

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Minutes- Board of Directors

November 8, 2002

A Regular Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Friday, November 8, 2002 at the District's Administrative Office, 370 Encinal Street, Santa Cruz, CA.

Vice-Chairperson Reilly called the meeting to order at 9:03 a.m.

SECTION 1: OPEN SESSION

1. ROLL CALL:

DIRECTORS PRESENT

Sheryl Ainsworth
Tim Fitzmaurice
Michelle Hinkle
Mike Keogh
Ana Ventura Phares
Emily Reilly
Pat Spence
Marcela Tavantzis

DIRECTORS ABSENT

Jeff Almquist (arrived after roll call)
Jan Beautz (arrived after roll call)
Dennis Norton
Ex-Officio Mike Rotkin (arrived after roll call)

STAFF PRESENT

Bryant Baehr, Operations Manager
Mark Dorfman, Asst. General Manager
Marilyn Fenn, Asst. Finance Manager
Terry Gale, IT Manager
Margaret Gallagher, District Counsel

David Konno, Facilities Maint. Manager
Steve Paulson, Paratransit Administrator
Elisabeth Ross, Finance Manager
Robyn Slater, Interim H.R. Manager
Tom Stickel, Fleet Maint. Manager

EMPLOYEES AND MEMBERS OF THE PUBLIC WHO INDICATED THEY WERE PRESENT

Tom Hiltner, SEA
Jake Hurley, SEIU
Manny Martinez, PSA
Bonnie Morr, UTU

Will Regan, VMU
Marian Taylor, League of Women Voters
Candace Ward, UCSC
Linda Wilshusen, SCCRTC

2. ORAL AND WRITTEN COMMUNICATION

A letter from Director Spence to MASTF regarding the circumstances of her resignation as MASTF paratransit chair and information regarding transit in Santa Clara County were distributed to the Board.

Bonnie Morr congratulated those Board members who were re-elected to their positions in the County and City governments.

Ms. Morr reiterated the need for trees to be cut along the bus routes in order to accommodate the added height of the CNG tanks on top of the new buses. She added that even without the CNG tanks, the buses are having problems with low hanging tree limbs during the rainy season. Mark Dorfman responded that Bryant Baehr has been coordinating this project with the city and county organizations responsible for this.

Ms. Morr also asked for a pending report regarding bringing the paratransit service in-house. Les White responded that a letter of correction was sent to Lift Line, which is a result of staff monitoring their actions. Staff is researching what would be needed to bring this service in-house.

3. LABOR ORGANIZATION COMMUNICATIONS

Tom Hiltner introduced himself to the Board as the new SEA President representing 66 employees of the SEIU.

DIRECTOR ALMQUIST ARRIVED.

Bonnie Morr was also re-elected as the ~~President~~ **Chairperson** of the UTU for the next four years.

4. METRO USERS GROUP (MUG) COMMUNICATIONS

Nothing to report at this time.

5. METRO ACCESSIBLE SERVICES TRANSIT FORUM (MASTF) COMMUNICATIONS

Nothing to report at this time.

6. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

A revised Budget was distributed to the Board along with a new Attachment A to Item #13.

CONSENT AGENDA

7-1. APPROVE REGULAR BOARD MEETING MINUTES OF OCTOBER 11 AND OCTOBER 25, 2002

No questions or comments.

7-2. ACCEPT AND FILE PRELIMINARILY APPROVED CLAIMS

No questions or comments.

7-3. ACCEPT AND FILE OCTOBER 2002 RIDERSHIP REPORT

No questions or comments.

7-4. CONSIDERATION OF TORT CLAIMS: Deny the Claim of: Dorothy Spaventa, Claim #02-0031

No questions or comments.

7-5. ACCEPT AND FILE MINUTES OF MASTF COMMITTEE MEETING OF OCTOBER 17, 2002

Director Spence stated that when she read her letter at the MASTF meeting, she thought it would have been made an attachment to the MASTF minutes, but it wasn't.

7-6. ACCEPT AND FILE MINUTES OF MUG COMMITTEE MEETING OF OCTOBER 16, 2002

No questions or comments.

