

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
BOARD OF DIRECTORS REGULAR MEETING AGENDA
FEBRUARY 24, 2006 (Fourth Friday of Each Month)
CITY HALL COUNCIL CHAMBERS*
809 CENTER STREET
SANTA CRUZ, CALIFORNIA
9:00 a.m. – Noon

THE BOARD AGENDA PACKET CAN BE FOUND ONLINE AT WWW.SCMTD.COM

NOTE: THE BOARD CHAIR MAY TAKE ITEMS OUT OF ORDER

SECTION I: OPEN SESSION - 9:00 a.m.

1. ROLL CALL
2. ORAL AND WRITTEN COMMUNICATION
 - a. **METRO Accessible Services Discussion Forum (MASDF)** **re:Agenda**
3. LABOR ORGANIZATION COMMUNICATIONS
4. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

CONSENT AGENDA

- 5-1. APPROVE REGULAR BOARD MEETING MINUTES OF OCTOBER 14 AND 28, NOVEMBER 18, DECEMBER 9 AND 16, 2005 AND SPECIAL MEETING MINUTES OF NOVEMBER 2 **AND DECEMBER 16, 2005**
Minutes: **DECEMBER MINUTES ARE INCLUDED IN THE FEBRUARY 24, 2006 BOARD PACKET**
- 5-2. ACCEPT AND FILE PRELIMINARILY APPROVED CLAIMS FOR THE MONTH OF JANUARY 2006
Report: Attached
- 5-3. ACCEPT AND FILE JANUARY 2006 AND PAGE 1 OF THE DECEMBER 2005 RIDERSHIP REPORTS
Report: **PAGE 1 OF THE JANUARY REPORT WILL BE DISTRIBUTED AT THE FEBRUARY 24, 2006 BOARD MEETING**
- 5-4. CONSIDERATION OF TORT CLAIMS: None.

- 5-5. ACCEPT AND FILE THE METRO ADVISORY COMMITTEE (MAC) AGENDA FOR FEBRUARY 15, 2006 AND MINUTES OF NOVEMBER 16, 2005
Agenda/Minutes: Attached
- 5-6. ACCEPT AND FILE THE METRO ACCESSIBLE SERVICES TRANSIT FORUM (MASTF) AGENDA FOR FEBRUARY 16, 2006 AND MINUTES OF JANUARY 19, 2006
Agenda/Minutes: Not Available – Meeting information page is attached
- 5-7. ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR OCTOBER 2005
Staff Report: **IS INCLUDED IN THE FEBRUARY 24, 2006 BOARD PACKET**
- 5-8. **DELETED: WILL BE INCLUDED IN THE MARCH 2006 BOARD PACKET**
(ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR NOVEMBER 2005 AND APPROVAL OF BUDGET TRANSFERS)
- 5-9. ACCEPT AND FILE HIGHWAY 17 STATUS REPORT FOR NOVEMBER 2005
Report: Attached
- 5-10. ACCEPT AND FILE PARACRUZ OPERATIONS STATUS REPORT FOR THE MONTH OF NOVEMBER 2005
Staff Report: Attached
- 5-11. ACCEPT AND FILE UNIVERSITY OF CALIFORNIA, SANTA CRUZ SERVICE UPDATE FOR THE MONTH OF DECEMBER 2005
Staff Report: **IS INCLUDED IN THE FEBRUARY 24, 2006 BOARD PACKET**
- 5-12. ACCEPT AND FILE METROBASE STATUS REPORT
Staff Report: Attached
- 5-13. ACCEPT AND FILE MINUTES REFLECTING VOTING RESULTS FROM APPOINTEES TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION FOR THE JANUARY 2006 MEETINGS
Staff Report: Attached
- 5-14. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO RENEW THE CONTRACT WITH ORTHOPAEDIC HOSPITAL FOR QUALITY ASSURANCE REVIEWS OF DISTRICT PERFORMED ADA ELIGIBILITY SCREENINGS
Staff Report: Attached
- 5-15. CONSIDERATION OF **RESOLUTION** AUTHORIZING AN AMENDED CLAIM TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION FOR STATE TRANSIT ASSISTANCE FUNDS
(Moved to Consent Agenda at the February 10, 2006 Board Meeting. Retained original numbering as Item #9)

