaking with our elected officials.

Chair Rotkin asked if it makes sense to prepare a resolution in support of specific legislation. CEO Clifford replied it's a bit too early yet; but, we will do this as the occasions arise.

Director McPherson added that Governor Brown is now engaged in transportation issues. The question in everyone's mind now is what will happen after the first of the year. We can work our agendas with various organizations; e.g., League of American Cities, California State Association of Counties (CSAC), etc.

There were no public comments.

**ACTION: MOTION TO ACCEPT THE CY17 STATE AND FEDERAL LEGISLATIVE AGENDAS AS PRESENTED.**

**MOTION: DIRECTOR McPHERSON**

**SECOND: DIRECTOR LANE**

**MOTION PASSED WITH 7 AYES (Directors Bottorff, Chase, Friend, Hagen, Lane, McPherson and Rotkin) Vice Chair Dutra, Directors Bustichi, Cervantez and Leopold were not present.**

**17 APPROVE: CONSIDERATION OF AUTHORIZING THE TEMPORARY APPOINTMENT OF LESLYN SYREN AS SPECIAL COUNSEL**

Chair Rotkin spoke of the need for continuity with the JKS construction issues and the role of Ms. Syren.

There were no public comments.

**ACTION: MOTION TO APPROVE AUTHORIZING THE TEMPORARY APPOINTMENT OF LESLYN SYREN AS SPECIAL COUNSEL AS PRESENTED.**

**MOTION: DIRECTOR LANE**

**SECOND: DIRECTOR ROTKIN**

**MOTION PASSED WITH 7 AYES (Directors Bottorff, Chase, Friend, Hagen, Lane, McPherson and Rotkin) Vice Chair Dutra, Directors Bustichi, Cervantez and Leopold were not present.**

**18 ACCEPT: CEO ORAL REPORT**

Alex Clifford, CEO/General Manager, focused his comments on METRO's State of Good Repair (SOGR) and the resources required.

There were no public comments.

**19 REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION**

Chair Rotkin announced that today's anticipated closed session item will be postponed to a future date.

There were no public comments.

**20 ANNOUNCEMENT OF NEXT MEETING: FRIDAY, JANUARY 27, 2017 AT 8:30AM, METRO ADMIN OFFICES, 110 VERNON STREET, SANTA CRUZ, CA**

Chair Mike Rotkin announced the next meeting as above.

# Attachment A

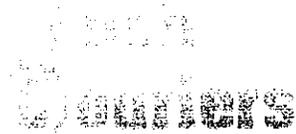
## 21 **ADJOURNMENT**

Chair Mike Rotkin adjourned the meeting at 9:57A

Respectfully submitted,

Gina Pye  
Executive Assistant

# Attachment A



PO Box 358  
Santa Cruz, CA 95061

(831)466-0560  
www.clutchcouriers.com

10/15/09

Dear Lloyd Longuecker:

I am pleased to agree to extend Clutch Couriers contract with Santa Cruz Metropolitan Transit District for one year with the

following proposed changes:

1. Daily interoffice mail delivery service at a billing rate of \$1100/month (an increase of \$4.44 per delivery day).
2. Backup and delivery of 14 board packets two Tuesdays per month to 13 locations for \$130 per delivery day (less \$10 secretary discount extended for one year).
3. Daily pickup of pre-metered mail stays at the current rate of \$5.00 per day.

All the other stipulations of the previous contract would remain in place including agreed upon time frames and legal clauses.

Please review these proposed terms and return an updated renewal contract for me to sign if you are in agreement.

Thank you for choosing Clutch Couriers!

All the best,

Rock Graves  
Clutch Couriers/Owner

*Rock Graves*

**DRAFT**

10.04A.8

# Attachment A

## SANTA CRUZ METROPOLITAN TRANSIT DISTRICT FIRST AMENDMENT TO CONTRACT FOR DAILY INTEROFFICE MAIL DELIVERY SERVICES

This First Amendment to the Contract for daily interoffice mail delivery services is made effective December 1, 2009 between the Santa Cruz Metropolitan Transit District, a political subdivision of the State of California ("METRO") and Clutch Couriers("Contractor").

### 1. RECITALS

- 1.1 METRO and Contractor entered into a Contract for daily interoffice mail delivery services ("Contract") on December 1, 2008.
- 1.2 The Contract allows for the extension upon mutual written consent.
- 1.3 Contractor has requested an increase in the service rates as allowed in the contract.

Therefore, METRO and Contractor amend the Contract as follows:

### 2. TERM

- 2.1 Article 3.02 is amended to include the following language:

This Contract shall continue through November 30, 2010. This Contract may be mutually extended by agreement of both parties.

### 3. COMPENSATION

- 3.1 Effective December 1, 2009, the following rates for services shall apply:
  - 3.1.1 Daily interoffice mail delivery service at a billing rate of \$1,100 per month.
  - 3.1.2 Pickup and delivery of fourteen board packets two Tuesdays per month to thirteen locations for \$130 per delivery day (less \$10 courtesy discount extended for one year).
  - 3.1.3 Daily pickup of pre-metered mail at \$5.00 per day.

### 4. REMAINING TERMS AND CONDITIONS

- 4.1 All other provisions of the Contract that are not affected by this amendment shall remain unchanged and in full force and effect.

### 5. AUTHORITY

- 5.1 Each party has full power to enter into and perform this First Amendment to the Contract and the person signing this First Amendment on behalf of each has been properly authorized and empowered to enter into it. Each party further acknowledges that it has read this First Amendment to the Contract, understands it, and agrees to be bound by it.

SIGNATURES ON NEXT PAGE

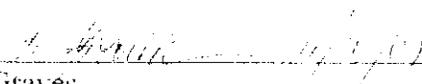
# Attachment A

Signed on \_\_\_\_\_

METRO  
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

\_\_\_\_\_  
Leslie R. White  
General Manager

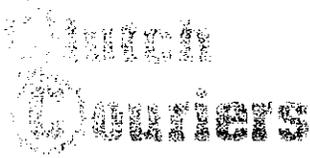
CONTRACTOR  
CLUTCH COURIERS

By   
Rick Graves  
Owner

Approved as to Form:

  
Margaret R. Gallagher  
District Counsel

# Attachment A



PO Box 358  
Santa Cruz, CA 95061

(831)466-0560  
www.clutchcouriers.com

1/22/00

Dear Hina Patel:

I am pleased to agree to extend Clutch Couriers contract with Santa Cruz Metropolitan Transit District for one year with no changes:

1. Daily interoffice mail delivery service remaining at a billing rate of \$1,100/month
2. Pickup and delivery of board packets two Tuesdays per month remaining at the same rate of \$10 per packet delivered.
3. Daily pickup of pre-metered mail stays at the current rate of \$5.00 per day.

All the other stipulations of the previous contract would remain in place including agreed upon time frames and legal clauses.

Please review these proposed terms and return an updated renewal contract for me to sign if you are in agreement.

Thank you for choosing Clutch Couriers!

All the best,

Rick Graves  
Clutch Couriers/Owner

A handwritten signature in black ink, appearing to read "Rick Graves", written over a horizontal line.

**DRAFT**

10.04A.11

# Attachment A

1



**SANTA CRUZ METROPOLITAN  
TRANSIT DISTRICT**  
110 Vernon Street, Santa Cruz, CA 95060

**Solicitation #06242014**

**June 24, 2014**

Alex Strudley, Purchasing Assistant  
(831) 426-0199 or [astrudley@scmttd.com](mailto:astrudley@scmttd.com)

## **REQUEST FOR PROPOSAL - THIS IS NOT AN ORDER**

**Submit Your Proposal No Later Than July 1, 2014 5:00 p.m.**

From: Alex Strudley [<mailto:AStrudley@scmttd.com>]  
Sent: Tuesday, June 24, 2014 4:34 PM  
To: Alex Strudley <[AStrudley@scmttd.com](mailto:AStrudley@scmttd.com)>; Erron Alvey <[EAlvey@scmttd.com](mailto:EAlvey@scmttd.com)>  
Subject: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

**Good afternoon - Please see the attached Request For Quote for daily inter-office and USPS courier services for the Santa Cruz METRO.**

**We encourage you to send us a quote. Quotes are due July 1st, 2014 by 5:00PM and can be sent via traditional mail or email.**

**Please contact me with any questions. We look forward to your response.**

**Thank you.**

**Alex Strudley  
Santa Cruz METRO  
138 Golf Club Drive  
Santa Cruz, CA 95060**

**Ph: (831) 426-6080 x1702  
Fx: (831) 469-1958**

From: Rick Graves [<mailto:rick@clutchcouriers.com>]  
Sent: Tuesday, June 24, 2014 5:35 PM  
To: 'Alex Strudley' <[AStrudley@scmttd.com](mailto:AStrudley@scmttd.com)>  
Subject: RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

Hello Alex,

I wanted to confirm that we have received your email and will be preparing a quote for submission by the stated deadline.

Thank You,

1

**DRAFT**

**10.04A.12**

# Attachment A

2

Michael Donohue  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Alex Strudley [<mailto:AStrudley@scmttd.com>]  
**Sent:** Wednesday, June 25, 2014 8:35 AM  
**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>  
**Subject:** RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

**Thank you**

**Alex Strudley**  
**Santa Cruz METRO**  
**138 Golf Club Drive**  
**Santa Cruz, CA 95060**

**Ph: (831) 426-6080 x1702**  
**Fx: (831) 469-1958**

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Wednesday, June 25, 2014 5:19 PM  
**To:** 'Alex Strudley' <[AStrudley@scmttd.com](mailto:AStrudley@scmttd.com)>  
**Subject:** RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

Hello Alex,

We're working on a quote for submission and had a few preliminary questions:

- 1) What is the proposed start-date of service?
- 2) What would the length of the contract be and would there be possibilities to renew after that date?
- 3) For the Board Agenda Packet deliveries, what areas of the county would we deliver to directors: Bryant, Cervantez, Friend, Hinkle, Leopold, and Blitzer, who receive pdf copies but could need a paper copy delivered when requested?

We're excited to be included in the bidding process and greatly look forward to your response.

Thank you for your time,

Michael Donohue  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Alex Strudley [<mailto:AStrudley@scmttd.com>]  
**Sent:** Thursday, June 26, 2014 10:10 AM

2

**DRAFT**

**10.04A.13**

# Attachment A

3

To: 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>

Subject: RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

Good morning- Please see my answers in red.

1) What is the proposed start-date of service?

As soon as possible after bids are reviewed, we will award to the lowest bidder and will contact the winning bidder to coordinate beginning service.

2) What would the length of the contract be and would there be possibilities to renew after that date?

This is not a contract. This is a service agreement, an established account with a corresponding blanket purchase order that is good for up to 5 years. We will be monitoring performance from time to time. If no issues come up, and if things go smooth and we are happy with your service, we will use you for up to 5 years. After 5 years are up, we are required by the FTA to go out to bid on service agreements every 5 years. Your firm will of course be one of the vendors that we solicit again in 5 years.

3) For the Board Agenda Packet deliveries, what areas of the county would we deliver to directors: Bryant, Cervantez, Friend, Hinkle, Leopold, and Blitzler, who receive pdf copies but could need a paper copy delivered when requested?

The best answer I can give you is that they are all in Santa Cruz County.

I am not permitted to give out their addresses at this time. Board deliveries that are currently delivered by PDF RARELY request a hard copy. Most of the time, they would just print out a copy for themselves from the PDF.

Another thing to think about- in a few years the board of directors will change.

Hope that helps. Thank you.

Alex Strudley  
Santa Cruz METRO  
138 Golf Club Drive  
Santa Cruz, CA 95060

Ph: (831) 426-6080 x1702

Fx: (831) 469-1958

From: Rick Graves [<mailto:rick@clutchcouriers.com>]

Sent: Tuesday, July 01, 2014 10:36 AM

To: 'Alex Strudley' <[AStrudley@scmtd.com](mailto:AStrudley@scmtd.com)>

Subject: RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

Hello Alex,

Please find attached a pdf of Clutch Couriers quote.

3

**DRAFT**

**10.04A.14**

# Attachment A

4

Please confirm receipt of this e-mail.

Thank you for choosing Clutch Couriers.

Brandon Bailey  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Alex Strudley [<mailto:AStrudley@scmtd.com>]  
**Sent:** Wednesday, July 02, 2014 10:00 AM  
**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>  
**Subject:** RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

**Rick-**

**Thank you for your quote. We will be getting back to you shortly.**

**Alex Strudley**  
**Santa Cruz METRO**  
**138 Golf Club Drive**  
**Santa Cruz, CA 95060**

**Ph: (831) 426-6080 x1702**  
**Fx: (831) 469-1958**

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Wednesday, July 09, 2014 10:17 AM  
**To:** 'Alex Strudley' <[AStrudley@scmtd.com](mailto:AStrudley@scmtd.com)>  
**Subject:** RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

Hello Alex,

We are looking forward to your decision on our quote for service. Since it's now been over a week, do you have a timeframe you can give as to when we can expect to hear back from you on this? Please advise at your convenience.

Thank you for your time.

Michael Donohue  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

4

**DRAFT**

**10.04A.15**

# Attachment A

5

**From:** Alex Strudley [<mailto:AStrudley@scmttd.com>]  
**Sent:** Wednesday, July 09, 2014 10:34 AM  
**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>  
**Subject:** RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

**We have a meeting about it today. Will get back to you shortly.**

**Alex Strudley**  
**Santa Cruz METRO**  
**138 Golf Club Drive**  
**Santa Cruz, CA 95060**

**Ph: (831) 426-6080 x1702**  
**Fax: (831) 469-1958**

**From:** Alex Strudley [<mailto:AStrudley@scmttd.com>]  
**Sent:** Wednesday, July 09, 2014 5:21 PM  
**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>  
**Subject:** RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

**Hi Rick- Bids are currently under review and we will be getting back to you by July 30th. Thanks for your patience.**

**Alex Strudley**  
**Santa Cruz METRO**  
**138 Golf Club Drive**  
**Santa Cruz, CA 95060**

**Ph: (831) 426-6080 x1702**  
**Fax: (831) 469-1958**

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Wednesday, July 09, 2014 5:23 PM  
**To:** 'Alex Strudley' <[AStrudley@scmttd.com](mailto:AStrudley@scmttd.com)>  
**Subject:** RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

Hello Alex,

Thanks for the timely response. We look forward to hearing from you then.

Thank you for choosing Clutch Couriers.

Michael Donohue  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

5

**DRAFT**

**10.04A.16**

# Attachment A

6

**From:** Alex Strudley [<mailto:AStrudley@scmtd.com>]  
**Sent:** Friday, July 25, 2014 9:28 AM  
**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>  
**Subject:** RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District  
**Importance:** High

Good morning- Thank you for your patience regarding review of your quote.

We have a few questions for you:

**Billing:**

In the price quoted for a year of service for \$9,995.00, how do you envision billing to occur? Monthly? Would you take this lump sum and divide by 12 to generate a monthly total or do you bill monthly for actual services rendered based on daily charges?

Monthly billing is normally how we pay for these services I wanted to see if that is acceptable to you.

Also,

(Based on an average of 22 business days per month)

Please provide an average cost per day for each of the following. Please fill in the following blank spaces.

- Daily interoffice mail runs (Mon-Fri) (\$\_\_\_\_\_ per day)
- US Postal Service daily afternoon outgoing mail run (Mon-Fri) (\$\_\_\_\_\_ per day)
- Delivery of Board of Directors meeting agenda packets, twice a month, eleven months a year. (\$\_\_\_\_\_ per month)

If you could get that information to us, that would be great, then we can move forward. Thank you and we look forward to hearing from you!

Alex Strudley  
Santa Cruz METRO  
138 Golf Club Drive  
Santa Cruz, CA 95060

Ph: (831) 426-6080 x1702

Fax: (831) 469-1958

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Monday, July 28, 2014 10:07 AM  
**To:** 'Alex Strudley' <[AStrudley@scmtd.com](mailto:AStrudley@scmtd.com)>  
**Subject:** RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

Hello Alex,

Thank you for your response.

6

**DRAFT**

**10.04A.17**

# Attachment A

7

Yes, monthly billing is acceptable. Our quote for the entirety of services in the request for proposal would be billed at the rate of \$832.92 per month.

That rate includes all packet delivery on any given month despite the wide variation of packets we may receive - anywhere from 14 to 26 packets.

Your monthly billed rate will remain the same during the duration of our one year service agreement.

The average rate for each of the services have been broken down into per day values below as requested, but will vary depending on how many Board Agenda Packets we deliver each month.

- Daily interoffice mail runs (Mon-Fri) would charge from \$25 to \$30 per day
- US Postal Service daily afternoon outgoing mail run (Mon-Fri) from \$5 to \$7 per day

In regards to the delivery of Board of Directors Agenda Packets, it's hard to give you a per month figure when we do not know how many packets we will be delivering. The flat rate for the entirety of services we gave you was for yearly service, or in this case, \$832.92 monthly. The portion of your monthly fee allocated to interoffice mail and mail administration services will vary monthly depending on the amount of packets delivered in any given month. While our rates per day will vary, the amount you pay remains at \$832.92 per month. The original quote we submitted included the delivery of all packets and was figured into the bulk yearly quote. For reference, our standard rate for bulk packet deliveries is \$10.00 per packet, and we are offering a deep discount from that. The discount you will be receiving on each agenda packet delivery will vary according to the quantity of packets we deliver.

Please keep in mind that the rate of \$832.92 per month is a bulk discount rate for all services in the request for proposal we received. The rates above are not meant to be broken up and are not the rate we would be charging for any of those services done individually. Due to all the variables involved, we understand that there may be some confusion. Please feel free to give us a follow up call or email and we can discuss this further.

Thank you for your time and we look forward to the opportunity of working with you further,

Rick Graves  
Clutch Couriers  
831-466-0560

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Wednesday, July 30, 2014 10:29 AM  
**To:** 'Alex Strudley' <[AStrudley@scmtd.com](mailto:AStrudley@scmtd.com)>  
**Subject:** RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

Hi Alex,

Did you receive the reply to this email that we sent you on Monday 7-28-14?

Thank you for choosing Clutch Couriers.

7

**DRAFT**

**10.04A.18**

# Attachment A

8

Brandon Bailey  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Alex Strudley [<mailto:AStrudley@scmttd.com>]  
**Sent:** Wednesday, July 30, 2014 10:31 AM  
**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>  
**Subject:** RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

**Yes thank you. We are still reviewing things. We will get back to you shortly. Thank you.**

**Alex Strudley**  
**Santa Cruz METRO**  
**138 Golf Club Drive**  
**Santa Cruz, CA 95060**

**Ph: (831) 426-6080 x1702**  
**Fax: (831) 469-1958**

**From:** Alex Strudley [<mailto:AStrudley@scmttd.com>]  
**Sent:** Friday, August 01, 2014 10:04 AM  
**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>  
**Subject:** RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

**Thanks Rick- Have a great weekend. We are having another meeting about this and should be getting back to you sometime next week.**

**Alex Strudley**  
**Santa Cruz METRO**  
**138 Golf Club Drive**  
**Santa Cruz, CA 95060**

**Ph: (831) 426-6080 x1702**  
**Fax: (831) 469-1958**

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Friday, August 01, 2014 10:18 AM  
**To:** 'Alex Strudley' <[AStrudley@scmttd.com](mailto:AStrudley@scmttd.com)>  
**Subject:** RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

Hello Alex,

Appreciate the follow up, and have a great weekend as well!

Thank you for choosing Clutch Couriers.

Michael Donohue

8

**DRAFT**

**10.04A.19**

# Attachment A

9

Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Friday, August 08, 2014 2:47 PM  
**To:** 'Alex Strudley' <[AStrudley@scmttd.com](mailto:AStrudley@scmttd.com)>  
**Subject:** RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

Hello Alex,

Just wanted to follow up and see if there is anything to update us on?

Thank you for choosing Clutch Couriers.

Michael Donohue  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Alex Strudley [<mailto:AStrudley@scmttd.com>]  
**Sent:** Friday, August 08, 2014 2:50 PM  
**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>  
**Subject:** RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

**Not yet- I will keep you posted Rick. I will follow up with you again next Friday. Thank you.**

**Alex Strudley**  
**Santa Cruz METRO**  
**138 Golf Club Drive**  
**Santa Cruz, CA 95060**

**Ph: (831) 426-6080 x1702**  
**Fax: (831) 469-1958**

**From:** Alex Strudley [<mailto:AStrudley@scmttd.com>]  
**Sent:** Friday, August 08, 2014 4:39 PM  
**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>  
**Subject:** RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

**You guys are low bidder. We are just ironing out some details. Sit tight- will get back to you soon.**  
**Thanks**

**Alex Strudley**  
**Santa Cruz METRO**  
**138 Golf Club Drive**  
**Santa Cruz, CA 95060**

9

**DRAFT**

**10.04A.20**

# Attachment A

10

**Ph: (831) 426-6080 x1702**

**Fax: (831) 469-1958**

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]

**Sent:** Monday, August 11, 2014 9:51 AM

**To:** 'Alex Strudley' <[AStrudley@scmtd.com](mailto:AStrudley@scmtd.com)>

**Subject:** RE: Request for Proposal Courier Services Santa Cruz Metropolitan Transit District

Hello Alex,

Sounds great. We look forward to hearing from you.

Thank you for choosing Clutch Couriers.

Brandon Bailey

Clutch Couriers

831-466-0560

[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Alex Strudley [<mailto:AStrudley@scmtd.com>]

**Sent:** Friday, September 19, 2014 9:17 AM

**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>

**Subject:** next step for Clutch Courier

**Good morning Rick-**

**I apologize for taking so long to get back to you. Thank you for the recent cost breakdown you provided. We would like to review a few items from your firm before we can proceed.**

**Rates and Length of Contract:**

**We would like to propose that the contract to be for a one-year term, with rates fixed for the entirety of this first year, and four optional one-year extensions. After the first year of the contract your firm will have an opportunity to increase rates at the commencement of each option year, upon approval by Santa Cruz METRO. Such rate increases in subsequent option years will be limited to the annual percentage change in the Consumer Price Index for the San Francisco/Oakland/San Jose area, and are subject to notification and prior written approval by Santa Cruz METRO.**

**Documentation needed:**

**Please send us:**

**-Your firm's business license number**

**Proof of the following insurances:**

**-Auto Insurance**

**-General Liability Insurance**

**-Workers Compensation Insurance**

10

**DRAFT**

**10.04A.21**

# Attachment A

11

Let us know if you have any questions, and are agreeable to these terms and we will proceed accordingly.

Thank you and we look forward to hearing from you.

Alex Strudley  
Santa Cruz METRO  
138 Golf Club Drive  
Santa Cruz, CA 95060

Ph: (831) 426-6080 x1702  
Fax: (831) 469-1958

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Friday, September 19, 2014 9:20 AM  
**To:** 'Alex Strudley' <[AStrudley@scmtd.com](mailto:AStrudley@scmtd.com)>  
**Subject:** RE: next step for Clutch Couriers

Hello Alex,

I am confirming that we have received this message. We will get together the items you asked and be in touch shortly.

Thank you for choosing Clutch Couriers.

Michael Donohue  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Monday, September 22, 2014 11:37 AM  
**To:** 'Alex Strudley' <[AStrudley@scmtd.com](mailto:AStrudley@scmtd.com)>  
**Subject:** RE: next step for Clutch Courier

Hello Alex,

Thank you for your follow up. Here are the answers to your questions:

1) Rates and Length of Contract:

We would like to propose that the contract to be for a one-year term, with rates fixed for the entirety of this first year, and four, optional one-year extensions. After the first year of the contract your firm will have an opportunity to increase rates at the commencement of each option year, upon approval by Santa Cruz METRO. Such rate increases in subsequent option years will be limited to the annual percentage change in the Consumer Price Index for the San Francisco/Oakland/San Jose area, and are subject to notification and prior written approval by Santa Cruz METRO.

1A) Clutch Couriers is in agreement to these terms.

11

**DRAFT**

**10.04A.22**

# Attachment A

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2) Your firm's business license number

2A) Business License # 94559 (attached)

3) Auto Insurance

3A) Auto Insurance through CSAA Insurance Exchange, policy number CAAS100049663 (attached)

4) General Liability Insurance

4A) General Liability Insurance through State Farm General Insurance Company, policy number 97-BY-B398-3 (attached)

5) Workers Compensation Insurance

5A) Clutch Couriers has no employees and instead utilizes professional couriers who sign contracts with Clutch Couriers to perform their services in accordance with the standards and expectations of Clutch Couriers' Clients. While maintaining part time hours, Clutch Couriers' independent contractors enjoy commission-based compensation that exceeds the City of Santa Cruz's current living wage. To meet any exemption requirement(s), Clutch Couriers can provide a letter or other documentation stating the utilization of only independent contractors for the company. If you have any clarification or additional information to this, please let us know.

Thank you for your time, we look forward to your response.

Michael Donohue

Clutch Couriers

831-466-0560

[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Alex Strudley [<mailto:AStrudley@scmtd.com>]

**Sent:** Monday, September 22, 2014 11:58 AM

**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>

**Subject:** RE: next step for Clutch Courier

**Thank you. I have received your message. I will present this info at a meeting I have tomorrow with my superiors.**

**I will then contact you and let you know how we will proceed. Thank you.**

**Alex Strudley  
Santa Cruz METRO  
138 Golf Club Drive  
Santa Cruz, CA 95060**

# Attachment A

13

**Ph: (831) 426-6080 x1702**

**Fax: (831) 469-1958**

**From:** Alex Strudley [<mailto:AStrudley@scmtd.com>]

**Sent:** Tuesday, September 23, 2014 9:31 AM

**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>

**Subject:** RE: next step for Clutch Courier - UPDATE

**Rick- The meeting I had scheduled for today was rescheduled. I will be presenting your information on Tuesday Sept 30th at a meeting and will be contacting you after that time.**

**Just wanted to give you an update-keeping you in the loop. I'm sorry things move so slow around here.**

**Thank you.**

**Alex Strudley  
Santa Cruz METRO  
138 Golf Club Drive  
Santa Cruz, CA 95060**

**Ph: (831) 426-6080 x1702**

**Fax: (831) 469-1958**

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]

**Sent:** Tuesday, October 07, 2014 5:46 PM

**To:** 'Alex Strudley' <[AStrudley@scmtd.com](mailto:AStrudley@scmtd.com)>

**Subject:** RE: next step for Clutch Courier - UPDATE

Hello Alex,

Please find attached an updated version of our business license. The one we went you before expired since we originally sent it to you.

Thank you for choosing Clutch Couriers.

Brandon Bailey  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Alex Strudley [<mailto:AStrudley@scmtd.com>]

**Sent:** Wednesday, October 08, 2014 7:46 AM

**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>

**Subject:** RE: next step for Clutch Courier - UPDATE

**Thanks! I'm sorry things have been so slow. We are in the process of putting something together for you. I'll follow up with you again and keep you posted in about 2 weeks from now.**

13

**DRAFT**

**10.04A.24**

# Attachment A

14

**Alex Strudley**  
**Santa Cruz METRO**  
**138 Golf Club Drive**  
**Santa Cruz, CA 95060**

**Ph: (831) 426-6080 x1702**  
**Fax: (831) 469-1958**

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Wednesday, October 08, 2014 10:38 AM  
**To:** 'Alex Strudley' <[ASTrudley@scmtd.com](mailto:AStrudley@scmtd.com)>  
**Subject:** RE: next step for Clutch Courier - UPDATE

Hello Alex,

We very much appreciate the update. We look forward to your next update in about 2 weeks.

Thank you for choosing Clutch Couriers.

Michael Donohue  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Friday, October 24, 2014 5:23 PM  
**To:** 'Alex Strudley' <[ASTrudley@scmtd.com](mailto:AStrudley@scmtd.com)>  
**Subject:** RE: next step for Clutch Courier - UPDATE

Hello Alex,

We are working on our scheduling for the this last quarter of 2014 and we have a few questions for you: Did we win the bid for the contract? Also, do you have an estimated start date?

Thank you for choosing Clutch Couriers.

Brandon Bailey  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Alex Strudley [<mailto:AStrudley@scmtd.com>]  
**Sent:** Friday, October 24, 2014 5:25 PM  
**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>  
**Subject:** RE: next step for Clutch Courier - UPDATE

14

**DRAFT**

**10.04A.25**

# Attachment A

15

Hi Rick/Brandon- We have developed a contract for your firm and it is currently under review by legal. We hope to have it back by the end of October. You were the lowest bidder. We hope to have some answers for you by the 1st week of November.

Thank you.

Alex Strudley  
Santa Cruz METRO  
138 Golf Club Drive  
Santa Cruz, CA 95060

Ph: (831) 426-6080 x1702

Fax: (831) 469-1958

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]

**Sent:** Friday, October 24, 2014 5:30 PM

**To:** 'Alex Strudley' <[AStrudley@scmt.com](mailto:AStrudley@scmt.com)>

**Subject:** RE: next step for Clutch Courier - UPDATE

Hello Alex,

We appreciate the prompt reply. Have a great weekend and we look forward to hearing back from you around the 1<sup>st</sup> week of November.

Thank you for choosing Clutch Couriers.

Michael Donohue  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Alex Strudley [<mailto:AStrudley@scmt.com>]

**Sent:** Thursday, November 13, 2014 5:23 PM

**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>

**Subject:** update from Santa Cruz METRO

Good afternoon Rick- I apologize for the delay. We have had a rotating staff in our Admin dept as of late and as a result management has not been able to make clear decisions regarding changes to Admin operations for quite some time including when your new courier services will be integrated into our daily operations.

The good news is we just hired someone permanently in the Admin dept and they started this week. We anticipate a start date of your services on or around 1/15/2015 (right after the holidays). We will be in touch again in the coming weeks and of course we will assist you in the transition.

Thank you for your patience and I will be sending you a PO and contract shortly.  
Thank you.

15

**DRAFT**

**10.04A.26**

# Attachment A

16

Best,

Alex Strudley  
Santa Cruz METRO  
110 Vernon Street  
Santa Cruz, CA 95060

Ph: (831) 426-6080 x1702  
Fax: (831) 469-1958

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Thursday, November 13, 2014 6:03 PM  
**To:** 'Alex Strudley' <[AStrudley@scmt.com](mailto:AStrudley@scmt.com)>  
**Subject:** RE: update from Santa Cruz METRO

Hello Alex,

Thanks for the reply. We look forward to working with you.

Thank you for choosing Clutch Couriers.

Brandon Bailey  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Erron Alvey [<mailto:EAlvey@scmt.com>]  
**Sent:** Monday, December 22, 2014 10:59 AM  
**To:** 'rick@clutchcouriers.com' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>  
**Cc:** Alex Strudley <[AStrudley@scmt.com](mailto:AStrudley@scmt.com)>  
**Subject:** Santa Cruz METRO - Update

Hi Rick,

I just wanted to give you an update on where we are at with courier services. After we put this out to bid, the person responsible for administrating the services, and the General Manager (who they reported to) left METRO. We have had many, many temps filling the Admin position since, and the interim Manager was unwilling to make any changes to services during that time. Then we finally hired a new GM and a new Admin, the GM questioned why we are using courier services at all. Now he is reviewing staffing levels and responsibilities to decide if we will continue using courier services at all. I haven't wanted to push him, for several reasons, but mostly because I think he will cancel it all together and that won't be good for anyone!

Thank you so much for your patience with us, we will let you know as soon as anything further develops. Keep your fingers crossed for continuing service!

Have a great holiday,  
~ Erron

16

**DRAFT**

**10.04A.27**

# Attachment A

17

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Tuesday, December 23, 2014 4:59 PM  
**To:** 'ealvey@scmttd.com' <[ealvey@scmttd.com](mailto:ealvey@scmttd.com)>  
**Cc:** 'Alex Strudley' <[AStrudley@scmttd.com](mailto:AStrudley@scmttd.com)>  
**Subject:** RE: Santa Cruz METRO - Update

Hello Erron,

Thank you very much for the update. We know you are working to keep the courier service going and we greatly appreciate your continued efforts.

Can we meet with the GM and/or Admin, either by phone or in person, to discuss the matter and outline our plan to save SCMTD time and money while keeping the responsibilities of SCMTD employees streamlined and efficient?

Some benefits of Clutch Couriers' service for the SCMTD are:

- 1) Cost Savings – As SCMTD's courier, hiring Clutch Couriers represents a 33% annual savings from your current courier service (based on posted expense data obtained from Board of Directors Agenda Packets).
- 2) Increased productivity for SCMTD employees who potentially would be handling in-house delivery duties if the courier service is eliminated – Travel time with traffic and/or seeking parking could be 2+ hours every day delivering important inter-office mail.
- 3) Decreased vehicle workload - SCMTD employees use of company vehicles for inter-office mail delivery would result in a loss of productivity due to traffic congestion around SCMTD offices and increased burden on company vehicles.
- 4) No loss of office productivity due to digitally scanning hard copies of large and bulky (often double-sided) inter-office documents that are more appropriately and affordably hand delivered by a professional courier.
- 5) Duties according to salary - Employees that are paid for administrative duties would not have their skills and expertise designated to inter-office mail deliveries.
- 6) Daily Post Office deliveries would be handled by Clutch Couriers at the regular pick up time of 4:45pm. This would allow office administration to get last minute mail out the door that same day without fighting traffic congestion around the post office at the worst time of day for driving.

In short, hiring Clutch Couriers would help SCMTD run more affordably and efficiently without placing the extra burden of inter-office and post office mail deliveries on your in-house employees. In addition to cost savings over your current provider, hiring Clutch Couriers and our team of professional bike messengers will help SCMTD reduce carbon emissions.

We look forward to hearing back from you, and for the opportunity to meet with the agent in charge of purchasing for this proposed service.

Have a happy holiday,

Richard Graves

17

**DRAFT**

**10.04A.28**

# Attachment A

18

Clutch Couriers/Owner  
831-466-0560  
[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Tuesday, March 03, 2015 10:21 AM  
**To:** 'ealvey@scmtd.com' <[ealvey@scmtd.com](mailto:ealvey@scmtd.com)>  
**Subject:** SCMTD Courier Services

Hello Erron,

Back in December we sent out the below email as a response to your email from 12/22/14. We have not heard any response from SCMTD and were wondering if the email was received and if there has been any decision made regarding courier services at SCMTD. We would like to remind you and the new GM that we could offer a 33% cost savings immediately by using Clutch Couriers. Can you please give us an update on what is happening regarding SCMTD and Clutch Couriers?

Thank you.

Brandon Bailey  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Erron Alvey [<mailto:EAlvey@scmtd.com>]  
**Sent:** Tuesday, March 03, 2015 11:05 AM  
**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>  
**Subject:** RE: SCMTD Courier Services

**Hi Rick,**

**I apologize, getting this through approvals has been like running in quicksand. We have had high turnover of the staff responsible for this service and no one wanted to make a change during such turmoil. I can't blame them for that though. However, we finally have permanent staff hired, so we're getting there. I was supposed to have a meeting with them last week about this and they cancelled. I just called and reminded them to reschedule. I will let you know as soon as I have a transition date for everyone. We are still moving toward switching to Clutch!**

**~ Erron**

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Tuesday, March 03, 2015 5:39 PM  
**To:** 'Erron Alvey' <[EAlvey@scmtd.com](mailto:EAlvey@scmtd.com)>  
**Subject:** RE: SCMTD Courier Services

Hello Erron,

18

**DRAFT**

**10.04A.29**

# Attachment A

19

Thank you for the reply. We look forward to hearing from you with any updates and working with you!

Thank you for choosing Clutch Couriers.

Brandon Bailey  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Erron Alvey [<mailto:EAlvey@scmttd.com>]  
**Sent:** Tuesday, March 03, 2015 5:40 PM  
**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>  
**Subject:** RE: SCMTD Courier Services

**Oh! I just noticed you are Brandon, not Rick. Is Rick still there?**

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Tuesday, March 03, 2015 5:44 PM  
**To:** 'Erron Alvey' <[EAlvey@scmttd.com](mailto:EAlvey@scmttd.com)>  
**Subject:** RE: SCMTD Courier Services

Hello Erron,

Yes Rick is still here. He is the owner and is the final person making all decisions for Clutch Couriers, Michael Donohue and I handle the dispatch and invoicing throughout the week.

Thank you for choosing Clutch Couriers.

Brandon Bailey  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Friday, June 05, 2015 5:11 PM  
**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>  
**Subject:** RE: SCMTD Courier Services

Hello Erron,

As summer gears up, we wanted to check in to see if there's any update regarding the daily inter-office mail service agreement, as it has been almost a year since we put in our low bid. We had an excellent working relationship with SCMTD for the daily inter-office deliveries from 2008-2010, and we would love to renew our mutually beneficial relationship while saving SCMTD 33% from the current provider.

19

**DRAFT**

**10.04A.30**

# Attachment A

20

Our goal is to make the transition seamless for SCMTD and meet all expectations of service. With that in mind, we're beginning to look at our hiring prospects for the summer but would like to hear from you as to what we might expect from SCMTD and when we might start. If service comes up for bid again before we start, we would appreciate being included in the bidding process.

Thank you for your time.

Michael Donohue  
Clutch Couriers  
831-466-0560

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Friday, June 12, 2015 4:36 PM  
**To:** 'Erron Alvey' <[EAlvey@scmtd.com](mailto:EAlvey@scmtd.com)>  
**Subject:** RE: SCMTD Courier Services

Hello Erron,

I was wondering if you received the email below? Maybe it got lost in the spam box or glossed over on a busy day?  
Look forward to hearing from you.

Thank you for choosing Clutch Couriers.

Brandon Bailey  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Erron Alvey [<mailto:EAlvey@scmtd.com>]  
**Sent:** Monday, June 15, 2015 11:17 AM  
**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>  
**Subject:** RE: SCMTD Courier Services

**Hi Brandon and Rick,**

**I have had such a difficult time with this service! Our CEO keeps waffling about keeping the service going at all. I haven't wanted to push him because staff feels we really need these services, and I don't want him to make a quick decision and just cancel it. We have made several changes to service and we might need to perform the procurement again with new specs.**

**Let me check in today and I'll see if I can get some movement on this.**

**~ Erron**

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Wednesday, September 09, 2015 4:55 PM  
**To:** 'Erron Alvey' <[EAlvey@scmtd.com](mailto:EAlvey@scmtd.com)>  
**Subject:** RE: SCMTD Courier Services

20

**DRAFT**

**10.04A.31**

# Attachment A

21

Hello Erron,

We hope you're surviving this current heat-wave. We are wondering if there's been any progress since the below email of 6-15-15, and if there are any updates as it has been over a year since the original request for bid.

Will the new services be included in the next request for bid, and if so, do you have an estimate as to when we can expect to prepare a proposal for service?

Thank you for your time, and we look forward to hearing back from you.

Brandon Bailey  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

**From:** Erron Alvey [<mailto:EAlvey@scmtd.com>]  
**Sent:** Tuesday, September 15, 2015 3:33 PM  
**To:** 'Rick Graves' <[rick@clutchcouriers.com](mailto:rick@clutchcouriers.com)>  
**Subject:** RE: SCMTD Courier Services

**Hi Brandon,**

**I have finally received updated specifications from the Admin department. I hope to have the request for bid out to you in the next few weeks. Thank you for your patience, and I apologize again that things went south on the last round. We'll speak soon.**

**~ Erron**

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Wednesday, September 16, 2015 4:55 PM  
**To:** 'Erron Alvey' <[EAlvey@scmtd.com](mailto:EAlvey@scmtd.com)>  
**Subject:** RE: SCMTD Courier Services

Hello Erron,

Thank you update. We understand that this is all a process, and we value SCMTD as a former and potential future client. We look forward to being in touch soon when the time comes for the next round of bids.

Sincerely,

Brandon Bailey  
Clutch Couriers  
831-466-0560  
[www.clutchcouriers.com](http://www.clutchcouriers.com)

21

**DRAFT**

**10.04A.32**

# Attachment A

22

**From:** Rick Graves [<mailto:rick@clutchcouriers.com>]  
**Sent:** Friday, February 19, 2016 4:17 PM  
**To:** 'Erron Alvey' <[EAlvey@scmttd.com](mailto:EAlvey@scmttd.com)>  
**Subject:** Budget Woes? Save 30% on Courier Service by Switching to Clutch Courier LLC!

Hello Erron,

It has been a while since we have been in contact, however I wanted to remind you and fine folks at the Santa Cruz Metropolitan Transit District that you could cut your expenses and save 30% right now by switching your courier service provider to Clutch Courier LLC! We have been working hard this past year to provide even better customer service as well as improve our courier services across the board.

Clutch Courier LLC already offers daily customized courier services all over the county and would love to work with S.C.M.T.D. to help save money as well as offering a more professional courier service. If you are ready to save your organization money please let us know, we are not going anywhere.

Thank you for choosing Clutch Courier.