7-7. ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR SEPTEMBER 2002, APPROVAL OF BUDGET TRANSFERS

No questions or comments.

7-8. ACCEPT AND FILE PARACRUZ STATUS REPORT FOR AUGUST 2002

No questions or comments.

7-9. ACCEPT AND FILE HIGHWAY 17 STATUS REPORT FOR SEPTEMBER 2002

No questions or comments.

7-10. ACCEPT AND FILE UNIVERSITY OF CALIFORNIA, SANTA CRUZ SERVICE UPDATE

Mark Dorfman stated that the increase in UCSC ridership parallels the school registrations.

7-11. ACCEPT AND FILE METROBASE STATUS REPORT

No questions or comments.

7-12. CONSIDERATION OF ADOPTION OF RESOLUTION OF INTENTION TO APPROVE AN AMENDMENT TO THE CALPERS CONTRACT TO PROVIDE SECTION 21023.5 (PUBLIC SERVICE CREDIT FOR PEACE CORPS OR AMERICORPS: VISTA SERVICE)

No questions or comments.

7-13. CONSIDERATION OF CHANGE OF USE FROM CHILDREN'S CLOTHING STORE TO ELECTRONIC SUPPLY SHOP FOR WATSONVILLE TENANT FLOR BELLA

Margaret Gallagher explained that the current tenant wants to change his merchandise from children's clothing to electronic equipment in an effort to sell his business. He did not renew his lease for an additional year.

7-14. CONSIDERATION OF AMENDING CONTRACT FOR REVENUE AND NON-REVENUE TIRES

Tom Stickel informed the Board that this contract was originally bid and that this is for the option of one of the four additional years.

7-15. CONSIDERATION OF AWARD OF CONTRACT FOR FOUR EACH COMPRESSED NATURAL GAS (CNG) POWERED PASSENGER VANS

It was reported that these are standard size vans and are fueled at either the County yard or at PG&E on 7th Avenue. These vehicles are used to shuttle bus operators from their assignments back to the parking yard. These vehicles replaced those with over 300,000 miles.

7-16. CONSIDERATION OF CHANGING MENU TO INCLUDE BREAKFAST FOR SUSHI NOW, A SANTA CRUZ METRO CENTER TENANT

Margaret Gallagher explained that the tenant's menu is part of the lease and, therefore, a lease amendment needs to be approved by the Board when there is a menu change. Mr. White explained the history of being able to set a higher rental rate for tenants by offering the assurances of the non-complete clause with other tenants.

REGULAR AGENDA

**8. CONSIDERATION OF PRESENTATION OF EMPLOYEE LONGEVITY AWARDS
THIS PRESENTATION WILL TAKE PLACE AT THE NOVEMBER 22, 2002 BOARD MEETING**

No questions or comments.

9. ANNOUNCEMENT: NOTIFICATION OF MEETING LOCATION FOR NOVEMBER 22, 2002 – WATSONVILLE CITY COUNCIL CHAMBERS, 250 MAIN STREET, WATSONVILLE

No questions or comments.

10. CONSIDERATION OF WORKSHOP SESSION ON BUDGET ISSUES

a. Budget Workshop

Summary:

Elisabeth Ross made a Power Point Presentation on budget issues. She reviewed the various revenue sources: passenger revenues (passenger fares = 20%), non-transportation revenues (rental income, interest income), transportation revenues (advertising), sales tax revenues (53%), TDA (18%) and federal assistance.

**DIRECTOR BEAUTZ ARRIVED.
EX OFFICIO DIRECTOR ROTKIN ARRIVED.**

DIRECTOR REILLY LEFT THE MEETING.

Director Keogh suggested that Ms. Ross consult with the bank economist at the District's banking facilities as an independent source for sales tax projections. Ms. Ross talked about the TDA funds and how the allocations are made to the District. She also discussed federal assistance received in the amount of \$46,701. Operating assistance for next year will be \$2,075.729 assuming there is no increase.

Ms. Ross' preliminary projections for operating expenses for next year are \$32.9 million with operating revenues being anticipated at \$29.9 million, leaving a shortfall of approximately \$3 million.