- 5-16. CONSIDERATION OF **RESOLUTION** AUTHORIZING AN APPLICATION TO CALTRANS FOR FY2006 RURAL OPERATING ASSISTANCE
(Moved to Consent Agenda at the February 10, 2006 Board Meeting. Retained original numbering as Item #10)
- 5-17. **CONSIDERATION OF RATIFICATION OF A 1-YEAR LEASE FOR THE WATSONVILLE TRANSIT CENTER KIOSK SPACE #5 WITH JOSE VILLA DBA LA MANCHA TO OPERATE A SANDWICH AND SMOOTHIE SHOP**
Staff Report: **IS INCLUDED IN THE FEBRUARY 24, 2006 BOARD PACKET**
- 5-18. **CONSIDERATION OF AN AGREEMENT WITH SANTA CRUZ SEASIDE COMPANY FOR THE PROVISION OF LATE NIGHT SERVICE**
Staff Report: **IS INCLUDED IN THE FEBRUARY 24, 2006 BOARD PACKET**
- 5-19. **CONSIDERATION OF AUTHORIZING THE NEW OWNER AND ASSIGNEE OF THE LEASE ASSIGNMENT OF THE CHINESE RESTAURANT AT THE WATSONVILLE TRANSIT CENTER TO CHANGE THE CO-OWNER AND CO-ASSIGNEE**
Staff Report: **IS INCLUDED IN THE FEBRUARY 24, 2006 BOARD PACKET**

REGULAR AGENDA

6. PRESENTATION OF EMPLOYEE LONGEVITY AWARDS
Presented By: Chair Rotkin
Staff Report: Attached
7. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT FOR REVENUE AND NON-REVENUE TIRES
Presented By: Tom Stickel, Maintenance Manager
Staff Report: **IS INCLUDED IN THE FEBRUARY 24, 2006 BOARD PACKET**
8. CONSIDERATION OF **RESOLUTION** TO REVISE SANTA CRUZ METRO'S BYLAWS AND DIRECTOR'S CODE OF ETHICS TO INCORPORATE MODIFICATIONS REQUIRED BY NEW LEGISLATION (AB1234) WHICH BECAME EFFECTIVE JANUARY 1, 2006, REGARDING DIRECTOR'S COMPENSATION AND ETHICS REQUIREMENTS INCLUDING TRAINING
Presented By: Margaret Gallagher, District Counsel
Staff Report: **IS INCLUDED IN THE FEBRUARY 24, 2006 BOARD PACKET**
9. **MOVED TO CONSENT AGENDA AS ITEM #5-15**
10. **MOVED TO CONSENT AGENDA AS ITEM #5-16**

11. ACCEPT AND FILE INFORMATION REGARDING THE PREPARATION AND AVAILABILITY OF THE 2004/2005 FINANCIAL AUDIT IN RESPONSE TO COMMENTS AND REQUEST FROM UTU AT THE JANUARY 27, 2006 BOARD MEETING
Presented By: Elisabeth Ross, Finance Manager
Staff Report: **IS INCLUDED IN THE FEBRUARY 24, 2006 BOARD PACKET**

12. **CONSIDERATION OF AN AMENDMENT TO THE CONTRACT WITH RNL DESIGN, INC. IN THE AMOUNT OF \$104,189.00 FOR THE SERVICES OF COTTON, SHIRES & ASSOCIATES TO PROVIDE GEOTECHNICAL CONSTRUCTION OBSERVATION AND TESTING FOR THE SERVICE AND FUELING BUILDING CONSTRUCTION OF THE METROBASE PROJECT**
Presented By: Frank Cheng, MetroBase Project Manager
Staff Report: **IS INCLUDED IN THE FEBRUARY 24, 2006 BOARD PACKET**

13. **CONSIDERATION OF APPROVAL OF CALPERS RESOLUTIONS TO FIX THE DISTRICT'S MEDICAL PREMIUM CONTRIBUTION RATES**
Presented By: Robyn Slater, Human Resources Manager
Staff Report: **IS INCLUDED IN THE FEBRUARY 24, 2006 BOARD PACKET**

14. **CONSIDERATION OF 2005/2006 MANAGEMENT COMPENSATION PLAN**
Presented By: Leslie R. White, General Manager
Staff Report: **IS INCLUDED IN THE FEBRUARY 24, 2006 BOARD PACKET**