Brandon Bailey  
Clutch Courier LLC  
831-466-0560  
[www.clutchcourier.com](http://www.clutchcourier.com)

Exhibit 1

# Attachment A

27

County Govt. Building  
Mail Room

GARY KLEMZ Basement,

*Give the directors' packets to the receptionist in the Board of Supervisors office on the 5<sup>th</sup> floor. Go to the mailroom in the basement across from the cafeteria and leave the packet for Gary Klemz in the SEIU outgoing mail slot, which is on the RIGHT as you enter the mailroom.*

3) 833 Front Street, #228, Santa Cruz  
**LEAVE WITH MANAGER!**

DEBORAH LANE **DO NOT**

4) 133 Monterey Street, Santa Cruz

LYNN ROBINSON

5) 420 Riverview Avenue, Capitola

RON GRAVES

6) Watsonville City Administrative Offices  
Street, Suite 400, Watsonville

DANIEL DODGE 275 Main

*Give the director's packet to staff in the Administrative office on the 4<sup>th</sup> floor.*

*NOTE: As of January 2014, Directors Bryant, Cervantez, Friend, Hinkle, Leopold, and ex-officio Director Blitzer receive a PDF of the Agenda. Delivery of a paper packet will be by request.*



rev 2/14

## ADMINISTRATIVE OFFICE CLOSURES

2014

Wednesday, January 1, 2014

New Year's Day, Observed

Monday, January 20, 2014

Martin Luther King, Jr. Day

Monday, February 17, 2014

President's Day

Monday, May 26, 2014

Memorial Day

# Attachment A

|                             |                         |
|-----------------------------|-------------------------|
| Friday, July 4, 2014        | Independence Day        |
| Monday, September 1, 2014   | Labor Day               |
| Tuesday, November 11, 2014  | Veterans Day            |
| Thursday, November 27, 2014 | Thanksgiving Day        |
| Friday, November 28, 2014   | Day after Thanksgiving  |
| Thursday, December 25, 2014 | Christmas Day, Observed |

\*\*\*\*\*Informational Only – Subject to Change\*\*\*\*\*

Fall Ridership by Route

| September 8 - December 6, 2016          |                                 | Average Weekday Ridership per Trip |             |                 | Average Weekend Ridership per Trip |        |             |                 |                              |
|---|---------------------------------|------------------------------------|-------------|-----------------|------------------------------------|--------|-------------|-----------------|------------------------------|
| Route                                   | Corridor                        | Riders                             | UCSC Riders | Cabrillo Riders | Discount Fare and Pass Usage       | Riders | UCSC Riders | Cabrillo Riders | Discount Fare and Pass Usage |
| <b>UCSC Routes</b>                      |                                 |                                    |             |                 |                                    |        |             |                 |                              |
| 10 *                                    | UCSC via High St.               | 66                                 | 63          | 0               | 1                                  | 70     | 65          | 0               | 2                            |
| 15 *                                    | UCSC via Laurel West            | 59                                 | 57          | 0               | 1                                  |        |             |                 |                              |
| 16 *                                    | UCSC via Laurel East            | 70                                 | 67          | 0               | 1                                  | 83     | 77          | 0               | 0                            |
| 16ST *                                  | UCSC via Laurel East Supp.      |                                    |             |                 |                                    | 62     | 59          | 0               | 5                            |
| 19 *                                    | UCSC via Lower Bay              | 67                                 | 63          | 1               | 2                                  | 85     | 78          | 1               | 2                            |
| 20 *                                    | UCSC via West Side              | 58                                 | 50          | 1               | 2                                  | 0      | 0           | 0               | 0                            |
| 20D *                                   | UCSC via West Side Supp.        | 59                                 | 59          | 0               | 0                                  |        |             |                 |                              |
| <b>Intercity</b>                        |                                 |                                    |             |                 |                                    |        |             |                 |                              |
| 35/35A                                  | Santa Cruz/Scotts Valley/SLV    | 19                                 | 1           | 1               | 4                                  | 0      | 0           | 0               | 0                            |
| 69A                                     | Capitola Road/Watsonville       | 28                                 | 2           | 2               | 8                                  | 29     | 1           | 2               | 4                            |
| 69W                                     | Cap. Road/Cabrillo/Watsonville  | 32                                 | 3           | 7               | 7                                  | 28     | 4           | 2               | 7                            |
| 71                                      | Santa Cruz to Watsonville       | 35                                 | 2           | 7               | 7                                  | 34     | 2           | 2               | 10                           |
| 91X                                     | Santa Cruz/Watsonville Express  | 42                                 | 3           | 19              | 6                                  |        |             |                 |                              |
| <b>Rural</b>                            |                                 |                                    |             |                 |                                    |        |             |                 |                              |
| 33                                      | Lompico SLV/Felton Faire        | 10                                 | 0           | 0               | 0                                  |        |             |                 |                              |
| 34                                      | South Felton                    | 1                                  | 0           | 0               | 0                                  |        |             |                 |                              |
| 40                                      | Davenport/North Coast           | 23                                 | 3           | 0               | 2                                  |        |             |                 |                              |
| 41                                      | Bonny Doon                      | 12                                 | 2           | 1               | 2                                  |        |             |                 |                              |
| 42                                      | Davenport/Bonny Doon            | 16                                 | 3           | 0               | 2                                  | 15     | 3           | 0               | 4                            |
| <b>Local</b>                            |                                 |                                    |             |                 |                                    |        |             |                 |                              |
| 3                                       | Mission/Beach                   | 15                                 | 3           | 1               | 5                                  | 11     | 4           | 1               | 3                            |
| 4                                       | Harvey West/Emeline             | 15                                 | 1           | 0               | 8                                  |        |             |                 |                              |
| 55                                      | Rio Del Mar                     | 6                                  | 0           | 3               | 1                                  | 7      | 0           | 1               | 3                            |
| 66                                      | Live Oak via 17th               | 18                                 | 3           | 1               | 5                                  | 13     | 2           | 1               | 4                            |
| 68                                      | Like Oak via Broadway/Portola   | 15                                 | 3           | 1               | 4                                  | 14     | 3           | 1               | 4                            |
| 72                                      | Watsonville Hospital/Pinto Lake | 14                                 | 0           | 1               | 4                                  | 10     | 0           | 0               | 4                            |
| 74S                                     | PVHS/Watsonville Hospital       | 25                                 | 0           | 1               | 1                                  |        |             |                 |                              |
| 75                                      | Green Valley Road               | 20                                 | 0           | 2               | 7                                  | 18     | 0           | 1               | 7                            |
| 79                                      | Pajaro/East Lake                | 8                                  | 0           | 1               | 3                                  | 9      | 0           | 0               | 2                            |
| <b>Highway 17</b>                       |                                 |                                    |             |                 |                                    |        |             |                 |                              |
| Hwy 17                                  | Hwy 17 Express/AMTRAK           | 19                                 | -           | -               | 0                                  | 8      | -           | -               | 9                            |
| <b>System-wide Avg. Riders per Trip</b> |                                 | 34                                 | 19          | 2               | 3                                  | 33     | 16          | 1               | 4                            |

\* UCSC 2016 Fall quarter began on September 22nd. Ridership data for these routes ranges from September 22 - December 6, 2016.

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**DATE:** January 27, 2017  
**TO:** Board of Directors  
**FROM:** Angela Aitken, Interim Human Resources Manager & Finance Manager  
**SUBJECT: CONSIDERATION OF ISSUING A FORMAL REQUEST FOR PROPOSALS FOR EXCESS WORKERS' COMPENSATION INSURANCE AND BROKER SERVICES**

**I. RECOMMENDED ACTION**

**That the Board of Directors authorize the Purchasing Manager to issue a formal Request for Proposals for Excess Workers' Compensation Insurance and Broker Services.**

**II. SUMMARY**

- The Santa Cruz Metropolitan Transit District (Santa Cruz METRO) requires the services of an outside vendor to provide excess workers' compensation insurance and broker services.
- The contract currently in place for these services will expire on June 30, 2017, and by the terms of the contract can no longer be renewed.

**III. DISCUSSION/BACKGROUND**

Santa Cruz METRO has an insurance policy for individual worker's compensation claims exceeding \$350,000 from the California State Association of Counties Excess Insurance Authority (CSAC EIA). Alliant Insurance Services, Inc. is the broker that Santa Cruz METRO is required to use when contracting for services with CSAC EIA. This contract has been in effect since July 1, 2011, and is due to expire on June 30, 2017. All options to extend the contract have been exercised.

Staff is recommending the issuance of a formal Request for Proposals (RFP) for Excess Workers' Compensation Insurance and Broker Services.

**IV. FINANCIAL CONSIDERATIONS/IMPACT**

This action will authorize the initiation of a procurement estimated to result in a contract with a value of \$1,000,000 over its anticipated 5-year life. Santa Cruz METRO has budgeted \$200,000 through the end of FY18.

**V. ALTERNATIVES CONSIDERED**

- There is no alternative to issuing a new RFP, as Santa Cruz METRO is legally obligated to provide Workers' Compensation Insurance to its employees.

**VI. ATTACHMENTS**

**Attachment A:** Authorizing Resolution

Prepared By: Joan Jeffries, Administrative Specialist

**VII. APPROVALS:**

Angela Aitken,  
Interim Human Resources Manager  
& Finance Manager



Alex Clifford, CEO/General Manager



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# Attachment A



## **BEFORE THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT**

Resolution No.  
On the Motion of Director:  
Duly Seconded by Director:  
The Following Resolution is Adopted:

### **RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT AUTHORIZING THE PURCHASING MANAGER TO SOLICIT PROPOSALS FOR EXCESS WORKERS' COMPENSATION INSURANCE AND BROKER SERVICES**

**WHEREAS**, the Santa Cruz Metropolitan Transit District has a need for excess workers' compensation insurance and broker services;

#### **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT AS FOLLOWS:**

**THAT**, the Purchasing Manager is authorized to issue a Request for Proposals for the services and/or supplies described above; and

**THAT**, the RFP is approved for release pursuant to the provisions of the Santa Cruz Metropolitan Transit District's Procurement Policy.

**PASSED AND ADOPTED** by the Board of Directors of the Santa Cruz Metropolitan Transit District this 27<sup>th</sup> day of January, 2017 by the following vote:

**AYES:** Directors -

**NOES:** Directors -

**ABSTAIN:** Directors -

**ABSENT:** Directors -

Approved:  
Mike Rotkin, Board Chair

---

# Attachment A

Resolution No. \_\_\_\_\_  
Page 2

Attest:

Alex Clifford, CEO/General Manager \_\_\_\_\_

Approved as to form:

Julie Sherman, General Counsel \_\_\_\_\_



**DATE:** January 27, 2017  
**TO:** Board of Directors  
**FROM:** Angela Aitken, Interim Human Resources Manager & Finance Manager  
**SUBJECT: CONSIDERATION OF ISSUING A FORMAL REQUEST FOR PROPOSALS FOR EMPLOYEE VISION CARE SERVICES**

**I. RECOMMENDED ACTION**

**That the Board of Directors authorize the Purchasing Manager to issue a formal Request for Proposals for Employee Vision Care Services.**

**II. SUMMARY**

- The Santa Cruz Metropolitan Transit District (Santa Cruz METRO) requires the services of an outside vendor to provide Vision Care Services to its employees.
- The contract currently in place for these services will expire on July 31, 2017, and by the terms of the contract can no longer be renewed.

**III. DISCUSSION/BACKGROUND**

Santa Cruz METRO provides family vision care insurance coverage for its employees. The contract currently in place for these services is with Vision Service Plan, and is due to expire on July 31, 2017. This contract has been in effect since August 1, 2012, and all options to extend the contract have been exercised.

Staff is recommending the issuance of a formal Request for Proposals (RFP) for Employee Vision Care Services.

**IV. FINANCIAL CONSIDERATIONS/IMPACT**

This action will authorize the initiation of a procurement estimated to result in a contract with a value of \$1,000,000 over its anticipated 5-year life. Santa Cruz METRO has budgeted \$200,000 through the end of FY18.

**V. ALTERNATIVES CONSIDERED**

- There is no alternative to issuing a new RFP, as Santa Cruz METRO is contractually obligated to provide these services.

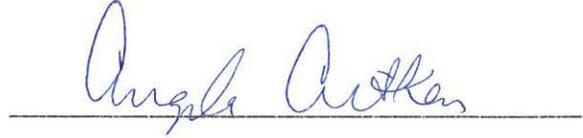
**VI. ATTACHMENTS**

**Attachment A:** Authorizing Resolution

Prepared By: Joan Jeffries, Administrative Specialist

**VII. APPROVALS:**

Angela Aitken,  
Interim Human Resources Manager  
& Finance Manager



Alex Clifford, CEO/General Manager



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# Attachment A



## **BEFORE THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT**

Resolution No.  
On the Motion of Director:  
Duly Seconded by Director:  
The Following Resolution is Adopted:

### **RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT AUTHORIZING THE PURCHASING MANAGER TO SOLICIT PROPOSALS FOR EMPLOYEE VISION CARE SERVICES**

**WHEREAS**, the Santa Cruz Metropolitan Transit District has a need for employee vision care services;

#### **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT AS FOLLOWS:**

**THAT**, the Purchasing Manager is authorized to issue a Request for Proposals for the services and/or supplies described above; and

**THAT**, the RFP is approved for release pursuant to the provisions of the Santa Cruz Metropolitan Transit District's Procurement Policy.

**PASSED AND ADOPTED** by the Board of Directors of the Santa Cruz Metropolitan Transit District this 27<sup>th</sup> day of January, 2017 by the following vote:

**AYES:** Directors -

**NOES:** Directors -

**ABSTAIN:** Directors -

**ABSENT:** Directors -

Approved:  
Mike Rotkin, Board Chair

---

**10-06A.1**

# Attachment A

Resolution No. \_\_\_\_\_  
Page 2

Attest:

Alex Clifford, CEO/General Manager

\_\_\_\_\_

Approved as to form:

Julie Sherman, General Counsel

\_\_\_\_\_



THE BOARD OF DIRECTORS PROUDLY PRESENTS THIS

# **CERTIFICATE OF APPRECIATION**

To

## **ANGELA AITKEN**

**FINANCE MANAGER**

**AND INTERIM HUMAN RESOURCES MANAGER**

**FOR THE COMPLETION OF 10 YEARS OF SERVICE  
BETWEEN 2007 AND 2017**

**GIVEN THIS 27<sup>TH</sup> DAY OF JANUARY 2017**

**CHAIR, BOARD OF DIRECTORS**

**CEO/GENERAL MANAGER**



THE BOARD OF DIRECTORS PROUDLY PRESENTS THIS

# **CERTIFICATE OF APPRECIATION**

TO

**MARIO ARELLANO**  
**BUS OPERATOR**

**FOR THE COMPLETION OF 15 YEARS OF SERVICE**  
**BETWEEN 2002 AND 2017**

**GIVEN THIS 27<sup>TH</sup> DAY OF JANUARY 2017**

**CHAIR, BOARD OF DIRECTORS**

**CEO, GENERAL MANAGER**



THE BOARD OF DIRECTORS PROUDLY PRESENTS THIS

# **CERTIFICATE OF APPRECIATION**

To

**JON BARTHOLOMEW**  
**BUS OPERATOR**

**FOR THE COMPLETION OF 15 YEARS OF SERVICE**  
**BETWEEN 2002 AND 2017**

**GIVEN THIS 27<sup>TH</sup> DAY OF JANUARY 2017**

*Mike Holt*

CHAIR, BOARD OF DIRECTORS

*[Signature]*

CEO / GENERAL MANAGER



THE BOARD OF DIRECTORS PROUDLY PRESENTS THIS

# **CERTIFICATE OF APPRECIATION**

To

**RHONDA CARTER**  
**BUS OPERATOR**

**FOR THE COMPLETION OF 15 YEARS OF SERVICE**  
**BETWEEN 2002 AND 2017**

**GIVEN THIS 27<sup>TH</sup> DAY OF JANUARY 2017**

*Mike Post*

CHAIR, BOARD OF DIRECTORS

*[Signature]*  
CEO/GENERAL MANAGER



THE BOARD OF DIRECTORS PROUDLY PRESENTS THIS

# **CERTIFICATE OF APPRECIATION**

To  
**MICHAEL COTRONEO**  
**BUS OPERATOR**

**FOR THE COMPLETION OF 15 YEARS OF SERVICE  
BETWEEN 2002 AND 2017**

**GIVEN THIS 27<sup>TH</sup> DAY OF JANUARY 2017**

CHAIR, BOARD OF DIRECTORS

CEO/GENERAL MANAGER



THE BOARD OF DIRECTORS PROUDLY PRESENTS THIS

# **CERTIFICATE OF APPRECIATION**

TO

## **HARLAN GLATT**

### **SR. DATABASE ADMINISTRATOR**

**FOR THE COMPLETION OF 15 YEARS OF SERVICE  
BETWEEN 2002 AND 2017**

**GIVEN THIS 27<sup>TH</sup> DAY OF JANUARY 2017**

*Mike Rot*

CHAIR, BOARD OF DIRECTORS

*[Signature]*

CEO/GENERAL MANAGER



THE BOARD OF DIRECTORS PROUDLY PRESENTS THIS

# **CERTIFICATE OF APPRECIATION**

TO

**BRIAN MCHALE**  
**BUS OPERATOR**

**FOR THE COMPLETION OF 15 YEARS OF SERVICE  
BETWEEN 2002 AND 2017**

**GIVEN THIS 27<sup>TH</sup> DAY OF JANUARY 2017**

**CHAIR, BOARD OF DIRECTORS**

**CEO / GENERAL MANAGER**



THE BOARD OF DIRECTORS PROUDLY PRESENTS THIS

# **CERTIFICATE OF APPRECIATION**

TO

**JUSTINA O'HAGIN**  
**BUS OPERATOR**

**FOR THE COMPLETION OF 15 YEARS OF SERVICE  
BETWEEN 2002 AND 2017**

**GIVEN THIS 27<sup>TH</sup> DAY OF JANUARY 2017**

**CHAIR, BOARD OF DIRECTORS**

**CEO/GENERAL MANAGER**



THE BOARD OF DIRECTORS PROUDLY PRESENTS THIS

# CERTIFICATE OF APPRECIATION

TO

**DELVIS SEDA**  
**BUS OPERATOR**

FOR THE COMPLETION OF 15 YEARS OF SERVICE  
BETWEEN 2002 AND 2017

GIVEN THIS 27<sup>TH</sup> DAY OF JANUARY 2017

CHAIR, BOARD OF DIRECTORS

CEO / GENERAL MANAGER

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## **BEFORE THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT**

Resolution No.  
On the Motion of Director:  
Duly Seconded by Director:  
The Following Resolution is Adopted:

### **RESOLUTION OF APPRECIATION FOR THE SERVICES OF FRANK JACINTO AS BUS OPERATOR FOR THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT**

**WHEREAS**, the Santa Cruz Metropolitan Transit District (METRO) was formed to provide public transportation to all of the residents of Santa Cruz County, and

**WHEREAS**, the provision of public transportation service requires a competent, dedicated workforce, and

**WHEREAS**, the METRO, requiring an employee with expertise and dedication appointed Frank Jacinto to serve in the position of Bus Operator, and

**WHEREAS**, Frank Jacinto served as a member of the Operations Department of METRO for the time period of October 7, 1985 to December 30, 2016, and

**WHEREAS**, Frank Jacinto provided METRO with dedicated service and commitment during the time of employment, and

**WHEREAS**, Frank Jacinto served METRO with distinction, and

**WHEREAS**, the service provided to the residents of Santa Cruz County by Frank Jacinto resulted in reliable, quality public transportation being available in the most difficult of times, and

**WHEREAS**, during the time of Frank's service, METRO improved existing and built new operating facilities, converted the fleet to a CNG propulsion system, developed accessible bus stops, improved ridership, responded to adverse economic conditions, assumed direct operational responsibility for the Highway 17 Express service and the Amtrak Connector service, and assumed direct operational responsibility for the ParaCruz service, and

**WHEREAS**, the quality of life in Santa Cruz County was improved dramatically as a result of the exemplary service provided by Frank Jacinto.

**NOW, THEREFORE, BE IT RESOLVED**, that upon his retirement as Bus Operator, the Board of Directors of METRO does hereby commend Frank Jacinto for efforts in advancing public transit service in Santa Cruz County and expresses sincere appreciation on behalf of itself, the METRO staff and all of the residents of Santa Cruz County.

**BE IT FURTHER RESOLVED**, that a copy of this resolution will be presented to Frank Jacinto, and that a copy of this resolution be entered into the official records of the Santa Cruz Metropolitan Transit District.

**PASSED AND ADOPTED** this 27th Day of January, 2017 by the following vote:

**AYES:** Directors -

**NOES:** Directors -

**ABSTAIN:** Directors -

**ABSENT:** Directors -

Approved:

Mike Rotkin, Chair

---

Attest:

Alex Clifford, CEO/General Manager

---

Approved as to form:

Julie Sherman, General Counsel

---



## **BEFORE THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT**

Resolution No.  
On the Motion of Director:  
Duly Seconded by Director:  
The Following Resolution is Adopted:

### **RESOLUTION OF APPRECIATION FOR THE SERVICES OF ROBYN D. SLATER AS HUMAN RESOURCES MANAGER FOR THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT**

**WHEREAS**, the Santa Cruz Metropolitan Transit District (METRO) was formed to provide public transportation to all of the residents of Santa Cruz County, and

**WHEREAS**, the provision of public transportation service requires a competent, dedicated workforce, and

**WHEREAS**, the METRO, requiring an employee with expertise and dedication appointed Robyn D. Slater to serve in the position of Human Resources Manager, and

**WHEREAS**, Robyn D. Slater served as a member of the Human Resources Department of METRO for the time period of October 25, 2001 to December 29, 2016, and

**WHEREAS**, Robyn D. Slater provided METRO with dedicated service and commitment during the time of employment, and

**WHEREAS**, Robyn D. Slater served METRO with distinction, and

**WHEREAS**, the service provided to the residents of Santa Cruz County by Robyn D. Slater resulted in reliable, quality public transportation being available in the most difficult of times, and

**WHEREAS**, during the time of Robyn's service, METRO improved existing and built new operating facilities, converted the fleet to a CNG propulsion system, developed accessible bus stops, improved ridership, responded to adverse economic conditions, assumed direct operational responsibility for the Highway 17 Express service and the Amtrak Connector service, and assumed direct operational responsibility for the ParaCruz service, and

**WHEREAS**, the quality of life in Santa Cruz County was improved dramatically as a result of the exemplary service provided by Robyn D. Slater.

**NOW, THEREFORE, BE IT RESOLVED**, that upon her retirement as Human Resources Manager, the Board of Directors of METRO does hereby commend Robyn D. Slater for efforts in advancing public transit service in Santa Cruz County and expresses sincere appreciation on behalf of itself, the METRO staff and all of the residents of Santa Cruz County.

**BE IT FURTHER RESOLVED**, that a copy of this resolution will be presented to Robyn D. Slater, and that a copy of this resolution be entered into the official records of the Santa Cruz Metropolitan Transit District.

**PASSED AND ADOPTED** this 27th Day of January, 2017 by the following vote:

**AYES:** Directors -

**NOES:** Directors -

**ABSTAIN:** Directors -

**ABSENT:** Directors -

Approved:  
Mike Rotkin, Chair

\_\_\_\_\_

Attest:  
Alex Clifford, CEO/General Manager

\_\_\_\_\_

Approved as to form:  
Julie Sherman, General Counsel

\_\_\_\_\_



## **BEFORE THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT**

Resolution No.  
On the Motion of Director:  
Duly Seconded by Director:  
The Following Resolution is Adopted:

### **RESOLUTION OF APPRECIATION FOR THE SERVICES OF LESLYN SYREN AS DISTRICT COUNSEL FOR THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT**

**WHEREAS**, the Santa Cruz Metropolitan Transit District (METRO) was formed to provide public transportation to all of the residents of Santa Cruz County, and

**WHEREAS**, the provision of public transportation service requires a competent, dedicated workforce, and

**WHEREAS**, the METRO, requiring an employee with expertise and dedication appointed Leslyn Syren to serve in the position of Legal Counsel, and

**WHEREAS**, Leslyn Syren served as a member of the Legal Department of METRO for the time period of December 17, 2012 to December 30, 2016, and

**WHEREAS**, Leslyn Syren provided METRO with dedicated service and commitment during the time of employment, and

**WHEREAS**, Leslyn Syren served METRO with distinction, and

**WHEREAS**, the service provided to the residents of Santa Cruz County by Leslyn Syren resulted in reliable, quality public transportation being available in the most difficult of times, and

**WHEREAS**, during the time of Leslyn's service, METRO improved existing and built new operating facilities, converted the fleet to a CNG propulsion system, developed accessible bus stops, improved ridership, responded to adverse economic conditions, assumed direct operational responsibility for the Highway 17 Express service and the Amtrak Connector service, and assumed direct operational responsibility for the ParaCruz service, and

**WHEREAS**, the quality of life in Santa Cruz County was improved dramatically as a result of the exemplary service provided by Leslyn Syren.

**NOW, THEREFORE, BE IT RESOLVED**, that upon her retirement as Legal Counsel, the Board of Directors of METRO does hereby commend Leslyn Syren for efforts in advancing public transit service in Santa Cruz County and expresses sincere appreciation on behalf of itself, the METRO staff and all of the residents of Santa Cruz County.

**BE IT FURTHER RESOLVED**, that a copy of this resolution will be presented to Leslyn Syren, and that a copy of this resolution be entered into the official records of the Santa Cruz Metropolitan Transit District.

**PASSED AND ADOPTED** this 27th Day of January, 2017 by the following vote:

**AYES:** Directors -

**NOES:** Directors -

**ABSTAIN:** Directors -

**ABSENT:** Directors -

Approved:  
Mike Rotkin, Chair

\_\_\_\_\_

Attest:  
Alex Clifford, CEO/General Manager

\_\_\_\_\_

Approved as to form:  
Julie Sherman, General Counsel

\_\_\_\_\_



## **BEFORE THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT**

Resolution No.

On the Motion of Director:

Duly Seconded by Director:

The Following Resolution is Adopted:

### **RESOLUTION OF APPRECIATION FOR THE SERVICES OF DENE BUSTICHI AS A MEMBER OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT BOARD OF DIRECTORS**

**WHEREAS**, the Santa Cruz Metropolitan Transit District (METRO) was formed to provide public transportation to all of the residents of Santa Cruz County, and

**WHEREAS**, Santa Cruz County, requiring strong public representation, appointed Dene Bustichi as a member of the Board of Directors of the Santa Cruz Metropolitan Transit District (METRO); and

**WHEREAS**, Dene Bustichi served as a member of the Board of Directors from January 2007 through December 2016; and

**WHEREAS**, Dene Bustichi provided METRO with strong leadership and insightful guidance during his term in office; and

**WHEREAS**, during the time that Dene Bustichi served on the Board of Directors, METRO expanded service, developed new operating facilities, purchased new equipment, developed accessible bus stops, improved ridership, responded to adverse economic conditions, replaced a portion of the fixed route and ParaCruz fleets, converted buses from diesel to CNG, opened a new service/fueling facility, completed the new fleet maintenance facility, opened a new administration/facilities maintenance facility, improved the ParaCruz service, initiated a study of Watsonville service, implemented a smart-card fare system, responded to a severe economic downturn, acquired funding, opened and occupied the Judy K. Souza Operations Facility component of the MetroBase Project; acquired funding for major capital improvements such as electric buses and electric bus infrastructure, developed a new partnership with Cabrillo College; and

**WHEREAS**, the quality of public transit service in Santa Cruz County was improved dramatically as a result of the dedication, commitment and efforts of Dene Bustichi; and

**WHEREAS**, Dene Bustichi completed his term as a Member of the Board of Directors in December 2016.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the METRO does hereby commend Dene Bustichi for his efforts in the advancement of public transportation service in Santa Cruz County and expresses appreciation on behalf of itself, the METRO staff and all of the residents of Santa Cruz County.

**BE IT FURTHER RESOLVED**, that a copy of this resolution be presented to Dene Bustichi and that a copy of this resolution be entered into the official records of METRO.

**PASSED AND ADOPTED** this 27<sup>th</sup> Day of January 2017 by the following vote:

**AYES:** Directors -

**NOES:** Directors -

**ABSTAIN:** Directors -

**ABSENT:** Directors -

Approved:

Mike Rotkin, Chair

---

Attest:

Alex Clifford, CEO/General Manager

---

Approved as to form:

Julie Sherman, General Counsel

---



## **BEFORE THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT**

Resolution No.  
On the Motion of Director:  
Duly Seconded by Director:  
The Following Resolution is Adopted:

### **RESOLUTION OF APPRECIATION FOR THE SERVICES OF KARINA CERVANTEZ AS A MEMBER OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT BOARD OF DIRECTORS**

**WHEREAS**, the Santa Cruz Metropolitan Transit District (METRO) was formed to provide public transportation to all of the residents of Santa Cruz County, and

**WHEREAS**, Santa Cruz County, requiring strong public representation, appointed Karina Cervantez as a member of the Board of Directors of the Santa Cruz Metropolitan Transit District (METRO); and

**WHEREAS**, Karina Cervantez served as a member of the Board of Directors from January 2014 through December 2016; and

**WHEREAS**, Karina Cervantez provided METRO with strong leadership and insightful guidance during her term in office; and

**WHEREAS**, during the time that Karina Cervantez served on the Board of Directors, METRO purchased new equipment, developed accessible bus stops, improved ridership, improved the ParaCruz service, responded to adverse economic conditions, replaced a portion of the fixed route and ParaCruz fleets, opened a new service/fueling facility, opened and occupied the Judy K. Souza Operations Facility component of the Metrobase Project; acquired funding for major capital improvements such as electric buses and electric bus infrastructure, developed a new partnership with Cabrillo College; and

**WHEREAS**, the quality of public transit service in Santa Cruz County was improved dramatically as a result of the dedication, commitment and efforts of Karina Cervantez; and

**WHEREAS**, Karina Cervantez completed her term as a Member of the Board of Directors in December 2016.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the METRO does hereby commend Karina Cervantez for her efforts in the advancement of public transportation service in Santa Cruz County and expresses appreciation on behalf of itself, the METRO staff and all of the residents of Santa Cruz County.

**BE IT FURTHER RESOLVED**, that a copy of this resolution be presented to Karina Cervantez and that a copy of this resolution be entered into the official records of METRO.

**PASSED AND ADOPTED** this 27<sup>th</sup> Day of January 2017 by the following vote:

**AYES:** Directors -

**NOES:** Directors -

**ABSTAIN:** Directors -

**ABSENT:** Directors -

Approved:

Mike Rotkin, Chair

---

Attest:

Alex Clifford, CEO/General Manager

---

Approved as to form:

Julie Sherman, General Counsel

---



## **BEFORE THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT**

Resolution No.  
On the Motion of Director:  
Duly Seconded by Director:  
The Following Resolution is Adopted:

### **RESOLUTION OF APPRECIATION FOR THE SERVICES OF DON LANE AS A MEMBER OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT BOARD OF DIRECTORS**

**WHEREAS**, the Santa Cruz Metropolitan Transit District (METRO) was formed to provide public transportation to all of the residents of Santa Cruz County, and

**WHEREAS**, Santa Cruz County, requiring strong public representation, appointed Don Lane as a member of the Board of Directors of the Santa Cruz Metropolitan Transit District (METRO); and

**WHEREAS**, Don Lane served as a member of the Board of Directors from February 2015 through December 2016; and

**WHEREAS**, Don Lane provided METRO with strong leadership and insightful guidance during his term in office; and

**WHEREAS**, during the time that Don Lane served on the Board of Directors, METRO purchased new equipment, developed accessible bus stops, improved ridership, improved the ParaCruz service, responded to adverse economic conditions, replaced a portion of the fixed route and ParaCruz fleets, opened a new service/fueling facility, opened and occupied the Judy K. Souza Operations Facility component of the Metrobase Project; acquired funding for major capital improvements such as electric buses and electric bus infrastructure, developed a new partnership with Cabrillo College; and

**WHEREAS**, the quality of public transit service in Santa Cruz County was improved dramatically as a result of the dedication, commitment and efforts of Don Lane; and

**WHEREAS**, Don Lane completed his term as a Member of the Board of Directors in December 2016.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the METRO does hereby commend Don Lane for his efforts in the advancement of public transportation service in Santa Cruz County and expresses appreciation on behalf of itself, the METRO staff and all of the residents of Santa Cruz County.

**BE IT FURTHER RESOLVED**, that a copy of this resolution be presented to Don Lane and that a copy of this resolution be entered into the official records of METRO.

**PASSED AND ADOPTED** this 27<sup>th</sup> Day of January 2017 by the following vote:

**AYES:** Directors -

**NOES:** Directors -

**ABSTAIN:** Directors -

**ABSENT:** Directors -

Approved:  
Mike Rotkin, Chair

\_\_\_\_\_

Attest:  
Alex Clifford, CEO/General Manager

\_\_\_\_\_

Approved as to form:  
Julie Sherman, General Counsel

\_\_\_\_\_



**DATE:** January 27, 2017

**TO:** Board of Directors

**FROM:** Angela Aitken, Finance Manager

**SUBJECT: ACCEPTANCE OF FINANCIAL STATEMENTS WITH INDEPENDENT  
AUDITOR'S REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

## **I. RECOMMENDED ACTION**

**That the Board of Directors formally accept the audited financial statements and reports prepared by the firm of Brown Armstrong, Certified Public Accountants, for the fiscal year ended June 30, 2016.**

## **II. SUMMARY**

- The **Financial Statements with Independent Auditor's Report** (Attachment A) prepared by the firm Brown Armstrong, Certified Public Accountants present Santa Cruz METRO's financial position as of June 30, 2016, with a comparison to the financial position as of June 30, 2015. The auditors have found that Santa Cruz METRO's financial statements present fairly, in all material respects, the financial position of Santa Cruz METRO as of June 30, 2016.
- In the **Independent Auditor's Report on Compliance Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with the Statutes, Rules, and Regulations of the California Transportation Development Act and the Allocation Instructions and Resolutions of the Transportation Commission** (page 51-52), the auditors found nothing that came to their attention that indicated Santa Cruz METRO failed to comply with the Statutes, Rules, and Regulations of the California Transportation Development Act, and the allocation instructions and resolutions of the Santa Cruz County Regional Transportation Commission during the course of their audit. Additionally, the auditors tested Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) program receipts and expenses for the year audited.
- In the **Schedule of Findings and Questioned Costs** (pages 54-55), the auditors identified no findings associated with their testing of major federal program expenditures in connection with their audit performed under *Government Auditing Standards* and in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
- The **Required Communication to the Board of Directors in Accordance with Professional Standards** letter (Attachment B) provides information

related to the auditor's responsibilities under generally accepted auditing standards as well as observations arising from the audit.

- There were no current year audit findings or recommendations and there were no prior year audit findings to correct, therefore no **Agreed upon Conditions Designed to Increase Efficiency, Internal Controls, and/or Financial Reporting** letter was issued by the auditors this year.

### III. DISCUSSION/BACKGROUND

#### **Attachment A – Financial Statements with Independent Auditor's Report**

The **Independent Auditor's Report** (page 1) documents that the audit was conducted in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The auditors have found that Santa Cruz METRO's financial statements present fairly, in all material aspects, the financial position of Santa Cruz METRO as of June 30, 2016.

While the basic financial statements and notes (pages 12-40) describe Santa Cruz METRO's financial position in detail, the **Management's Discussion and Analysis** (pages 4-11) presents narrative highlights of the financial statements, an overview of the agency's financial activities, and information that enhances overall financial disclosure. This report is prepared by Santa Cruz METRO management.

The **Statements of Net Position** (pages 12-13) present current and noncurrent assets and liabilities on a full accrual basis. Net position represents the difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources.

The **Statements of Revenues, Expenses and Changes in Fund Net Position** (page 14) present Santa Cruz METRO's revenues, expenses and the net impact these activities had on its net position for the year.

The **Statements of Cash Flows** (page 15) demonstrate how changes in balance sheet accounts and income affect cash and cash equivalents.

The **Notes to Basic Financial Statements** (pages 16-40) are an integral component of the financial statement report, as they provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of Santa Cruz METRO's operations and significant accounting policies, as well as clarify financial information unique to Santa Cruz METRO.

The **Required Supplementary Information** section of the report highlights information that is considered essential for placing the financial statement and note information in an appropriate context, in accordance with generally accepted accounting principles. The Schedule of Changes in the Net Pension Liability and Related Ratios (page 41) and the Schedule of Contributions (page 42) for Santa Cruz METRO's defined benefit pension plan are required under recent standards on accounting and financial reporting for pension plans (GASB 68). The Schedule of Funding Progress for the net obligation for post-employment medical, dental, vision and life insurance benefits (OPEB) (page 43) presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. At this time, Santa Cruz METRO is not prefunding the liability for retiree medical benefits or other post-employment benefits.

The Statements of Operating Expenses (page 44) are presented as **Supplementary Information**, showing the total operating costs that were reported in the financials in further detail, broken out by natural expense classification.

#### **Attachment B - Required Communication to the Board of Directors in Accordance with Professional Standards**

The **Required Communication to the Board of Directors in Accordance with Professional Standards** is a letter from Brown Armstrong that serves to communicate to those charged with governance the scope of audit procedures performed, significant findings or misstatements, and other information, such as significant accounting estimates, audit adjustments, any difficulties or disagreements with management, and other matters that are not communicated in the audited financial statements.

#### **IV. FINANCIAL CONSIDERATIONS/IMPACT**

There is no fiscal impact with the Board's acceptance of the financial statements and audit reports. However, in order to continue to receive Transportation Development Act (TDA) payments from the Santa Cruz County Regional Transportation Commission (SCCRTC), the final audit must be submitted to the SCCRTC within 180 days of the end of the fiscal year. Santa Cruz METRO has met this TDA compliance requirement and SCCRTC has accepted the FY16 audited financial statements.

#### **V. ALTERNATIVES CONSIDERED**

N/A

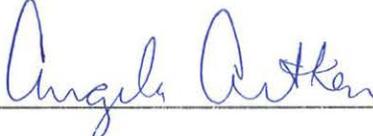
**VI. ATTACHMENTS**

**Attachment A:** Financial Statements with Independent Auditor's Report for the year ended June 30, 2016

**Attachment B:** Required Communication to the Board of Directors in Accordance with Professional Standards (letter from Brown Armstrong)

**VII. APPROVALS:**

Angela Aitken, Finance Manager

  
\_\_\_\_\_

Alex Clifford, CEO/General Manager

  
\_\_\_\_\_

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# Attachment A

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2016 AND 2015**

# Attachment A

## SANTA CRUZ METROPOLITAN TRANSIT DISTRICT JUNE 30, 2016 AND 2015

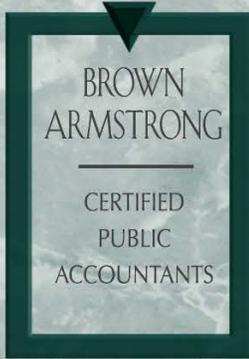
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# Attachment A

## FINANCIAL SECTION

# Attachment A



## BROWN ARMSTRONG

*Certified Public Accountants*

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Santa Cruz Metropolitan Transit District  
Santa Cruz, California

#### Report on the Financial Statements

We have audited the accompanying financial statements of the Santa Cruz Metropolitan Transit District (Santa Cruz METRO), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise Santa Cruz METRO's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Santa Cruz METRO's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Santa Cruz METRO's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### BAKERSFIELD OFFICE (MAIN OFFICE)

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#### STOCKTON OFFICE

5250 CLAREMONT AVENUE  
SUITE 150  
STOCKTON, CA 95207  
TEL 209.451.4833

# Attachment A

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Santa Cruz METRO as of June 30, 2016 and 2015, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of a Matter

During the year ended June 30, 2016, Santa Cruz METRO adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 76, *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Our opinion is not modified with respect to the matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Net Pension Liability and Related Ratios, and Schedule of Contributions, as well as the Schedule of Funding Progress for Santa Cruz METRO's Other Postemployment Benefit (OPEB) Plan, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The statements of operating expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The statements of operating expenses and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements of operating expenses and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

# Attachment A

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2016, on our consideration of Santa Cruz METRO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Santa Cruz METRO's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
December 9, 2016

# Attachment A

## SANTA CRUZ METROPOLITAN TRANSIT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016 AND 2015

### Introduction

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of Santa Cruz Metropolitan Transit District (Santa Cruz METRO) provides a narrative and analytical overview of the financial activities of Santa Cruz METRO with selected comparative information for the years ended June 30, 2016 and 2015. Following the MD&A are the basic financial statements of Santa Cruz METRO together with the notes thereto, which are essential for a full understanding of the data contained in the financial statements.

### Activities and Highlights

Santa Cruz METRO is an independent agency formed in 1969 by the legislature of the State of California for the purpose of providing Fixed Route bus service to the general public in Santa Cruz County. Santa Cruz METRO assumed direct operation of federally mandated Americans with Disabilities Act (ADA) complementary paratransit (Paracruz) services in November 2004. Prior to 2004, the paratransit service was delivered under contract. Santa Cruz METRO also operates the Highway 17 (Commuter) Express bus service to Santa Clara County in cooperation with the Santa Clara Valley Transportation Authority (VTA), AMTRAK, San Joaquin Joint Powers Authority (SJJPA), and the Capitol Corridor Joint Powers Authority (CCJPA). Overseeing the employees who work in the public interest, the Chief Executive Officer/General Manager coordinates the operation of Santa Cruz METRO according to the policy and direction of the governing Board of Directors, composed of eleven directors and one ex-officio director as described in Note 1.A.

### The Financial Statements

Santa Cruz METRO's basic financial statements are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. Santa Cruz METRO reports its financial results using one enterprise fund under the accrual basis of accounting, which records revenue when earned and expenses when incurred.

The Statement of Net Position presents complete information on Santa Cruz METRO's assets and deferred outflows of resources, as well as liabilities and deferred inflows of resources, with the difference reported as net position. Changes in net position that occur over time may serve as an indicator of Santa Cruz METRO's financial position.