Expenses were reviewed with discussions taking place regarding paratransit savings that may be realized due to the recertification process. Bus operator overtime was discussed and Ms. Ross provided figures of overtime costs since the recent wave of retirements occurred. A substantial savings has been experienced due to people retiring, however, the amount of short-term medical leaves have tripled. Mr. White confirmed that the 20% revenue from passenger fares is double the national average. There were discussions regarding the projected 5% increase for fuel and the costs of employee fringe benefits. Ms. Ross mentioned that the employee medical insurance is the biggest concern when reviewing labor/benefit costs.

b. Consideration of potential fare alternatives that might be used to increase revenues

Summary:

Mark Dorfman stated that the last time METRO adjusted the fixed route fares in the county was August of 1992. The base fare was raised in 1990; the current \$1 fare has been in place for twelve years. During that time, there has been a 40% inflation rate. He cited three alternatives for the budget: 1) cut expenses, 2) raise fares, 3) combination of both. The proposed plan is to shift people away from paying at the farebox, which slows boarding. Mr. Dorfman presented the proposed increases to the current fare structure. He also proposed a new weekly pass, which would be for those riders who could not afford a monthly pass. This weekly pass would reward frequent use and would be valid for seven days – Monday – Sunday. Any increase to the current fare structure would also raise the paratransit fares which, in keeping with the federal rule, can be no more than twice the base fare.

Discussion:

Linda Wilshusen of the Regional Transportation Commission asked why the District would eliminate the convenience card since it doesn't need to be used within a week and is for the discretionary rider? Mr. Dorfman explained that the weekly pass would benefit students during school vacations since the current student pass is good only Monday-Friday. Mr. Dorfman will supply the Board with the number of convenience cards sold. He will also supply information on the number of senior/disabled passes sold per month and the number of cash fares. Marion Taylor of the League of Women Voters asked when the youth passes were changed to be valid Monday – Friday only. Ms. Taylor asked for information on how many youth passes are sold and she inquired as to why youths aren't encouraged to ride the bus on the weekends.

The anticipated revenue derived from the proposed increases would be \$375,000. There was discussion regarding the need to raise fares on a more regular basis instead of once every twelve years. Director Almquist stated that the increase is too modest and that the Board should make a commitment to raise rates every three years. He added that since the District has no contract with Cabrillo College, their students should pay the regular monthly fare. Also, discounts given to senior/disabled should not be any larger than what is federally mandated. Mark Dorfman agreed that he could make these changes to show the implications to the budget. Mr. Dorfman added that whenever rates are raised, according to UCSC's contract, there is a twelve months period before the price of their pass is increased. There was discussion about raising the rates to such a level as to make it easier for riders to have the correct change (i.e. \$1.50 vs. \$1.35). Marion Taylor suggested a 5-day pass be offered to everyone, not just youths. Director Tavantzis suggested a pass that offers a slight savings on a round trip to and from work each day. Linda Wilshusen suggested raising the Highway 17 fares again.

Director Fitzmaurice asked for the following: 1) When does this decision need to be made? 2) What would be the impact to system if the "proposed" increases are implemented and impacts if the base rate is raised to \$1.50. 3) a passenger survey showing how they would respond to the different fare changes. 4) a report on comparisons of the base fares to other transit systems.

Staff will return to the Board with requested information in January. The decision on the fare increases needs to be made around April.

11. CONSIDERATION OF ACCEPTANCE OF FINANCIAL STATEMENTS AND REPORTS OF INDEPENDENT AUDITOR FOR YEAR ENDING JUNE 30, 2002

No questions or comments.

**12. CONSIDERATION OF AMENDING THE DRUG AND ALCOHOL TESTING POLICY
WILL BE PRESENTED FOR CONSIDERATION AT THE NOVEMBER 22, 2002 BOARD MEETING**

13. CONSIDERATION OF AMENDMENT AND REINSTATEMENT OF THE DISTRICT'S DEFERRED COMPENSATION PLAN AND TRUST, IN ORDER TO IDENTIFY A NEW TRUSTEE AND TO FACILITATE CHANGES IN THE LAWS FOR 457 PLANS

Discussion:

Director Fitzmaurice asked for a report from the labor groups to see how their members perceive these changes. Ms. Gallagher will do a full presentation at either the November 22nd or December 13th Board meetings and will work with the unions for their input on these issues. Director Almquist suggested that a chart format be utilized to show how each union feels on certain issues.