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

16. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

SECTION II: CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
(Significant exposure to litigation exists pursuant to Government Code Section 54956.9 (b) (1))
 - a. Number of Cases: One

2. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to Government Code Section 54957

Title: General Manager

SECTION III: RECONVENE TO OPEN SESSION

17. REPORT OF CLOSED SESSION

ADJOURN

NOTICE TO PUBLIC

Members of the public may address the Board of Directors on a topic not on the agenda but within the jurisdiction of the Board of Directors or on the consent agenda by approaching the Board during consideration of Agenda Item #2 "Oral and Written Communications", under Section I. Presentations will be limited in time in accordance with District Resolution 69-2-1.

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.

Members of the public may address the Board of Directors on a topic on the agenda by approaching the Board immediately after presentation of the staff report but before the Board of Directors' deliberation on the topic to be addressed. Presentations will be limited in time in accordance with District Resolution 69-2-1.

The Santa Cruz Metropolitan Transit District does not discriminate on the basis of disability. The City Council Chambers is located in an accessible facility. Any person who requires an accommodation or an auxiliary aid or service to participate in the meeting, please contact Cindi Thomas 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 METRO regarding special requirements to participate in the Board meeting. A Spanish Language Interpreter will be available during "Oral Communications" and for any other agenda item for which these services are needed. This meeting will be broadcast live by Community Television of Santa Cruz on Channel 26.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006
TO: Board of Directors
FROM: Les White, General Manager
SUBJECT: MATERIAL FOR THE FEBRUARY 24, 2006 BOARD MEETING AGENDA

SECTION I:

OPEN SESSION:

INSERT ITEM #2 **ORAL AND WRITTEN COMMUNICATION**
(Insert written communication)

CONSENT AGENDA:

- ADD TO ITEM #5-1** APPROVE REGULAR BOARD MEETING MINUTES OF OCTOBER 14 AND 28, NOVEMBER 18, DECEMBER 9 AND 16, 2005 AND SPECIAL MEETING MINUTES OF NOVEMBER 2 AND DECEMBER 16, 2005
(Insert December Minutes)
- ADD TO ITEM #5-3** ACCEPT AND FILE JANUARY 2006 AND PAGE 1 OF THE DECEMBER 2005 RIDERSHIP REPORTS
(Insert Page 1 of the January Report – will be distributed at the February 24, 2006 Board Meeting)
- INSERT ITEM #5-7** ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR OCTOBER 2005
(Insert Staff Report)
- DELETE ITEM #5-8** ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR NOVEMBER 2005 AND APPROVAL OF BUDGET TRANSFERS
(Deleted: Will be included in the March 2006 Board Packet)
- INSERT ITEM #5-11** ACCEPT AND FILE UNIVERSITY OF CALIFORNIA, SANTA CRUZ SERVICE UPDATE FOR THE MONTH OF DECEMBER 2005
(Insert Staff Report)
- ADD ITEM #5-17** CONSIDERATION OF RATIFICATION OF A 1-YEAR LEASE FOR THE WATSONVILLE TRANSIT CENTER KIOSK SPACE #5 WITH JOSE VILLA DBA LA MANCHA TO OPERATE A SANDWICH AND SMOOTHIE SHOP
(Insert Staff Report)
- ADD ITEM #5-18** CONSIDERATION OF AN AGREEMENT WITH SANTA CRUZ SEASIDE COMPANY FOR THE PROVISION OF LATE NIGHT SERVICE
(Insert Staff Report)

ADD ITEM #5-19 **CONSIDERATION OF AUTHORIZING THE NEW OWNER AND ASSIGNEE OF THE LEASE ASSIGNMENT OF THE CHINESE RESTAURANT AT THE WATSONVILLE TRANSIT CENTER TO CHANGE THE CO-OWNER AND CO-ASSIGNEE**
(Insert Staff Report)

REGULAR AGENDA:

INSERT ITEM #7 CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT FOR REVENUE AND NON-REVENUE TIRES
(Insert Staff Report)