The Statement of Revenues, Expenses, and Changes in Fund Net Position reports the operating revenues and expenses, non-operating revenues and expenses, and capital grant contributions. Federal capital grant expenses are listed in the Schedule of Expenditures of Federal Awards and are included in the current year increase in capital assets.

The Statement of Cash Flows reports the sources and uses of cash for the fiscal year resulting from *operating* activities, *non-capital financing* activities (operating grants and sales tax receipts), *capital and related financing* activities (capital acquisitions and disposals), and *investing* activities (interest and rental receipts). The net result of these activities, added to the cash balances at the beginning of the year, reconciles to the cash balances (current plus restricted) at the end of the current fiscal year on the Statement of Net Position.

The Notes to the Financial Statements are an integral component of the report, as they provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of Santa Cruz METRO's operations and significant accounting policies as well as clarify financial information unique to Santa Cruz METRO.

Following the basic financial statements and footnotes is the Required Supplementary Information, which provides a schedule of changes in the net pension liability, schedule of contributions to Santa Cruz METRO's defined benefit pension plan, and a schedule of funding progress for other postemployment benefit (OPEB) obligations.

# Attachment A

The Statement of Operating Expenses, located in the Supplementary Information section of the financial statements, reports expenses in greater detail.

## Financial Highlights

- The assets and deferred outflows of resources of Santa Cruz METRO exceeded its liabilities and deferred inflows of resources at the close of the year ended June 30, 2016, by \$26,454,023 (net position). Of this amount, \$86,495,631 consisted of Net Investment in Capital Assets. Unrestricted Net Position decreased to \$(60,041,608). The negative Unrestricted Net Position is the result, in part, of the Agency recording a prior period expense adjustment in fiscal year 2015 for \$(46,237,362) as required by the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. GASB Statement No. 68 drastically changes the way governmental entities account for pension related expenses and liabilities. Please see Note 10 of these financial statements for more on GASB Statement No. 68.
- Total fares revenues increased 1% over the year ended June 30, 2016, to \$9,923,862. The increase in fares revenues was due to a fare increase on the Highway 17 commuter service implemented in September 2015, as well as an increase in contract fares revenue due to higher University of California, Santa Cruz (UCSC) enrollment and student ridership from the previous fiscal year.
- Operating expenses (excluding depreciation) increased 1% over the year ended June 30, 2016, to \$49,962,296. The increase was mainly attributable to increased settlement costs, increased costs for medical benefits, and the provision for other postemployment benefits for retirees.
- Santa Cruz METRO's Capital Assets (after the application of accumulated depreciation) increased \$3,742,141. Asset additions and transfers were \$8,279,063 offset by asset retirements and transfers of \$2,837,235 and an increase in accumulated depreciation of \$1,699,687. Asset additions were attributed to construction costs for the new Judy K. Souza Operations Facility as well as upgrades to the L/CNG Fueling Station, agency facilities repairs and improvements, and bus stop improvements. Capital Asset procurements are funded by a mix of federal, state, and local grants as well as Operating and Capital Reserves.

## Financial Activities

The following discussion provides an overview of the financial activities related to operations (operating revenue and expense) and capital funding (contributions) received for facilities improvements and the purchase of capital equipment for the year ended June 30, 2016.

### *Operating Revenue and Expense*

Santa Cruz METRO utilizes five primary sources of revenue to operate its public transit services: passenger fares, sales and use tax, local transportation funds (TDA), federal funds, and other non-transportation related revenues (including advertising income, investment income, and rental income). After the economic recession of 2008, and in an effort to bridge the resulting operating budget gap, two sources of revenue that were used historically to fund the capital program were re-directed from the capital budget to the operating budget. These funding sources, Federal Transit Administration – Small Transit Intensive Cities (FTA-STIC) and State Transit Assistance (STA), have allowed Santa Cruz METRO to continue to provide and maintain a consistent level of service to the public, despite operating budgetary shortfalls. It was anticipated that the temporary waiver that allowed Santa Cruz METRO to use STA in the operating budget would expire in 2016. Senate Bill (SB) 508 (Beall) – commencing on July 1, 2016, provides transit properties the flexibility to use STA for operations or capital and limits the penalties for non-compliance with the efficiency standards, allowing Santa Cruz METRO to continue to use STA to partially meet future operating budgetary shortfalls.

Operating expenses are classified into ten basic categories: labor and fringe benefits, services, mobile materials and supplies, other materials and supplies, utilities, insurance costs (casualty and liability), taxes, purchased transportations costs, miscellaneous expense, and leases and rental expenses. These categories are consistent with the Uniform System of Accounts (USOA) and National Transit Database (NTD) reporting.

# Attachment A

As with many transit and public agencies across the region and throughout the state, Santa Cruz METRO continues to face financial challenges due to significant increases in operating and capital costs with no significant increases in operating or capital contributions; the growth in recurring revenues has not kept pace with the growth in recurring expenses. In recent years sales and use tax revenues and ridership have been relatively flat along with Federal and State assistance; there has been no increase to the gasoline and diesel fuel tax since 1993. The recurring costs for health benefits, retirement, services, materials and supplies, and utilities have significantly exceeded the annual Consumer Price Index (CPI) for the region since 2012.

The fiscal year 2016 operating budget is a balanced budget; however, it is not a structurally balanced budget, as recurring expenses exceed recurring revenues. For several years, annual balanced operating budgets have been achieved by using non-traditional capital-eligible FTA-STIC and STA funds, and non-recurring revenues (Reserves) to fill the budget gap. These actions have created a significant backlog in the capital improvements program, depleted the source for a local match for Federal and State grants, and significantly eroded the Agency's Cash Reserves.

Resolving the ongoing budgetary funding issues will require a multi-year approach. Efforts are continuing to resolve the structural deficit, replenish Operating and Capital reserves and address the backlog of unfunded capital improvements. In fiscal year 2016 many steps were taken to help establish a stable financial foundation including the implementation of a Comprehensive Operational Analysis (COA) that resulted in the restructuring of the fixed-route service network, realignment of the Paratransit service to mirror fixed-route, restructure of Paratransit fares and Highway 17 Commuter Express fares, and delayed filling of vacant positions, and in some cases unfunded vacant positions. While more work is needed in order to completely resolve the structural deficit, the good news is that the agency should not have to undergo further threats of significant service reductions and layoffs going forward.

## *Capital Program*

In fiscal year 2016, Santa Cruz METRO spent over \$7.9 million in capital contributions on new and ongoing capital projects. These capital projects were funded by a variety of sources including the Federal Transit Administration (FTA), California Proposition 1B Transportation Bonds (Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) and the Transit System Safety, Security, and Disaster Response Account (TSSSDRA)), State Transit Assistance (STA), the State-Local Partnership Program (SLPP), the State Transportation Improvement Program (STIP), FTA construction settlement funds, and Operating and Capital Reserves.

Operating buses and owning/maintaining transit facilities is a capital intensive business. Funding Santa Cruz METRO's overall operation is a delicate balance between identifying the resources to operate the service and identifying the resources to purchase and maintain the vehicles and facilities with which to operate the service. Santa Cruz METRO needs to reduce its dependence on using capital-eligible funds and cash reserves in the operating budget, and concentrate on restoring these funding sources to the capital program in order to achieve a "state-of-good-repair" and ensure that new capital grant opportunities that require matching funds from reserves can be pursued. To that end, the Santa Cruz METRO Board of Directors (Board) has recently adopted a Reserve Fund Policy that provides for the gradual restoration of FTA-STIC and STA funding to the capital program.

Significant capital asset activity includes:

- Temporary occupancy has been awarded on the Judy K. Souza Operations Facility; construction on this project began in spring 2013. A final occupancy permit will be obtained after completion of the outstanding ADA accessibility issues, and the installation of an Access Control System along with various security upgrades. This operations building and bus parking structure is another phase of Santa Cruz METRO's MetroBase consolidated operations in the Harvey West area of Santa Cruz. The project was budgeted at approximately \$27 million, with the majority of funding provided by the PTMISEA program, which was established through Proposition 1B.
- Upgrade to the L/CNG Fueling Facility – this project replaced LNG tank valves, actuators, and the control system with updated technology. The existing components were failing, causing an inability to unload tankers and fuel buses. This project was funded with Operating and Capital Reserves.

# Attachment A

- Purchase and installation of Land Mobile Radio (LMR) Equipment – funding provided by California Office of Emergency Services (Cal-OES) TSSSDRA (Proposition 1B) funds over 10 consecutive years starting in fiscal year 2009 – Many transit system safety and security projects have been completed since 2009 utilizing this very important funding source. Current work on the LMR portion of these security projects nears completion. The LMR project is a fully functioning fleet mobile radio system for the fixed route, Paratransit, and non-revenue (service) vehicles that meets the Federal Communication Commission (FCC) mandated requirement for narrowband migration by January 1, 2013. Additionally, this system will be compliant for the future narrowband migration that is required tentatively by the year 2018. Other projects funded by this source include security cameras, security fences, gates, building access control, and emergency generators.
- Bus Stop Improvements – funded with Operating and Capital Reserves – The Bus Stop Improvements Project provided for professional engineering services and subsequent construction required on several bus stop projects throughout the County. This year construction on the Green Valley at Airport Boulevard bus stop in Watsonville was completed. Improvements included a new concrete pad, a new bus shelter, a new 180' sidewalk connecting the bus stop to a mid-block crosswalk on Green Valley Road and an additional connection to the Corralitos Creek Bridge for better pedestrian access and ADA accessibility.
- Ticket Vending Machine – Audible Improvements – An additional ticket vending machine (TVM) was purchased to provide after-hours ticket and pass purchasing and Smart Card value loading options for riders in the San Lorenzo Valley area. Santa Cruz METRO is currently working towards locating a site to install this TVM. It will be the sixth TVM placed in service since 2011. Other TVM locations include Santa Cruz Metro Center, 920 Pacific Avenue, Santa Cruz, Cabrillo College, 6500 Soquel Drive, Aptos, Capitola Mall, 1855 - 41st Avenue, Capitola Mall, Bart Cavallaro Transit Center, 246 Kings Village Road, Scotts Valley, and the Watsonville Transit Center, 475 Rodriguez Street, Watsonville. Funding was provided by Operating and Capital Reserves. Project will be completed when the site is finalized.

## *Ridership*

Santa Cruz METRO provided 5,582,532 rides through both its fixed-route and paratransit services in fiscal year 2016, a decrease of 219,562 rides from the prior year.

## **Future Outlook**

Looking ahead, Santa Cruz METRO will continue to address the structural deficit over the next few years by taking steps to increase revenues and decrease expenses. Fare increases, service reductions and efficiencies, personnel cost containment, as well as administrative and operational efficiency measures are ways that will enhance operating revenue, minimize costs, and bring the budget back into structural balance.

*Fare Increases:* In an effort to increase operating revenue, reduce operating costs, and increase efficiency, the Board approved a fare restructuring of the Highway 17 (Commuter) Express, as well as service realignments and fare modifications for Paracruz service effective September 10, 2015.

*Personnel Cost Containment:* Labor and fringe benefit costs accounted for 77% of total operating expenses in the current year; measures to control personnel costs will have a significant effect on Santa Cruz METRO's fiscal imbalance. In August 2015, Santa Cruz METRO drivers and management stepped up to help solve Santa Cruz METRO's budgetary challenge and worked with the Board to defer a previously negotiated cost of living salary and wage increase. Several funded positions have been eliminated or left unfilled in order to keep personnel costs down. An additional round of union and management givebacks was implemented in late fiscal year 2016. In August 2015, the Board approved an early retirement incentive for qualified employees upon their retirement prior to December 31, 2015. A second early retirement incentive was offered to qualified employees that retired prior to September 7, 2016.

# Attachment A

*System-Wide Restructuring:* In August 2015, Santa Cruz METRO began efforts on a Comprehensive Operational Analysis. The study took a fresh look at Santa Cruz METRO's current service offering, and analyzed how best to provide a balanced level of service that properly serves the needs of the community while remaining within budgetary limitations. This study also focused on the needs at the customer level and included an in-depth survey of Santa Cruz METRO's riders and travel habits through a public outreach plan that included community meetings, informational "pop-up" events and customer input. The COA identified system-wide and chronic problems, as well as new service opportunities, through an extensive qualitative and quantitative analysis that was used to recommend service changes to the existing fixed-route service. From the information and recommendations provided by the study, the Board approved a modification/restructuring of the entire network of fixed-route bus service, reducing the amount of service by approximately 15% effective September 8, 2016.

## *Future Funding:*

Through this financial challenge, Santa Cruz METRO has been able to dialogue with key funding partners in the community. Cabrillo College students voted to impose a mandatory transportation fee of \$40 per student per semester effective Fall semester 2016 to sustain bus service that was scheduled to be eliminated due to the COA service restructuring. UCSC has committed to increase its level of funding for student transit services effective Fall quarter 2016. VTA has agreed to provide additional revenues in support of the Joint Powers Authority (JPA) Highway 17 partnership. In November 2016, County voters approved a sales tax initiative (Measure D) that among other things will provide funding for Santa Cruz METRO to maintain senior and disabled transit services for thirty years.

The financial challenges facing Santa Cruz METRO are not unique. The Federal government's inability to agree on a long-term surface transportation funding program has resulted in numerous short-term Continuing Resolutions and provided relatively flat Federal operating assistance since fiscal year 2010, which has placed public transit funding on perilous footing nationwide. In December 2015, President Obama signed the Fixing America's Surface Transportation (FAST) Act into law. This long-awaited successor to the Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21) increases annual spending authority for transit programs across the nation through 2020. The bill includes important policy and structural changes to federal surface transportation programs that are intended to improve mobility, streamline capital project construction and acquisition, and increase the safety of public transportation systems across the country. Santa Cruz METRO continues to work with state and federal funding partners to pursue new grant opportunities that will help Santa Cruz METRO with capital and operations funding challenges as well as bring new initiatives to fruition.

## *Future Operational Improvements:*

Automatic Vehicle Locators (AVL) – Santa Cruz METRO is seeking state and federal grants to purchase AVL. This technology will provide data that will be used to improve on-time performance. AVL uses global positioning satellite information that allows for electronic signs at bus stops and a smart phone application that will predict when the next bus will arrive. AVL will significantly enhance customer real-time information on bus arrival times, system disruptions and provide better system performance from better ridership data.

Wi-Fi – Currently, free Wi-Fi service is available to riders on the Highway 17 (Commuter) Express. Santa Cruz METRO is investigating new grant opportunities that might result in the addition of Wi-Fi to other commuter-like service corridors and to the transit centers.

Zero Emission Vehicles (ZEVs) – The addition of electric buses will help with the unfunded and ongoing need for replacement buses. In June 2016, Santa Cruz METRO was awarded a grant for the agency's first electric bus from the Low Carbon Transit Operations Program (LCTOP) administered through Caltrans. Santa Cruz METRO was also awarded a FTA grant for three zero emissions buses in July 2016. These grants will provide funding not only for the electric buses but for the infrastructure needed to operate them. County residents will benefit from the renewed commitment by METRO to air quality and sustainability.

# Attachment A

## Financial Analysis

Following are the condensed comparative financial statements, which highlight key financial data. Certain significant year-to-year variances are discussed following the statements.

### Statements of Net Position:

|   | 2016                 | 2015                  | 2016 to 2015<br>Increase/(Decrease) |             |
|---|----------------------|-----------------------|-------------------------------------|-------------|
|   |                      |                       | Amount                              | %           |
| <b>Assets</b>                               |                      |                       |                                     |             |
| Current Assets                              | \$ 23,342,903        | \$ 25,709,446         | \$ (2,366,543)                      | -9%         |
| Capital Assets - Net                        | 86,495,631           | 82,753,490            | 3,742,141                           | 5%          |
| Restricted Assets                           | 9,177,768            | 14,463,480            | (5,285,712)                         | -37%        |
| <b>Total Assets</b>                         | <b>\$119,016,302</b> | <b>\$ 122,926,416</b> | <b>\$ (3,910,114)</b>               | <b>-3%</b>  |
| <b>Deferred Outflows of Resources</b>       |                      |                       |                                     |             |
| Pension Contributions                       | \$ 8,634,713         | \$ 3,903,126          | 4,731,587                           | 121%        |
| <b>Total Deferred Outflows of Resources</b> | <b>\$ 8,634,713</b>  | <b>\$ 3,903,126</b>   | <b>\$ 4,731,587</b>                 | <b>121%</b> |
| <b>Liabilities</b>                          |                      |                       |                                     |             |
| Current Liabilities                         | \$ 6,599,776         | \$ 7,315,473          | \$ (715,697)                        | -10%        |
| Non-Current Liabilities                     | 9,887,060            | 15,304,383            | (5,417,323)                         | -35%        |
| Other Long-Term Liabilities                 | 76,736,756           | 69,040,678            | 7,696,078                           | 11%         |
| <b>Total Liabilities</b>                    | <b>\$ 93,223,592</b> | <b>\$ 91,660,534</b>  | <b>\$ 1,563,058</b>                 | <b>2%</b>   |
| <b>Deferred Inflows of Resources</b>        |                      |                       |                                     |             |
| Pension Investment Earnings                 | \$ 7,973,400         | \$ 7,432,943          | \$ 540,457                          | 7%          |
| <b>Total Deferred Inflows of Resources</b>  | <b>\$ 7,973,400</b>  | <b>\$ 7,432,943</b>   | <b>\$ 540,457</b>                   | <b>7%</b>   |
| <b>Net Position</b>                         |                      |                       |                                     |             |
| Net Investment in Capital Assets            | \$ 86,495,631        | \$ 82,753,490         | \$ 3,742,141                        | 5%          |
| Unrestricted net position                   | (60,041,608)         | (55,017,425)          | (5,024,183)                         | -9%         |
| <b>Total net position</b>                   | <b>\$ 26,454,023</b> | <b>\$ 27,736,065</b>  | <b>\$ (1,282,042)</b>               | <b>-5%</b>  |

### 2016 vs 2015 Analysis

Key changes include:

- *Current assets* decreased by \$2.4 million or 9% to \$23.3 million, primarily due to decreases in cash and cash equivalents. Unrestricted cash was used to bridge the fiscal year 2016 budget gap and fund operations, as well as purchase capital assets.
- *Capital assets – net* increased by \$3.7 million or 5% to \$86.5 million, primarily due to increases in capital construction in progress related to the progress payments made for the construction of the new Judy K. Souza Operations Facility.
- *Restricted assets* decreased by \$5.3 million or 37% to \$9.2 million. Grant funds received from PTMISEA were spent on construction of the new Judy K. Souza Operations Facility.
- *Deferred outflows of resources* of \$8.6 million in pension contributions were recognized in the current year through the application of GASB Statement No. 68.

# Attachment A

- *Current liabilities* decreased by \$716 thousand or 10% to \$6.6 million in total, primarily due to a decrease in construction payables over the fiscal year ended 2016; the construction of the Judy K. Souza Operations Facility has neared completion.
- *Non-current liabilities* decreased by \$5.4 million or 35% to \$9.9 million due to the spending down of unearned grant funds on construction and capital acquisition during the year. Grant funds received are restricted and reported as liabilities until spent on the specific purpose for which they were awarded.
- *Other long-term liabilities* increased by \$7.7 million or 11% to \$76.7 million primarily due to the increase in the long-term obligation for other postemployment benefits for retirees as well as increased net pension liability.
- *Deferred inflows of resources* of \$8.0 million in pension investment earnings were recognized in the current year through the application of GASB Statement No. 68.

## Statements of Revenues, Expenses, and Changes in Fund Net Position:

|                             | 2016                  | 2015                  | 2016 to 2015<br>Increase/(Decrease)<br>Amount |
|-----------------------------|-----------------------|-----------------------|---|
| Operating Revenues          | \$ 9,923,862          | \$ 9,796,024          | \$ 127,838                                    |
| Operating Expenses          | 53,878,081            | 54,939,475            | (1,061,394)                                   |
| Operating Loss              | (43,954,219)          | (45,143,451)          | 1,189,232                                     |
| Non-Operating Revenues      | 35,100,875            | 34,812,002            | 288,873                                       |
| Capital Grant Contributions | 7,571,302             | 9,270,417             | (1,699,115)                                   |
| Decrease in Net Position    | <u>\$ (1,282,042)</u> | <u>\$ (1,061,032)</u> | <u>\$ (221,010)</u>                           |

### 2016 vs 2015 Analysis

Operating Revenues (Passenger Fares) increased by \$128 thousand or 1% this year primarily due to a fare increase on the Highway 17 commuter service implemented in September 2015, as well as increased revenue from ridership contracts with UCSC.

Operating Expenses decreased by \$1.1 million or 2% overall when compared to last year due primarily to a decrease in depreciation expense. This substantial drop in depreciation from the prior year is indicative of aging capital assets became fully depreciated in the prior year and reaching their useful life.

Non-Operating Revenues increased by \$289 thousand or 1% over last year. Although STA funding was lower than prior year due to recent changes in the STA program allocation formula, this loss in revenue was more than offset by an increase in sales and use tax revenue generated by increased consumer spending in fiscal year 2016, along with an increase in alternative fuel tax credits received. The alternative fuel incentives were retroactively extended by the Tax Increase Prevention Act of 2014, enacted in fiscal year 2015.

Capital Contributions are capital grant funds received for facilities improvements and the purchase of capital equipment including revenue vehicles. The receipt of capital grant funds can fluctuate year over year based on a variety of factors including project eligibility requirements, formula-based funding criteria, the economy, etc. Capital contributions decreased by 18% over last year primarily due to ramped up construction costs of the Judy K. Souza Operations Facility and purchases of Paracruz vans and supervisor vehicles in the prior year (fiscal year 2015).

# Attachment A

## Statement of Cash Flows:

|  | 2016                 | 2015                 | 2016 to 2015<br>Change |
|--|----------------------|----------------------|------------------------|
| Net Cash Used in Operating Activities                            | \$ (42,965,652)      | \$ (39,649,655)      | \$ (3,315,997)         |
| Net Cash Provided by Non-Capital Financing Activities            | 34,897,175           | 34,501,675           | 395,500                |
| Net Cash Provided by Capital and Related<br>Financing Activities | 242,452              | 3,724,925            | (3,482,473)            |
| Net Cash Provided by Non-Transportation Activities               | <u>242,287</u>       | <u>245,062</u>       | <u>(2,775)</u>         |
| Net (Decrease) in Cash and Cash Equivalents                      | (7,583,738)          | (1,177,993)          | (6,405,745)            |
| Cash and Cash Equivalents, Beginning of Year                     | <u>31,983,863</u>    | <u>33,161,856</u>    | <u>(1,177,993)</u>     |
| Cash and Cash Equivalents, End of Year                           | <u>\$ 24,400,125</u> | <u>\$ 31,983,863</u> | <u>\$ (7,583,738)</u>  |

## Economic Factors and Next Year's Budget

The Annual Operating/Capital budget is used as a management tool to monitor revenues and expenses and evaluate operating performance at any given time period. The Santa Cruz METRO Board approves the annual budget prior to implementation. The fiscal year 2017 budget was adopted by the Board on June 24, 2016, and is \$2.9 million less than that of the previous year, which reflects substantial effort on behalf of staff and management to achieve this reduction. These significant factors were considered as budget assumptions when preparing Santa Cruz METRO's budget for the fiscal year 2017:

- Expectation that passenger fare revenue will experience no growth, pending additional information regarding the impact of the COA on routes and ridership.
- Expectation that sales and use tax revenues will increase at a moderate rate of 2.5% over the next 2 years.
- Bus service plans must continue to be sensitive to funding constraints and revenue projections due to economic uncertainty and legislative issues.
- Sensitivity to employee wages, health care benefits, workers' compensation, and pension benefits. Budget savings are expected from employee retirements, eliminated vacant positions due to service reductions, and reductions in Bus Operator overtime. California Public Employees Retirement System (CalPERS) retirement employer contribution rate increases from 21.000% to 22.165% for the fiscal year 2017. An average increase of 8% in medical insurance premiums is anticipated.
- Sensitivity to and monitoring of controllable costs and consumables.
- Continued efforts to identify efficiencies in costs.
- Anticipated increases in Special Transit (contract) fares revenue from Cabrillo College: over \$900 thousand of anticipated funding annually with which to sustain Santa Cruz METRO services.
- Anticipated increases in Special Transit (contract) fares revenue from UCSC of \$600 thousand.
- Measure D sales tax allocation: annual direct allocation is estimated to begin in 2017 - early fiscal year 2018 and infuse the budget with approximately \$2.5 million in funding the first year.
- VTA has committed to provide additional revenues in support of the JPA Highway 17 partnership through a restructured agreement that guarantees a flat monthly contribution to support Highway 17 service.

## Contacting Santa Cruz METRO's Financial Management

Santa Cruz METRO's financial report is designed to provide Santa Cruz METRO's Board of Directors, management, and the public with an overview of Santa Cruz METRO's finances. For additional information about this report, please contact Angela Aitken, Finance Manager, at 110 Vernon Street, Santa Cruz, CA 95060.

# Attachment A

## **BASIC FINANCIAL STATEMENTS**

# Attachment A

## SANTA CRUZ METROPOLITAN TRANSIT DISTRICT STATEMENTS OF NET POSITION JUNE 30, 2016 AND 2015

| <b>ASSETS</b>   | <u>2016</u>         | <u>2015</u>         |
|---|---------------------|---------------------|
| <b>CURRENT ASSETS</b>   |                     |                     |
| Cash and Cash Equivalents   | \$ 15,222,357       | \$ 17,520,383       |
| Sales and Use Tax, Grants, and Other Receivables                    | 7,149,863           | 6,993,415           |
| Inventory   | 598,963             | 660,859             |
| Prepays   | <u>371,720</u>      | <u>534,789</u>      |
| <b>Total Current Assets</b>   | <u>23,342,903</u>   | <u>25,709,446</u>   |
| <b>RESTRICTED ASSETS</b>  |                     |                     |
| Cash and Cash Equivalents   | <u>9,177,768</u>    | <u>14,463,480</u>   |
| <b>CAPITAL ASSETS</b>   |                     |                     |
| Building and Improvements   | 47,711,978          | 47,505,460          |
| Revenue Vehicles  | 48,522,953          | 50,605,014          |
| Operations Equipment  | 6,431,866           | 6,433,325           |
| Other Equipment   | 2,131,733           | 2,061,303           |
| Other Vehicles  | 1,164,604           | 1,178,619           |
| Office Equipment  | <u>3,933,237</u>    | <u>3,904,539</u>    |
| Total Depreciated Capital Assets                                    | 109,896,371         | 111,688,260         |
| Less Accumulated Depreciation                                       | <u>(62,836,549)</u> | <u>(61,136,862)</u> |
| Total Depreciated Capital Assets Net of<br>Accumulated Depreciation | 47,059,822          | 50,551,398          |
| Construction-in-Progress  | 27,839,498          | 20,605,781          |
| Land  | <u>11,596,311</u>   | <u>11,596,311</u>   |
| <b>Total Capital Assets</b>   | <u>86,495,631</u>   | <u>82,753,490</u>   |
| <b>Total Assets</b>   | <u>119,016,302</u>  | <u>122,926,416</u>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                               |                     |                     |
| Deferred amounts from Pension Activities                            | <u>\$ 8,634,713</u> | <u>\$ 3,903,126</u> |

# Attachment A

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT  
STATEMENTS OF NET POSITION (Continued)  
JUNE 30, 2016 AND 2015**

| <b>LIABILITIES</b>                                | 2016          | 2015          |
|---|---------------|---------------|
| <b>CURRENT LIABILITIES</b>                        |               |               |
| Accounts Payable and Accrued Liabilities          | \$ 1,300,821  | \$ 1,987,300  |
| Accrued Payroll and Employee Benefits             | 4,112,185     | 3,975,145     |
| Deferred Rent                                     | 2,959         | 2,885         |
| Workers' Compensation Liabilities, Current        | 669,759       | 919,137       |
| Other Accrued Liabilities                         | 501,668       | 415,622       |
| Security Deposit                                  | 12,384        | 15,384        |
| <b>Total Current Liabilities</b>                  | 6,599,776     | 7,315,473     |
| <b>NON-CURRENT LIABILITIES</b>                    |               |               |
| Unearned Revenue - Settlement Agreement           | 371,523       | 780,861       |
| Unearned Revenue - State Transit Assistance       | 166,324       | 1,304,185     |
| Unearned Revenue - PTMISEA Grant                  | 7,531,104     | 12,847,226    |
| Unearned Revenue - Proposition 1B Grant           | 1,108,817     | 372,111       |
| Unearned Revenue - LCTOP                          | 709,292       | -             |
| <b>Total Non-Current Liabilities</b>              | 9,887,060     | 15,304,383    |
| <b>OTHER LONG-TERM LIABILITIES</b>                |               |               |
| Workers' Compensation Liabilities, Net of Current | 2,570,035     | 3,484,177     |
| Other Postemployment Benefit Liabilities          | 28,407,107    | 23,244,745    |
| Net Pension Liability                             | 45,759,614    | 42,311,756    |
| <b>Total Other Long-Term Liabilities</b>          | 76,736,756    | 69,040,678    |
| <b>Total Liabilities</b>                          | 93,223,592    | 91,660,534    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>              |               |               |
| Deferred amounts from Pension Activities          | 7,973,400     | 7,432,943     |
| <b>NET POSITION</b>                               |               |               |
| Net Investment in Capital Assets                  | 86,495,631    | 82,753,490    |
| Unrestricted Net Position                         | (60,041,608)  | (55,017,425)  |
| <b>Total Net Position</b>                         | \$ 26,454,023 | \$ 27,736,065 |

# Attachment A

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT  
STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

|   | 2016          | 2015          |
|---|---------------|---------------|
| <b>OPERATING REVENUES</b>   |               |               |
| Passenger Fares   | \$ 5,785,820  | \$ 5,636,565  |
| Special Transit Fares   | 4,138,042     | 4,159,459     |
| <b>Total Operating Revenues</b>   | 9,923,862     | 9,796,024     |
| <b>OPERATING EXPENSES</b>   |               |               |
| Wages, Salaries, and Employee Benefits                                    | 41,743,933    | 41,465,990    |
| Purchased Transportation Services   | 71,470        | 170,746       |
| Materials and Supplies  | 3,397,701     | 3,878,833     |
| Other Expenses  | 4,749,192     | 4,098,558     |
| Depreciation  | 3,915,785     | 5,325,348     |
| <b>Total Operating Expenses</b>   | 53,878,081    | 54,939,475    |
| <b>Net Operating Loss</b>   | (43,954,219)  | (45,143,451)  |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>                                  |               |               |
| Sales and Use Taxes   | 18,871,648    | 16,405,582    |
| Transportation Development Act (TDA) Assistance                           | 6,377,491     | 6,444,515     |
| State Transit Assistance (STA)  | 2,636,432     | 5,075,779     |
| Federal Transit Administration (FTA) Section 5307<br>Operating Assistance | 5,448,200     | 5,478,097     |
| FTA Section 5311 Rural Operating Assistance                               | 177,787       | 212,267       |
| Alternative Fuel Tax Credit   | 972,922       | 638,208       |
| Planning Grants   | 89,278        | 29,488        |
| Interest Income   | 100,891       | 85,908        |
| Rental Income   | 141,396       | 159,154       |
| Other Revenue   | 283,250       | 289,389       |
| Gain (Loss) on Sale and Disposal of Property, Equipment,<br>and Inventory | 1,580         | (6,385)       |
| <b>Total Non-Operating Revenues (Expenses)</b>                            | 35,100,875    | 34,812,002    |
| <b>Net Loss Before Capital Contributions</b>                              | (8,853,344)   | (10,331,449)  |
| <b>CAPITAL CONTRIBUTIONS</b>  |               |               |
| Grants Restricted for Capital Expenditures                                | 7,571,302     | 9,270,417     |
| <b>NET POSITION</b>   |               |               |
| Change in Net Position  | (1,282,042)   | (1,061,032)   |
| Total Net Position, Beginning of Year                                     | 27,736,065    | 75,034,459    |
| Prior Period Adjustment   | -             | (46,237,362)  |
| <b>Total Net Position, End of Year</b>                                    | \$ 26,454,023 | \$ 27,736,065 |

# Attachment A

## SANTA CRUZ METROPOLITAN TRANSIT DISTRICT STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

|   | 2016                   | 2015                   |
|---|------------------------|------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                        |                        |
| Receipts from Customers   | \$ 9,230,910           | \$ 9,738,456           |
| Payments to Employees   | (42,770,413)           | (41,074,101)           |
| Payments to Suppliers   | (8,682,877)            | (7,918,221)            |
| Payments to Other   | (743,272)              | (395,789)              |
|   | <u>(42,965,652)</u>    | <u>(39,649,655)</u>    |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>                              |                        |                        |
| Operating Grants Received, Including Sales and Use Taxes                              | 34,897,175             | 34,501,675             |
|   | <u>34,897,175</u>      | <u>34,501,675</u>      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                      |                        |                        |
| Proceeds from Sale of Property and Equipment  | 193,976                | 5,370                  |
| Capital Grants Received   | 7,898,798              | 13,312,307             |
| Capital Expenditures  | (7,850,322)            | (9,592,752)            |
|   | <u>242,452</u>         | <u>3,724,925</u>       |
| Net Cash Provided by Capital and Related Financing Activities                         | <u>242,452</u>         | <u>3,724,925</u>       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                        |                        |
| Investment and Rental Income Received   | 242,287                | 245,062                |
|   | <u>242,287</u>         | <u>245,062</u>         |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                                      | <b>(7,583,738)</b>     | <b>(1,177,993)</b>     |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                                 | <b>31,983,863</b>      | <b>33,161,856</b>      |
|   | <u>31,983,863</u>      | <u>33,161,856</u>      |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                                       | <b>\$ 24,400,125</b>   | <b>\$ 31,983,863</b>   |
|   | <u>\$ 24,400,125</u>   | <u>\$ 31,983,863</u>   |
| <b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>  |                        |                        |
| Net Operating Loss  | \$ (43,954,219)        | \$ (45,143,451)        |
| Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities: |                        |                        |
| Depreciation  | 3,915,785              | 5,325,348              |
| Changes in Assets and Liabilities:  |                        |                        |
| (Increase) in Receivables   | (692,952)              | (57,568)               |
| Decrease in Inventory   | 61,896                 | 69,634                 |
| (Increase)/Decrease in Prepaid Expenses   | 163,069                | (21,010)               |
| Increase/(Decrease) in Accounts Payable and Accrued Liabilities                       | (686,479)              | 182,492                |
| (Decrease) in Net Pension Liability   | (743,272)              | (395,789)              |
| Increase/(Decrease) in Other Liabilities  | (1,029,480)            | 390,689                |
|   | <u>(1,029,480)</u>     | <u>390,689</u>         |
| Net Cash Used in Operating Activities   | <u>\$ (42,965,652)</u> | <u>\$ (39,649,655)</u> |

# Attachment A

## SANTA CRUZ METROPOLITAN TRANSIT DISTRICT NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

### **NOTE 1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### A. Description of Organization

The Santa Cruz Metropolitan Transit District (Santa Cruz METRO) was formed February 9, 1969, following a favorable election in conformity with Section 9800 et. seq. of the Public Utilities Code (PUC). The transit system serves the general public in the cities of Santa Cruz, Watsonville, Scotts Valley, and Capitola and the unincorporated areas of Santa Cruz County. A Board of eleven directors and one Ex-Officio director representing the University of California, Santa Cruz governs Santa Cruz METRO. At June 30, 2016, the directors were as follows:

|              |                  |             |                   |
|--------------|------------------|-------------|-------------------|
| Chairperson: | Mike Rotkin      |             |                   |
| Vice Chair:  | Jimmy Dutra      |             |                   |
| Members:     | Cynthia Chase    | Zach Friend | Donald Norm Hagen |
|              | Karina Cervantez | Don Lane    | John Leopold      |
|              | Dene Bustichi    | Ed Botorff  | Bruce McPherson   |
| Ex-Officio:  | Donna Blitzer    |             |                   |

Santa Cruz METRO also serves the Highway 17 corridor into Santa Clara County to provide a commuter express service through a memorandum of understanding with the San Joaquin Joint Powers Authority (SJJPA), the Capitol Corridor Joint Powers Authority (CCJPA), and the Santa Clara Valley Transportation Authority (VTA). Amtrak Thruway bus service is also provided by Santa Cruz METRO on the same corridor.

#### B. Reporting Entity

Santa Cruz METRO and the Santa Cruz Civic Improvement Corporation (the Corporation) have a financial and operational relationship, which meets the reporting entity definition criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, for inclusion of the Corporation as a blended component unit of Santa Cruz METRO. Accordingly, the financial activities of the Corporation have been included in the basic financial statements of Santa Cruz METRO. For the year ending June 30, 2016, these activities were minimal.

#### **Scope of Public Service:**

The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State in July 1986. The Corporation was formed for the sole purpose of providing financial assistance to Santa Cruz METRO for the construction and acquisition of major capital facilities.

The following are those aspects of the relationship between Santa Cruz METRO and the Corporation which satisfy GASB Statement No. 14/39 criteria.

#### Accountability:

1. Santa Cruz METRO's Board of Directors appointed the Corporation's Board of Directors.

# Attachment A

## NOTE 1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Reporting Entity (Continued)

2. Santa Cruz METRO is able to impose its will upon the Corporation based on the following:
  - All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of Santa Cruz METRO.
  - Santa Cruz METRO exercises significant influence over operations of the Corporation as it is anticipated that Santa Cruz METRO will be the sole lessee of all facilities owned by the Corporation. Likewise, it is anticipated that Santa Cruz METRO's lease payments will be the sole revenue source of the Corporation.
3. The Corporation provides specific financial benefits or imposes specific financial burdens on Santa Cruz METRO based upon the following:
  - Santa Cruz METRO has assumed a “moral obligation,” and potentially a legal obligation, for any debt incurred by the Corporation.

### C. Basis of Accounting and Presentation

Santa Cruz METRO is accounted for as a Business-Type Activity, as defined by GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*, and its basic financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Santa Cruz METRO adopted GASB Statement No. 34 as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, as of and for the year ended June 30, 2003, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into three net position categories; namely, net investment in capital assets; restricted net position; and unrestricted net position.

#### **Contributed Capital/Reserved Retained Earnings:**

Santa Cruz METRO receives grants from the Federal Transit Authority (FTA) and other agencies of the U.S. Department of Transportation, state, and local transportation funds for the acquisition of transit-related equipment and improvements. Prior to July 1, 2001, capital grants were recognized as donated capital to the extent that project costs under the grant had been incurred. Capital grant funds earned, less amortization equal to accumulated depreciation of the related assets, were included in contributed capital. As required by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, Santa Cruz METRO changed its method of accounting for capital grants from capital contributions to reserved non-operating revenues. In accordance with GASB Statement No. 33, capital grants are required to be included in the determination of net income (loss) resulting in an increase in net revenue of \$7,571,302 and \$9,270,417 for the fiscal years ended June 30, 2016 and 2015, respectively.

Under GASB Statement No. 34, contributed capital and reserved retained earnings are presented in the net position section as net investment in capital assets.

# Attachment A

## NOTE 1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Basis of Accounting and Presentation (Continued)

#### **Proprietary Accounting and Financial Reporting:**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of Santa Cruz METRO are passenger fares and special transit fares. Operating expenses for Santa Cruz METRO include the wages, purchased transportation, materials and supplies, depreciation/amortization on capital assets, and other expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **Net Position:**

Net position represents the residual interest in Santa Cruz METRO's assets after liabilities are deducted. In accordance with GASB Statement No. 34, the fund equity section on the statements of net position was combined to report total net position and present it in three broad components: net investment in capital assets, restricted, and unrestricted. Net position invested in capital assets includes capital assets net of accumulated depreciation. Net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net position is unrestricted.

When both restricted and unrestricted resources are available for use, generally it is Santa Cruz METRO's policy to use restricted resources first, and then unrestricted resources as they are needed.

### D. Cash and Cash Equivalents

Santa Cruz METRO considers all highly liquid investments with a maturity date within three months of the date acquired to be cash equivalents. Santa Cruz METRO deposits funds into an external investment pool maintained by Santa Cruz County. These deposits are considered cash equivalents. The Santa Cruz County Pooled Investment Fund is authorized to invest in obligations of the U.S. Treasury agencies and instrumentalities, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool. Cash and cash equivalents are stated at fair value. For purposes of the statements of cash flows, Santa Cruz METRO considers all highly liquid investments (including restricted assets) to be cash equivalents.

### E. Inventory

Inventory is carried at cost using the first-in/first-out (FIFO) method. Inventory held by Santa Cruz METRO consists of spare bus parts and operating supplies that are consumed by Santa Cruz METRO and are not for resale purposes.

### F. Restricted Assets

Certain assets are classified as restricted assets on the statements of net position because their use is subject to externally imposed stipulations, either by laws or regulations.

The cash resulting from a settlement agreement, as described in Note 8, represents proceeds restricted by the FTA. The State Transit Assistance (STA) Grant; Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Grant; and the Proposition 1B Office of Homeland Security (OHS) California Transit Security Grant Program (CTSGP) Grant are restricted for capital expenditures. Restricted assets at June 30 are as follows:

# Attachment A

## NOTE 1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### F. Restricted Assets (Continued)

|                                | 2016         | 2015          |
|--------------------------------|--------------|---------------|
| Cash and Cash Equivalents      |              |               |
| FTA Grant                      | \$ 371,523   | \$ 780,861    |
| Proposition 1B PTMISEA Grant   | 7,531,104    | 12,847,226    |
| Proposition 1B OHS CTSGP Grant | 1,108,817    | 372,111       |
| STA Grant                      | 166,324      | 463,282       |
| Total Restricted Assets        | \$ 9,177,768 | \$ 14,463,480 |

### G. Property and Equipment

Property and equipment are recorded at cost. Depreciation for all such assets is computed on a straight-line basis. Estimated useful lives of assets are as follows:

|                              |             |
|------------------------------|-------------|
| Buildings and improvements   | 20-39 years |
| Revenue vehicles             | 12 years    |
| Other vehicles and equipment | 3-10 years  |

Depreciation expense on assets acquired with capital grant funds are transferred to net position, net investment in capital assets, after being charged to operations.