14. CONSIDERATION OF AWARD OF CONTRACT FOR BUS ADVERTISING ACTION IS REQUIRED AT THE NOVEMBER 8, 2002 BOARD MEETING

ACTION: MOTION: DIRECTOR ALMQUIST SECOND: DIRECTOR TAVANTZIS

Award the bus advertising contract (RFP 02-06) to Princeton Media, Inc. with direction to utilize adhesive advertising to maximize revenues.

Discussion:

Mark Dorfman explained that it would cost the District \$20,000 to outfit the fleet for framed advertising. This reason, plus obtaining less revenue for framed ads, is why staff is not recommending framed ads. The net revenue to METRO over five years would be \$325,000 for framed ads vs. \$611,000 for adhesive ads. It was specified in the contract that the adhesive ads would not go more than 5" into the windows, and no wrap advertising would be adhered to the buses. The contract with Princeton Media is for three years with two one-year options.

Obie Media has an obligation of up to \$50,000 to paint and repair any buses damaged by ads being removed. Any damages above \$50,000 would be absorbed by the District who could sue Obie for the additional damages. Mr. Dorfman added that Princeton Media plans to open an office locally to service both Santa Cruz and Monterey transit districts.

ACTION: MOTION: DIRECTOR ALMQUIST SECOND: DIRECTOR FITZMAURICE

Continue to meeting past 11:00 a.m.

Motion passed with Directors Norton and Reilly being absent.

Director Ainsworth asked staff to ensure that the ads do not cover up the METRO logo on the buses.

The Motion to award the advertising contract to Princeton Media passed with Director Fitzmaurice voting no and Directors Norton and Reilly being absent.

15. CONSIDERATION OF AUTHORIZATION TO PURCHASE PARATRANSIT VANS USING STATE CONTRACT

ACTION: MOTION: DIRECTOR ALMQUIST SECOND: DIRECTOR KEOGH

Move Items 11 & 15 to the Consent Agenda.

Motion passed with Director Norton and Reilly being absent.

**16. CONSIDERATION OF AMENDING CONTRACT FOR COMPRESSED NATURAL GAS (CNG) FUEL STATION EQUIPMENT
ACTION REQUIRED AT THE NOVEMBER 8, 2002 BOARD MEETING**

ACTION: MOTION: DIRECTOR ALMQUIST SECOND: DIRECTOR PHARES

Authorize the General Manager to amend the contract with Allsup Corporation for CNG Fuel Station equipment to add two features.

Motion passed with Directors Norton and Reilly being absent.

**17. CONSIDERATION OF APPROVAL OF 2003 FEDERAL LEGISLATIVE PROGRAM
WILL BE PRESENTED FOR CONSIDERATION AT THE NOVEMBER 22, 2002 BOARD MEETING**

**18. CONSIDERATION OF APPROVAL OF 2003 STATE LEGISLATIVE PROGRAM
WILL BE PRESENTED FOR CONSIDERATION AT THE NOVEMBER 22, 2002 BOARD MEETING – JOSH SHAW WILL BE IN ATTENDANCE AT THAT MEETING**

**19. CONSIDERATION OF AWARD OF CONTRACT FOR EXCESS WORKER'S COMPENSATION COVERAGE
WILL BE PRESENTED FOR CONSIDERATION AT THE NOVEMBER 22, 2002 BOARD MEETING**

20. REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION: District Counsel

Margaret Gallagher reported that the Board would be working with the labor negotiator regarding issues relevant to SEIU.

21. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

None

SECTION II: CLOSED SESSION

Chairperson Ainsworth adjourned to Closed Session at 11:10 a.m. and reconvened to Open Session at 11:34 a.m.

SECTION III: RECONVENE TO OPEN SESSION

22. REPORT OF CLOSED SESSION

There was nothing to report at this time.

ADJOURN

There being no further business, Chairperson Ainsworth adjourned the meeting at 11:34 a.m.

Respectfully submitted.

DALE CARR
Administrative Services Coordinator