INSERT ITEM #8 CONSIDERATION OF **RESOLUTION** TO REVISE SANTA CRUZ METRO'S BYLAWS AND DIRECTOR'S CODE OF ETHICS TO INCORPORATE MODIFICATIONS REQUIRED BY NEW LEGISLATION (AB1234) WHICH BECAME EFFECTIVE JANUARY 1, 2006, REGARDING DIRECTOR'S COMPENSATION AND ETHICS REQUIREMENTS INCLUDING TRAINING
(Insert Staff Report)

INSERT ITEM #11 ACCEPT AND FILE INFORMATION REGARDING THE PREPARATION AND AVAILABILITY OF THE 2004/2005 FINANCIAL AUDIT IN RESPONSE TO COMMENTS AND REQUEST FROM UTU AT THE JANUARY 27, 2006 BOARD MEETING
(Insert Staff Report)

ADD ITEM #12 **CONSIDERATION OF AN AMENDMENT TO THE CONTRACT WITH RNL DESIGN, INC. IN THE AMOUNT OF \$104,189.00 FOR THE SERVICES OF COTTON, SHIRES & ASSOCIATES TO PROVIDE GEOTECHNICAL CONSTRUCTION OBSERVATION AND TESTING FOR THE SERVICE AND FUELING BUILDING CONSTRUCTION OF THE METROBASE PROJECT**
(Insert Staff Report)

ADD ITEM #13 **CONSIDERATION OF APPROVAL OF CALPERS RESOLUTIONS TO FIX THE DISTRICT'S MEDICAL PREMIUM CONTRIBUTION RATES**
(Insert Staff Report)

ADD ITEM #14 **CONSIDERATION OF 2005/2006 MANAGEMENT COMPENSATION PLAN**
(Insert Staff Report)

METRO ACCESSIBLE SERVICES DISCUSSION FORUM (MASDF)

S.C. Metropolitan Transit Station (2nd floor)

Metro Bus Station Conference Room #23

THURSDAY, FEBRUARY 16, 2006 2-4

Camille Pierce, Chair/Sharon Barbour, Vice-Chair

I. *Objective/Purpose:

MASDF is an informal, volunteer/informal discussion group with the hope to better understand general bus operator and ridership needs. Also, to support various goals and values within the Santa Cruz Metropolitan Transportation District (SCMTD).

Members of the public are welcome to inform and advise MASDF about upcoming public hearings, social activities and community events which may be of interest.

II. * Additions/Deletions to the current MASDF Agenda.

III.* Oral Communication/Correspondence

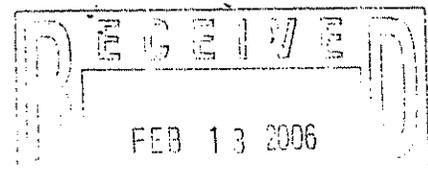
Note: MASDF members won't take immediate action on MASDF items not on the current MASDF Agenda. But will add the discussion item on the next month's MASDF Agenda.

IV. *MASDF Group Discussion:

MASDF Reports; Personal Comments;
(Create a MASDF Suggestion Box?)

V. Review/Add/Delete 2006 MASDF Goals

VI MASDF Meeting Adjournment



2-a.1

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Minutes- Board of Directors

October 14, 2005

A Regular Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Friday, October 14, 2005 at the Santa Cruz City Council Chambers, 809 Center Street, Santa Cruz, CA.

Chair Keogh called the meeting to order at 9:00 a.m.

SECTION 1: OPEN SESSION

1. ROLL CALL:

DIRECTORS PRESENT

Jan Beautz
Dene Bustichi
Stephanie Harlan
Michelle Hinkle
Mike Keogh
Emily Reilly
Mike Rotkin
Dale Skillicorn
Pat Spence
Mark Stone
Marcela Tavantzis
Ex-Officio Wes Scott

DIRECTORS ABSENT

STAFF PRESENT

Mark Dorfman, Assistant General Manager
Terry Gale, IT Manager
Margaret Gallagher, District Counsel
Steve Paulson, Paratransit Administrator

Elisabeth Ross, Finance Manager
Robyn Slater, Human Resources Manager
Tom Stickel, Maintenance Manager
Les White, General Manager