Major improvements and betterments to existing facilities and equipment are capitalized. Costs for maintenance and repairs, which do not extend the useful lives of the applicable assets, are charged to expense as incurred. Upon disposition, costs and accumulated depreciation are removed from the accounts and resulting gains or losses are included in operations.

Santa Cruz METRO completed and capitalized the Scotts Valley Transit Center in fiscal year 1999. The cost of this facility totaled \$4,063,634, which was funded by federal, state, and local funds. The former Scotts Valley Redevelopment Agency, a political subdivision of the State of California, was one of Santa Cruz METRO's funding sources for this project and the Successor Agency has retained an interest in the property. The title to the property is retained by both Santa Cruz METRO and the Successor Agency as tenants in common with each party holding an individual interest in proportion to each party's financial participation in the project. The Successor Agency's portion of the property is 13.87%. The Successor Agency's portion is not recorded in Santa Cruz METRO's basic financial statements.

### H. Sales and Use Tax

Santa Cruz METRO receives a 0.5% sales and use tax levied on all taxable sales in Santa Cruz County, which is collected and administered by the California State Board of Equalization. During the fiscal years ended June 30, 2016 and 2015, sales and use tax revenue of \$840,903 and \$2,358,336, respectively, were used as the local match for capital projects funded by the State-Local Partnership Program (SLPP), as required by this formula program. Actual receipts of sales and use tax for the fiscal years ended June 30, 2016 and 2015, were \$19,712,551 and \$18,763,918, respectively.

Additionally, Santa Cruz METRO is allocated, through the Santa Cruz County Regional Transportation Commission, a portion of the 0.25% sales and use tax levied by the Transportation Development Act (TDA).

### I. Operating Assistance Grants

Operating assistance grants are recognized as revenue in the grant period when earned.

# Attachment A

## NOTE 1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### J. Self-Insurance

Santa Cruz METRO is self-insured for the first \$250,000 of general and vehicular liability. For settlements in excess of \$250,000, Santa Cruz METRO has total coverage up to \$25,000,000 per occurrence. Additionally, Santa Cruz METRO is self-insured up to \$350,000 for workers' compensation claims. Santa Cruz METRO has recorded a liability for estimated claims to be paid, including incurred but not reported claims.

### K. Employee Benefits

Annual and medical leave benefits are accrued when earned and reduced when used. Any paid medical leave accrued beyond 96 hours may, at the employee's option, be converted to annual leave and credited to the employee's annual leave schedule or paid in cash, depending on the bargaining unit, at 100% of the earned rate. Employees are paid accrued and unused annual leave at the time of separation from Santa Cruz METRO service.

### L. Payroll

Santa Cruz METRO contracts with the Santa Cruz County Auditor-Controller to provide payroll processing services.

### M. Pension Costs

Pension costs are expensed as incurred. These costs equal the actuarially determined annual contribution amount.

### N. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### O. Implementation of Governmental Accounting Standards Board Statements

**GASB Statement No. 72** – *Fair Value Measurement and Application*. The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2015. See Note 2 for detailed discussion of the effects on Santa Cruz METRO's current and prior period financial statements as a result of the adoption of this standard.

**GASB Statement No. 76** – *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions of this statement are effective for fiscal years beginning after June 15, 2015. There was no effect on Santa Cruz METRO's accounting or financial reporting as a result of implementing this standard.

### P. Future Governmental Accounting Standards Board Statements

**GASB Statement No. 73** – *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The provisions of this statement are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016. Santa Cruz METRO does not expect a material effect on accounting or financial reporting as a result of implementing this standard.

# Attachment A

## NOTE 1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### P. Future Governmental Accounting Standards Board Statements (Continued)

**GASB Statement No. 74** – *Financial Reporting for Postemployment Benefits Other than Pension Plans*. The provisions of this statement are effective for fiscal years beginning after June 15, 2016. Santa Cruz METRO has not fully judged the effect of the implementation of GASB Statement No. 74 as of the date of the basic financial statements.

**GASB Statement No. 75** – *Accounting and Financial Reporting for Postemployment Benefits Other than Pension Plans*. The provisions of this statement are effective for fiscal years beginning after June 15, 2017. Santa Cruz METRO has not fully judged the effect of the implementation of GASB Statement No. 75 as of the date of the basic financial statements.

**GASB Statement No. 77** – *Tax Abatement Disclosures*. The requirements of this statement are effective for reporting periods beginning after December 15, 2015. Santa Cruz METRO does not expect a material effect on accounting or financial reporting as a result of implementing this standard.

**GASB Statement No. 78** – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The requirements of this statement are effective for fiscal years beginning after December 15, 2015. Santa Cruz METRO has not fully judged the effect of the implementation of GASB Statement No. 78 as of the date of the basic financial statements.

**GASB Statement No. 79** – *Certain External Investment Pools and Pool Participant*. The requirements of this statement are effective for fiscal years beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23–26, and 40, which are effective for reporting periods beginning after December 15, 2015. Santa Cruz METRO has not fully judged the effect of the implementation of GASB Statement No. 79 as of the date of the basic financial statements.

**GASB Statement No. 80** – *Blending Requirements for Certain Component Units – an amendment of GASB Statement no. 14*. The requirements of this statement are effective for reporting periods beginning after June 30, 2016. Earlier application is encouraged. Santa Cruz METRO has not fully judged the effect of implementation of GASB Statement No. 80 as of the date of the basic financial statements.

**GASB Statement No. 81** – *Irrevocable Split-Interest Agreement*. The requirements of this statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. Santa Cruz METRO has not fully judged the effect of implementation of GASB Statement No. 81 as of the date of the basic financial statements.

**GASB Statement No. 82** – *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged. Santa Cruz METRO has not fully judged the effect of implementation of GASB Statement No. 82 as of the date of the basic financial statements.

# Attachment A

## NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at June 30, 2016 and 2015:

|  | <u>2016</u>          | <u>2015</u>          |
|--|----------------------|----------------------|
| Cash on Hand   | \$ 15,792            | \$ 15,792            |
| Demand Deposits                                      | 460,676              | 315,823              |
| Certificate of Deposit (CD)                          | 40,977               | 40,611               |
| Deposits in Santa Cruz County Pooled Investment Fund | <u>23,882,680</u>    | <u>31,611,637</u>    |
|  | <u>\$ 24,400,125</u> | <u>\$ 31,983,863</u> |

### Cash on Hand and Cash in Banks

### **Investments Authorized by the California Government Code and Santa Cruz METRO's Investment Policy**

The table below identifies the **investment types** that are authorized for Santa Cruz METRO by the California Government Code (or Santa Cruz METRO's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or Santa Cruz METRO's investment policy, where more restrictive) that address **interest rate risk**, **credit risk**, and **concentration of credit risk**.

| <u>Authorized Investment Type</u>         | <u>Maximum Maturity</u> | <u>Maximum Percentage of Portfolio</u> | <u>Maximum Investment in One Issuer</u> |
|---|-------------------------|--|---|
| Local Agency Bonds                        | 5 years                 | None                                   | None                                    |
| U.S. Treasury Obligations                 | 5 years                 | None                                   | None                                    |
| U.S. Agency Securities                    | 5 years                 | None                                   | None                                    |
| Bankers' Acceptances                      | 180 days                | None                                   | None                                    |
| Commercial Paper                          | 270 days                | None                                   | None                                    |
| Negotiable CDs                            | 5 years                 | None                                   | None                                    |
| Repurchase Agreements                     | 1 year                  | None                                   | None                                    |
| Reverse Repurchase Agreements             | 92 days                 | None                                   | None                                    |
| Medium-Term Notes                         | 5 years                 | None                                   | None                                    |
| Mutual Funds                              | N/A                     | None                                   | None                                    |
| Money Market Mutual Funds                 | N/A                     | None                                   | None                                    |
| Mortgage Pass-Through Securities          | 5 years                 | None                                   | None                                    |
| Santa Cruz County Pooled Investment Funds | N/A                     | 100%                                   | None                                    |
| Local Agency Investment Fund (LAIF)       | N/A                     | None                                   | None                                    |

### **Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

# Attachment A

## NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

### Cash on Hand and Cash in Banks (Continued)

#### Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of Santa Cruz METRO's investments to market interest rate fluctuations is provided by the following table that shows the distribution of Santa Cruz METRO's investments by maturity:

2016

| Investment Type                          | Amount        | Remaining Maturity (in Months) |                 |                 |                     |
|--|---------------|--------------------------------|-----------------|-----------------|---------------------|
|  |               | 12 Months or Less              | 13 to 24 Months | 25 to 60 Months | More Than 60 Months |
| Santa Cruz County Pooled Investment Fund | \$ 23,882,680 | \$ 23,882,680                  | \$ -            | \$ -            | \$ -                |

2015

| Investment Type                          | Amount        | Remaining Maturity (in Months) |                 |                 |                     |
|--|---------------|--------------------------------|-----------------|-----------------|---------------------|
|  |               | 12 Months or Less              | 13 to 24 Months | 25 to 60 Months | More Than 60 Months |
| Santa Cruz County Pooled Investment Fund | \$ 31,611,637 | \$ 31,611,637                  | \$ -            | \$ -            | \$ -                |

#### Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, Santa Cruz METRO's investment policy, and the actual rating as of year-end for each investment type. The column marked "exempt from disclosure" identifies those investment types for which GASB Statement No. 40 does not require disclosure as to credit risk:

2016

| Investment Type                          | Amount        | Minimum Legal Rating | Exempt From Disclosure | Rating as of Year-End |      |               |
|--|---------------|----------------------|------------------------|-----------------------|------|---------------|
|  |               |                      |                        | AAA                   | Aa   | Not Rated     |
| Santa Cruz County Pooled Investment Fund | \$ 23,882,680 | N/A                  | \$ -                   | \$ -                  | \$ - | \$ 23,882,680 |

2015

| Investment Type                          | Amount        | Minimum Legal Rating | Exempt From Disclosure | Rating as of Year-End |      |               |
|--|---------------|----------------------|------------------------|-----------------------|------|---------------|
|  |               |                      |                        | AAA                   | Aa   | Not Rated     |
| Santa Cruz County Pooled Investment Fund | \$ 31,611,637 | N/A                  | \$ -                   | \$ -                  | \$ - | \$ 31,611,637 |

# Attachment A

## **NOTE 2 – CASH AND CASH EQUIVALENTS** (Continued)

### Cash on Hand and Cash in Banks (Continued)

#### **Concentration of Credit Risk**

The investment policy of Santa Cruz METRO contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Santa Cruz METRO did not have any investments in any one issuer (other than external investment pools) that represent 5% or more of total Santa Cruz METRO's investments at June 30, 2016 or 2015.

#### **Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and Santa Cruz METRO's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

#### **Custodial Credit Risk**

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: None of Santa Cruz METRO's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

#### **Investment in Santa Cruz County Pooled Investment Fund**

Santa Cruz METRO is a voluntary participant in the Santa Cruz County Pooled Investment Fund. The fair value of Santa Cruz METRO's investment in this pool is reported in the accompanying basic financial statements at amounts based upon Santa Cruz METRO's pro-rata share of the fair value provided by Santa Cruz County for the entire Santa Cruz County portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by Santa Cruz County, which are recorded on an amortized cost basis.

#### **Fair Value Measurements**

Santa Cruz METRO categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based upon unobservable sources.

# Attachment A

## NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

### Cash on Hand and Cash in Banks (Continued)

Santa Cruz METRO has the following recurring fair value measurements as of June 30, 2016 and 2015:

2016

|  | Fair Value Measurement Using |  |  |  |
|--|------------------------------|--|--|--|
|  |                              | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs (Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <u>Investments by fair value level</u>   |                              |  |  |  |
| Certificate of Deposit (CD)              | \$ 40,977                    | \$ 40,977  | \$ -   | \$ -   |
| Total investments measured at fair value | 40,977                       | \$ 40,977  | \$ -   | \$ -   |
| Investments measured at amortized cost   |                              |  |  |  |
| Pooled Investment Fund                   | 23,882,680                   |  |  |  |
| Total pooled and directed investments    | \$ 23,923,657                |  |  |  |

2015

|  | Fair Value Measurement Using |  |  |  |
|--|------------------------------|--|--|--|
|  |                              | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs (Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <u>Investments by fair value level</u>   |                              |  |  |  |
| Certificate of Deposit (CD)              | \$ 40,611                    | \$ 40,611  | \$ -   | \$ -   |
| Total investments measured at fair value | 40,611                       | \$ 40,611  | \$ -   | \$ -   |
| Investments measured at amortized cost   |                              |  |  |  |
| Pooled Investment Fund                   | 31,611,637                   |  |  |  |
| Total pooled and directed investments    | \$ 31,652,248                |  |  |  |

Investments in the Santa Cruz County Pooled Investment Fund pool totaling \$23,882,680 and \$31,611,637 as of June 30, 2016 and 2015, respectively, are measured at amortized cost, which approximates fair value.

## NOTE 3 – RECEIVABLES

Receivables at June 30 are as follows:

|                           | 2016         | 2015         |
|---------------------------|--------------|--------------|
| Federal Grants            | \$ 516,009   | \$ 413,449   |
| State Grants              | 2,027,053    | 2,712,069    |
| Sales and Use Tax Revenue | 3,067,100    | 3,021,200    |
| Other                     | 1,539,701    | 846,697      |
|                           | \$ 7,149,863 | \$ 6,993,415 |

# Attachment A

## NOTE 4 – CHANGES IN CAPITAL ASSETS

Facilities, property, and equipment at June 30 are summarized as follows:

June 30, 2016

|   | Balance<br>July 1, 2015 | Additions and<br>Transfers | Retirements<br>and Transfers | Balance<br>June 30, 2016 |
|---|-------------------------|----------------------------|------------------------------|--------------------------|
| Non-Depreciated Assets                                |                         |                            |                              |                          |
| Land  | \$ 11,596,311           | \$ -                       | \$ -                         | \$ 11,596,311            |
| Construction-in-Progress                              | 20,605,781              | 7,850,322                  | (616,605)                    | 27,839,498               |
| Total Non-Depreciated Assets                          | 32,202,092              | 7,850,322                  | (616,605)                    | 39,435,809               |
| Depreciated Assets                                    |                         |                            |                              |                          |
| Building and Improvements                             | 47,505,460              | 270,967                    | (64,449)                     | 47,711,978               |
| Revenue Vehicles                                      | 50,605,014              | -                          | (2,082,061)                  | 48,522,953               |
| Operations Equipment                                  | 6,433,325               | 9,208                      | (10,667)                     | 6,431,866                |
| Other Equipment                                       | 2,061,303               | 112,701                    | (42,271)                     | 2,131,733                |
| Other Vehicles  | 1,178,619               | -                          | (14,015)                     | 1,164,604                |
| Office Equipment                                      | 3,904,539               | 35,865                     | (7,167)                      | 3,933,237                |
| Total Depreciated Assets                              | 111,688,260             | 428,741                    | (2,220,630)                  | 109,896,371              |
| Less Accumulated Depreciation                         | (61,136,862)            | (3,915,785)                | 2,216,098                    | (62,836,549)             |
| Depreciated Assets Net of<br>Accumulated Depreciation | 50,551,398              | (3,487,044)                | (4,532)                      | 47,059,822               |
| Total Capital Assets                                  | <u>\$ 82,753,490</u>    | <u>\$ 4,363,278</u>        | <u>\$ (621,137)</u>          | <u>\$ 86,495,631</u>     |

Depreciation expense at June 30, 2016, was \$3,915,785.

June 30, 2015

|   | Balance<br>July 1, 2014 | Additions and<br>Transfers | Retirements<br>and Transfers | Balance<br>June 30, 2015 |
|---|-------------------------|----------------------------|------------------------------|--------------------------|
| Non-Depreciated Assets                                |                         |                            |                              |                          |
| Land  | \$ 11,596,311           | \$ -                       | \$ -                         | \$ 11,596,311            |
| Construction-in-Progress                              | 11,744,657              | 9,592,751                  | (731,627)                    | 20,605,781               |
| Total Non-Depreciated Assets                          | 23,340,968              | 9,592,751                  | (731,627)                    | 32,202,092               |
| Depreciated Assets                                    |                         |                            |                              |                          |
| Building and Improvements                             | 47,449,888              | 65,559                     | (9,987)                      | 47,505,460               |
| Revenue Vehicles                                      | 51,920,525              | 106,514                    | (1,422,025)                  | 50,605,014               |
| Operations Equipment                                  | 6,387,675               | 49,324                     | (3,674)                      | 6,433,325                |
| Other Equipment                                       | 2,061,303               | -                          | -                            | 2,061,303                |
| Other Vehicles  | 1,197,180               | 56,430                     | (74,991)                     | 1,178,619                |
| Office Equipment                                      | 3,492,756               | 453,800                    | (42,017)                     | 3,904,539                |
| Total Depreciated Assets                              | 112,509,327             | 731,627                    | (1,552,694)                  | 111,688,260              |
| Less Accumulated Depreciation                         | (57,352,454)            | (5,325,348)                | 1,540,940                    | (61,136,862)             |
| Depreciated Assets Net of<br>Accumulated Depreciation | 55,156,873              | (4,593,721)                | (11,754)                     | 50,551,398               |
| Total Capital Assets                                  | <u>\$ 78,497,841</u>    | <u>\$ 4,999,030</u>        | <u>\$ (743,381)</u>          | <u>\$ 82,753,490</u>     |

Depreciation expense at June 30, 2015, was \$5,325,348.

# Attachment A

## **NOTE 5 – CAPITAL GRANTS**

Santa Cruz METRO receives grants from the FTA, which provides financing for the acquisition of rolling stock and construction of facilities. Santa Cruz METRO also receives grants under the State TDA primarily for the acquisition of rolling stock and support equipment, and purchase of furniture and fixtures.

A summary of federal and state grant activity for the years ended June 30 is as follows:

|                                       | <u>2016</u>         | <u>2015</u>         |
|---------------------------------------|---------------------|---------------------|
| Federal Grants                        | \$ 442,706          | \$ 393,306          |
| State Grants                          | 6,287,693           | 8,629,132           |
| Other - Settlement Agreement Proceeds | <u>840,903</u>      | <u>247,979</u>      |
| Total Capital Grants                  | <u>\$ 7,571,302</u> | <u>\$ 9,270,417</u> |

## **NOTE 6 – COMMITMENTS**

Santa Cruz METRO leases a number of its facilities under operating leases through 2021. For the years ended June 30, 2016 and 2015, rental costs relating to the leases were \$396,172 and \$396,409, respectively. In addition, Santa Cruz METRO receives rent income from retail space in their transit centers. Minimum net lease payments for existing operating leases are as follows:

| <u>Year Ending<br/>June 30</u> | <u>Lease<br/>Commitments</u> | <u>Rental Income</u> | <u>Net</u>       |
|--------------------------------|------------------------------|----------------------|------------------|
| 2017                           | \$ 210,277                   | \$ 118,623           | \$ 91,654        |
| 2018                           | 200,560                      | 111,474              | 89,086           |
| 2019                           | 54,027                       | 91,010               | (36,983)         |
| 2020                           | 24,998                       | 90,155               | (65,157)         |
| 2021                           | <u>25,498</u>                | <u>90,465</u>        | <u>(64,967)</u>  |
|                                | <u>\$ 515,360</u>            | <u>\$ 501,727</u>    | <u>\$ 13,633</u> |

## **NOTE 7 – JOINT VENTURES (JOINT POWERS AUTHORITY WITH CalTIP)**

Santa Cruz METRO participates in a joint powers authority (JPA), the California Transit Indemnity Pool (CalTIP). The relationship between Santa Cruz METRO and the JPA is such that the JPA is not a component unit of Santa Cruz METRO for financial reporting purposes.

CalTIP arranges for and provides property and liability insurance for its 34 members. CalTIP is governed by a board that controls the operations of CalTIP, including selection of management and approval of operating budgets, independent of any influence by the member districts. Each member district pays a premium commensurate with the level of coverage requested and shares in surpluses and deficits proportionate to their participation in CalTIP.

# Attachment A

## **NOTE 7 – JOINT VENTURES (JOINT POWERS AUTHORITY WITH CalTIP)** (Continued)

Condensed audited financial information of CalTIP for the years ended April 30 (most recent information available) is as follows:

|                              | <u>2016</u>           | <u>2015</u>           |
|------------------------------|-----------------------|-----------------------|
| Total Assets                 | \$ 27,142,767         | \$ 25,819,506         |
| Total Liabilities            | <u>21,487,418</u>     | <u>16,342,076</u>     |
| Fund Balance                 | <u>\$ 5,655,349</u>   | <u>\$ 9,477,430</u>   |
| Total Revenues               | \$ 9,597,626          | \$ 8,447,347          |
| Total Expenditures           | <u>13,419,707</u>     | <u>10,321,012</u>     |
| Net Decrease in Fund Balance | <u>\$ (3,822,081)</u> | <u>\$ (1,873,665)</u> |

CalTIP has not calculated Santa Cruz METRO's share of year-end assets, liabilities, or fund balance.

## **NOTE 8 – WATSONVILLE FLEET MAINTENANCE FACILITY SETTLEMENT RECEIPT**

Santa Cruz METRO's fleet maintenance facility in Watsonville was damaged in the Loma Prieta earthquake (the earthquake) in October 1989. An engineering study concluded that the demolition of the existing facility and construction of a new facility was the most practical course of action. Therefore, the net book value of the facility was written off the books in a prior year.

In addition, due to design and construction deficiencies by the design and building contractors involved in the original project, Santa Cruz METRO initiated litigation against the contractors and came to a settlement agreement with said contractors on May 30, 1995. In accordance with this agreement, the contractors remitted \$4,776,858 (including \$171,538 in costs) to Santa Cruz METRO during fiscal year 1996, representing damages less attorney fees. FTA Section 3/5309 restricts the use of these proceeds, and the interest earned thereon. Accordingly, the net restricted amount of \$371,523 and \$780,861 is reflected on the statements of net position as unearned revenue at June 30, 2016 and 2015, respectively.

## **NOTE 9 – CONTINGENCIES**

Santa Cruz METRO has received state and federal funds for specific purposes that are subject to review and audit by grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, Santa Cruz METRO believes that any required reimbursement will not be material.

Additionally, Santa Cruz METRO is party to various claims and litigation in the normal course of business. In the opinion of management and in-house counsel, any ultimate losses have been adequately provided for in the basic financial statements.

# Attachment A

## NOTE 10 – DEFINED BENEFIT PENSION PLAN

### A. General Information About the Pension Plan

#### Plan Description

Santa Cruz METRO's defined benefit pension plan, the Miscellaneous Plan for Santa Cruz Metropolitan Transit District (the Plan), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers with the State of California. A menu of benefit provisions, as well as other requirements, is established by state statutes within the Public Employees' Retirement Law. Santa Cruz METRO selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board of Directors action. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

#### Funding Policy

There are 306 and 334 active plan members in the Plan as of June 30, 2016 and 2015, respectively, who are required to contribute a percentage of their annual covered salary. In lieu of salary increases and for employees who agreed to salary reductions in certain prior years, Santa Cruz METRO agreed to pay a portion of the employee contribution, based on formulas negotiated in their labor agreements. Santa Cruz METRO is also required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rates for the fiscal years ended June 30, 2016 and 2015, were 21.000% and 20.651%. The contribution requirements of the Plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

| Hire Date  | Prior to<br>January 1, 2013 | On or after<br>January 1, 2013 |
|--|-----------------------------|--------------------------------|
| Benefit Formula  | 2.5%@55                     | 2%@62                          |
| Benefit Vesting Schedule                                   | 5 years service             | 5 years service                |
| Benefit Payments   | monthly for life            | monthly for life               |
| Retirement Age   | 50                          | 52                             |
| Monthly Benefits, as a Percentage of Eligible Compensation | 2.000% - 2.500%             | 1.000%-2.500%                  |
| Required Employee Contribution Rates                       | 8.000%                      | 6.250%                         |
| Required Employer Contribution Rates                       | 21.000%                     | 21.000%                        |

The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

| Hire Date  | Prior to<br>January 1, 2013 | On or after<br>January 1, 2013 |
|--|-----------------------------|--------------------------------|
| Benefit Formula  | 2.5%@55                     | 2%@62                          |
| Benefit Vesting Schedule                                   | 5 years service             | 5 years service                |
| Benefit Payments   | monthly for life            | monthly for life               |
| Retirement Age   | 50                          | 52                             |
| Monthly Benefits, as a Percentage of Eligible Compensation | 2.000% - 2.500%             | 1.000%-2.500%                  |
| Required Employee Contribution Rates                       | 8.000%                      | 6.250%                         |
| Required Employer Contribution Rates                       | 20.651%                     | 20.651%                        |

# Attachment A

## NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

### A. General Information About the Pension Plan

**Employees Covered** – At June 30, 2016 and 2015, the following employees were covered by the benefit terms for the Plan:

|  | 2016 | 2015 |
|--|------|------|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 258  | 244  |
| Inactive Employees Entitled to but not yet Receiving Benefits    | 173  | 123  |
| Active Employees   | 306  | 334  |
| Total  | 737  | 701  |

### B. Net Pension Liability

Santa Cruz METRO's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2015 and 2014 actuarial valuations were determined using the following actuarial assumptions:

|                           |   |   |
|---------------------------|---|---|
| Valuation Date            | June 30, 2014   | June 30, 2013   |
| Measurement Date          | June 30, 2015   | June 30, 2014   |
| Actuarial Cost Method     | Entry Age Normal  | Entry Age Normal  |
| Actuarial Assumptions:    |   |   |
| Discount Rate             | 7.65%   | 7.50%   |
| Inflation                 | 2.75%   | 2.75%   |
| Payroll Growth            | 3.00%   | 3.00%   |
| Projected Salary Increase | Varies by Entry<br>Age and Service <sup>(1)</sup>                         | Varies by Entry<br>Age and Service <sup>(1)</sup>                         |
| Investment Rate of Return | 7.50% <sup>(2)</sup>  | 7.50% <sup>(2)</sup>  |
| Mortality                 | Derived using <sup>(3)</sup><br>CalPERS' Membership<br>Data for all Funds | Derived using <sup>(3)</sup><br>CalPERS' Membership<br>Data for all Funds |

<sup>(1)</sup> Depending on age, service, and type of employment.

<sup>(2)</sup> Net of pension plan investment expenses, including inflation.

<sup>(3)</sup> The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 and 2014 valuations were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

# Attachment A

## NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

### B. Net Pension Liability (Continued)

**Discount Rate** – The discount rates used to measure the total pension liability for June 30, 2016 and 2015, were 7.65% and 7.50%, respectively. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% and 7.50% discount rates for 2016 and 2015, respectively, are adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65% and 7.50% for 2016 and 2015, respectively, will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.65% and 7.50% investment return assumption used in this accounting valuation for 2016 and 2015, respectively, are net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 8.65% and 7.65% for 2016 and 2015, respectively. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require the CalPERS Board of Administration action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statements No. 67 and No. 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as it has changed its methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

# Attachment A

## NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

### B. Net Pension Liability (Continued)

2015

| Asset Class                   | New<br>Strategic<br>Allocation | Real Return<br>Years 1 - 10 <sup>(a)</sup> | Real Return<br>Years 11+ <sup>(b)</sup> |
|-------------------------------|--------------------------------|--|---|
| Global Equity                 | 51.00%                         | 5.25%                                      | 5.71%                                   |
| Global Fixed Income           | 19.00%                         | 0.99                                       | 2.43                                    |
| Inflation Sensitive           | 6.00%                          | 0.45                                       | 3.36                                    |
| Private Equity                | 10.00%                         | 6.83                                       | 6.95                                    |
| Real Estate                   | 10.00%                         | 4.50                                       | 5.13                                    |
| Infrastructure and Forestland | 2.00%                          | 4.50                                       | 5.09                                    |
| Liquidity                     | 2.00%                          | (0.55)                                     | (1.05)                                  |
| Total                         | 100.00%                        |  |   |

<sup>(a)</sup> An expected inflation of 2.5% used for this period.

<sup>(b)</sup> An expected inflation of 3.0% used for this period.

2014

| Asset Class                   | New<br>Strategic<br>Allocation | Real Return<br>Years 1 - 10 <sup>(a)</sup> | Real Return<br>Years 11+ <sup>(b)</sup> |
|-------------------------------|--------------------------------|--|---|
| Global Equity                 | 47.00%                         | 5.25%                                      | 5.71%                                   |
| Global Fixed Income           | 19.00%                         | 0.99                                       | 2.43                                    |
| Inflation Sensitive           | 6.00%                          | 0.45                                       | 3.36                                    |
| Private Equity                | 12.00%                         | 6.83                                       | 6.95                                    |
| Real Estate                   | 11.00%                         | 4.50                                       | 5.13                                    |
| Infrastructure and Forestland | 3.00%                          | 4.50                                       | 5.09                                    |
| Liquidity                     | 2.00%                          | (0.55)                                     | (1.05)                                  |
| Total                         | 100.00%                        |  |   |

<sup>(a)</sup> An expected inflation of 2.5% used for this period.

<sup>(b)</sup> An expected inflation of 3.0% used for this period.

# Attachment A

## NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

### C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for the Plan follow:

|  | Increase (Decrease)        |                                |                                  |
|--|----------------------------|--------------------------------|----------------------------------|
|  | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability/(Asset) |
| Balance at June 30, 2014 <sup>(1)</sup>                          | \$ 151,777,613             | \$ 109,465,857                 | \$ 42,311,756                    |
| Changes in the Year:   |                            |                                |                                  |
| Service Cost   | 3,294,147                  | -                              | 3,294,147                        |
| Interest on the Total Pension Liability                          | 11,234,261                 | -                              | 11,234,261                       |
| Differences between Actual and<br>Expected Experience            | (414,257)                  | -                              | (414,257)                        |
| Changes in Assumptions   | (2,564,554)                | -                              | (2,564,554)                      |
| Changes in Benefit Terms   | -                          | -                              | -                                |
| Contribution - Employer  | -                          | 4,086,806                      | (4,086,806)                      |
| Contribution - Employee (Paid by Employer)                       | -                          | -                              | -                                |
| Contribution - Employee  | -                          | 1,645,356                      | (1,645,356)                      |
| Net Investment Income <sup>(2)</sup>                             | -                          | 2,493,939                      | (2,493,939)                      |
| Administrative Expenses  | -                          | (124,362)                      | 124,362                          |
| Benefit Payments, Including Refunds of<br>Employee Contributions | (7,185,556)                | (7,185,556)                    | -                                |
| Net Changes  | 4,364,041                  | 916,183                        | 3,447,858                        |
| Balance at June 30, 2015 <sup>(1)</sup>                          | \$ 156,141,654             | \$ 110,382,040                 | \$ 45,759,614                    |

<sup>(1)</sup> The plan fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance, and other postemployment benefits (OPEB) expense. This may differ from the Plan assets reported in the funding actuarial valuation report.

<sup>(2)</sup> Net of administrative expenses.

# Attachment A

## NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

### C. Changes in the Net Pension Liability (Continued)

|  | Increase (Decrease)        |                                |                                  |
|--|----------------------------|--------------------------------|----------------------------------|
|  | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability/(Asset) |
| Balance at June 30, 2013 <sup>(1)</sup>                          | \$ 144,528,243             | \$ 94,622,877                  | \$ 49,905,366                    |
| Changes in the Year:   |                            |                                |                                  |
| Service Cost   | 3,200,114                  | -                              | 3,200,114                        |
| Interest on the Total Pension Liability                          | 10,709,850                 | -                              | 10,709,850                       |
| Differences between Actual and<br>Expected Experience            | -                          | -                              | -                                |
| Changes in Assumptions   | -                          | -                              | -                                |
| Changes in Benefit Terms   | -                          | -                              | -                                |
| Contribution - Employer  | -                          | 3,668,004                      | (3,668,004)                      |
| Contribution - Employee (Paid by Employer)                       | -                          | -                              | -                                |
| Contribution - Employee  | -                          | 1,573,391                      | (1,573,391)                      |
| Net Investment Income <sup>(2)</sup>                             | -                          | 16,262,179                     | (16,262,179)                     |
| Administrative Expenses  | -                          | -                              | -                                |
| Benefit Payments, Including Refunds of<br>Employee Contributions | (6,660,594)                | (6,660,594)                    | -                                |
| Net Changes  | 7,249,370                  | 14,842,980                     | (7,593,610)                      |
| Balance at June 30, 2014 <sup>(1)</sup>                          | \$ 151,777,613             | \$ 109,465,857                 | \$ 42,311,756                    |

<sup>(1)</sup> The plan fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance, and other postemployment benefits (OPEB) expense. This may differ from the Plan assets reported in the funding actuarial valuation report.

<sup>(2)</sup> Net of administrative expenses.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of the Plan, calculated using the discount rate for the Plan, as well as what Santa Cruz METRO's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

#### 2015

|  |               |
|--|---------------|
| 1% Decrease<br>Net Pension Liability           | \$ 65,162,040 |
| Current Discount Rate<br>Net Pension Liability | \$ 45,759,614 |
| 1% Increase<br>Net Pension Liability           | \$ 29,530,278 |

# Attachment A

## NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

### C. Changes in the Net Pension Liability (Continued)

2014

|  |               |
|--|---------------|
| 1% Decrease<br>Net Pension Liability           | \$ 60,693,573 |
| Current Discount Rate<br>Net Pension Liability | \$ 42,311,756 |
| 1% Increase<br>Net Pension Liability           | \$ 26,875,334 |

***Pension Plan Fiduciary Net Position*** – Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

### D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the years ended June 30, 2016 and 2015, Santa Cruz METRO recognized a pension expense of \$3,292,542 and \$3,507,337, respectively. At June 30, 2016 and 2015, Santa Cruz METRO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| 2016   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Pension Contributions Subsequent to Measurement Date                         | \$ 4,035,814                      | \$ -                             |
| Differences between Actual and Expected Experience                           | -                                 | (491,717)                        |
| Changes in Assumptions   | -                                 | (1,906,976)                      |
| Net Differences between Projected and Actual Earnings on<br>Plan Investments | 4,598,899                         | (5,574,707)                      |
| Total  | \$ 8,634,713                      | \$ (7,973,400)                   |
| 2015   |                                   |                                  |
|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Pension Contributions Subsequent to Measurement Date                         | \$ 3,903,126                      | \$ -                             |
| Differences between Actual and Expected Experience                           | -                                 | -                                |
| Changes in Assumptions   | -                                 | -                                |
| Net Differences between Projected and Actual Earnings on<br>Plan Investments | -                                 | (7,432,943)                      |
| Total  | \$ 3,903,126                      | \$ (7,432,943)                   |

# Attachment A

## NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

### D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The \$4,035,814 and \$3,903,126 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended June 30, 2017 and 2016, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Measurement<br>Period Ended<br>June 30 |                       |
|--|-----------------------|
| 2016                                   | \$ (1,993,350)        |
| 2017                                   | (1,993,350)           |
| 2018                                   | (1,993,350)           |
| 2019                                   | <u>(1,993,350)</u>    |
| Total                                  | <u>\$ (7,973,400)</u> |

### E. Payable to the Pension Plan

At June 30, 2016 and 2015, Santa Cruz METRO reported a payable of \$0 and \$0 for the outstanding amount of contributions to the Plan required for the years ended June 30, 2016 and 2015, respectively.

## NOTE 11 – DEFERRED COMPENSATION PLAN

Santa Cruz METRO offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and provisions of the Government Code of the State of California. The plan, available to all Santa Cruz METRO employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Santa Cruz METRO employees participate in two such plans, the Great-West Life and Annuity Insurance (Great-West) plan and the other through CalPERS.

At June 30, 2016, all amounts held under the Great-West plan and the CalPERS plan are held in trust and are not reflected on the accompanying statements of net position as required under GASB Statement No. 27, *Accounting Standards for Pensions by State and Local Governmental Employers*.

Complete financial statements for Great-West can be obtained from Great-West at P.O. Box 173764, Denver, Colorado 80217-3764. Complete financial statements for CalPERS can be obtained from CalPERS at Lincoln Plaza North, 400 Q Street, Sacramento, California 94229.

# Attachment A

## **NOTE 12 – RISK MANAGEMENT**

Santa Cruz METRO is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which Santa Cruz METRO carries commercial insurance. Santa Cruz METRO has also established limited risk management programs for workers' compensation, and general and vehicular liability, as described in Note 1.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR).

The IBNR for workers' compensation was based on an actuarial study dated May 2013. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. Changes in the balances of claims liabilities are as follows:

|   | <u>2016</u>         | <u>2015</u>         |
|---|---------------------|---------------------|
| Workers' Compensation Liabilities:          |                     |                     |
| Unpaid Claims, Beginning of Fiscal Year     | \$ 4,403,314        | \$ 4,190,177        |
| Other Adjustments (Including IBNRs)         | (1,832,581)         | (405,983)           |
| Claim Payments                              | <u>669,061</u>      | <u>619,120</u>      |
| Unpaid Claims Liability, End of Fiscal Year | <u>\$ 3,239,794</u> | <u>\$ 4,403,314</u> |

## **NOTE 13 – TRANSPORTATION DEVELOPMENT ACT/CALIFORNIA ADMINISTRATIVE CODE**

Santa Cruz METRO is subject to compliance with the TDA provisions; Sections 6634 and 6637 of the California Administrative Code; and Sections 99267, 99268.1, and 99314.6 of the PUC.

### Section 6634

Pursuant to Section 6634, a transit claimant is precluded from receiving monies from the Local Transportation Fund (LTF) and the STA Fund in an amount which exceeds the claimant's capital and operating costs, less the required fares, and local support. Santa Cruz METRO did not receive TDA, STA, or LTF revenues in excess of the prescribed formula amounts.

### Section 6637

Pursuant to Section 6637, a claimant must maintain its accounts and records in accordance with the Uniform System of Accounts and Records for Transit Operators adopted by the State Controller. Santa Cruz METRO did maintain its accounts and records in accordance with the Uniform System of Accounts and Records for Transit Operators.

### Sections 99267, 99268.1, and 99314.6

Pursuant to the TDA, Santa Cruz METRO meets the 50% Expenditure Limitation required by PUC §99268 and does not use the Alternative Revenue Ratio to determine eligibility for TDA funds.

# Attachment A

## **NOTE 14 – PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)**

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, Proposition 1B. Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State, as instructed by the statute, as PTMISEA. These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacement.

The audit of public transportation operator finances, pursuant to Section 99245 of the PUC and required under the TDA, was expanded to include verification of receipt and appropriate expenditure of PTMISEA bond funds.

The Santa Cruz County Regional Transportation Commission (SCCRTC) is responsible for allocating the Proposition 1B PUC Section 99313 funds in Santa Cruz County. In December 2007, the SCCRTC programmed 100% of its share of Section 99313 Proposition 1B PTMISEA funds (approximately \$2.1 million) to Santa Cruz METRO for the Consolidated MetroBase Project. Funds audited include the SCCRTC share of PUC Section 99313 Proposition 1B transit funds that have been passed-through to Santa Cruz METRO.

During the fiscal year ended June 30, 2016, Santa Cruz METRO applied for and received proceeds of \$0 and earned interest of \$70,365 from the State's PTMISEA account for construction funding for the Consolidated MetroBase Project. During the fiscal year ended June 30, 2016, qualifying expenditures of \$5,386,487 were incurred and the remaining balance of \$7,531,104 including accrued interest was deferred. Qualifying expenditures must be encumbered within three years from the date of the allocation and expended within three years from the date of encumbrance.

### **Schedule of PTMISEA Proposition 1B Grants For the Year Ended June 30, 2016**

|   | <u>2016</u>         |
|---|---------------------|
| <b>Balance - beginning of the year</b>      | \$ 12,847,226       |
| <b>Receipts:</b>                            |                     |
| Grant received                              | -                   |
| Interest accrued 7/1/2015 through 6/30/2016 | 70,365              |
| <b>Expenses:</b>                            |                     |
| MetroBase Construction                      | <u>(5,386,487)</u>  |
| <b>Balance - end of year</b>                | <u>\$ 7,531,104</u> |

### **Schedule of PTMISEA Proposition 1B Grants For the Year Ended June 30, 2015**

|   | <u>2015</u>          |
|---|----------------------|
| <b>Balance - beginning of the year</b>      | \$ 9,906,729         |
| <b>Receipts:</b>                            |                      |
| Grant received                              | 5,949,126            |
| Interest accrued 7/1/2014 through 6/30/2015 | 53,188               |
| <b>Expenses:</b>                            |                      |
| MetroBase Construction                      | <u>(3,061,817)</u>   |
| <b>Balance - end of year</b>                | <u>\$ 12,847,226</u> |

# Attachment A

## **NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

### Plan Description

Santa Cruz METRO provides post-retirement CalPERS medical benefits to qualified retired employees age 50 and older (including eligible dependents) who have completed at least five years of CalPERS eligible service. Santa Cruz METRO pays medical premiums depending on bargaining union and PEMHCA contract requirements. If the retiree has ten years of Santa Cruz METRO eligible service, Santa Cruz METRO provides post-retirement dental and vision benefits for qualified retirees (including eligible dependents), and life insurance for the retiree only, until the retiree reaches age 65. The costs of providing these benefits are recognized when paid. Santa Cruz METRO has recognized approximately \$2,806,852 and \$2,487,455 of expense for these benefits for the years ending June 30, 2016 and 2015, respectively.

### Annual OPEB Cost and Net OPEB Obligation

Santa Cruz METRO's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For fiscal years 2015-16 and 2014-15, Santa Cruz METRO's annual OPEB cost was \$8,716,620 and \$7,201,292, respectively. Santa Cruz METRO's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2016 and 2015, were as follows:

|   | 2016          | 2015          |
|---|---------------|---------------|
| Annual required contribution                | \$ 8,953,360  | \$ 7,331,665  |
| Interest on net OPEB obligation             | 929,790       | 741,236       |
| Adjustments to annual required contribution | (1,166,530)   | (871,609)     |
| Annual OPEB cost                            | 8,716,620     | 7,201,292     |
| Implicit subsidy                            | (747,406)     | -             |
| Contributions made                          | 2,806,852     | 2,487,455     |
| Change in net OPEB obligation               | 5,162,362     | 4,713,837     |
| Net OPEB obligation - beginning of year     | 23,244,745    | 18,530,908    |
| Net OPEB obligation - end of year           | \$ 28,407,107 | \$ 23,244,745 |

| Year Ended<br>June 30, | Annual<br>OPEB<br>Cost | Actual<br>Employer<br>Contributions | Percentage of<br>Annual OPEB Cost<br>Contributed | Net Ending<br>OPEB<br>Obligation |
|------------------------|------------------------|-------------------------------------|--|----------------------------------|
| 2014                   | \$ 6,823,903           | \$ 2,358,759                        | 34.57%   | \$ 18,530,908                    |
| 2015                   | \$ 7,201,292           | \$ 2,487,455                        | 34.54%   | \$ 23,244,745                    |
| 2016                   | \$ 8,716,620           | \$ 2,806,852                        | 32.20%   | \$ 28,407,107                    |

# Attachment A

## **NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS** (Continued)

### Funding Policy, Funded Status, and Funding Progress

Santa Cruz METRO's required contribution is based on pay-as-you-go financing requirements. For fiscal years 2015-16 and 2014-15, Santa Cruz METRO contributed \$2,806,852 and \$2,487,455, respectively, to the Plan.

As of July 1, 2015, the most recent actuarial valuation date, the projected actuarial accrued liability (AAL) for benefits was \$92,633,342 all of which was unfunded.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and probability about the occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the annual required contributions of Santa Cruz METRO are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

The actuarial assumptions used for rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding healthcare inflation and interest were based on a standard set of actuarial assumptions modified as appropriate for Santa Cruz METRO. Turnover, mortality, and retirement rates were taken from the CalPERS actuarial table for miscellaneous employees, which closely match Santa Cruz METRO experience. Healthcare inflation rates are based on the general health care environment. Actual healthcare premiums through 2016 were used and then projected to increase in future years; a 7.50% increase is projected for 2017, with annual increases gradually declining until reaching a flat 4.50% annual increase for 2023 and all years later. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over 30 years from June 30, 2008, with 23 years remaining as of June 30, 2016.

## **NOTE 16 – SUBSEQUENT EVENTS**

Subsequent events were evaluated by management through December 9, 2016, which is the date of issuance. There were no subsequent events identified by management which would require disclosure in these financial statements.

# Attachment A

**REQUIRED SUPPLEMENTARY INFORMATION**

# Attachment A

## SANTA CRUZ METROPOLITAN TRANSIT DISTRICT SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2016 LAST 10 YEARS\*

|   | Measurement<br>Period 2014/15 | Measurement<br>Period 2013/14 |
|---|-------------------------------|-------------------------------|
| <b>Total Pension Liability</b>  |                               |                               |
| Service Cost  | \$ 3,294,147                  | \$ 3,200,114                  |
| Interest on Total Pension Liability   | 11,234,261                    | 10,709,850                    |
| Differences between Expected and Actual Experience                                | (414,257)                     | -                             |
| Changes in Assumptions  | (2,564,554)                   | -                             |
| Changes in Benefits   | -                             | -                             |
| Benefit Payments, Including Refunds of Employee<br>Contributions                  | (7,185,556)                   | (6,660,594)                   |
| Net Change in Total Pension Liability   | 4,364,041                     | 7,249,370                     |
| Total Pension Liability - Beginning   | 151,777,613                   | 144,528,243                   |
| Total Pension Liability - Ending (a)  | \$ 156,141,654                | \$ 151,777,613                |
| <br><b>Plan Fiduciary Net Position</b>  |                               |                               |
| Contributions - Employer  | \$ 4,086,806                  | \$ 3,668,004                  |
| Contributions - Employee  | 1,645,356                     | 1,573,391                     |
| Net Investment Income   | 2,493,939                     | 16,262,179                    |
| Administrative Expense  | (124,362)                     | -                             |
| Benefit Payments  | (7,185,556)                   | (6,660,594)                   |
| Net Change in Plan Fiduciary Net Position   | 916,183                       | 14,842,980                    |
| Plan Fiduciary Net Position - Beginning   | 109,465,857                   | 94,622,877                    |
| Plan Fiduciary Net Position - Ending (b)  | \$ 110,382,040                | \$ 109,465,857                |
| <br>Net Pension Liability - Ending [(a) - (b)]                                    | \$ 45,759,614                 | \$ 42,311,756                 |
| <br>Plan Fiduciary Net Position as a Percentage of the<br>Total Pension Liability | 70.69%                        | 72.12%                        |
| <br>Covered-Employee Payroll  | \$ 19,490,839                 | \$ 18,385,116                 |
| <br>Net Pension Liability as a Percentage of Covered-<br>Employee Payroll         | 234.77%                       | 230.14%                       |

\* Fiscal year 2015 was the 1<sup>st</sup> year of implementation; therefore, only two years are shown.

### Notes to Schedule:

**Benefit changes.** In 2016 and 2015, there were no benefit changes.

**Changes in assumptions.** In 2016 and 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of miscellaneous employees.

# Attachment A

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT  
SCHEDULE OF CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2016  
LAST 10 YEARS\***

|  | <u>Fiscal Year<br/>2014-15</u> | <u>Fiscal Year<br/>2013-14</u> |
|--|--------------------------------|--------------------------------|
| Actuarially Determined Contributions                                     | \$ 4,086,806                   | \$ 3,668,004                   |
| Contributions in Relation to the Actuarially<br>Determined Contributions | <u>(4,086,806)</u>             | <u>(3,668,004)</u>             |
| Contribution Deficiency (Excess)   | <u>\$ -</u>                    | <u>\$ -</u>                    |
| Covered-Employee Payroll   | \$ 19,490,839                  | \$ 18,385,116                  |
| Contributions as a Percentage of Covered-<br>Employee Payroll            | 20.97%                         | 19.95%                         |

\* Fiscal year 2015 was the 1<sup>st</sup> year of implementation; therefore, only two years are shown.

# Attachment A

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT  
SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2016**

Supplementary information is intended to show the progress made towards funding benefit obligations. Required three-year supplemental information, available to date, for Santa Cruz METRO is as follows:

| Actuarial<br>Valuation<br>Date* | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability (AAL)<br>Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>[(b - a)/c] |
|---------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 6/30/2011                       | \$ -                                   | \$ 59,164,000   | \$ 59,164,000                      | 0.00%                    | \$ 15,925,000             | 371.52%   |
| 6/30/2013                       | -                                      | 72,397,782  | 72,397,782                         | 0.00%                    | 18,682,878                | 387.51%   |
| 6/30/2015                       | -                                      | 92,633,342  | 92,633,342                         | 0.00%                    | 22,889,000                | 404.71%   |

\*Based on the latest actuarial valuation

# Attachment A

## SUPPLEMENTARY INFORMATION

# Attachment A

## SANTA CRUZ METROPOLITAN TRANSIT DISTRICT STATEMENTS OF OPERATING EXPENSES FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

|   | 2016          | 2015          |
|---|---------------|---------------|
| Labor   |               |               |
| Operators' salaries and wages                     | \$ 9,118,832  | \$ 8,947,861  |
| Other salaries and wages                          | 7,389,571     | 7,037,245     |
| Overtime  | 2,862,939     | 2,897,520     |
|   | 19,371,342    | 18,882,626    |
| Fringe Benefits                                   |               |               |
| Absence with pay                                  | 3,673,177     | 3,690,590     |
| Pension plans                                     | 4,035,814     | 3,507,337     |
| Vision, medical, and dental plans                 | 10,221,768    | 9,363,094     |
| Workers' compensation insurance                   | (494,459)     | 829,705       |
| Disability insurance                              | 335,184       | 337,417       |
| Other fringe benefits                             | 182,017       | 184,402       |
| Other postemployment benefits                     | 4,419,090     | 4,670,819     |
|   | 22,372,591    | 22,583,364    |
| Services  |               |               |
| Accounting  | 90,728        | 84,494        |
| Administrative and banking                        | 370,218       | 350,240       |
| Professional and technical services               | 695,273       | 666,954       |
| Security  | 484,187       | 477,038       |
| Outside repairs                                   | 968,490       | 928,346       |
| Other services                                    | 81,205        | 142,019       |
|   | 2,690,101     | 2,649,091     |
| Materials and Supplies Consumed                   |               |               |
| Fuels and lubricants                              | 1,920,348     | 2,262,328     |
| Tires and tubes                                   | 244,067       | 252,890       |
| Vehicle parts                                     | 880,917       | 965,831       |
| Other materials and supplies                      | 511,068       | 400,505       |
|   | 3,556,400     | 3,881,554     |
| Utilities   | 534,875       | 501,147       |
| Casualty and Liability Costs                      | 877,037       | 491,907       |
| Taxes and Licenses                                | 38,146        | 42,698        |
| Purchased Transportation Services                 |               |               |
| Paratransit                                       | 71,470        | 170,746       |
| Miscellaneous Expenses                            | 244,882       | 195,770       |
| Equipment and Facility Lease                      | 205,452       | 215,224       |
| Depreciation                                      |               |               |
| Property acquired with operator funds             | 280,162       | 311,386       |
| Property acquired by federal, state, or TDA funds | 3,635,623     | 5,013,962     |
|   | 3,915,785     | 5,325,348     |
| Total Operating Expenses                          | \$ 53,878,081 | \$ 54,939,475 |

# Attachment A

## OTHER SCHEDULES AND REPORTS

# Attachment A

## SANTA CRUZ METROPOLITAN TRANSIT DISTRICT SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2016

| <u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u> | <u>Federal<br/>CFDA No.</u> | <u>Pass-Through<br/>Entity<br/>Identifying<br/>Number</u> | <u>Passed<br/>Through to<br/>Subrecipients</u> | <u>Total<br/>Federal<br/>Expenditures</u> |
|--|-----------------------------|---|--|---|
| U.S. DEPARTMENT OF TRANSPORTATION  |                             |   |  |   |
| Direct Programs:   |                             |   |  |   |
| Federal Transit Administration (FTA)                                     |                             |   |  |   |
| Cluster Defined by the Department of Transportation                      |                             |   |  |   |
| <b>Section 3/5309 Consolidation</b>                                      |                             |   |  |   |
| Pacific Station Expansion FY2006 (Design/Engineering)                    | 20.500                      | CA-04-0021  |  | \$ 26,170                                 |
| Pacific Station Expansion FY2008 (Design/Engineering)                    | 20.500                      | CA-04-0102  |  | 8,988                                     |
|  |                             |   |  | <u>35,158</u>                             |
| <b>Section 9/5307</b>  |                             |   |  |   |
| Operating Assistance   | 20.507                      | CA-90-Z267  |  | 5,448,200                                 |
| <b>Section 5339</b>  |                             |   |  |   |
| Bus & Bus Facilities   | 20.507                      | 644908  |  | 89,600                                    |
| <b>Section 18/5311-5317</b>  |                             |   |  |   |
| Rural Operating Assistance - 5311  | 20.509                      | 64BO15-00277  |  | 177,787                                   |
| <b>Section 18/5304</b>   |                             |   |  |   |
| AMBAG OWP-673 Transit Planning Internship                                | 20.515                      | N/A   |  | 14,529                                    |
| AMBAG OWP-674 COA  | 20.515                      | N/A   |  | 74,749                                    |
|  |                             |   |  | <u>89,278</u>                             |
| Total Expenditures of Federal Awards                                     |                             |   |  | <u>\$ 5,840,023</u>                       |

# Attachment A

## SANTA CRUZ METROPOLITAN TRANSIT DISTRICT NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2016

### **NOTE 1 – GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Santa Cruz Metropolitan Transit District (Santa Cruz METRO). Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agents, is included on the schedule.

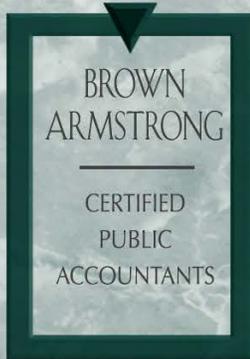
### **NOTE 2 – BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Federal capital grant funds are used to purchase property, plant, and equipment. Federal grants receivable are included in capital and operating grants receivable, which also includes receivables from state and local grant sources.

### **NOTE 3 – INDIRECT COST RATE**

Santa Cruz METRO has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

# Attachment A



## BROWN ARMSTRONG

*Certified Public Accountants*

### **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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To the Board of Directors  
Santa Cruz Metropolitan Transit District  
Santa Cruz, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Santa Cruz Metropolitan Transit District (Santa Cruz METRO), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Santa Cruz METRO's basic financial statements, and have issued our report thereon dated December 9, 2016.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Santa Cruz METRO's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Santa Cruz METRO's internal control. Accordingly, we do not express an opinion on the effectiveness of Santa Cruz METRO's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Santa Cruz METRO's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

# Attachment A

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Cruz METRO's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

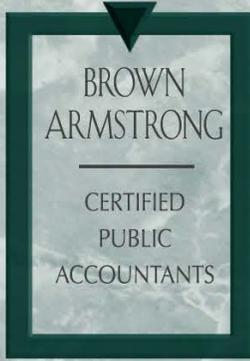
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Santa Cruz METRO's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Santa Cruz METRO's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
December 9, 2016

# Attachment A



## BROWN ARMSTRONG *Certified Public Accountants*

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Santa Cruz Metropolitan Transit District  
Santa Cruz, California

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#### **Report on Compliance for Each Major Federal Program**

We have audited the Santa Cruz Metropolitan Transit District's (Santa Cruz METRO) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Santa Cruz METRO's major federal programs for the year ended June 30, 2016. Santa Cruz METRO's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Santa Cruz METRO's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Santa Cruz METRO's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Santa Cruz METRO's compliance.

#### **Opinion on Each Major Federal Program**

In our opinion, Santa Cruz METRO complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

# Attachment A

## Report on Internal Control Over Compliance

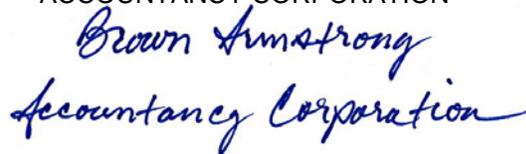
Management of Santa Cruz METRO is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Santa Cruz METRO's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Santa Cruz METRO's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

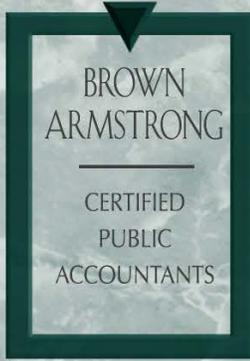
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation".

Bakersfield, California  
December 9, 2016

# Attachment A



## BROWN ARMSTRONG *Certified Public Accountants*

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH THE STATUTES, RULES, AND REGULATIONS OF THE CALIFORNIA TRANSPORTATION DEVELOPMENT ACT AND THE ALLOCATION INSTRUCTIONS AND RESOLUTIONS OF THE TRANSPORTATION COMMISSION**

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To the Board of Directors  
Santa Cruz Metropolitan Transit District  
Santa Cruz, California

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget (OMB) *Compliance Supplement*, the financial statements of the Santa Cruz Metropolitan Transit District (Santa Cruz METRO) as of and for the year ended June 30, 2016, and have issued our report thereon dated December 9, 2016.

#### **Compliance**

As part of obtaining reasonable assurance about whether Santa Cruz METRO's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Additionally, we performed tests to determine that allocations made and expenditures paid by Santa Cruz METRO were made in accordance with the allocation instructions and resolutions of the Transportation Commission and in conformance with the California Transportation Development Act. Specifically, we performed each of the specific tasks identified in the California Code of Regulations Sections 6666 and 6667 that are applicable to Santa Cruz METRO. In connection with our audit, nothing came to our attention that caused us to believe Santa Cruz METRO failed to comply with the Statutes, Rules, and Regulations of the California Transportation Development Act and the allocation instructions and resolutions of the Transportation Commission. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

Also as part of our audit, we performed tests of compliance to determine whether certain state funds were received and expended in accordance with the applicable bond act and state accounting requirements.

#### **Other Matters**

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B). Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). These funds are available to the California Department of

# Attachment A

Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacement.

During the fiscal year ended June 30, 2016, Santa Cruz METRO received \$-0- from the State's PTMISEA funds. As of June 30, 2016, PTMISEA interest received and funds expended were verified in the course of our audit as follows:

## Schedule of PTMISEA Proposition 1B Grants For the Year Ended June 30, 2016

|   | <u>2016</u>         |
|---|---------------------|
| <b>Balance - beginning of the year</b>      | \$ 12,847,226       |
| <b>Receipts:</b>                            |                     |
| Grant received                              | -                   |
| Interest accrued 7/1/2015 through 6/30/2016 | 70,365              |
| <b>Expenses:</b>                            |                     |
| MetroBase Construction                      | <u>(5,386,487)</u>  |
| <b>Balance - end of year</b>                | <u>\$ 7,531,104</u> |

The results of our tests indicated that, with respect to the items tested, Santa Cruz METRO complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Santa Cruz METRO had not complied, in all material respects, with those provisions.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Santa Cruz METRO's internal control or on compliance. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of management and the Board of Directors of Santa Cruz METRO, the California Department of Transportation, the State Controller's Office, and officials of applicable grantor agencies. However, this report is a matter of public record and its distribution is not limited.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
December 9, 2016

# Attachment A

## FINDINGS AND QUESTIONED COSTS SECTION

# Attachment A

## SANTA CRUZ METROPOLITAN TRANSIT DISTRICT SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2016

### I. Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?  Yes  No

Reportable conditions identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

#### Federal Awards

Internal control over major federal programs:

Material weakness identified?  Yes  No

Reportable conditions identified that are not considered to be material weaknesses?  Yes  None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?  Yes  No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Clusters

20.500

Federal Transit Capital Investment Grants – Section 3

20.507

Federal Transit Formula Grants – Section 9

Dollar threshold used to distinguish type A and B programs: \$750,000

Auditee qualified as low risk auditee?  Yes  No

### II. Findings Relating to Financial Statements Required Under Generally Accepted Government Auditing Standards

None.

### III. Federal Award Findings and Questioned Costs

None.

# Attachment A

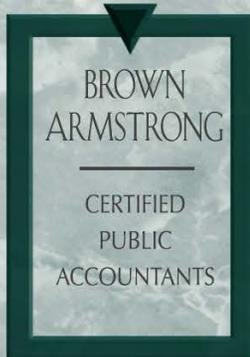
## IV. State Award Findings and Questioned Costs

None.

## V. A Summary of Prior Audit (all June 30, 2015) Findings and Current Year Status Follows

None.

# Attachment B



## BROWN ARMSTRONG

*Certified Public Accountants*

To the Board of Directors  
Santa Cruz Metropolitan Transit District  
Santa Cruz, California

We have audited the financial statements of Santa Cruz Metropolitan Transit District (Santa Cruz METRO) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you July 18, 2016. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Santa Cruz METRO are described in Note 1 to the financial statements. During the year ended June 30, 2016, Santa Cruz METRO implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* and GASB Statement No. 76, *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. We noted no transactions entered into by Santa Cruz METRO during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the useful lives of capital assets for purposes of calculating annual depreciation expense to be reported in Santa Cruz METRO's results of operations. Estimated useful lives range from three to thirty-nine years. We evaluated the key factors and assumptions used to develop the estimates of useful lives of assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the future pension and other postemployment benefits (OPEB) are based on actuarial valuations that involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. We evaluated the key factors and assumptions used to develop the pension and other postemployment benefits valuation in determining that it is reasonable in relation to the financial statements taken as a whole.

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# Attachment B

Management's estimate of the accrued claims is based upon management's past experience and expected useful life. We evaluated the key factors and assumptions used to develop the accrued claims in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of net pension liability (NPL) and related items are based on actuarial valuation, which involves estimates of the value of reported amounts. We evaluated the key factors and assumptions used to develop the NPL and related items in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of capital assets, OPEB, unpaid claims, and NPL and related items as described above.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 9, 2016.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Santa Cruz METRO's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Santa Cruz METRO's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to the Schedule of Changes in the NPL and Related Ratios, Schedule of Contributions, and Schedule of Funding Progress - OPEB, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

# Attachment B

We were engaged to report on supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

## Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Santa Cruz Metropolitan Transit District and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
December 9, 2016

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**DATE:** January 27, 2017  
**TO:** Board of Directors  
**FROM:** Angela Aitken, Interim HR Manager & Finance Manager  
**SUBJECT: CONSIDERATION OF AUTHORIZING THE CEO/GENERAL MANAGER OR HIS DESIGNEE, AND GENERAL COUNSEL TO ALLOW, COMPROMISE, AND/OR SETTLE ANY WORKERS' COMPENSATION CLAIM OR CASE FILED AGAINST SANTA CRUZ METRO**

## **I. RECOMMENDED ACTION**

**That the Board of Directors formally adopt the attached resolution authorizing the CEO/General Manager or his designee, and General Counsel to allow, compromise, and/or settle any Workers' Compensation claim or case against Santa Cruz METRO up to \$50,000 for the CEO/General Manger and Legal Counsel .**

## **II. SUMMARY**

- Santa Cruz Metropolitan Transit District (Santa Cruz METRO) maintains a self-insured Workers' Compensation program, which is budgeted at \$850K in FY17 & \$875K in FY18.
- The Human Resources Manager directs the program through a third-party administrator selected by the Board. Currently that third-party administrator is Athens Administrators.
- From an internal control perspective, staff is recommending the attached resolution that will provide for review and approval of all Workers' Compensation claims by General Counsel and the CEO/General Manager or designee.
- Staff recommends that the Board approve the corresponding approval limits:
  - General Counsel and CEO/General Manager - \$50,000

## **III. DISCUSSION/BACKGROUND**

Santa Cruz METRO has maintained a self-insured Workers' Compensation program for many years. Due to the nature of Santa Cruz METRO's operation and the number of claims filed by employees, it is financially beneficial for Santa Cruz to self-insure. Santa Cruz METRO maintains a self-insured Workers' Compensation program, which is budgeted at \$850K in FY17 & \$875K in FY18. Over the past 10 years, the highest actual annual expenses were \$1.2M and the lowest actual expenses were \$557K.

The third-party administrator employs a legal team and develops legal strategies for Santa Cruz METRO, in conjunction with the Human Resources Manager, General Counsel and the CEO/General Manager. A report is generated by the third-party administrator each time a claim is filed, outlining the specific details and recommending the amount of reserves to be established for the claim.

As the Board-approved settlement authority of \$25,000 was set 16 years ago, staff recommends that General Counsel and the CEO/General Manager approval level be set at \$50,000 per claim.

Having this authority, the General Counsel and the CEO/General Manager will be able to settle claims promptly and possibly obtain a more favorable settlement.

Any claim that is recommended to be settled in excess of \$50,000 will be brought to the Board of Directors for approval.

#### **IV. FINANCIAL CONSIDERATIONS/IMPACT**

There is no fiscal impact with the Board's approval of this settlement authority. However, having this authority, the CEO/General Manager and General Counsel will be able to settle claims promptly and possibly obtain a more favorable settlement, which ultimately affects the Operating budget.

#### **V. ALTERNATIVES CONSIDERED**

The Board could allow the authority to remain at \$25,000 for General Counsel and the CEO/General Manager. This action is not recommended as delays to settle claims may occur, which may result in a less favorable outcome of the claims for Santa Cruz METRO.

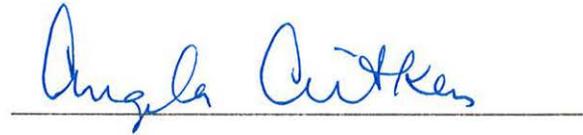
#### **VI. ATTACHMENTS**

**Attachment A:** Resolution No. 01-1-4

**Attachment B:** Resolution Authorizing the CEO/General Manager or Designee and General Counsel to Allow, Compromise, and/or Settle any Workers' Compensation Claim or Case Filed Against Santa Cruz METRO

**VII. APPROVALS:**

Approved as to fiscal impact:  
Angela Aitken, Finance Mgr



Alex Clifford, CEO/General Manager



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# Attachment A

## BEFORE THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Resolution No. 01-1-4

On the Motion of Director: Almquist

Duly Seconded by Director: Beautz

The Following Resolution is Adopted:

### **RESOLUTION AUTHORIZING THE SECRETARY/GENERAL MANAGER AND DISTRICT COUNSEL TO ALLOW, COMPROMISE, AND/OR SETTLE ANY WORKERS' COMPENSATION CLAIM OR CASE FILED AGAINST THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT**

**WHEREAS;** the Santa Cruz Metropolitan Transit District maintains a self-insured workers' compensation program in accordance with California State law; and

**WHEREAS,** all District employees making a claim for workers' compensation benefits under the provisions of Division 4 (commencing with Section 3200) of the Labor Code shall file such claims with the District's Human Resources Manager, or the Workers' Compensation Appeals Board pursuant to Division 4, Chapter 3 of the Labor Code and Title 8, Administrative Code, Section 10400; and

**WHEREAS,** the Santa Cruz Metropolitan Transit District is charged with the responsibility to bring about satisfactory resolution to all claims filed against it;

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED,** that the District Counsel of the Santa Cruz Metropolitan Transit District is authorized to allow, compromise or settle any workers' compensation claim or case that is filed against the Santa Cruz Metropolitan Transit District, provided the amount to be paid pursuant to such allowance, compromise or settlement does not exceed Twenty Five Thousand Dollars (\$25,000.00); and the allowance, compromise or settlement is approved by the Secretary/General Manager or his/her designee; and further provided that the claim or action is for benefits as defined under the workers' compensation laws of the State; that the claim or action is not subject to the terms of an insurance policy wherein the insurer is granted the authority to allow, deny, compromise or settle claims or actions within the scope of such policy; and that any such compromise or settlement is approved by the Workers' Compensation Appeals Board. If the amount to be paid exceeds Twenty Five Thousand Dollars (\$25,000.00), the allowance, compromise or settlement must be approved by the Board of Directors.

# Attachment A

Resolution No. 01-1-4

Page 2

**BE IT FURTHER RESOLVED AND ORDERED**, in all workers' compensation claims or actions that are allowed, compromised or settled, District Counsel shall provide a written order to either the District's third-party claims administrator, or to the District's Manager of Finance, to cause the necessary check to be issued in accordance with the terms of such allowance, compromise or settlement, in an amount for which any workers' compensation claim or action has been allowed, compromised or settled and approved by the Workers' Compensation Appeals Board.

**PASSED AND ADOPTED** this 19<sup>th</sup> day of January 2001, by the following vote:

**AYES:** Directors - Ainsworth, Almquist, Beautz, Fitzmaurice, Gabriel, Hinkle, Keogh, Krohn, Norton, Reilly

**NOES:** Directors - None

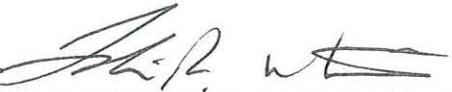
**ABSTAIN:** Directors - None

**ABSENT:** Directors - Lopez

**APPROVED**

  
\_\_\_\_\_  
SHERYL AINSWORTH  
Chairperson

**ATTEST**

  
\_\_\_\_\_  
LESLIE R. WHITE  
General Manager

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
MARGARET GALLAGHER  
District Counsel

**15A.2**

# Attachment B



## **BEFORE THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT**

Resolution No.:  
On the Motion of Director:  
Duly Seconded by Director:  
The Following Resolution is Adopted:

### **RESOLUTION AUTHORIZING THE CEO/GENERAL MANAGER, OR DESIGNEE, AND GENERAL COUNSEL TO ALLOW, COMPROMISE, AND/OR SETTLE ANY WORKERS' COMPENSATION CLAIM OR CASE FILED AGAINST SANTA CRUZ METRO**

**WHEREAS**, Santa Cruz Metropolitan Transit District (Santa Cruz METRO) maintains a self-insured Workers' Compensation program in accordance with California State Law; and

**WHEREAS**, all Santa Cruz METRO employees making a claim for Workers' Compensation benefits under the provisions of Division 4 (commencing with Section 3200) of the Labor Code, shall file such claims with Santa Cruz METRO's Human Resources Manager, or the Workers' Compensation Appeals Board pursuant to Division 4, Chapter 3 of the Labor Code and Title 8, Administrative Code, Section 10400; and

**WHEREAS**, Santa Cruz METRO is charged with the responsibility to bring about satisfactory resolution to all claims filed against it; and

**WHEREAS**, in 2001, pursuant to Resolution No. 01-1-4, the Board of Directors delegated Workers' Compensation settlement authority to Santa Cruz METRO's Secretary/General Manager and Legal Counsel, provided the settlement amount did not exceed Twenty Five Thousand Dollars (\$25,000); and

**WHEREAS**, staff recommends the Workers' Compensation delegation authority be raised to Fifty Thousand Dollars (\$50,000) and the position titles of those individuals with settlement authority be corrected to reflect current titles.

**NOW, THEREFORE, BE IT RESOLVED**, that the CEO/General Manager, or his designee, and the District General Counsel are authorized to allow, compromise or settle any Workers' Compensation claim or case that is filed against Santa Cruz METRO, provided the amount to be paid pursuant to such allowance, compromise or settlement does not exceed Fifty Thousand Dollars (\$50,000); and further provided that the claim or action is for benefits as defined under the Workers' Compensation laws of

# Attachment B

Resolution No.  
Page 2

the State; that the claim or action is not subject to the terms of an insurance policy wherein the insurer is granted the authority to allow, deny, compromise or settle claims or actions within the scope of such policy; and that any such compromise or settlement is approved by the Workers' Compensation Appeals Board. If the amount to be paid exceeds Fifty Thousand Dollars (\$50,000), the allowance, compromise or settlement must be approved by the Board of Directors.

**BE IT FURTHER RESOLVED**, in all Workers' Compensation claims or actions that are allowed, compromised or settled pursuant to the Board of Director's actions hereunder, the Finance Manager will be responsible, upon written order of General Counsel and the CEO/General Manager, or designee, and in accordance with the terms of such allowance, compromise or settlement, to cause the necessary check to be issued in accordance with the terms of such allowance, compromise or settlement, in an amount for which any Workers' Compensation claim or action has been allowed, compromised or settled and approved by the Workers' compensation Appeals Board. pursuant to this Resolution.

**BE IT FURTHER RESOLVED**, through approval of this Resolution, the Board of Directors hereby nullifies Resolution No. 01-1-4.

**PASSED AND ADOPTED** this 27<sup>th</sup> day of January, 2017 by the following vote:

**AYES:** Directors -

**NOES:** Directors -

**ABSTAIN:** Directors -

**ABSENT:** Directors -

Approved:

Mike Rotkin, Chair

---

Attest:

Alex Clifford, CEO/General Manager

---

Approved as to form:

Julie Sherman, General Counsel

---



**DATE:** January 27, 2017  
**TO:** Board of Directors  
**FROM:** Angela Aitken, Interim HR Manager & Finance Manager  
**SUBJECT: CONSIDERATION OF INCREASING THE TORT LIABILITY SETTLEMENT AUTHORITY OF THE CEO/GENERAL MANAGER OR HIS DESIGNEE AND GENERAL COUNSEL TO \$50,000**

## **I. RECOMMENDED ACTION**

**That the Board of Directors formally approve the attached resolution allowing the CEO/General Manager or his designee and General Counsel to authorize tort liability settlements up to \$50,000**

## **II. SUMMARY**

- Currently the tort liability settlement authority for the CEO/General Manager and General Counsel is \$10,000, which level was set in 2001.
- Given the high cost of vehicle repairs and medical treatment, it is appropriate to increase the settlement authority.
- The Board of Directors will continue to be able to review potential claims, claims and litigation during closed session, and when a claim is placed on the consent agenda for Board action.
- Staff recommends that the Board approve increasing the tort liability settlement authorization for the CEO/General Manager and General Counsel to \$50,000.

## **III. DISCUSSION/BACKGROUND**

In 1989, the Board of Directors authorized Legal Counsel, with approval of the CEO/General Manager, to settle tort liability claims or legal actions up to a maximum amount of \$2,500. In 2001, that authority was increased to \$10,000. Any settlement over that amount had to receive specific Board approval. At this time, staff recommends that tort liability settlement authorization be increased to \$50,000 for tort liability, potential claims, claims, and/or legal actions.

Most of the potential claims, claims, and litigation against Santa Cruz METRO involve motor vehicle accidents. The cost of car repairs has increased over the years to the point that minor vehicle damage can range from \$2,000 - \$5,000. An ambulance ride can cost over \$1,500. As current settlement authority limits were set 16 years ago, and costs have greatly increased during that time, it is therefore appropriate to increase the amount of settlement authority.

Having this authority, the CEO/General Manager and General Counsel will be able to settle cases promptly and possibly obtain a more favorable settlement.

The Board of Directors will continue to be able to review potential claims, claims and litigation during closed session, and when a claim is placed on the consent agenda for Board action.

#### **IV. FINANCIAL CONSIDERATIONS/IMPACT**

There is no fiscal impact with the Board's approval of this settlement authority. However, having this authority, the CEO/General Manager and General Counsel will be able to settle cases promptly and possibly obtain a more favorable settlement, which ultimately affects the Operating budget.

#### **V. ALTERNATIVES CONSIDERED**

The Board could allow the settlement authority to remain at \$10,000. This action is not recommended as delays to settle claims may occur, which could result in a less favorable outcome of the claims for Santa Cruz METRO.

#### **VI. ATTACHMENTS**

**Attachment A:** Resolution No. 89-12-1

**Attachment B:** Resolution No. 1-1-3

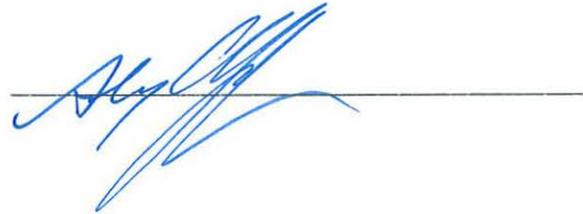
**Attachment C:** Resolution Authorizing the CEO/General Manager or Designee and General Counsel to Compromise and/or Settle Potential Tort Liability, Potential Claims, Claims and/or Legal Actions

**VII. APPROVALS:**

Approved as to fiscal impact:  
Angela Aitken, Finance Mgr



Alex Clifford, CEO/General Manager



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# Attachment A

## BEFORE THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Resolution No. 89-12-1

On the Motion of Director Patton  
Duly Seconded by Director Cavallaro

The following Resolution is Adopted:

### RESOLUTION AUTHORIZING THE SECRETARY/GENERAL MANAGER TO CONDUCT INVESTIGATION AND DISCOVERY ACTIVITIES REGARDING CLAIMS FOR MONEY OR DAMAGES FILED AGAINST THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, ITS OFFICERS, AND/OR ITS EMPLOYEES

WHEREAS, no suit for money or damages may be brought against the Santa Cruz Metropolitan Transit District, unless a written claim has been timely presented to the Transit District and rejected in whole or in part;

WHEREAS, the Santa Cruz Metropolitan Transit District has an obligation to vigorously defend its interests by thoroughly investigating all claims and lawsuits filed against it;

WHEREAS, the Santa Cruz Metropolitan Transit District is charged with the responsibility to bring about satisfactory resolution to all claims and lawsuits filed against it;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, that the Secretary/General Manager or his or her designee and District Counsel are authorized to conduct investigation and discovery activities on claims and lawsuits when the total cost of such action is \$2,500.00 or less per case without prior Board of Director approval;

BE IT FURTHER RESOLVED AND ORDERED, that the Secretary/General Manager of the Santa Cruz Metropolitan Transit District is authorized to allow, compromise or settle any tort liability claim or action that is filed against the Santa Cruz Metropolitan Transit District, its officers or employees, provided the amount to be paid pursuant to such allowance, compromise or settlement does not exceed Two Thousand Five Hundred Dollars (\$2,500.00); and the allowance, compromise or settlement is approved by District Counsel. If the amount to be paid exceeds Two Thousand Five Hundred Dollars (\$2,500.00), the allowance, compromise or settlement must be approved by the Board of Directors.

In all claims or actions that are allowed, compromised or settled, the District's Manager of Finance will be responsible, upon written order of District Counsel, and in accordance with the terms of such allowance, compromise or settlement, to cause the necessary warrant to be issued upon the treasury of the Santa Cruz Metropolitan

ATTACHMENT A

13-1a  
16A.1

# Attachment A

Transit District in any amount for which such tort liability claim or action has been allowed, compromised or settled pursuant to Resolution.

PASSED AND ADOPTED this 15th day of December 1988, by the following vote:

- AYES: Directors - Cavallaro, Ghio, Graves, Kaplan, Keeley, Laird, Lar
- NOES: Directors - McFarren, McNeil, Patton, Saucedo
- ABSTAIN: Directors -
- ABSENT: Directors -

APPROVED John Laird

ATTEST [Signature]  
Secretary/General Manager

APPROVED AS TO FORM:

[Signature]  
Margaret Rose Molin,  
District Counsel

# Attachment B

## BEFORE THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Resolution No. 01-1-3

On the Motion of Director: Beautz

Duly Seconded by Director: Almquist

The Following Resolution is Adopted:

### RESOLUTION AUTHORIZING THE SECRETARY/GENERAL MANAGER AND DISTRICT COUNSEL TO COMPROMISE AND/OR SETTLE POTENTIAL CLAIMS, CLAIMS OR LEGAL ACTIONS

WHEREAS, no suit for money or damages may be brought against the Santa Cruz Metropolitan Transit District, unless a written claim has been timely presented to the Transit District and rejected in whole or in part;

WHEREAS, the Santa Cruz Metropolitan Transit District has an obligation to vigorously defend its interest by thoroughly investigating all claims and lawsuits filed against it;

WHEREAS, the Santa Cruz Metropolitan Transit District is charged with the responsibility to bring about satisfactory resolution to all potential claims, claims and lawsuits filed against it:

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, that the District Counsel of the Santa Cruz Metropolitan Transit District is authorized to compromise or settle any tort liability potential claim, claim or legal action that is filed against the Santa Cruz Metropolitan Transit District, its officers or employees, provided the amount to be paid pursuant to such allowance, compromise or settlement does not exceed Ten Thousand Dollars (\$10,000.00); and the allowance compromise or settlement is approved by the Secretary/General Manager or his/her designee. If the amount to be paid exceeds Ten Thousand Dollars (\$10,000.00), the allowance, compromise or settlement must be approved by the Board of Directors.

BE IT FURTHER RESOLVED AND ORDERED, in all potential claims, claims or legal actions that are allowed, compromised or settled, the District's Manager of Finance will be responsible, upon written order of District Counsel and the Secretary/General Manager and in accordance with the terms of such allowance, compromise or settlement, to cause the necessary warrant to be issued upon the treasury of the Santa Cruz Metropolitan Transit District in any amount for which such tort liability potential claim, claim or legal action has been allowed, compromised or settled pursuant to this Resolution.

BE IT FURTHER RESOLVED AND ORDERED, through approval of this Resolution the Board of Directors hereby nullifies Resolution No. 89-12-1.

# Attachment B

PASSED AND ADOPTED this 19th day of January, 2001, by the following vote:

AYES: Directors - Ainsworth, Almquist, Beautz, Fitzmaurice, Gabriel, Hinkle,  
Keogh, Krohn, Norton, Reilly

NOES: Directors - None

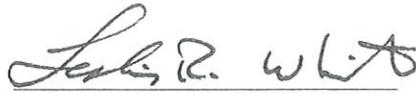
ABSTAIN: Directors - None

ABSENT: Directors - Lopez

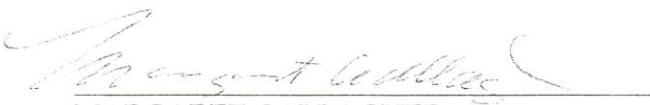
APPROVED

  
\_\_\_\_\_  
SHERYL AINSWORTH  
Chairperson

ATTEST

  
\_\_\_\_\_  
LESLIE R. WHITE  
General Manager

APPROVED AS TO FORM:

  
\_\_\_\_\_  
MARGARET GALLAGHER  
District Counsel

# Attachment C



## **BEFORE THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT**

Resolution No.:  
On the Motion of Director:  
Duly Seconded by Director:  
The Following Resolution is Adopted:

### **RESOLUTION AUTHORIZING THE CEO/GENERAL MANAGER OR DESIGNEE AND GENERAL COUNSEL TO COMPROMISE AND/OR SETTLE POTENTIAL TORT LIABILITY, POTENTIAL CLAIMS, CLAIMS AND/OR LEGAL ACTIONS**

**WHEREAS**, no suit for money or damages may be brought against the Santa Cruz Metropolitan Transit District (Santa Cruz METRO), unless a written claim has been timely presented to Santa Cruz METRO and rejected in whole or in part; and

**WHEREAS**, Santa Cruz METRO has an obligation to vigorously defend its interest by thoroughly investigating all claims and lawsuits filed against it; and

**WHEREAS**, Santa Cruz METRO is charged with the responsibility to bring about satisfactory resolution to all potential claims, claims, and lawsuits filed against it; and

**WHEREAS**, in 2001, pursuant to Resolution No. 1-1-3, the Board of Directors delegated tort claim settlement authority to Santa Cruz METRO's Secretary/General Manager and District Counsel, provided the settlement amount did not exceed Ten Thousand Dollars (\$10,000); and

**WHEREAS**, staff recommends the tort claim delegation authority be raised to Fifty Thousand Dollars (\$50,000) and the position titles of those individuals with settlement authority be corrected to reflect current titles.