EMPLOYEES AND MEMBERS OF THE PUBLIC WHO VOLUNTARILY INDICATED THEY WERE PRESENT

Eulalio Abreggo, Taqueria El Dandy
Rhonda Carter, UTU
Dan Dickmeyer, UTU Retiree
Mark Forester, UTU Retiree
Bruce Grobman, UTU
Lisa Johnson, Aptos Resident

Susan Kipping, Felton Resident
David Lucier, UTU Retiree
Bonnie Morr, UTU
Robert Norse, FRSC Broadcaster
SWCJ Representatives from UCSC
Shannon Waldman, Transit User

5-1.1

2. ORAL AND WRITTEN COMMUNICATION

Written:

- | | | | |
|----|-------------------|-----|----------------------|
| a. | Susan Kauffman | Re: | Strike Communication |
| b. | Alberto Gutierrez | Re: | Strike Communication |
| c. | Sarah Schiffrin | Re: | Strike Communication |
| d. | Anonymous | Re: | Fare Policy |
| e. | Petition 10/5/05 | Re: | Strike Communication |
| f. | Petition 10/5/05 | Re: | Strike Communication |

Oral:

None.

3. LABOR ORGANIZATION COMMUNICATIONS

Shannon Waldman, transit user and a single mom with a 7-year-old son, spoke about how the strike is affecting her and the community. Ms. Waldman said the Board's refusal to give good benefits has caused extreme hardship on the riders, the community, and the drivers and urged the Board to sign a 3-year contract and end the strike.

4. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

None.

CONSENT AGENDA

5-1. ACCEPT AND FILE PARACRUZ OPERATIONS STATUS REPORT FOR THE MONTH OF JULY 2005

No questions or comments.

5-2. ACCEPT AND FILE METROBASE STATUS REPORT

No questions or comments.

5-3. CONSIDERATION OF A REQUEST BY HOWARD CONNER FOR ACCESS TO 120 GOLF CLUB DRIVE FOR SOILS TESTING ADJACENT TO RAYNE WATER COMPANY BUILDING

Chair Keogh said he had no problem granting the request, but feels the District should have a copy of the soils report.

REGULAR AGENDA

6. CONSIDERATION OF A REQUEST FOR A CHANGE ORDER IN THE AMOUNT OF \$282,036 FOR THE ARCHITCTURAL/ENGINEERING CONTRACT WITH RNL DESIGN AND PROVIDING STAFF WITH THE AUTHORITY TO SOLICIT BIDS FOR THE CONSTRUCTION OF THE FUEL/SERVICE BUILDING

5-1.2

ACTION REQUESTED AT THE OCTOBER 14, 2005 MEETING

Summary:

Les White reported that only one bid was received for the construction of the MetroBase Project and that bid was \$7.4 million over budget. METRO rejected the bid and instructed RNL to submit a proposal repackaging the MetroBase Phase I Construction to develop a bid specification and solicitation for the construction of the Fuel/Service Building. The cost will be an additional \$220,591 in design fees with a four week timeline to prepare the bid, four weeks for bidding, and twelve months to construct the Service Facility. Staff recommends getting the Service Facility under bid separately now in order to comply with the agreement with CARB, and follow-up at a later date with a separate bid for the Maintenance Facility and re-evaluate the what, if anything, will be done with the Operations Facility.

Staff also recommends that the Board approve the \$66,445 in costs (reduced from \$79,200) associated with the One Bid/Two Bid Analysis that RNL presented to the Board on February 25, 2005. The total increase in fees for this component of the MetroBase Facility will be \$287,036.

Discussion:

Director Bustichi said he has a real problem throwing money at one company with bad results and he will not support this action.

Director Harlan asked why there were no other bids. Les White replied that there were a number of requirements METRO imposed on General Contractors such as having extensive experience in pile-driving, LCNG Fueling Stations, at least two projects of this magnitude (\$20 million or more in scope) within the last five years, that the prime contractor perform at least 25% of the work. METRO also required a Labor Harmony clause, meaning all work be unionized. All of these types of requirements cause contractors to be wary of the project, plus the project being in Santa Cruz is not in METRO's favor because the three large local firms do not bid on work in this county for a variety of reasons.

Director Harlan asked what is really involved for RNL to pull just the Fuel/Service Facility documents, because the bid seems very high. Les White replied that the entire specifications need to be rewritten to take out the Operations and Maintenance buildings, and some of the drawings need to be redone as well.