**NOW, THEREFORE, BE IT RESOLVED**, that the CEO/General Manager or designee and the General Counsel are authorized to compromise or settle any tort liability, potential claim, claim, or legal action that is filed against Santa Cruz METRO, its officers or employees, provided the amount to be paid pursuant to such allowance, compromise or settlement does not exceed Fifty Thousand Dollars (\$55,000). If the amount to be paid exceeds Fifty Thousand Dollars (\$55,000), the allowance, compromise or settlement must be approved by the Board of Directors.

# Attachment C

Resolution No.  
Page 2

**BE IT FURTHER RESOLVED**, in all potential claims, claims, or legal actions that are allowed, compromised or settled, pursuant to the Board of Director's actions hereunder, the Finance Manager will be responsible, upon written order of General Counsel and the CEO/General Manager and in accordance with the terms of such allowance, compromise or settlement, to cause the necessary check to be issued in an amount for which such tort liability, potential claim, claim, or legal action has been allowed, compromised or settled pursuant to the Resolution.

**BE IT FURTHER RESOLVED**, through approval of this Resolution, the Board of Directors hereby nullifies Resolution No. 1-1-3.

**PASSED AND ADOPTED** this 27<sup>th</sup> day of January, 2017 by the following vote:

**AYES:** Directors -

**NOES:** Directors -

**ABSTAIN:** Directors -

**ABSENT:** Directors -

Approved:

Mike Rotkin, Chair

---

Attest:

Alex Clifford, CEO/General Manager

---

Approved as to form:

Julie Sherman, Legal Counsel

---



**DATE:** January 27, 2017  
**TO:** Board of Directors  
**FROM:** Alex Clifford, CEO/General Manager  
**SUBJECT: CONSIDERATION OF AUTHORIZING THE CEO TO EXECUTE A 2<sup>ND</sup> AMENDMENT WITH HANSON BRIDGETT, LLP TO INCREASE THE CONTRACT TOTAL BY \$96,300 FOR AS-NEEDED LEGAL SERVICES**

## **I. RECOMMENDED ACTION**

**That the Board of Directors authorize the CEO to execute a 2<sup>nd</sup> contract amendment with Hanson Bridgett, LLP to increase the contract total by \$96,300 for As-Needed Legal Services related to the Construction of the JKS Operations Building, thereby increasing the total contract authority from \$400,000 to \$496,300**

## **II. SUMMARY**

- The law firm of Hanson Bridgett LLP, the Santa Cruz Metropolitan Transit District's (METRO) General Counsel firm, has been providing Legal Services to METRO for various legal matters over the past several years, including issues related to the Judy K. Souza Operations Facility Project (the Project).
- While funds related to this proposed amendment exist in the Life of Project Budget, the current contract authority is nearly exhausted.
- In order to provide sufficient funds to pay for Legal Services related to the Project, additional authority in the amount of \$96,300 is required.

## **III. DISCUSSION/BACKGROUND**

In December of 2015, the Board of Directors authorized District Counsel to enter into a General Legal Services contract with the law firm of Hanson Bridgett LLP. At that time, one of the projects that the firm was assisting METRO with was the JKS Operation Facility and related issues concerning claims and potential claims related to the project. In addition, the contract helped pay for legal services related to general matters to which District Counsel requested assistance, and for interim General Counsel services when District Counsel announced her retirement.

Additional funds are necessary in the As-Needed Legal Services contract for services related to the above mentioned claims, which are scheduled to be discussed at a formal mediation to be held in February of 2017.

For this reason, it is requested that the Board of Directors find that it is in the best interests of METRO to move forward with a Contract Amendment with Hanson Bridgett LLP in an amount not to exceed \$96,300 to continue representing the District in the assigned matter and authorize the CEO/General Manager to sign such an amendment.

| Date       | Action  | Amount    |
|------------|---|-----------|
| 12/11/2015 | Metrobase & Other Legal Services              | \$200,000 |
| 9/23/2016  | Interim General Counsel Services              | \$ 50,000 |
| 10/28/2016 | Metrobase Legal Services                      | \$150,000 |
| 9/27/2017  | Requested Action for Metrobase Legal Services | \$ 96,300 |
|            | Total Not to Exceed Authority*                | \$496,300 |

\*Excludes separate contract with Hanson Bridgett for General Counsel Services effective January 1, 2017.

#### **IV. FINANCIAL CONSIDERATIONS/IMPACT**

The additional \$96,300 has been accounted for in the JKS Operations Facility "Life of Project Budget." This amendment will have no fiscal impact on the FY17 Operating budget.

#### **V. ALTERNATIVES CONSIDERED**

Do not approve the execution of a Contract Amendment with Hanson Bridgett LLP. Staff does not recommend this option, as the continued legal representation by attorneys with this firm is crucial to the ongoing matter at hand.

#### **VI. ATTACHMENTS**

**Attachment A:** Second Amendment to the Contract with Hanson Bridgett, LLP

Prepared By: Erron Alvey, Purchasing Manager  
Joan Jeffries, Administrative Specialist

**VII. APPROVALS:**

Approved as to fiscal impact:  
Angela Aitken, Finance Manager

  
\_\_\_\_\_

Alex Clifford, CEO/General Manager

  
\_\_\_\_\_

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# Attachment A

## SECOND AMENDMENT TO CONTRACT FOR AS-NEEDED LEGAL SERVICES

This Second Amendment to Contract is made and entered into at Santa Cruz, California, as of January 27, 2017, by and between **SANTA CRUZ METROPOLITAN TRANSIT DISTRICT** ("Santa Cruz METRO"), a public agency, and **HANSON BRIDGETT LLP** ("ATTORNEY"), who agree as follows:

### 1. RECITALS

On December 22, 2015 Santa Cruz METRO and ATTORNEY executed a "Contract for As-Needed Legal Services" in an amount not to exceed \$200,000.00 annually.

The Santa Cruz METRO Board of Directors approved a \$50,000 increase to this Contract on September 23, 2016, and a \$150,000 increase on October 28, 2016; both increases were incorporated into the First Amendment dated October 28, 2016; and

Both Parties wish to amend the Contract to increase the total amount of Consideration payable to ATTORNEY by an additional \$96,300.

### 2. AMENDMENTS

The following paragraph is amended, replaced and restated as follows:

2. **Total Consideration** is hereby amended to read as follows:

The total consideration payable to ATTORNEY may not exceed the sum of \$496,300, including any reimbursable expenses.

This amount is established for Santa Cruz METRO's budgetary purposes and does not constitute a contractual commitment by Santa Cruz METRO to retain ATTORNEY to such an extent, nor a commitment by ATTORNEY to provide all required services within the amount so established. However, ATTORNEY may not provide services that are billable to Santa Cruz METRO in an amount exceeding the amount of the total consideration provided above unless approved in advance by written amendment to this Contract.

### 3. EFFECTIVE DATE

This Amendment is effective as of the day and year first hereinabove appearing. This Contract will remain in effect until December 22, 2017.

### 4. NOTICES

All notices and other communications under this Contract must be in writing and will be deemed to have been duly given (i) on the date of delivery, if delivered personally to the party to whom notice is given, or if made by electronic mail or telecopy directed to the party to whom notice is to be given at the email address provided or the telecopy number listed below, or (ii) at the earlier of actual receipt or the second business day following deposit in the United States mail, postage prepaid. Notices and other communications must be directed to the parties at the addresses shown below. A party may change its person designated to receive notice, its email address, telecopy number, or its mailing address from time to time by giving notice to the other party in accordance with the procedures set forth in this Article.

# Attachment A

Santa Cruz METRO: Alex Clifford, CEO/General Manager  
Santa Cruz Metropolitan Transit District  
110 Vernon Street  
Santa Cruz, CA 95060  
Phone: (831) 426-6080  
Fax: (831) 469-3658  
Email: aclifford@scmttd.com

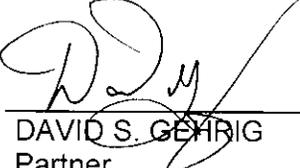
ATTORNEY: David S. Gehrig, Partner  
Hanson Bridgett LLP  
425 Market Street, 26th Floor  
San Francisco CA 94105  
Phone: (415) 995-5063  
Fax: (415) 995-3416  
Email: dgehrig@hansonbridgett.com

## 5. ENTIRE AGREEMENT

This Second Amendment, the First Amendment dated October 28, 2016, and the Contract dated December 22, 2015, including all exhibits and attachments, embody the entire agreement of the parties in relation to the scope of services herein described, and no other understanding whether verbal, written or otherwise exists between the parties.

Executed as of the day first above stated.

### HANSON BRIDGETT LLP

By:   
\_\_\_\_\_  
DAVID S. GEHRIG  
Partner

### SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

By: \_\_\_\_\_  
ALEX CLIFFORD  
CEO/General Manager



**DATE:** January 27, 2017  
**TO:** Board of Directors  
**FROM:** Alex Clifford, CEO/General Manager  
**SUBJECT: REVISED METROBASE PHASE II (OPERATIONS BUILDING) LIFE OF PROJECT BUDGET AND CAPITAL RESOURCE ALLOCATION PLAN**

**I. RECOMMENDED ACTION**

**That the Board of Directors approve reallocation of existing PTMISEA funds currently programmed to the Metrobase project in the amount of \$125,000. The MetroBase Phase II Operations Life of Project budget will remain \$27,350,425.**

**II. SUMMARY**

- The Board of Directors established a Life of Project (LOP) for MetroBase Phase II on September 26, 2014 in the amount of \$24,732,549. Since then the following revisions were made:
  - May 8, 2015: The Board revised the LOP to \$24,603,596
  - August 14, 2015: The Board revised the LOP to \$24,853,596
  - October 23, 2015: The Board revised the LOP to \$25,424,868
  - December 11, 2015: The Board revised the LOP to \$25,866,524
  - January 22, 2016: The Board revised the LOP to \$26,411,524
  - June 24, 2016: The Board revised the LOP to \$27,082,425
  - September 23, 2016: The Board revised the LOP to \$27,350,425
- Additional adjustments to the LOP are now recommended as follows:
  - Reprogram \$125,000 from the RNL Design line item to the Hill International line item to incorporate the contract amendment approved by the Board of Directors on December 9, 2016.
- The result of the recommended changes would not affect the overall Life of Project total.
- The CEO/General Manager recommends approval of the revised LOP budget and proceeding with the reallocation of PTMISEA funds.

### **III. DISCUSSION/BACKGROUND**

#### **Additional Information about the Proposed Revisions/Additions:**

- A contract amendment for Hill International in the amount of \$125,000 was approved at the December 9, 2016 Board meeting. This current action is to incorporate the approved increase into the related line item. Funding comes from the 12-25 RNL Design line item. This item is reduced to \$1,839,977.

### **IV. FINANCIAL CONSIDERATIONS/IMPACT**

- There is no fiscal impact associated with the recommended action, as the Operations Building Project Life of Project (LOP) budget remains at \$27,350,425.

### **V. ALTERNATIVES CONSIDERED**

- The Board could decline to approve the various proposed revisions. This is not recommended as Santa Cruz METRO requires the services of Hill International, Inc. to assist the claims resolution project team at the mediation related to the Judy K. Souza construction project.

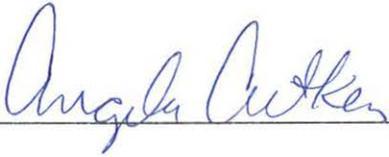
### **VI. ATTACHMENTS**

**Attachment A:** Proposed Revised Life of Project Budget

Prepared By: Erron Alvey, Purchasing Manager

**VII. APPROVALS:**

Approved as to fiscal impact:  
Angela Aitken, Finance Manager



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Alex Clifford, CEO/General Manager



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# Attachment A

## Attachment A Metrobase Phase II (Operations Building) Life of Project Budget

1/27/2017

| <b>Construction Contract</b>                              | 9/23/16 Rev Budget |  | Resulting Budget |
|---|--------------------|--|------------------|
| Lewis C. Nelson and Sons Inc. Prime Construction Contract | \$13,572,000.00    |  | \$13,572,000.00  |
| Construction Contract Contingency                         | \$2,127,844.20     |  | \$2,271,558.20   |
| Security cameras conduit (Cal OES funding)                | \$55,616.00        |  |                  |
| Security fencing (Cal OES funding)                        | \$45,929.00        |  |                  |
| Security gates (Cal OES funding)                          | \$7,418.00         |  |                  |
| Building access control (Cal OES funding)                 | \$15,000.00        |  |                  |
| Radio tower & equipment relocation (Cal OES funding)      | \$19,751.00        |  |                  |

| <b>SC Metro Project Management</b>                           | 9/23/16 Rev Budget |  | Resulting Budget |
|--|--------------------|--|------------------|
| Project Manager Budget FY13& FY14                            | \$194,234.00       |  | \$194,234.00     |
| Administrative Specialist Budget FY13& FY14                  | \$160,438.00       |  | \$160,438.00     |
| PM and Admin Specialist FY15 Applied to Other expenses 10/15 | \$278,362.00       |  | \$278,362.00     |
| Administrative Assistant                                     | \$9,747.00         |  | \$9,747.00       |
| Inside Document Control Services                             | \$10,000.00        |  | \$10,000.00      |

| <b>Consultant Costs</b>                               | 9/23/16 Rev Budget    | 1/27/17 Budget Amend  | Resulting Budget      |
|---|-----------------------|-----------------------|-----------------------|
| <b>#15-04 Hill International, Inc:</b>                | <b>\$3,558,382.00</b> | <b>\$125,000.00</b>   | <b>\$3,683,382.00</b> |
| #12-34 TRC Const Mgmt Applied to Other expenses 10/15 | \$1,378,383.00        |                       | \$1,378,383.00        |
| <b>RNL Design Original contract 03-2012</b>           | <b>\$1,964,977.00</b> | <b>(\$125,000.00)</b> | <b>\$1,839,977.00</b> |
| Contingency 10% -A&E                                  | \$0.00                |                       | \$0.00                |
| Contracted professional services                      | \$150,000.00          |                       | \$150,000.00          |

| <b>Additional Costs and Services</b>                 | 9/23/16 Rev Budget |  | Resulting Budget |
|--|--------------------|--|------------------|
| 4VSW's hired 3/4/13 –through 2016                    | \$787,869.00       |  | \$787,869.00     |
| Dubois temporary facility and related ongoing costs  | \$1,217,115.00     |  | \$1,217,115.00   |
| Dubois property remediation after move out           | \$180,000.00       |  | \$180,000.00     |
| Harvey West Security                                 | \$70,254.00        |  | \$70,254.00      |
| Furniture and cubicles for new facility              | \$150,000.00       |  | \$150,000.00     |
| Inside and outside counsel expenses                  | \$375,000.00       |  | \$375,000.00     |
| Land mobile radio tower & equipment relocation       | \$100,000.00       |  | \$100,000.00     |
| Security anti-climb panels for back fencing (CalOES) | \$95,864.00        |  | \$95,864.00      |
| Access Control System (CalOES)                       | \$150,000.00       |  | \$150,000.00     |
| Secure Mechanical Platform Enclosure (CalOES)        | \$85,000.00        |  | \$85,000.00      |
| ADA Accessibility Corrections                        | \$252,000.00       |  | \$252,000.00     |
| Contingency 10% ADA Concrete Contract                | \$25,000.00        |  | \$25,000.00      |
| Pipe Protection and Guard Rails                      | \$71,500.00        |  | \$71,500.00      |
| Procore software                                     | \$30,000.00        |  | \$30,000.00      |
| Other project expenses                               | \$212,742.00       |  | \$212,742.00     |

|                              |                   |                     |
|------------------------------|-------------------|---------------------|
| <b>Life of Project Total</b> | <b>1/27/2017</b>  | <b>\$27,350,425</b> |
|                              | <b>9/23/2016</b>  | <b>\$27,350,425</b> |
|                              | <b>Difference</b> | <b>\$0</b>          |

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**DATE:** January 27, 2017

**TO:** Board of Directors

**FROM:** Mike Rotkin, Chair

**SUBJECT: CONSIDERATION OF NOMINATING DIRECTORS TO SERVE AS BOARD OFFICERS, NOMINATING DIRECTORS TO FILL VACANT POSITIONS ON VARIOUS BOARD STANDING COMMITTEES, NOMINATE DIRECTORS TO FILL VACANT POSITIONS ON THE SANTA CRUZ CIVIC IMPROVEMENT CORPORATION (SCCIC), AND NOMINATING REPRESENTATIVES AND ALTERNATES TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION (SCCRTC)**

## **I. RECOMMENDED ACTION**

**That the Board of Directors Nominate Directors to the following positions:**

- 1) Santa Cruz Metropolitan Transit District (METRO) Board Chair and Vice Chair;**
- 2) Fill Vacant Director Positions on various METRO Board Standing Committees;**
- 3) Fill Vacant Director Positions on the Santa Cruz Civic Improvement Corporation (SCCIC) Board; and,**
- 4) Representatives and Alternates for the Santa Cruz County Regional Transportation Commission (SCCRTC)**

## **II. SUMMARY**

- Article 6 of the Santa Cruz Metropolitan Transit District (METRO) Bylaws provides that the Board of Directors shall annually nominate individuals to the positions of Chair and Vice Chair.
- In 2016, the Board of Directors nominated individuals to stand for election to the Standing Committee positions referenced in this staff report.
- Article III, Section 3.03 of the Santa Cruz Civic Improvement Corporation (SCCIC) Bylaws provides that the Board of Directors shall appoint METRO Directors to the SCCIC Board.
- In order to maintain representation on the Santa Cruz County Regional Transportation Commission (SCCRTC), it is necessary that the Board of Directors elect individuals to the three positions and three alternate positions that are designated for METRO Board Members.
- Elections for the positions referenced in this Staff Report are scheduled to be held at the beginning of the February 24, 2017 Board of Directors meeting.

### **III. DISCUSSION/BACKGROUND**

The terms of the officers and appointees of the Board of Directors in the positions of Chair, Vice Chair and SCCRTC appointees expire in February 2017. Four of the five SCCIC Directors' terms expire in January 2017. The METRO Bylaws provide that the Board of Directors shall identify nominees to be considered for election to the positions herein referenced.

Staff recommends that the Board of Directors provide slates to:

- 1) Elect Directors to the positions of Chair and Vice Chair;
- 2) Fill one position on the Standing Capital Projects Committee;
- 3) Fill two positions on the Standing Finance, Budget and Audit Committee;
- 4) Fill four vacant positions on the SCCIC; and,
- 5) Elect three representatives and three alternates to the SCCRTC.

In accordance with the METRO bylaws, nominations remain open until the positions are filled through election. The election for the referenced positions is scheduled to be held on February 24, 2017.

SCCIC is a non-profit public benefit corporation organized under the non-profit benefit corporation law in the State of California to provide financial assistance to METRO by acquiring, constructing and financing various public facilities, land and equipment and the leasing of facilities, land and equipment for use, benefit and enjoyment of the public served by METRO.

Article III, Section 3.03 of the SCCIC Bylaws provides that METRO's Board of Directors shall appoint METRO Directors to the SCCIC Board.

Staff recommends that the METRO Board of Directors appoint METRO Directors to serve on the SCCIC Board. At this time, four (4) appointees are needed for four (4) vacant positions. Each will hold the office for a term of two (2) years.

### **IV. FINANCIAL CONSIDERATIONS/IMPACT**

Funding support for the positions identified in this Staff Report is contained under Admin in the FY17 and FY18 Final Budget adopted June 24, 2016 and in the FY18 and FY19 yet to be finalized.

### **V. ALTERNATIVES CONSIDERED**

None.

**VI. ATTACHMENTS**

**Attachment A:** Current METRO Board Officers and Appointees

**Attachment B:** Current SCCIC Board Roster

**Attachment C:** Board Nominated Slate(s) Worksheet

Prepared by: Gina Pye, Executive Assistant

**VII. APPROVALS:**

Approved as to fiscal impact:  
Angela Aitken, Finance Manager



Alex Clifford, CEO/General Manager



**BOARD OFFICERS  
AND APPOINTMENTS**

Attachment A



**As of January 1, 2017**

Chair

~~MIKE ROTKIN, Term ends 12/16~~

Vice Chair

~~JIMMY DUTRA, Term ends 12/16~~

SCCRTC Representatives

~~KARINA CERVANTEZ, Term ends 12/16~~

CYNTHIA CHASE

ED BOTTORFF

SCCRTC Alternates (in order)

~~DENE BUSTICHI, Term ends 12/16~~

MIKE ROTKIN

DONALD "NORM" HAGEN

Standing Capital Projects Committee

*Committee Established 8/26/16*

~~DENE BUSTICHI, Term ends 12/16~~

CYNTHIA CHASE

BRUCE McPHERSON

## Attachment A

### Standing Finance, Budget and Audit Committee

(4-5 Board Members, as a ground rule)

*Committee Established 8/26/16*

ED BOTTORFF

ZACH FRIEND

KARINA CERVANTEZ

~~DON LANE, Term ends 12/16~~

### Standing Personnel/Human Resources Committee

*Committee Established 8/26/16*

MIKE ROTKIN, Current Chair

JIMMY DUTRA, Current Vice Chair

~~DENE BUSTICHI, Immediate Past Chair, Term ends 12/16~~

NORM HAGEN

JOHN LEOPOLD

# Attachment B



## **SANTA CRUZ CIVIC IMPROVEMENT CORPORATION (SCCIC)**

### **BOARD OF DIRECTORS 2016 - 2017**

|                                    | YEAR TERM BEGAN | YEAR TERM ENDS |
|------------------------------------|-----------------|----------------|
| <b>Zach Friend, President</b>      | 2015            | 2017           |
| <b>Don Lane, Vice President</b>    | 2015            | 2017           |
| <b>Mike Rotkin, Secretary</b>      | 2015            | 2017           |
| <b>Ed Bottorff, Treasurer</b>      | 2015            | 2017           |
| <b>Donald Norm Hagen, Director</b> | 2016            | 2018           |

---

Alex Clifford, Chief Executive Officer

*Each Director holds office for a term of two (2) years from the date of appointment. The Board of Directors holds an annual meeting for the purpose of organization, selection of Directors and officers, and the transaction of other business. Annual meetings of the Board are held on the fourth Friday of February. The meetings are held in the same venue as the Santa Cruz METRO Board of Directors meeting.*

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# BOARD OFFICERS AND APPOINTMENTS



## Board Nominated Slate(s) – January 27, 2017

### Elect Board Chair (2016: Mike Rotkin)

|          |               |
|----------|---------------|
| Nominee: | Nominated by: |
| 1. _____ | _____         |
| 1. _____ | _____         |
| 1. _____ | _____         |

### Elect Board Vice Chair (2016: Jimmy Dutra)

|          |               |
|----------|---------------|
| Nominee: | Nominated by: |
| 1. _____ | _____         |
| 1. _____ | _____         |
| 1. _____ | _____         |

### Replace 1: Current Capital Projects Standing Committee Member (Dene Bustichi) Remaining Members: Cynthia Chase & Bruce McPherson

|          |               |
|----------|---------------|
| Nominee: | Nominated by: |
| 1. _____ | _____         |
| 1. _____ | _____         |

### Replace 2: Finance, Budget and Audit Standing Committee Members (Karina Cervantez & Don Lane) Remaining Members: Ed Bottorff, Zach Friend

|          |               |
|----------|---------------|
| Nominee: | Nominated by: |
| 1. _____ | _____         |
| 2. _____ | _____         |

|          |               |
|----------|---------------|
| Nominee: | Nominated by: |
| 1. _____ | _____         |
| 2. _____ | _____         |

# BOARD OFFICERS AND APPOINTMENTS



**Replace 4: SCCIC Representatives**  
**(Terms end Feb 2017) President, Zach Friend; Vice President, Don Lane;**  
**Secretary, Mike Rotkin; and, Treasurer, Ed Bottorff**  
**Remaining Director: Norm Hagen**

Nominee:

Nominated by:

President: \_\_\_\_\_

\_\_\_\_\_

Vice President: \_\_\_\_\_

Secretary: \_\_\_\_\_

Treasurer: \_\_\_\_\_

Nominee:

Nominated by:

President: \_\_\_\_\_

\_\_\_\_\_

Vice President: \_\_\_\_\_

Secretary: \_\_\_\_\_

Treasurer: \_\_\_\_\_

# BOARD OFFICERS AND APPOINTMENTS



**Replace 3: SCCRTC Representatives**  
**(2016 Reps: Karina Cervantez, Cynthia Chase & Ed Bottorff)**

Nominee:

Nominated by:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

\_\_\_\_\_

Nominee:

Nominated by:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

\_\_\_\_\_

Nominee:

Nominated by:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

\_\_\_\_\_

**Replace 3: SCCRTC Alternates (in order)**  
**(2016 Alternates: Dene Bustichi, Mike Rotkin, Norm Hagen)**

Nominee:

Nominated by:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

\_\_\_\_\_

Nominee:

Nominated by:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

\_\_\_\_\_

Nominee:

Nominated by:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

\_\_\_\_\_

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VERBAL PRESENTATION ONLY

CEO ORAL REPORT

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- ADDITIONAL MATERIALS DISTRIBUTED  
AT BOARD MEETING -

# **NEWS CLIPS**

**December 9, 2016 – January 27, 2017**

**SANTA CRUZ  
COUNTY  
ARTICLES**

## SCOTTS VALLEY CITY COUNCIL

# Minimum wage workers to get 50-cent pay increase

## New planning commission to review affordable housing proposal Thursday

By Jondi Gumz

[jgumz@santacruzsentinel.com](mailto:jgumz@santacruzsentinel.com)  
@jondigumz on Twitter

**SCOTTS VALLEY »** Employees in four temporary recreation positions will see their pay go up to \$10.50 per hour due to the new state minimum wage law that took effect Jan. 1. Previously, starting pay was \$10 per hour for recreation aides, swim instructor aides and softball and baseball scorekeepers.

The new salary schedule is on the consent agenda for the Scotts Valley City Council, which will meet at 6 p.m. Wednesday at City Hall, 1 Civic Center Drive.

Recreation manager Kristin Ard projects that staffing expenses will go up \$3,413 through June 30. The expense has been built into the current budget.

The council will consider

creating a subcommittee to guide improvements of the Scotts Valley library facility, which are on a tight timeline.

Scotts Valley expects to receive \$3 million out of the \$62-million countywide library bond proceeds and \$176,660 from the Measure S sales tax for facility improvements.

Bond proceeds must be spent within three years of the issuance, which is slated for summer 2017, which means the Joint Powers Authority governing the county library system must identify projects by March.

Alex Clifford, general manager of the Santa Cruz Metro bus system, will report on the state of the transit district.

As a result of the election, the five-member Planning Commission will have two new members.

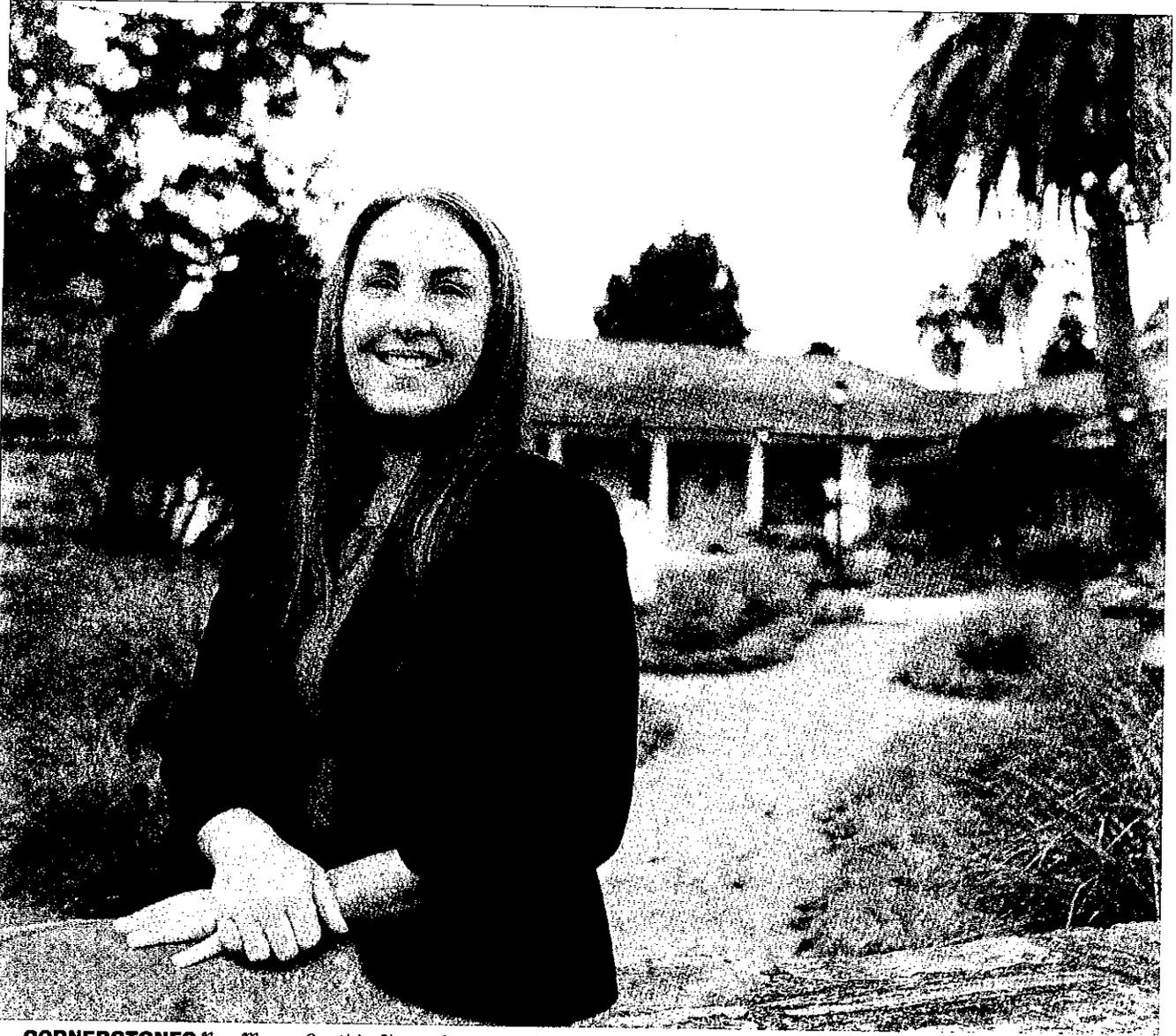
Newly installed Councilman Jack Dilles is appointing Rosanna Herrera, replacing Steve Horlock. Herrera, owner of Bruno's BBQ and president of Scotts Valley Rotary, finished fourth in the council race in November.

Councilwoman Donna Lind is appointing Robin Donovan, regional hotel manager for Two Roads Hospitality and former president of the Santa Cruz County Conference and Visitors Council. Donovan replaces Russ Patterson, who was elected to the Scotts Valley Fire District board.

The Planning Commission plans a public hearing at 6 p.m. Thursday on six below-market condos proposed for 4303-A Scotts Valley Drive behind Chef Liu restaurant and adjacent to Acorn Court Apartments. Lennar Homes,

which got city approval for a 40-lot Polo Ranch subdivision off Santa's Village Road, is proposing to build two two-story triplexes to satisfy the city's affordable housing requirement. These units would be available to people earning no more than 80 percent of the area median income, which in 2016 was \$69,600 for a family of four.

Dilles is appointing Bernadette "Bernie" Jestrabeck-Hart, a retired sculptor who uses a power wheelchair, to the ADA accessibility committee, to fill a vacancy left by Bob White. That committee, chaired by Kendra Kannegaard, will meet at 4 p.m. Thursday in the Sky-park classroom, 361 Kings Village Road, to discuss recent accessibility improvements, marijuana rules and accessible housing.



**CORNERSTONES** *New Mayor Cynthia Chase championed an effort to get more women on local ballots. Now the City Council has five women serving on it.* PHOTO: KEANA PARKER

# Office Chase

New Santa Cruz Mayor Cynthia Chase talks about breaking the glass ballot, and her top issues *By Kara Guzman*

**C**ynthia Chase, the new Santa Cruz mayor whose term began last month, says the most important issue for the city to tackle right now is affordable housing. For the start of the new year, *GT* caught up with Chase to talk about the opportunities

for women, the county's glass ceiling, her work in local prisons and her solutions for Santa Cruz's housing crisis.

**In some ways, this year's election was horrible for women. One bright light is that, for the first time in history,**

**five out of the seven seats on Santa Cruz City Council are now held by women. What do you make of that?**

CYNTHIA CHASE: When I ran [in 2014], one of the reasons I ran was I had gone to the Breaking the Glass Ballot initiative, which was a >14

**OFFICE CHASE <12**

project that had started here locally, but it exists in other places. And the intention was really to encourage women to run. And when you talk to women, there are really smart, really skilled, creative, innovative, just incredible women out there who don't run for a variety of reasons, that are somewhat overlapping with [men's reasons], but a lot different. And what I see over and over is—and there's a lot of research to prove this, too—women doubt themselves. Women second-guess themselves. Women don't feel like they are qualified to be in leadership roles, and they view leadership and what it takes to be a leader quite differently. And that's a message that I think we really need to work on, particularly for young women, and helping them understand that it doesn't take someone who is loud, boisterous, bombastic, despite what the national election showed.

**Since 2012, all of our county supervisors have been men. The county has also never had a woman elected to state legislature or Congress. What can we do to break our glass ceiling at higher levels of government?**

Often, childcare falls to women. Although that's changing, certainly, there are expectations that are both self-imposed and in the community that women really need to show up in these ways in regard to their families.

The decision about being in an elected position and being in a family is still a conflict for women. Right now, I'm pretty much in that position. Do I continue to serve, knowing that this council role is a part-time job, and I have a whole other full-time job? And if I were to add in family to that, my husband and I, what would that look like? So that is a crossroads for people, particularly women. I will have to choose at some point, and that some point is getting smaller and smaller.

So we need to create a place where women can be the kind of leaders that feel more familiar to them, and have support to do that. Because this isn't just anecdotal, the research shows that when women are in leadership positions, generally speaking, in almost every way, things go better. They go better for the economy. They go better for the community. They are able to get more done, and you hit fewer barriers and government doesn't come to standstills.

**After you graduated from UCSC, you were a juvenile probation officer in Santa Cruz. Then for eight years, you ran Gemma, a program for transitioning women from incarceration. Now you're an inmate programs manager at the county sheriff's office. How has your career informed your political life?**

Really what I've been doing for 16 going on 17 years is working on how do we shift systems to better prepare people who are incarcerated for

successful release. What we're doing now in our local jails, our job is to rehabilitate people. It's no longer just housing people for a short period of time with short sentences, then they're going to get right out. It's about systems and how they connect, overlap and affect each other. So any decision that we make in one realm is going to have this ripple effect into others. And I think that is the example that I use constantly in talking to people at the city. ... That's where we're talking about systems: How do we as a city partner with the county, and talk to our state and federal partners about putting some more resources in, and being a lot more systematic in our responses to things like homelessness and substance addiction and behavioral health issues, that are really not in the city's purview?

**What do you plan to do as mayor about affordable housing?**

Housing is a big focus this year. One of the things I'm hoping to do is convert one of the City Hall to You [forums] to a housing forum, and really I'm still working with a lot of stakeholders on this—advocates for housing rights, tenants, landlords, developers, lenders, all the folks who are really engaged in this and trying to say, 'Look, all of you have skin in the game. Everybody has something to do here.' And actually, when you talk to all of those people, our solutions are not really

far off. I think that's the thing that is unfortunate, that people tend to get so divided into their camps, and really, when I sit down and talk to every one of them and I'm listening, they're so similar in what they need. So if I can bring all of that energy together and say, what is our housing vision for this community and how can we get that groundwork laid so that we can move forward in that direction, that's what I really would love to accomplish this year. I know it takes a really long time to actually develop housing and all of those things, but if we can, this year, land on a vision that we see as a community for housing, I think that is doable.

**Many local housing officials and nonprofit leaders say the dissolution of the county's redevelopment agency in 2012 ended the main local funding source for affordable housing. What do you see as the solution for filling that giant need?**

We formed a subcommittee around exploring what are the other funding sources. Is that a TOT increase? Is that a local bond measure? What does it look like? Is it just for housing or would it be a sort of overall quality of life issue? And really explore what our sources of funding are. And luckily, as I go around the community and talk to those different stakeholders, people are saying, 'Yep. We're on board.' Because they know it can't happen without something like that.

**Last year, you championed the "City Hall to You" program, a town hall forum in four neighborhoods. What's the biggest outcome?**

People are now feeling like they have a connection to city government. They have an actual person. They have a conversation. They have a relationship. [They feel they] can move forward not just on their public works issue or question, but in general that we are accessible. And that, to me, is one of my biggest goals.

# Santa Cruz Sentinel

## Neighborhood News

By Justine DaCosta, Santa Cruz Sentinel  
Posted: 12/23/16, 3:20 PM PST

### **Power of the paintbrush**

The winners are in.

The Santa Cruz Metropolitan Transit District recently announced the winners of its 2016 Children's Art Contest, and honored the aspiring artists at its board of directors meeting earlier this month.

"In recognizing these talented young people, the Metro board wants to emphasize our great pleasure at seeing our youth express their support for public transport," Director Mike Rotkin said in a release.

First place winner Clark, 7, will see his artwork on the cover of the Headways, Metro's publication of the bus schedules and other agency information. His artwork will also be displayed inside all Metro buses. Two second-place winners, Alma, 7, and Dorian, 6, will have their artwork displayed on the outside of eight buses, along with their art being displayed inside all Metro buses. Five third-place winners, Olivia, 4, Elliot, 7, Harlow, 8, Madeline, 9, and Jose, 10, will see their artwork displayed inside all of Metro buses. In addition to displaying their artwork, the children received a prize envelope with various goodies, sponsored by local merchants. Metro thanks Mission Hill Creamery, Boardwalk Bowl, Woodstock Pizza, Penny Ice Creamery, Lenz Arts, Pacific Cookie Company, and Palace Arts for their generous donations.

# OPRESS BANNER

SERVING THE SAN LORENZO VALLEY AND SCOTT'S VALLEY SINCE 1960

VALLEY PRESS | DECEMBER 23, 2016 | VOL. 57 NO. 4



## Not enough beds for homeless this winter

By Barry Holtzclaw  
Press Banner

The 18 men and women and two young children began arriving at St. Phillip the Apostle Episcopal Church in Scotts Valley about 5:30 p.m.

They came by car and by MTRRO bus. They brought their belongings in backpacks and large green trash bags, which they piled in one corner. Some grabbed a cup of coffee and sat at tables in the dining area, chatting with others as they arrived. Some kept on their heavy coats. Some

stayed aloof from the others, looking quietly at the Christmas decorations in the lobby of the Scotts Valley Drive church.

St. Phillip's would be their home for the night. It was warm and dry and friendly, and the decorations added a little extra warmth this time of year. Here they would get a hot, nutritious meal cooked this night by Monica and Erik Hedstrom of Community Covenant Church, along with some fellowship. Tomorrow, there would be breakfast

**GUARDIAN ANGEL:** Al Anthony welcomes and watches over homeless men, women and families seven days a week, year-round at 10 different sites in Santa Cruz County.

Barry Holtzclaw/Press Banner

## HOMELESS CONTINUED FROM COVER PAGE

in the morning and another church in another part of the county at night. That would be repeated at 10 locations, then the cycle would begin again at the Faith Community Shelters created four years ago by the Association of Faith Communities.

The participants in this program are of different ages and backgrounds, and other than this shifting routine, they have one thing in common: they are homeless.

They are the lucky ones. County officials have estimated that on any given night, more than 2,000 men, women and children have no shelter, despite the efforts of a dozen different private social agencies.

The group at the Faith Community Shelters also has Al Anthony, who greets them with a smile at each location.

As a combination manager and guardian angel, he reminds them of the specific rules of each location and handles the delivery of the large foam mattresses to each site.

At St. Phillip's last Saturday, Dec. 17, for example, he told folks they wouldn't be able to lay out their bedding the following Saturday until after the close of the 11 p.m. Christmas Eve service.

Al is with them every night, all night, seven days a week, 365 days a year. He has had the job since October 2012, joining a few months after it started, and he figures he has had one day off since then.

These rotating homeless shelters are Al's home, too.

When the amiable vet was asked what he had done before this job, he replied matter-of-factly, "I slept in the back doorway of Bookshop Santa Cruz for five-and-a-half years."

The shelter and food provided to these 18 people every night by 10 churches and community organizations - 10 for lodging and another 25 for food - are part of a growing effort to care for the estimate 3,500 homeless people in the county.

Just this winter, the Association of Faith Communities opened two "winter shelters," in Santa Cruz, offering drop-in emergency shelter for 100 people at the VFW Hall on 7th Street and the Salvation Army on Laurel Street.

The Faith Community Shelters require verifiable IDs, background checks and a commitment to a plan to move to permanent shelter. Most stay about six months, said program director



Barry Holtzclaw/Press Banner

**FOOD FROM THE HEART:** Monica Hedstrom of Community Covenant Church in Scotts Valley prepares a nourishing meal of stir-fry vegetables and rice at St. Phillip the Apostle Episcopal Church on Scotts Valley Drive.

### The Notebook:

My 5-year-old son Iain often goes with me on my weekend reporting assignments, carrying a little notebook. He and I shared a meal with folks at St. Phillip's last Saturday.

Afterwards, before I had a chance to explain about homeless shelters, he handed me his notes for the evening, saying emphatically: "You have to put this in the Press Banner, Daddy." He had put individual words on four notebook pages, summarizing the evening, which I share with you (I corrected his phonetic spelling): "Tree" "Table" "Mattress" "Baby Jesus."

-- Barry Holtzclaw

Debbie Bates.

Bates, a retired probation officer, said she works part-time managing both the transitional shelters and the new winter shelter program.

"It's a God thing," she said with a smile.

She said the current wait list for the Faith Community Shelters is up to two-and-a-half months.

# Santa Cruz Sentinel

Friday, December 23, 2016

\$1.50 FACEBOOK.COM/SCSENTINEL TWITTER.COM/SCSENTINEL

Santa Cruz

NEWSMAKERS 2016

## Grass-roots campaign secures Measure D

### Coalition finds common ground for transportation fixes

By Kara Guzman

newsroom@santacruzsentinel.com  
@karambutan on Twitter

**SANTA CRUZ** » Santa Cruz County is now one of 27 counties in the state with a voter-approved tax supporting transportation projects, after Measure D, a half-cent sales tax, passed in November.

The campaign was years in the  
**MEASURE** » PAGE 5

## Measure

FROM PAGE 1

making, after a similar tax measure was rejected by voters in 2004. After the defeat, the regional transportation commission sought common ground between the various factions: those that wanted Highway 1 upgrades, others who favored bike lanes and groups interested in the rail line. Each group made certain that if they couldn't get what they wanted, neither could others, said Supervisor John Leopold, a regional transportation commissioner.

"For far too many years, it was not about working together. It was only about political power plays, and it resulted in nothing," Leopold said.

Then came the Great Recession in 2008, which precluded a successful tax measure campaign, said Don Lane, former Santa Cruz mayor and former regional transportation commission head.

A turning point came in 2013, at a Santa Cruz County Business Council meeting at Plantronics, at which the business community and elected officials discussed how to launch a successful transportation tax measure campaign.

"That was a key point, the business community saying 'Hey RTC, if you're ready to go, we're ready to go,'" Lane said.

And that was the start of the "Yes on D — Get Santa Cruz County Moving" campaign. This time, the goal was for each group to get its top priority, said Leopold.

"We didn't prioritize the automobile over the bike, the bike over the pedestrian, or the train over the bus," Leopold said. "It was about advancing our shared goals together and whichever way people traveled, we wanted to support that, and that helped us bring a lot of people onto the coalition."



DAN COYRO — SANTA CRUZ SENTINEL FILE

Janneke Lang of Bike Santa Cruz County, makes a pitch to the Santa Cruz Regional Transportation Commission on Sept. 1 to fund the open streets project from the \$7 million available for local projects.

Not including in-kind donations, the campaign raised \$425,000, most of which paid mailers.

"We were getting not only the resources but also the ground troops out into the community, canvassing precincts, walking almost every precinct in Santa Cruz city, walking Scotts Valley, having phone banks every week," said Casey Beyer, the Santa Cruz County Business Council's executive director and the campaign's fundraising co-chair.

Nearly every public official in the county publicly endorsed Yes on D, as well as businesses such as the Palo Alto Medical Foundation. The campaign was also backed by the Land Trust of Santa Cruz County, Ecology Action and Community Bridges, nonprofits that each ran their own independent campaigns.

Beyer said the heinous commute between north and south county has a ripple effect through the region's economy. For example, it affects not only the workers in the hospitality industry, but also potential customers. Highway 1 traffic also slows ambulances, said Beyer, who said he believes that the planned Highway 1 widening would alleviate congestion. Highway 1 improvements account for 25 percent Measure D revenues, with the rest going to

## NEWSMAKERS

During the final weeks of 2016 and into the new year, the Sentinel is taking a look back at the most newsworthy stories and newsmakers of the year. You can access the stories at [santacruzsentinel.com/topic/newsmakers-2016](http://santacruzsentinel.com/topic/newsmakers-2016).

local road repair, transit for seniors and disabled people, the coastal rail trail, railroad maintenance and an analysis of rail as a transit option.

"Measure D was a quality-of-life measure tied into an infrastructure tax, simply put," Beyer said.

The next step is for each jurisdiction to publicly form a five-year plan for their share of the revenue. The half-cent sales tax will begin in April, with the first revenue reaching the commission in July.

Local streets and roads likely will be the first projects to be funded, with construction as soon as the end of 2017. The Land Trust of Santa Cruz County's wildlife tunnel under Highway 17 could also start this spring.

The environmental review for Highway 1 widening will likely be done by March. The first Highway 1 project is adding a lane connecting the 41st Avenue and Soquel Drive exits, with construction planned for 2019.

# Santa Cruz Sentinel

## SANTA CRUZ

### Metro announces winners of art contest

The Santa Cruz Metropolitan Transit District honored the winners of its 2016 Children's Art Contest on Dec. 9.

First place went to Clark Maciel-Snyder, 7. Clark will have his artwork on the cover of the Headways, the Metro's publication of the bus schedules and other agency information. His artwork will be displayed inside all of Metro's buses.

Second place was awarded to Alma Mendez, 7, and Dorian Garcia, 6. Their work will be displayed on the outside of eight buses, along with their art being displayed inside all Metro's buses.

The third-place winners included the work of five third place winners, Olivia Cole, 4, Elliott Higgins-Axton, 7, Harlow Kadmiri, 8, Madeline Taylor, 9, and Jose Velasco, 10.

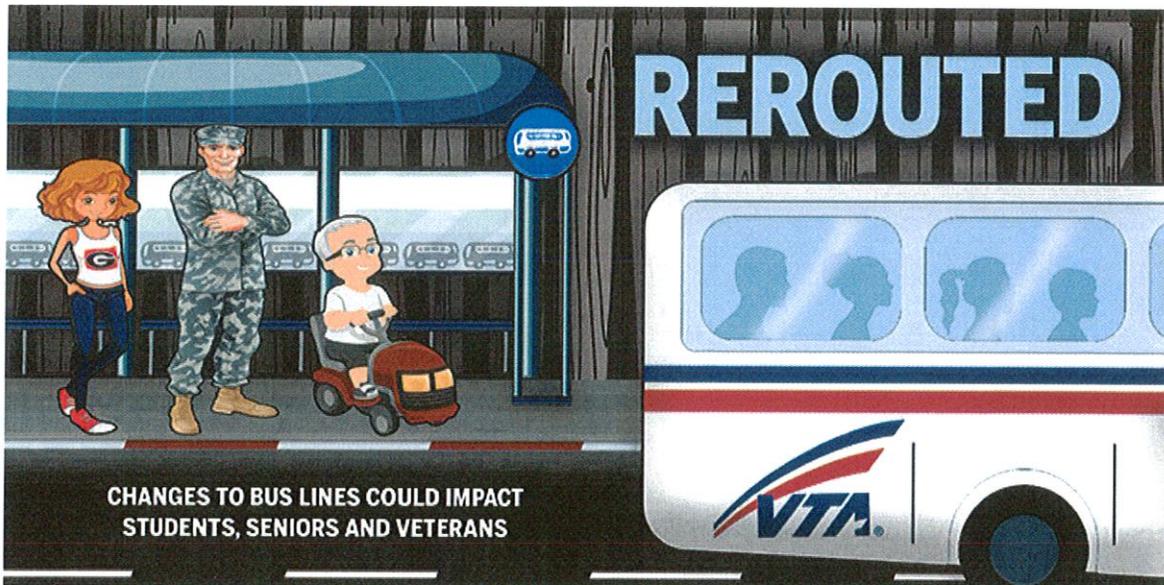


# **Other Transit Related Articles**

# The Mercury News

By: Jacqueline Lee  
1/12/2017

## VTA May Trim, Alter Palo Alto Bus Routes



Some Palo Alto residents and community service providers stand opposed to a major bus service overhaul by the Santa Clara Valley Transit Authority that they say will compromise students, seniors and veterans' access to crucial bus lines. (Illustration by Greg Frazier)

Some Palo Alto residents and community service providers are opposing a major bus service overhaul proposal by the Santa Clara Valley Transit Authority that they say will compromise students, seniors and veterans' access to crucial lines.

The VTA's Draft Transit Service Plan, released last week, proposes changes to bus times and routes. Among the changes would be a reduction of hours for Route 88, which shuttles Gunn High School students from the northeastern part of the city.

And the line that goes from the VA Palo Alto Health Care System through Stanford Research Park to the California Avenue Caltrain station would be nixed.

At a recent council meeting, Penny Ellson, a traffic safety representative for Gunn, urged the public to demand VTA change its "presently disappointing plan."

“If you know somebody who rides the VTA 88 to school, or to the VA Hospital or perhaps back and forth to Stevenson House or other places like that along these corridors, I hope that you will take a moment to come out and speak for yourself or for the people you love who need these services in our community,” Ellson said.

The VTA has planned multiple hearings and webinars in coming weeks to obtain public input before its board votes on changes in April.

The Palo Alto community meeting is scheduled for 6 to 8 p.m. Thursday in the council chambers of Palo Alto City Hall, 250 Hamilton Ave.

A Palo Alto-specific webinar is planned for 2 to 3 p.m. Feb. 7.

More information is available at [NextNetwork.vta.org](http://NextNetwork.vta.org).

The Palo Alto City Council also plans to have a study session with VTA officials on Jan. 23 to discuss the proposed changes.

VTA proposes the following changes for Palo Alto:

- Bus Route 35, which comes from Mountain View and mostly travels along Middlefield Road to the Palo Alto Transit Center, will become Route 21. The new route provides the same level of service but will now extend to Sunnyvale and Santa Clara’s downtowns.
- Bus Route 89, which travels between the California Avenue Caltrain station and the VA hospital, will be discontinued.
- Bus Route 88, which serves Gunn High School students and others traveling along the Charleston-Arastradero corridor, will be reduced from an hourly service to the start and end of school days.

VTA senior project manager Jay Tyree said Route 89 is one of the agency’s lower performing routes, with only about 230 riders per day on weekdays.

“It’s almost 100 percent duplicated by Palo Alto’s free shuttle, which is probably one of the reasons why the service performs pretty poorly for us,” Tyree said.

Tyree acknowledged the VA hospital is an important, regional destination and suggested those who depend on Route 89 should provide feedback because the agency will be looking at ways to tweak the proposed plan in the next two months.

“We would love to hear ideas on how to serve the VA,” Tyree said.

VTA also is interested in hearing how many trips Gunn students and others traveling along Charleston-Arastradero believe are needed.

Tyree said Route 88 sees high ridership at school bell times, when VTA often dispatches buses simultaneously, but buses on that line are empty in the middle of the day. He said VTA wants to scale back the route to just “productive trips.”

According to Tyree, Route 88 costs the agency \$9.30 per passenger, compared to the \$1.13 average of all routes. As a result, Route 88 ranks 53rd out of 56th in terms of net operating cost.

Ellson, a Gunn parent, said the school’s PTSA works hard to promote alternative transportation, which jibes with the city’s goal of reducing single-occupancy vehicle trips.

“A change like this is likely to push kids back into cars,” Ellson said.

Students need buses to come frequently, Ellson said. An hourly schedule, limited to bell hours, doesn’t serve students who stay after school for tutoring or sports, or those who must leave early to jobs.

The bus also stops running before people at Stanford Research Park get out of work, Ellson noted.

The proposal has raised red flags for groups such as Palo Alto Housing and Stevenson House.

“Palo Alto Housing residents fall above and below the 50% area median income,” agency’s president and CEO Candice Gonzales wrote in a letter to VTA. “The economic pressures of this area present a great challenge to household budgets... Current VTA routes provide a daily service allowing residents to commute to and from their jobs and needed services within Palo Alto.”

Stevenson House, a complex for low- and very low-income seniors, needs a service that runs seven days a week as well as paratransit service, said Sally Mahoney, president of the house’s board of directors.

Speaking outside her role as a Gunn PTSA representative, Ellson said the route changes are also bad for seniors and veterans who live in south Palo Alto, where the city has concentrated affordable housing projects.

“The city had had a lot of pressure to develop housing in this corridor, but the problem is transportation support is not materializing, it’s evaporating,” Ellson said. “These folks are transit dependent. They can’t drive. These buses get them to shopping, exercise classes, doctor appointments.”

Ellson’s biggest fear?

“If they further reduce the service, our ridership will fall off even more, which will give VTA reason to cut the bus altogether.”

Tyree said it’s hard to say whether ridership will increase or decrease with more routes.

“There is always a chicken and the egg argument with transit,” Tyree said. “Some say if there’s not enough, people aren’t going to ride. We’ve tried it every which way. There are just some areas that won’t be high ridership areas, no matter what’s there.”

VTA has struggled in recent years to increase ridership — and revenue — and the agency sees a solution in serving popular routes and cutting routes with low ridership. This means reducing the system’s geographical reach, especially in peripheral areas of the county, such as Palo Alto.

The agency currently aims to base 70 percent of its services on ridership and 30 percent on coverage area, said VTA spokeswoman Linh Hoang.

What’s on the table now would be a breakdown of 85 percent ridership and 15 percent coverage.

Meanwhile, changes in frequency are imminent for Route 22 and Rapid 522, a major arterial route along El Camino Real.

Rapid 522 will appear every 12 minutes instead of every 15 minutes and Route 22 will be the opposite. This change will take place in April, coinciding with the opening of the Alum Rock Bus Rapid Transit lanes in East San Jose.

“We’re swapping it so Rapid is more attractive,” Tyree said. “We’ve found that people are willing to walk further to transit if it gets you where you want to go faster.”

And, Tyree said, one of VTA’s main goals: Move riders further and faster.

# Hill International Receives \$35 Million Contract from Santa Clara Valley Transportation Authority

*Hill International, Inc. January 10, 2017 8:45 AM [GlobeNewswire](#)*

PHILADELPHIA and SAN FRANCISCO, Jan. 10, 2017 (GLOBE NEWSWIRE) -- Hill International ([HIL](#)), the global leader in managing construction risk, announced today that it has received a contract from the Santa Clara Valley Transportation Authority (VTA) to provide project management oversight and construction management services in connection with VTA's highway, roadway, pedestrian/bicycle, transit and facility projects. The five-year contract has an estimated value to Hill of approximately \$35.0 million.

VTA is an independent special district responsible for bus and light rail operations, congestion management, specific highway improvement projects and countywide transportation planning. VTA is both an accessible transit provider and multi-modal transportation planning organization involved with transit, highways, roadways, bikeways, and pedestrian facilities.

"We look forward to supporting VTA's mission of providing sustainable, accessible, community-focused transportation projects," said Michael B. Smith, Senior Vice President and Western Regional Manager for Hill's Project Management Group. "We are confident that our team will deliver on all expectations," added Smith.

Hill International, with 4,400 professionals in 100 offices worldwide, provides program management, project management, construction management, construction claims and other consulting services primarily to the buildings, transportation, environmental, energy and industrial markets. *Engineering News-Record* magazine recently ranked Hill as the eighth largest construction management firm in the United States. For more information on Hill, please visit our website at [www.hillintl.com](http://www.hillintl.com).

Certain statements contained herein may be considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and it is our intent that any such statements be protected by the safe harbor created thereby. Except for historical information, the matters set forth herein including, but not limited to, any projections of revenues, earnings or other financial items; any statements concerning our plans, strategies and objectives for future operations; and any statements regarding future economic conditions or performance, are forward-looking statements. These forward-looking statements are based on our current expectations, estimates and assumptions and are subject to certain risks and uncertainties. Although we believe that the expectations, estimates and assumptions reflected in our forward-looking statements are reasonable,

actual results could differ materially from those projected or assumed in any of our forward-looking statements. Important factors that could cause our actual results to differ materially from estimates or projections contained in our forward-looking statements are set forth in the Risk Factors section and elsewhere in the reports we have filed with the Securities and Exchange Commission, including that unfavorable global economic conditions may adversely impact our business, our backlog may not be fully realized as revenue and our expenses may be higher than anticipated. We do not intend, and undertake no obligation, to update any forward-looking statement.

**Hill International, Inc.**

John P. Paolin  
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Corporate Communications  
(215) 309-7710  
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Devin Sullivan  
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(212) 836-9608  
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# TransitCenter

<http://transitcenter.org/2017/01/03/seattle-americas-next-top-transit-city/>

Jan. 03, 2017

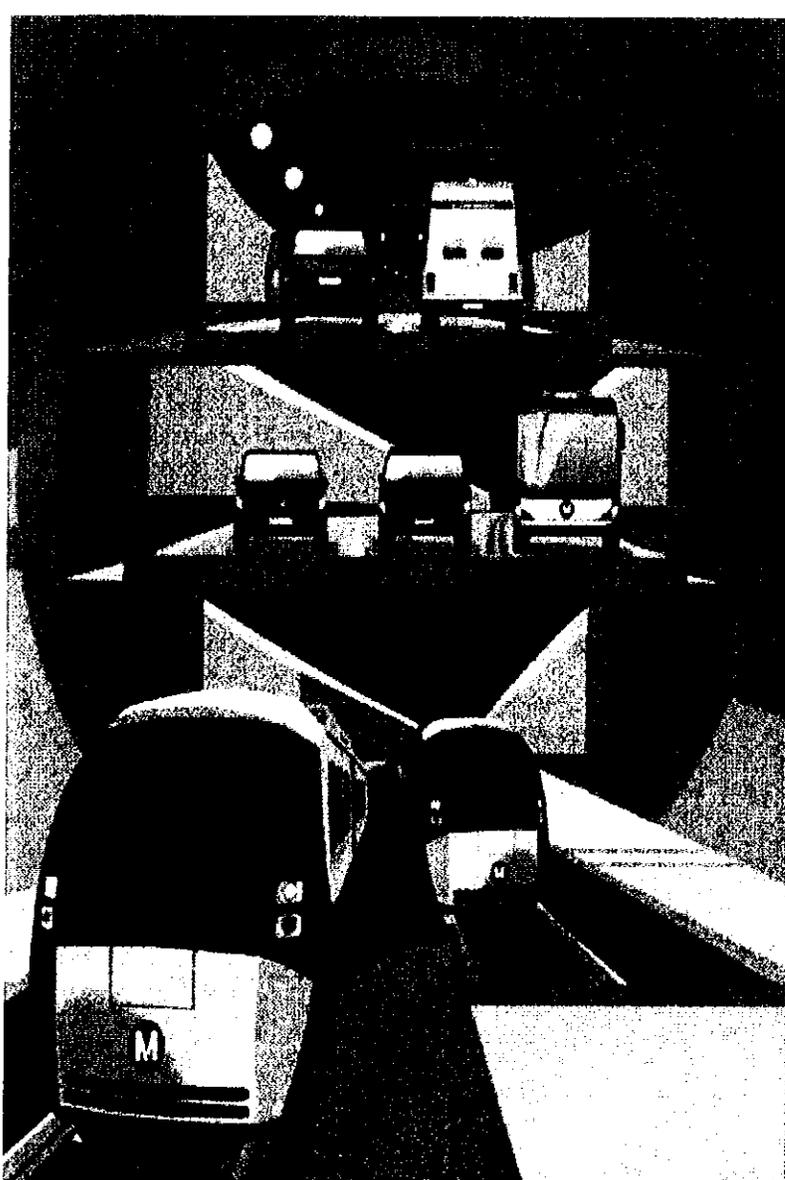
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## Seattle: America's Next Top Transit City

*"The City of Seattle can't handle any more cars than we currently have. Our mode split needs to go from 30% single occupancy vehicle to 25%, and the lions share of that is going to be carried on the bus." - Scott Kubly, Director, Seattle Department of Transportation*

Seattle, one of the fastest growing cities in America, is making bold investments to ensure the majority of its residents live within walking distance of frequent transit. The city's efforts are paying off – both bus and rail ridership have seen huge gains in recent years, and 70% of trips to downtown Seattle are now made by people outside of private vehicles. And as a measure of confidence, Seattle voters approved the \$900 million Move Seattle transportation levy in 2015 and followed up by supporting the regional Sound Transit 3, a \$50 billion rail expansion in 2016.

Seattle is demonstrating how rail and buses can work in tandem to build a fast, frequent and reliable network that encourages people to use transit. A key factor for this success is city government playing an active role forging transit improvements, not taking a back seat to county and regional transit agencies. Seattle's experience demonstrates that when agencies create clear transportation priorities, provide thoughtful, goal-oriented planning and deliver good transit service, ridership goes up and a firm foundation of public support can be established.



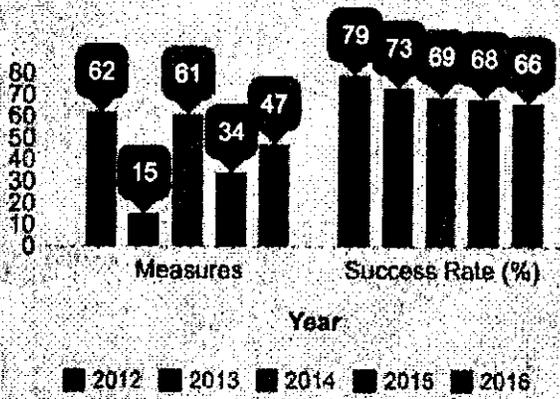
**32**  
**\$200**  
**Billion**

*Proposed Across all Ballot Measures*

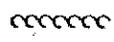


**HISTORIC TRANSIT  
BALLOT MEASURE  
SUCCESS RATES**

**Transit Ballot Measures**

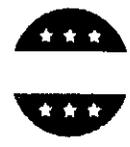


**ELECTION SCORECARD  
INCLUDES**



- 1
- 2
- 3

Transit Ballot  
Measure Scorecard



Presidential  
Candidates'  
Infrastructure  
Proposals



Congressional  
Control Infographic

# 2016 BALLOT MEASURE SCORECARD

| State | Community or Region                               | Ballot Measure Description  | Action To Be Decided                              | Outcome   |
|-------|---|---|---|---|
| AZ    | Flagstaff   | The Flagstaff City Council has approved placing a 10-year 0.295% sales tax renewal on the November ballot for the Northern Arizona Intergovernmental Public Transportation Authority. The revenue would go to continuing the Mountain line bus services. The current sales tax is due to sunset in 2020, meaning that should the measure fail this November, they'll have one more chance to go to voters in 2018.                              | renew 0.295 percent sales tax for 10 year         | YES   NO<br><input checked="" type="checkbox"/>   <input type="checkbox"/><br>71.35%   28.65%                                 |
| CA    | Alameda and Contra Costa Counties                 | The Alameda-Contra Costa Transit District (AC Transit) received approval ballot language to extend the current \$96/year parcel tax that accounts for 7-9 percent of the district's operating revenue annually. Originally passed by voters in 2008, the current tax expires in 2019. The extension would renew the tax for 20 years. It currently brings in around \$28 million per year, which goes to improving transit service.             | extend \$96/year parcel tax for 20 years          | YES   NO<br><input checked="" type="checkbox"/>   <input type="checkbox"/><br>82%   18%                                       |
| CA    | Contra Costa County                               | The Contra Costa Transportation Authority has approved a 1/2-cent transportation sales tax measure to fix pot holes, improve freeways, boost transit, and other measures aimed at easing traffic congestion. The measure would generate an estimated \$2.3 billion over 30 years for road and transit projects. 33 percent would go to transit related projects/services, including \$70 million for BART's East Contra Costa extension.        | half cent sales tax for 30 years; \$2.3 billion   | YES   NO<br>*Required 2/3 super-majority<br><input checked="" type="checkbox"/>   <input type="checkbox"/><br>62%   38%       |
| CA    | Humboldt County                                   | Humboldt County residents will vote this November on Measure U, a 20-year half-cent sales tax. The revenue will primarily go to road improvements, but transit infrastructure maintenance is listed as eligible for funding under the proposed language.  | half cent sales tax                               | YES   NO<br><input type="checkbox"/>   <input checked="" type="checkbox"/><br>48%   52%                                       |
| CA    | Los Angeles County                                | This measure would renew the current Measure R, a half-cent sales tax funding transportation in the county. It also includes a request for an additional half-cent sales tax to expand and improve light rail and subway lines. The measure could raise up to \$120 billion over 40 years for transit and road improvements, although the new half-cent sales tax would be permanent. It is estimated it would bring in \$860 million annually. | extend half-cent, add half-cent sales taxes       | YES   NO<br><input checked="" type="checkbox"/>   <input type="checkbox"/><br>69.82%   30.18%                                 |
| CA    | Merced County                                     | Guide more than \$450 million in transportation fund expenditures generated through the approval of a Merced County half-cent transportation sales tax over the next 30 years if approved by the voters in the November 2016 election.  | 1/2 cent sales tax for 30 years                   | YES   NO<br><input checked="" type="checkbox"/>   <input type="checkbox"/>  |
| CA    | Monterey County                                   | To alleviate regional congestion, Monterey County officials are considering asking residents to vote on a 3/8 percent countywide sales tax measure. This would provide revenue to the Transportation Agency for Monterey County (TAMC) including funding for roads and congestion relief projects, including public transportation projects. It would generate an estimated \$600 million over 30 years.  | 3/8 percent sales tax for 30 years; \$600 million | YES   NO<br><input checked="" type="checkbox"/>   <input type="checkbox"/><br>67.36%   32.64%                                 |
| CA    | Placer County                                     | The Placer County Transportation Planning Agency has approved a 1/2 cent, 30-year sales tax to fund rail and road improvements. 12 percent of additional revenue would go to transit, 5 percent would go to bike/ped. Infrastructure, and the rest would mainly go to roads.  | half cent sales tax for 30 years                  | YES   NO<br>*Required 2/3 super-majority<br><input checked="" type="checkbox"/>   <input type="checkbox"/><br>64%   36%       |
| CA    | Sacramento County                                 | Sacramento County has approved a 1/2 cent sales tax to improve regional transit and road projects, including expanded bus service and light rail to the airport. This proposed sales tax would be in addition to the half-cent sales tax already in place and would generate an additional \$120 million annually for 30 years. 30 percent of the new revenue is slated to go to transit.   | half cent sales tax for 30 years; \$120 million   | YES   NO<br>*Required 2/3 super-majority<br><input checked="" type="checkbox"/>   <input type="checkbox"/><br>64.8%   35.2%   |
| CA    | San Diego County                                  | If approved, this measure would generate an estimated \$18.2 billion over 40 years. Revenue would go toward a long-term plan approved by SANDAG's board that calls for highway improvements, surface rail, a sky-way gondola system, and bike/ped projects. About 40 percent of new revenue would go to public transit.   | \$18.2 billion over 40 years                      | YES   NO<br>*Required 2/3 super-majority<br><input checked="" type="checkbox"/>   <input type="checkbox"/><br>56.93%   43.07% |
| CA    | San Francisco, Alameda, and Contra Costa Counties | The BART board has voted to approve a \$3.5 billion bond measure to fund capital improvements. Homeowners in these three counties would see an increase in property tax bills of between \$35 and \$55 a year for the 40-year life of the bond program, depending on the assessed valuation (not market price) of their properties.   | \$3.5 billion bond measure                        | YES   NO<br><input checked="" type="checkbox"/>   <input type="checkbox"/><br>66.4%   33.6%                                   |
| CA    | San Luis Obispo County                            | The Board of Supervisors is set to vote July 19th on placing a 9-year half-cent sales tax to fund transportation projects on the November ballot. The measure would raise an estimated \$225 million over 9 years, and 20 percent of the additional revenue would go to public transit and bike/ped infrastructure.   | half-cent sales tax for 9 years; \$225 million    | YES   NO<br>*Required 2/3 super-majority<br><input checked="" type="checkbox"/>   <input type="checkbox"/><br>65%   35%       |

# 2016 BALLOT MEASURE SCORECARD

| State  | Community or Region          | Ballot Measure Description  | Action To Be Decided                                    | Outcome  |     |    |   |                              |        |        |
|--------|------------------------------|---|---|--|-----|----|---|------------------------------|--------|--------|
| CA     | Santa Clara County           | The Santa Clara Valley Transportation Authority (VTA) has approved placing a 30 year, half-cent sales tax to fund transportation, including BART expansion on the November ballot. Recently, city leaders decided to scale back a plan to add toll lanes to Highway 85 and instead put the \$350 million to transit.  | 30-year, 1/2 cent sales tax                             | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td>✓</td> <td></td> </tr> <tr> <td>71%</td> <td>29%</td> </tr> </table>                         | YES | NO | ✓ |                              | 71%    | 29%    |
| YES    | NO                           |   |   |  |     |    |   |                              |        |        |
| ✓      |                              |   |   |  |     |    |   |                              |        |        |
| 71%    | 29%                          |   |   |  |     |    |   |                              |        |        |
| CA     | Santa Cruz                   | The Santa Cruz County Regional Transportation Commission and the Board of Supervisors have approved a 30-year half-cent sales tax for transportation improvements. 20 percent of the estimated \$500 million in revenue will go to transit for seniors and disabled people, while some will also go to analysis of rail as a transit option. A June phone poll of 600 county residents showed that the ballot measure had 68 percent approval, barely above the two-thirds majority needed.   | 30-year, 1/2 cent sales tax: \$500 million              | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td>✓</td> <td></td> </tr> <tr> <td>67%</td> <td>33%</td> </tr> </table>                         | YES | NO | ✓ |                              | 67%    | 33%    |
| YES    | NO                           |   |   |  |     |    |   |                              |        |        |
| ✓      |                              |   |   |  |     |    |   |                              |        |        |
| 67%    | 33%                          |   |   |  |     |    |   |                              |        |        |
| CA     | Stanislaus County            | The council of governments and the Board of Supervisors have agreed to send a half-cent sales tax to the ballot. The tax would run for 25 years and would be allocated for transportation projects. The measure would generate a total of \$480 million over its lifetime. 7 percent of revenue will go to rail, transit, and special transportation. In addition, 5 percent will go to bike/ped improvements.  | 25-year, 1/2 cent sales tax: \$480 million              | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td>✓</td> <td></td> </tr> <tr> <td>71%</td> <td>29%</td> </tr> </table>                         | YES | NO | ✓ |                              | 71%    | 29%    |
| YES    | NO                           |   |   |  |     |    |   |                              |        |        |
| ✓      |                              |   |   |  |     |    |   |                              |        |        |
| 71%    | 29%                          |   |   |  |     |    |   |                              |        |        |
| CA     | Statewide                    | An anti-transit measure called the "No Blank Checks Initiative" looks like it is headed to the ballot in November. Sponsored by Stockton farmer and businessman Dean Cortopassi, Proposition 53 would require a public vote on any state project in which \$2 billion or more in revenue bonds would be issued. As the CA high-speed rail project would most likely exceed this cap, this measure could impede the project if passed.   | Vote on any project of >\$2 billion in revenue          | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td></td> <td>✓</td> </tr> <tr> <td>48.52%</td> <td>51.48%</td> </tr> </table>                   | YES | NO |   | ✓                            | 48.52% | 51.48% |
| YES    | NO                           |   |   |  |     |    |   |                              |        |        |
|        | ✓                            |   |   |  |     |    |   |                              |        |        |
| 48.52% | 51.48%                       |   |   |  |     |    |   |                              |        |        |
| CA     | Ventura County               | Local officials have voted to place a sales tax measure on the ballot in November. It is a 30-year half cent sales tax that raises \$3.3 billion total, half of which (\$1.65 billion) would go to the county for regional freeway projects, rail and bus service improvements, transportation technology management, environmental mitigation and bike and pedestrian path improvements. Ventura County is the only county in southern California that does not have a sales tax in place to raise money for transportation projects.  | 30-year, 1/2 cent sales tax: \$1.65 billion for transp. | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td></td> <td>✓</td> </tr> <tr> <td>57%</td> <td>43%</td> </tr> </table>                         | YES | NO |   | ✓                            | 57%    | 43%    |
| YES    | NO                           |   |   |  |     |    |   |                              |        |        |
|        | ✓                            |   |   |  |     |    |   |                              |        |        |
| 57%    | 43%                          |   |   |  |     |    |   |                              |        |        |
| CO     | Boulder                      | Boulder, CO is asking residents to renew half of the current 0.25 percent sales and use tax that helps fund Boulder County's expenses of acquiring and managing open space, which expires in 2019. On the ballot, residents will decide on a 0.125 percent renewal. The revenue from this renewal would be directed to sustainability efforts, including things like reducing water and energy consumption, improving recycling, increasing organic farming, and promoting the use of mass transit and other transportation alternatives.   | renew, .125 cent sales tax:                             | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td>✓</td> <td></td> </tr> <tr> <td>69%</td> <td>31%</td> </tr> </table>                         | YES | NO | ✓ |                              | 69%    | 31%    |
| YES    | NO                           |   |   |  |     |    |   |                              |        |        |
| ✓      |                              |   |   |  |     |    |   |                              |        |        |
| 69%    | 31%                          |   |   |  |     |    |   |                              |        |        |
| CO     | Lafayette                    | Polling in Boulder County, CO indicated that a county-wide ballot initiative in 2016 would not be successful, but the Lafayette City Council thinks the polling suggests the city could pass its own initiative. The city approved a vote on a 1.25-mill property tax for six years to provide free EcoPasses to all Lafayette residents who request them. EcoPasses provide unlimited rides on RTD buses and trains in the Denver metro area, including Boulder County.  | 1.25-mil property tax for six years                     | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td></td> <td>✓</td> </tr> </table>  | YES | NO |   | ✓                            |        |        |
| YES    | NO                           |   |   |  |     |    |   |                              |        |        |
|        | ✓                            |   |   |  |     |    |   |                              |        |        |
| CO     | Routt County                 | Referendum 1A in Routt County, CO asks voters to approve a 5 percent excise tax on the initial sale or transfer of unprocessed retail marijuana by a retail marijuana cultivation facility in unincorporated Routt County. Revenue from this excise tax would go to fund public health and safety, county facilities, and public transportation.  | 5 percent tax on retail marijuana                       | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td>✓</td> <td></td> </tr> <tr> <td>63.4%</td> <td>36.6%</td> </tr> </table>                     | YES | NO | ✓ |                              | 63.4%  | 36.6%  |
| YES    | NO                           |   |   |  |     |    |   |                              |        |        |
| ✓      |                              |   |   |  |     |    |   |                              |        |        |
| 63.4%  | 36.6%                        |   |   |  |     |    |   |                              |        |        |
| FL     | Broward County               | County Commissioners have proposed sending two half-cent sales taxes to the November ballot. The new proposal allows the full penny sales tax to be collected for 30 years in Broward County. Over that 30-year period, the additional penny sales tax is expected to generate a total of around \$12.6 billion. Half of the revenue is slated to go to the cities for infrastructure, half to the county for transportation, including light rail expansion. Cities would be required to spend no less than 13 percent of their tax on road- or mobility-related projects. Both taxes would have to be approved by voters. | 1-cent sales tax for 30 yrs/ \$12.6 billion             | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td></td> <td>Both measures not approved ✓</td> </tr> <tr> <td>51%</td> <td></td> </tr> </table> | YES | NO |   | Both measures not approved ✓ | 51%    |        |
| YES    | NO                           |   |   |  |     |    |   |                              |        |        |
|        | Both measures not approved ✓ |   |   |  |     |    |   |                              |        |        |
| 51%    |                              |   |   |  |     |    |   |                              |        |        |
| GA     | Atlanta                      | Voters in the City of Atlanta will consider a 0.4 percent sales tax on the November ballot for non-transit transportation projects, including beltline right-of-way acquisitions, bike/ped infrastructure, and street improvements.   | .4 percent sales tax                                    | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td>✓</td> <td></td> </tr> <tr> <td>72%</td> <td>28%</td> </tr> </table>                         | YES | NO | ✓ |                              | 72%    | 28%    |
| YES    | NO                           |   |   |  |     |    |   |                              |        |        |
| ✓      |                              |   |   |  |     |    |   |                              |        |        |
| 72%    | 28%                          |   |   |  |     |    |   |                              |        |        |
| GA     | Atlanta                      | SB 369 splits Fulton County into two districts, allowing the city of Atlanta, but not the rest of Fulton, to levy a 40-year half-cent sales tax on the November 2016 ballot. If passed, the additional revenue would fund MARTA service expansion in Atlanta, including improved local bus service, new streetcar lines, and building infill stations. DeKalb County was excluded from the measure, but MARTA could try for another measure there next year.  | 40-year, 1/2 cent sales tax                             | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td>✓</td> <td></td> </tr> <tr> <td>67.97%</td> <td>32.03%</td> </tr> </table>                   | YES | NO | ✓ |                              | 67.97% | 32.03% |
| YES    | NO                           |   |   |  |     |    |   |                              |        |        |
| ✓      |                              |   |   |  |     |    |   |                              |        |        |
| 67.97% | 32.03%                       |   |   |  |     |    |   |                              |        |        |
| GA     | Fulton County                | Fulton County elected officials have decided to place a 0.75 percent sales tax on Nov. 2016 ballot to raise funds for road and other transportation improvements. It will only be voted upon in areas of Fulton County that fall outside the city limits of Atlanta and would only fund projects in these areas. No funding will go to public transportation.   | .75 percent sales tax                                   | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td>✓</td> <td></td> </tr> </table>  | YES | NO | ✓ |                              |        |        |
| YES    | NO                           |   |   |  |     |    |   |                              |        |        |
| ✓      |                              |   |   |  |     |    |   |                              |        |        |

# 2016 BALLOT MEASURE SCORECARD

| State                               | Community or Region                         | Ballot Measure Description   | Action To Be Decided                                       | Outcome   |     |    |                                     |                                     |        |                             |
|-------------------------------------|---|--|--|---|-----|----|-------------------------------------|-------------------------------------|--------|-----------------------------|
| HI                                  | Honolulu                                    | Should all boards and commissions, except for the Board of Water Supply, the board for the Honolulu Authority for Rapid Transportation (HART) and any board or commission mandated by state or federal law, be reviewed periodically to determine whether they should be retained, amended or repealed?  | Mayoral Oversight of HART                                  | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>78.7%</td> <td>15.8%</td> </tr> </table> <p>Project still to continue</p> | YES | NO | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 78.7%  | 15.8%                       |
| YES                                 | NO  |  |  |   |     |    |                                     |                                     |        |                             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>                    |  |  |   |     |    |                                     |                                     |        |                             |
| 78.7%                               | 15.8%                                       |  |  |   |     |    |                                     |                                     |        |                             |
| IL                                  | Statewide                                   | A measure restricting the use of transportation revenue solely for transportation projects (including transit) will go before Illinois voters this November. If the measure does not pass, transportation funds could be allocated to unrelated projects or needs in the state.  | transp. funds only allowed for transp. projects            | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>79%</td> <td>21%</td> </tr> </table>                                      | YES | NO | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 79%    | 21%                         |
| YES                                 | NO  |  |  |   |     |    |                                     |                                     |        |                             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>                    |  |  |   |     |    |                                     |                                     |        |                             |
| 79%                                 | 21%   |  |  |   |     |    |                                     |                                     |        |                             |
| IN                                  | Marion County                               | The state legislature passed a bill (SB 176) that allows counties to establish mass-transit plans in each county with ballot referendums. Funding mechanisms must be 25% generated by fares, 10% from businesses and 65% from an income tax. Marion County officials have now approved placing a 0.25 percent income tax on the November ballot. IndyGo estimates this measure would raise \$56 million per year to fund improved service and new BRT construction.  | .25 percent income tax; \$56 million per year              | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>58%</td> <td>41%</td> </tr> </table>                                      | YES | NO | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 58%    | 41%                         |
| YES                                 | NO  |  |  |   |     |    |                                     |                                     |        |                             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>                    |  |  |   |     |    |                                     |                                     |        |                             |
| 58%                                 | 41%   |  |  |   |     |    |                                     |                                     |        |                             |
| ME                                  | Statewide                                   | Maine voters will consider Questions 6, a \$100 million transportation bond measure, on the ballot this November. This bond would fund an array of transportation projects throughout the state, and transit is listed as eligible for funding.  | \$100 million bond measure                                 | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>   | YES | NO | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |        |                             |
| YES                                 | NO  |  |  |   |     |    |                                     |                                     |        |                             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>                    |  |  |   |     |    |                                     |                                     |        |                             |
| MI                                  | Eaton County                                | Eaton County voters will be asked to renew a 0.25-mill property tax for the Eaton County Transportation Authority. The millage generates over \$850,000 a year for public transportation.  | renew .25-mil property tax; \$850,000 per year             | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>  | YES | NO | <input type="checkbox"/>            | <input type="checkbox"/>            |        |                             |
| YES                                 | NO  |  |  |   |     |    |                                     |                                     |        |                             |
| <input type="checkbox"/>            | <input type="checkbox"/>                    |  |  |   |     |    |                                     |                                     |        |                             |
| MI                                  | Wayne, Oakland, Macomb & Washtenaw Counties | The Southeast Michigan Regional Transit Authority (RTA) plans to ask voters across metro Detroit to approve a 1.2-mill property tax on the November ballot that would raise \$2.9 billion over the next 20 years to fund a bus rapid transit system and a commuter rail line between Detroit and Ann Arbor. The master plan will eventually be presented to the RTA's 10-member board for approval and ballot language.  | 1.25-mil property tax; \$2.9 billion over 20 yrs           | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>48%</td> <td>51%</td> </tr> </table>                                      | YES | NO | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | 48%    | 51%                         |
| YES                                 | NO  |  |  |   |     |    |                                     |                                     |        |                             |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/>         |  |  |   |     |    |                                     |                                     |        |                             |
| 48%                                 | 51%   |  |  |   |     |    |                                     |                                     |        |                             |
| MO                                  | Kansas City                                 | Kansas City Councilmembers have approved a light rail proposal, put forth by long-time transit advocate Clay Chastain. Revenue for the plan would be generated by a 3/8-cent sales tax increase for 25 years, plus the 3/8 cents that currently go to the bus system, once that tax expires in 2024. However, councilmembers see this plan as unworkable and if they deem it impossible to implement, they could scrap it, even if voters approve the measure in November. This happened with another one of Chastain's proposals in 2006. | 3/8-cent sales tax for 25 years                            | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>40%</td> <td>60%</td> </tr> </table>                                      | YES | NO | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | 40%    | 60%                         |
| YES                                 | NO  |  |  |   |     |    |                                     |                                     |        |                             |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/>         |  |  |   |     |    |                                     |                                     |        |                             |
| 40%                                 | 60%   |  |  |   |     |    |                                     |                                     |        |                             |
| NC                                  | Greensboro                                  | The Greensboro City Council has approved a bond measure for the November ballot. \$28 million of the \$126 million bond measure would go to transportation projects. Of that \$28 million, \$10 million would go to work on sidewalks, intersections, bike improvements, and public transportation.  | \$126 million total bond measure; \$28 million for transp. | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>73%</td> <td>27%</td> </tr> </table>                                      | YES | NO | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 73%    | 27%                         |
| YES                                 | NO  |  |  |   |     |    |                                     |                                     |        |                             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>                    |  |  |   |     |    |                                     |                                     |        |                             |
| 73%                                 | 27%   |  |  |   |     |    |                                     |                                     |        |                             |
| NC                                  | Wake County                                 | Wake County Commissioners have voted to place a half-cent sales tax referendum to help fund a new \$2.3 billion regional transit plan on the November ballot. The plan includes commuter trains between Raleigh, Research Triangle Park, and Durham, and also expands bus service.   | 1/2-cent sales tax; \$2.3 billion total                    | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>52.68%</td> <td>47.32%</td> </tr> </table>                                | YES | NO | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 52.68% | 47.32%                      |
| YES                                 | NO  |  |  |   |     |    |                                     |                                     |        |                             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>                    |  |  |   |     |    |                                     |                                     |        |                             |
| 52.68%                              | 47.32%                                      |  |  |   |     |    |                                     |                                     |        |                             |
| NM                                  | Bernalillo County                           | The City of Albuquerque has begun construction of a nine-mile network of bus-only lanes, referred to as Albuquerque Rapid Transit (ART) project, in early September. County commissioners concerned with the \$119 million plan said voters should have a say and succeeded in placing a non-binding advisory measure on the November 8th ballot. The county does not have the authority to delay it until a vote is held.   | Examine BRT project  | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td></td> <td>Could delay or halt project</td> </tr> </table>                 | YES | NO | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |        | Could delay or halt project |
| YES                                 | NO  |  |  |   |     |    |                                     |                                     |        |                             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>                    |  |  |   |     |    |                                     |                                     |        |                             |
|                                     | Could delay or halt project                 |  |  |   |     |    |                                     |                                     |        |                             |
| NV                                  | Clark County                                | Voters in Clark County will decide whether to extend indexing the gas tax to inflation for another 10 years. The constitution does not allow gas tax revenue to go to transit, but they are hoping they can funnel some of the money into bus shelters.  | Extend indexing of gas tax                                 | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>56.28%</td> <td>43.72%</td> </tr> </table>                                | YES | NO | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 56.28% | 43.72%                      |
| YES                                 | NO  |  |  |   |     |    |                                     |                                     |        |                             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>                    |  |  |   |     |    |                                     |                                     |        |                             |
| 56.28%                              | 43.72%                                      |  |  |   |     |    |                                     |                                     |        |                             |
| OH                                  | Franklin County                             | The Central Ohio Transit Authority (COTA) will ask voters to renew 0.25-percent sales tax for 10 years. If approved, it is expected to raise \$62 million a year for the transit authority.  | Renew .25 percent sales tax for 10 years                   | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>71%</td> <td>29%</td> </tr> </table>                                      | YES | NO | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 71%    | 29%                         |
| YES                                 | NO  |  |  |   |     |    |                                     |                                     |        |                             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>                    |  |  |   |     |    |                                     |                                     |        |                             |
| 71%                                 | 29%   |  |  |   |     |    |                                     |                                     |        |                             |

# 2016 BALLOT MEASURE SCORECARD

| State  | Community or Region | Ballot Measure Description  | Action To Be Decided  | Outcome  |     |    |     |     |        |        |
|--------|---------------------|---|---|--|-----|----|-----|-----|--------|--------|
| OH     | Lorain County       | Commissioners have approved a 0.25 percent sales tax for five years. The original proposal would have dedicated all of the revenue to public transportation, but the proposal the Commission then approved only dedicated 25 percent of the \$9.9 million in anticipated annual revenue to transit. Since then, commissioners increased that transit percentage to 50 percent.  | .25 percent sales tax for 5 years                                   | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td>28%</td> <td>74%</td> </tr> </table>                                       | YES | NO | 28% | 74% |        |        |
| YES    | NO                  |   |   |  |     |    |     |     |        |        |
| 28%    | 74%                 |   |   |  |     |    |     |     |        |        |
| OH     | Lucas County        | The Toledo Area Regional Transit Authority (TARTA) Board of Trustees has voted to place a 10-year renewal of its 1.5-mill property tax on the November ballot. The tax does not expire until next year, but the transit authority is exercising its legal right to request the renewal a year early.  | renew 1.5-mil property tax for 10 years                             | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td>✓</td> <td></td> </tr> </table>  | YES | NO | ✓   |     |        |        |
| YES    | NO                  |   |   |  |     |    |     |     |        |        |
| ✓      |                     |   |   |  |     |    |     |     |        |        |
| OH     | Stark County        | The Stark Area Regional Transit Authority (SARTA) has filed a 10-year 0.25 sales tax renewal for the agency with the Board of Elections. The revenue would go to funding current operations and to drafting and implementing long-range plans.  | renew .25 percent income tax for 10 years                           | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td>✓</td> <td></td> </tr> <tr> <td>63%</td> <td>37%</td> </tr> </table>       | YES | NO | ✓   |     | 63%    | 37%    |
| YES    | NO                  |   |   |  |     |    |     |     |        |        |
| ✓      |                     |   |   |  |     |    |     |     |        |        |
| 63%    | 37%                 |   |   |  |     |    |     |     |        |        |
| OR     | Tigard              | The Tigard City Council formalized ballot language on June 28th for the referendum on the proposed MAX Southwest Corridor light rail line. If not approved, it would be difficult for the project to secure the necessary federal funds. In 2014, Tigard approved a charter amendment requiring voter approval before the city can contribute funding or other resources toward a rail transit project.                             | Approval of light-rail project                                      | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td>✓</td> <td></td> </tr> <tr> <td>51%</td> <td>48%</td> </tr> </table>       | YES | NO | ✓   |     | 51%    | 48%    |
| YES    | NO                  |   |   |  |     |    |     |     |        |        |
| ✓      |                     |   |   |  |     |    |     |     |        |        |
| 51%    | 48%                 |   |   |  |     |    |     |     |        |        |
| SC     | Charleston          | The Charleston County Council has now approved a half-cent transportation sales tax ballot measure. The tax would raise \$1.89 billion for road, public transportation, and greenbelt projects, as well as a provision to specifically direct \$600 million to create the city's first BRT line and to upgrade the existing bus system.   | half-cent sales tax for 25 years; \$2.1 billion                     | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td>✓</td> <td></td> </tr> <tr> <td>52%</td> <td>48%</td> </tr> </table>       | YES | NO | ✓   |     | 52%    | 48%    |
| YES    | NO                  |   |   |  |     |    |     |     |        |        |
| ✓      |                     |   |   |  |     |    |     |     |        |        |
| 52%    | 48%                 |   |   |  |     |    |     |     |        |        |
| TX     | Austin              | The City Council has now endorsed a \$720 million mobility bond proposal, which doesn't include any funding for rail in Austin. A very small portion of the funding in the mobility bond will go to constructing covered bus stops.   | \$720 million bond  | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td>✓</td> <td></td> </tr> <tr> <td>59%</td> <td>41%</td> </tr> </table>       | YES | NO | ✓   |     | 59%    | 41%    |
| YES    | NO                  |   |   |  |     |    |     |     |        |        |
| ✓      |                     |   |   |  |     |    |     |     |        |        |
| 59%    | 41%                 |   |   |  |     |    |     |     |        |        |
| TX     | Lago Vista          | Lago Vista residents will vote this November on whether or not they wish to remain part of the Capitol Metropolitan Transit Authority service area. If they choose to leave, the one-cent sales tax currently going to Cap Metro in Lago Vista will go to other purposes decided by voters in separate ballot proposals.  | Remaining in Capital Metro service area                             | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td>✓</td> <td></td> </tr> <tr> <td>55.82%</td> <td>44.18%</td> </tr> </table> | YES | NO | ✓   |     | 55.82% | 44.18% |
| YES    | NO                  |   |   |  |     |    |     |     |        |        |
| ✓      |                     |   |   |  |     |    |     |     |        |        |
| 55.82% | 44.18%              |   |   |  |     |    |     |     |        |        |
| UT     | Summit County       | County officials have agreed to place a mass transit sales tax on the November ballot in Summit County. The 0.25% sales tax would generate an estimated \$4.1 million annually for mass transit projects in the county. A second 0.25% sales tax is also on the ballot, but revenue for this would go to non-transit transportation projects.   | .25 percent sales tax; \$4.1 million per year                       | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td>✓</td> <td></td> </tr> <tr> <td>69%</td> <td>31%</td> </tr> </table>       | YES | NO | ✓   |     | 69%    | 31%    |
| YES    | NO                  |   |   |  |     |    |     |     |        |        |
| ✓      |                     |   |   |  |     |    |     |     |        |        |
| 69%    | 31%                 |   |   |  |     |    |     |     |        |        |
| UT     | Washington County   | Washington County leaders have placed a 0.25% sales tax on the November ballot. Revenue gained from the sales tax would go toward projects like walking and biking trails, road improvements and public transit service expansion. An additional \$1.6 million could go to SunTran bus service if the measure were passed by voters.  | .25 percent sales tax; \$1.6 million to SunTran                     | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td></td> <td>✓</td> </tr> <tr> <td>48%</td> <td>52%</td> </tr> </table>       | YES | NO |     | ✓   | 48%    | 52%    |
| YES    | NO                  |   |   |  |     |    |     |     |        |        |
|        | ✓                   |   |   |  |     |    |     |     |        |        |
| 48%    | 52%                 |   |   |  |     |    |     |     |        |        |
| VA     | Virginia Beach      | In 2012, Virginia Beach voted to allow the Norfolk City Council to adopt an ordinance approving the use of all reasonable efforts to support the financing and development of The Tide light rail. This November, a similar non-binding ballot question has made it to the ballot via petition. It reads: "Should the City of Virginia Beach spend local funds to extend Light Rail from Norfolk to Town Center in Virginia Beach?" | Support light-rail project  | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td></td> <td>✓</td> </tr> <tr> <td>43%</td> <td>57%</td> </tr> </table>       | YES | NO |     | ✓   | 43%    | 57%    |
| YES    | NO                  |   |   |  |     |    |     |     |        |        |
|        | ✓                   |   |   |  |     |    |     |     |        |        |
| 43%    | 57%                 |   |   |  |     |    |     |     |        |        |
| WA     | Kitsap County       | Kitsap voters will decide on a 0.3 percent sales tax increase this November to fund a fast commuter ferry, overseen by Kitsap Transit, to Seattle. Startup costs to buy vessels, launch the routes, and set up terminals is estimated at \$48.4 million, 52 percent of which would be covered by the sales tax.   | 0.3 percent sales tax; \$24.2 million                               | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td>✓</td> <td></td> </tr> <tr> <td>50.8%</td> <td>49.2%</td> </tr> </table>   | YES | NO | ✓   |     | 50.8%  | 49.2%  |
| YES    | NO                  |   |   |  |     |    |     |     |        |        |
| ✓      |                     |   |   |  |     |    |     |     |        |        |
| 50.8%  | 49.2%               |   |   |  |     |    |     |     |        |        |
| WA     | Puget Sound         | Sound Transit is asking voters to approve a measure that will build upon the existing mass transit system of light rail, commuter rail, and bus services. The measure is referred to as Sound Transit 3 (ST3) and is a mix of sales taxes (half-cent increase), property taxes (0.25-mill increase), and motor vehicle excise taxes (0.8 percent increase) collected for 15 years.  | half-cent sales tax, 0.25-mill property tax, .8 percent vehicle tax | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td>✓</td> <td></td> </tr> <tr> <td>55%</td> <td>45%</td> </tr> </table>       | YES | NO | ✓   |     | 55%    | 45%    |
| YES    | NO                  |   |   |  |     |    |     |     |        |        |
| ✓      |                     |   |   |  |     |    |     |     |        |        |
| 55%    | 45%                 |   |   |  |     |    |     |     |        |        |

# 2016 BALLOT MEASURE SCORECARD

| State                               | Community or Region                 | Ballot Measure Description  | Action To Be Decided           | Outcome  |     |    |                                     |                                     |        |        |
|-------------------------------------|-------------------------------------|---|--------------------------------|--|-----|----|-------------------------------------|-------------------------------------|--------|--------|
| WA                                  | Spokane                             | On November 8, 2016, voters will have the option to approve or reject Spokane Transit Authority (STA) Proposition 1, authorizing an 0.2 percent increase in local sales and use tax to help fund STA Moving Forward, the 10-year plan to: 1) Connect people to services; 2) Connect workers to jobs; 3) Help advance regional economic development. | .2 percent sales tax           | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>55.41%</td> <td>44.59%</td> </tr> </table> | YES | NO | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | 55.41% | 44.59% |
| YES                                 | NO                                  |   |                                |  |     |    |                                     |                                     |        |        |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            |   |                                |  |     |    |                                     |                                     |        |        |
| 55.41%                              | 44.59%                              |   |                                |  |     |    |                                     |                                     |        |        |
| WY                                  | Jackson & Teton Counties            | One percent sales tax increase to fund housing and transit projects. On the transit side, funding would offset operating and capital costs for START bus system.  | one percent sales tax increase | <table border="1"> <tr> <td>YES</td> <td>NO</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>44%</td> <td>56%</td> </tr> </table>       | YES | NO | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | 44%    | 56%    |
| YES                                 | NO                                  |   |                                |  |     |    |                                     |                                     |        |        |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> |   |                                |  |     |    |                                     |                                     |        |        |
| 44%                                 | 56%                                 |   |                                |  |     |    |                                     |                                     |        |        |

Results (Updated November 9, 2016)

Number of Pro-Transit Ballot Measures Approved: 31  
 Number of Pro-Transit Ballot Measures Rejected: 16  
 2016 Percentage of Ballot Measures Approved: 66%

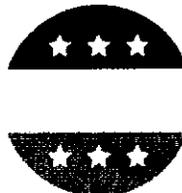
## 2016 PRESIDENTIAL CANDIDATE TRANSPORTATION & INFRASTRUCTURE PROPOSALS



Hillary Clinton

**Five-year, \$275 billion dollar infrastructure plan**

- Allocate \$250 billion to direct public investment.
- Dedicate the other \$25 billion to a national infrastructure bank. The bank would leverage its \$25 billion in funds to support up to an additional \$225 billion in direct loans, loan guarantees, and other forms of credit enhancement.
- "Expand public transit options to lower transportation costs and unlock economic opportunity for Americans in opportunity deserts."
- "Build a faster, safer, and higher capacity passenger rail system."



Donald Trump

**\$500 billion dollar infrastructure plan**

- "Build the next generation of roads, bridges, railways, tunnels, sea ports, and airports."
- No official details provided on campaign website.
- Investment provided through national bond measures: "The citizens would put money into the fund. It would be a great investment, and it would put a lot of people to work."
- "Domestically, we need to undertake a massive rebuilding of our infrastructure... Public transit is overcrowded and unreliable and our airports must be rebuilt. You go to countries like China and many others and you look at their train systems and their public transport. It's so much better."

# Whittier Daily News – Labor Negotiations\

Source: Mike Sprague Posted: 12/29/16

## Montebello Transit Employees To Get First Raise Since 2008



A Montebello Bus Lines pulls away after picking up a passenger on Whittier Boulevard in Montebello on Monday August 31, 2015. City bus drivers are on track to receive their first pay raise since 2008. (Photo by Keith Durlinger/Whittier Daily News)

MONTEBELLO >> Drivers and other employees of the city's bus system will receive their first raise since 2008 under a tentative agreement between the employees' union and the city.

All employees in the city's transit department — bus drivers, mechanics, service workers and store keepers — will receive a 3 percent pay raise retroactive to Sunday. Employees will get another 3 percent salary increase on July 1, 2017.

“This is long overdue,” said Cecilia Lopez, chairwoman for Local 1701 of the Montebello SMART United Transportation Union.

“We want to start off the new year fresh, build stronger relationships and make Montebello great again,” Lopez said.

The employees already ratified the new contract on a 116-5 vote. The City Council gave direction supporting the deal in a closed session meeting. The council must still take a public vote on the contract.

“It’s awesome,” said Mayor Vivian Romero who added the contract should come to a vote at one of the two January meetings.

“A lot of people need raises,” Romero said. “It’s definitely a good thing for everybody. It’s going to be a good Christmas and New Year’s for these people.”

Montebello City Manager Francesca Tucker-Schuyler said financial constraints on the city over the past eight years led to the delayed pay raises.

One reason the city can now afford to give a pay raise is Measure M, the half-cent sales tax increase Los Angeles County voters passed in November. Metro estimated the city’s bus system could get an extra \$3.5 million each year through Measure M funds.

“(Measure M funds) won’t materialize for six months, but we’re working in good faith and starting the salary adjustment,” she said.

Dave Sotero, spokesman for Metro, said there are no guidelines on whether Measure M money can be spent on pay raises, but a committee is in the process of writing them. They’re expected to go to the board by June or July of 2017.

The contract settlement occurred after the union and city went through a mediation process.

Under the contract, a top-tier worker would get an increase in their hourly rate from \$22.76 to \$23.44.

# METRO MAGAZINE - Management & Operations

Posted on December 27, 2016

## APTA Report Finds Public Transit Users Save \$9,712



The annual savings is \$9,712 for a person who switches his or her daily commute by car to taking public transportation, according to the American Public Transportation Association's (APTA) December Transit Savings Report. Individuals who ride public transportation instead of driving can save, on average, more than \$809 per month.

The savings are based on the cost of commuting by public transportation compared to the cost of owning and driving a vehicle. These costs include the Dec. 21, 2016, national average gas price (\$2.25 per gallon, as reported by AAA) and the national unreserved monthly parking rate.

APTA releases this monthly Transit Savings Report to examine how an individual in a two-person household can save money by taking public transportation and living with one less car.

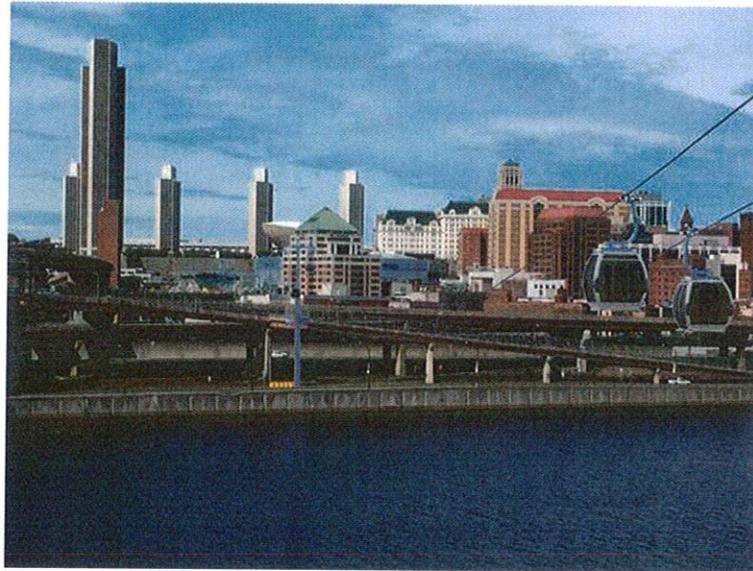
The national average for a monthly unreserved parking space in a downtown business district is \$166.26, according to the latest report of the Colliers International Parking Rate Study. Over the course of a year, parking costs for a vehicle can amount to an average of \$1,995.

# METRO MAGAZINE – MANAGEMENT-OPERATIONS

By MARY ESCH Associated Press

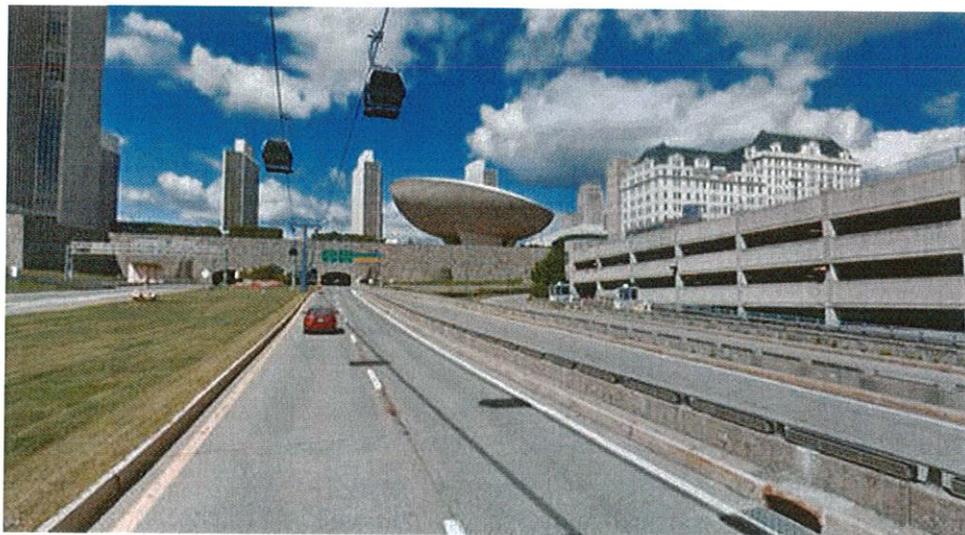
DECEMBER 25, 2016 12:15 PM

## Not Just For Skiers: Gondolas Seen As Urban Transit Solution



This computer illustration provided by McLaren Engineering Group depicts cable gondolas proposed as transportation across the Hudson River from the Amtrak station in Rensselaer, N.Y., to the government complex and entertainment venues in Albany, N.Y. The futuristic image could become a reality if the engineering firm's urban gondola plan comes to fruition. It's one of several aerial cable projects being pitched in cities from Austin, Texas to Washington, D.C., to solve public transportation problems by going above congested highways, bridges and rails McLaren Engineering Group via AP

S



ALBANY, N.Y.

Instead of fighting traffic or waiting for a taxi, rail travelers arriving at New York's capital may one day soar across the Hudson River in glassy pods suspended from cables.

That futuristic image could become a reality if an engineering firm's urban gondola plan comes to fruition. It's one of several aerial cable projects being pitched in cities from Austin, Texas, to Washington, D.C., to solve public transportation problems by going above the existing maze of congested highways, bridges and rails.

"We haven't seen any major adoption in North America, but there has been so much change and such growth in the technology in the last decade that it's only a matter of time," said Toronto-based urban planner Steven Dale, who created The Gondola Project to provide technical assistance for such ideas.

Cable-propelled urban gondolas are similar to those used for decades to transport skiers up mountains. While there are only a couple used for public commuter transit in the U.S. — Portland, Oregon's Aerial Tram and New York City's Roosevelt Island Tramway — the technology is quickly gaining traction in European countries such as Italy, Germany, Portugal and France.

Medellin, Colombia, launched the first aerial gondola mass transit system in South America in 2004, and Mexico City inaugurated its new Mexicable gondola transit system in October.

In the U.S., gondola projects have been proposed, with varying degrees of interest, over the Potomac River between Georgetown and Rosslyn, Virginia; across the center of Austin, Texas; from downtown Miami to the Marlins ballpark; across New York City's East River; and along an 8-mile route from Branson Landing to Silver Dollar City in Branson, Missouri.

In Albany, the gondola is aimed at a specific problem: The city's busy Amtrak station is actually located across the Hudson River in the city of Rensselaer, a 1.3-mile cab ride from the downtown government and entertainment district where most people are headed. Travelers have long complained there are never enough taxis and people often have to wait or share.

"I took Greyhound from New York City and thought I'd walk from the Albany bus station to the train, since it's only a mile," said Rosemary Scheibel of Auburn as she waited for

a train on Friday. When she discovered there's no way to walk along the elevated highway and bridge over the river, "I had to pay \$13 for a taxi," she said.

The gondola plan would offer up to 1,200 riders an hour the chance to soar 100 feet above the Hudson in enclosed, air-conditioned eight-person cabins with an expansive view of the river and Albany's skyline. The trip would take about five minutes, and like a ski lift, the cars would move continuously, slowing enough that even people in wheelchairs can easily get on and off.

"It's an elegant solution," said Albany Democratic Mayor Kathy Sheehan. "There are those who say, 'Why do we need it?' But there has been more interest than skepticism."

West Nyack, New York-based McLaren Engineering Group, which pitched the idea, estimated construction at between \$17 million and \$20 million, with annual operating costs of about \$2.4 million. If approved by a series of state and federal agencies, McLaren says costs could be covered by a mix of private and public funds, ticket revenue and advertising.

"The purpose is twofold," said Peter Melewski, national director of strategic planning for McLaren. "One is to solve a transportation problem. The other is as a natural draw for tourism."

Gondola proposals have been slow to gain traction in the U.S., with objections including "pie-in-the-sky" skepticism, political opposition and residents' concern about privacy with commuters peering down on their homes. Dale said a lack of accessible research was another roadblock before he launched his information center.

"And no city wants to be first," Dale said. "They want to be able to point to someone and say 'We can do it, too.'"

Will Handsfield, transportation director for the Georgetown Business Improvement District, which is promoting the Potomac project, said cable gondolas provide an alternative in areas where new highways or rail systems are too expensive or impossible to fit.

"I think it would be useful," said 19-year-old Abbey McGrath as she waited for a train. "And it would be super interesting."

# Collision Involving an AC Transit Coach and Passenger Vehicle



SOURCE: AC TRANSIT DEC 22, 2016

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The Alameda-Contra Costa Transit District (AC Transit) and the Oakland Police Department are investigating a collision involving an AC Transit bus and passenger vehicle. The collision occurred approximately 10:00 p.m., December 19th, at Oak and 10th Streets in Oakland.

Both the AC Transit coach and the passenger vehicle were traveling northbound on Clay Street. Initial reports suggest that the driver of the passenger vehicle may have made a left turn – from Oak Street onto 10th Street – into the path of the AC Transit bus. As a result, the AC Transit bus struck the passenger vehicle and veered into a tree. The AC Transit bus sustained substantial damage. The Alameda County Sheriff's Department, Oakland Police Department, and Oakland Fire Department responded to the intersection.

The bus operator sustained a serious leg laceration requiring medical transport to a local hospital for treatment. The operator is now in stable condition and expected to recover. The driver of the opposing vehicle and passenger declined treatment at the scene of the collision.

The Line 88 bus – traveling to Lake Merritt BART – was not in service at the time of the collision and did not have passengers. There were two occupants in the opposing vehicle.

The Oakland Police Department is conducting a full traffic investigation. It is AC Transit policy to neither release the name of any operator nor any onboard video during an active investigation. The male operator has been with AC Transit for 16 years.

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# **Public Accuses AC Transit Buses of Blowing Through Red Lights and Stop Signs**

**A review of the agency's complaint database reveals at least 230 concerns about red-light running.**

**Source: NBC Bay Area**  
**By David Paredes**

NBC Bay Area obtained AC Transit's complaint database and found hundreds of accusations from members of the public that bus drivers are blowing through red lights and stop signs. A Berkeley man, who has made repeated reports to AC Transit about unsafe drivers in his neighborhood, turned to NBC Bay Area to get the agency's attention. Liz Wagner reports in a story that aired on Dec. 22, 2016. (Published Thursday, Dec. 22, 2016)

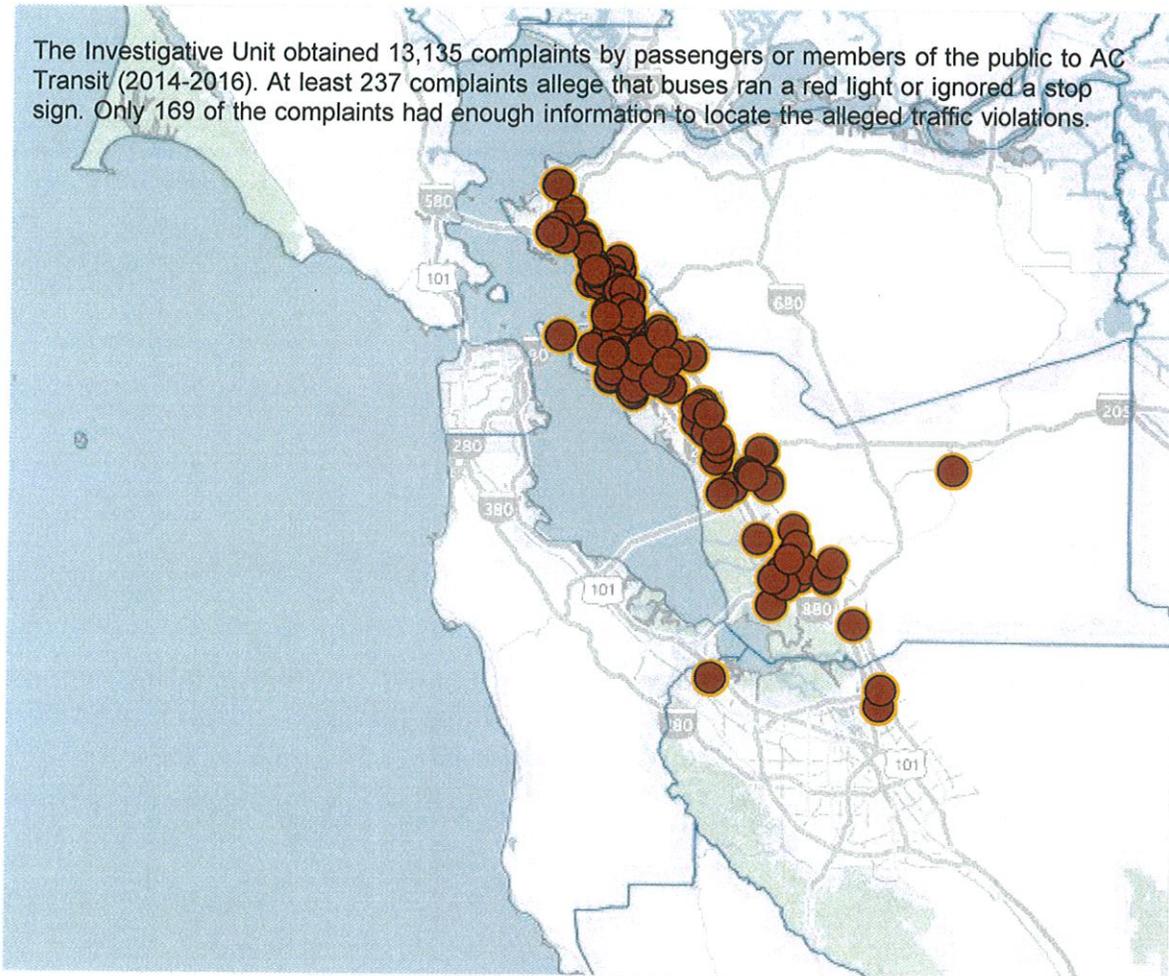
Steven Schuyler lives his life shackled to a tray of medications. Diagnosed with HIV 25 years ago, Schuyler, now 52, concentrates on being healthy and staying alive.

So when he started noticing AC Transit buses driving unsafely in his downtown Berkeley neighborhood, he began making reports to the agency. Frustrated that nothing seemed to change, he submitted dozens of complaints in the past decade about the "hazardous operation" of public transit buses, including accusations of red-light running.

"My life is at risk enough," he said. "I don't need any help to hasten my death or get injured by a bus driver that's being careless about how they are driving. That's why this is important."

Though it's unclear if red-light running has resulted in a significant accident at AC Transit, members of the public fear it could.

## Public Complaints to AC Transit: Red Light Violations



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Though it’s unclear if red-light running has resulted in a significant accident at AC Transit, members of the public fear it could.

NBC Bay Area obtained the agency’s complaint database and found at least 230 complaints of buses running red lights and stop signs since 2014. Some people accuse the agency of routine violations. Others report instances of red-light running near schools.

Most of the complaints are centered in the East Bay, with the majority of people complaining about violations in Oakland and Berkeley. Schuyler pointed to an especially problematic intersection at Shattuck Avenue and Kittredge Street near his apartment in Berkeley.

Transit agency boss, Michael Hursh rejects claims that AC Transit has a problem involving drivers who run red lights. Yet, after reviewing video NBC Bay Area captured at the intersection near Schuyler’s home, including a red light violation, Hursh said any problems would be investigated and fixed.

Paul Herbert, a transportation safety consultant with more than two decades of experience evaluating bus crash cases, said what he witnessed at Shattuck and Kittredge sets up “horrible scenarios” for accidents to occur. The intersection is a notoriously busy one, made even busier by the closure of a nearby bus stop in August.

Herbert, owner of the Western Motor Carrier Safety Institute in Quincy, Calif. reviewed NBC Bay Area’s video. He spotted an obvious red light violation, where a bus entered on a red light after waiting for oncoming traffic to turn left.

He also saw buses blocking crosswalks and double-parking.

“It’s a huge hazard for pedestrians that may be coming out in front of the bus or behind the bus,” he said. “It’s exposure to accidents.”

He noticed at least two buses speeding up on yellow lights. Herbert said instead, buses should be slowing down when they approach an intersection to anticipate when a light will turn red.

“Bus drivers, as they are well back from an intersection, should be paying attention to traffic signals,” he said.

That doesn’t always happen. NBC Bay Area found more than a dozen red-light camera citations issued to AC Transit bus drivers since 2011. Hursh doesn’t find that number alarming, considering the agency operates 575 buses with nearly 180,000 daily riders.

But with Bay Area cities continuing to dump their red light camera programs, members of the public argue red light camera tickets may not provide the best indication of problems. Some complainants begged AC Transit to take their reports seriously and urged supervisors to retrain drivers who jeopardize public safety.

In March, a caller complained that an AC Transit bus ran a red light next to Thornton Middle School in Fremont, “almost hitting children walking inside the crosswalk.”

Hursh said AC Transit investigates each complaint and reviews onboard camera footage of alleged violations, when possible. He also said the agency retrain and disciplines drivers who break traffic laws. AC Transit employs 49 field supervisors, who cover the 364 square mile service area, to monitor the driving habits of bus operators.

Though Hursh hasn’t witnessed chronic red light running in the 15 months since his appointment as general manager, he said the number of complaints uncovered by NBC Bay Area is too high.

“If that number is in fact true, and if the number doesn’t dramatically drop, then we are not delivering what the taxpayers are paying for,” Hursh said.

In the past year, Hursh said he reorganized the agency’s safety department by hiring a safety manager and an executive director of safety, security and training who reports directly to him.

“There’s a direct line to the general manager’s office so if there’s a concern in the organization, I get word about it,” he said.

Hursh intends to be a hands-on boss. After the interview with NBC Bay Area, he met with Schuyler to discuss the safety concerns about buses in his neighborhood.

The general manager also acknowledged the log-jam of people and buses at the stop on Shattuck Avenue and Kittredge Street. The beautification of downtown Berkeley BART closed the bus stop right in front of the station.

In August, AC Transit and the City of Berkeley created a temporary bus stop one block north of BART on Shattuck and Center Street. But AC Transit and city transportation staff admitted passengers may not have been aware of the new bus stop, which could have contributed to increased pedestrian traffic near Shattuck and Kittredge.



Photo credit: NBC Bay Area

Farid Javandel, Berkeley's Transportation Manager, said transit agency staff contacted him last month after NBC Bay Area brought Shuyler's concerns to Hursh. More signs have been posted at the intersection of Shattuck and Kittredge to alert passengers and drivers of construction in the area.

"I appreciate that you brought it to our attention," Hursh said. "I would rather we found it on our own, but regardless of how we find out about it, if it happens it's

going to be investigated, we're going to respond to it, and we're going to make sure its fixed."

If you have a tip for the Investigative Unit email [theunit@nbcbayarea.com](mailto:theunit@nbcbayarea.com) or call 888-996-TIPS. Follow Liz Wagner on Facebook and Twitter.

Published at 11:00 PM PST on Dec 22, 2016 | Updated at 11:51 PM PST on Dec 22, 2016

Source: Public Accuses AC Transit Buses of Blowing Through Red Lights and Stop Signs | NBC Bay Area <http://www.nbcbayarea.com/investigations/Public-Accuses-AC-Transit-Buses-of-Blowing-Through-Red-Lights-and-Stop-Signs-407985895.html#ixzz4TgYR8Nbl>

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## Houston Metro Ridership In Decline, Despite Bus Service Revamp

Source: METRO FOR TRANSIT & MOTORCOACH BUSINESS

Posted on December 20, 2016



HOUSTON — When Houston's Metropolitan Transit Authority revamped its bus system in August 2015, officials said it would boost ridership by 20% in two years. However, transit use in the city has been declining, reported the *Houston Chronicle*.

Now likely unable to reach their predicted ridership growth, which would have been unprecedented in the history of Houston mass transit, Metro officials concede more refinement is needed to gain riders on buses and trains, the report said.

### ***RELATED: Nova Taps Major Orders For Houston, San Antonio Fleets***

Metro officials blame the declining ridership on fewer oil and gas industry jobs in the area and the transition of many jobs away from downtown Houston. Though the job cuts have been evident in the region's economic outlook for months, the switch to the new bus system last year might have hidden the negative effect of fewer daily commuters, according to the *Houston Chronicle*.

# NJ Transit Revenue Drop Fueled By Cheaper Gas Prices, Agency Says

By Larry Higgs | NJ Advance Media for NJ.com

December 19, 2016 at 8:51 AM, updated December 19, 2016 at 10:25 AM

While cheap gas prices have been a bonus for drivers, they've reduced ridership on NJ Transit, which has left the agency with a \$12 million budget hole, officials said.

"Falling gas prices have resulted in falling ridership," said Steven Santoro, NJ Transit executive director. "Starting in mid-fiscal year 2015, lower (gas) prices mitigated ridership growth."



An NJ Transit commuter bus in the Xclusive Bus Lane heads for the Lincoln Tunnel. Bus ridership fell the most, due to inexpensive gas, NJ Transit officials said. *Larry Higgs | NJ Advance Media for NJ.com*

By September, overall ridership was 2.4 percent lower than the past 12 months, which translated to an \$8.1 million drop in revenue, based on the latest figures available from NJ Transit.

That figure increased to \$12 million by October, Santoro said. Neighboring mass transit systems are experiencing the same issue, he said.

Metro-North reported a 1.4 percent decline in ridership in October, according to MTA statistics.

Overall, officials estimate that NJ Transit lost two million riders between Sept. 2015 and Sept. 2016. Bus ridership declined the most, with a 4.2 percent loss, followed by rail with a 2.5 percent loss of riders.

That doesn't mean the agency hasn't benefited from lower fuel prices. Savings from reduced fuel prices were used to close an earlier deficit in the operating budget for fiscal year 2017, which runs from June 30 to July 1, 2017.

The agency plans to cover the revenue loss through a refinancing of old debt through the state Economic Development Authority, which was approved by NJ Transit's board last week. The refinancing includes borrowing of \$60 million of "new money" which will get the agency "through what it needs to do in the next two years," Santoro said.

"This gets us to a point where we are solid through 2017 and 2018," Santoro said. Gov. Chris Christie said there would be no fare increase in fiscal year 2017 and Santoro testified to a legislative panel that fare hikes were not anticipated in 2018. Fares increased 9 percent in 2015.

The additional refinancing funding will help finance safety initiatives, such as installing the federally mandated Positive Train Control systems across NJ Transit rail lines by a Dec. 2018 deadline. PTC is a computer system, which automatically slows or stops a train if the operator doesn't obey speed limits or signals.

While not directly addressing the shortfall, NJ Transit board vice-chairman Bruce Meisel said the agency needs a "reliable source" of funding, instead of relying on an allocation in the annual state budget, which can be changed by the governor or the legislature.

"That funding arrangement has to become more reliable," said Meisel, who resigned from the board, effective, Dec. 31. "It would be a challenge to run any business...where you don't know how much you're funded."