Director Bustichi said he feels RNL has some culpability having to rebid this project and he has a serious problem with their proposal amount.

Director Scott commented that UC has been going out to bid on various projects in this very competitive climate and have experienced exactly the same things METRO is experiencing here: very few bidders, high costs of materials and labor, bids of 15% – 30% higher than estimates, having to do value-engineering which is literally stripping the projects so the state will fund them. This is the reality of major projects in Santa Cruz County.

5-1.3

Rhonda Carter, UTU, does not think RNL's proposal is validated by the amount of work involved in redoing the specifications.

Mark Forester, UTU Retiree, recalled the 1982 flood that flooded the River Street bus yard and then the monstrosity in Watsonville and said he doesn't know why METRO is going the same course.

Vice Chair Rotkin responded to the comments by saying the Fueling Station must move forward now to be in compliance with CARB. The reality of the floodway was looked at in the beginning, and it was determined that cement pilings were necessary, which is why the project cost is so high and that the reality of redoing the specifications on a project of this magnitude is not a simple matter.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR REILLY

Authorize the General Manager to execute a Change Order in the amount of \$287,036 to provide additional funds to the Architectural/Engineering contract to accommodate costs related to preparing bid documents to solicit bids for the construction of the Fuel/Service Building, and to authorize the General Manager to solicit bids for the construction of the Fuel/Service Building

Discussion:

Director Tavantzis says she knows what is involved in separating the bid and rewriting it but would like to see the budget first.

In response to Director Harlan, Les White said Harris & Associates had reviewed RNL's proposal and indicated it was reasonable.

Director Stone stated that he felt it was a worthwhile investment because METRO lives or dies by these specifications, which need to be very strong and clear in order to avoid changes, issues, and problems that would not be resolved in our favor without it.

Chair Keogh said he would be more comfortable if the Maintenance Building and the Fueling Station were separated from the rest of the contract because of the possibility of missing an opportunity for CTC funding that might be available. Les White responded that the staging and lay-down area for the Maintenance Building construction was a factor in receiving only one bid and that this issue needs to be looked at in order to make it more attractive for contractors to bid on before it goes back out. Chair Keogh reminded the Board that METRO has paid RNL nearly \$400,000 to tell METRO that the old Maintenance Building should be torn down and a new, slightly bigger building put up in its place.

Vice Chair Rotkin urged the Board to proceed in a responsible fashion as quickly as possible with this project and recognize that every time there is a delay, there is a loss of control over other areas, which has already happened many times.

Director Bustichi expressed concern over the lack of information and back-up and feel he is in the dark.

5-1.4

Director Reilly stated that there had been several discussions over the years about the amount of oversight and information the Directors want in their Agenda Packets. Currently, Staff is including information they feel is appropriate for the decisions the Board has to make, as the Board has requested. Not all Directors wish to see everything, and those that want more information can ask Staff for it and should ask for it right away rather than, in this instance, using a lack of information to stop the process of the MetroBase project. The Board needs to move forward on this item today.

Director Skillicorn agreed that the Board needs to move on this today.

Director Tavantzis stated she would support the motion because Harris & Associates has reviewed and approved RNL's proposal and they are the construction engineering firm that was hired to represent METRO.

Motion passed with all Directors present and Director Bustichi opposed.

7. CONSIDER REQUEST OF ABDO AZZUBAIDI TO CANCEL LEASE AGREEMENT FOR THE KIOSK SPACE AT PACIFIC STATION

ACTION REQUESTED AT THE OCTOBER 14, 2005 MEETING

Summary:

Margaret Gallagher reported that METRO had economic problems with the former tenants, Storti's Pizza, and the new tenant selected was Mr. Azzubaidi. Storti's Pizza had a pizza oven that did not require the type of ventilation system that the new business would require in order to comply with city codes. Mr. Azzubaidi believes the work will be too costly and has requested permission to cancel the lease as soon as possible, which is Staff's recommendation. The new Request For Proposals for a new tenant will specify the ventilation issue.

Discussion:

Director Reilly supports this recommendation and said many small businesses start under-capitalized.

Eulalio Abreggo, owner of Taqueria El Dandy, said he had submitted an application for the space for pizza. He believes the space should remain separate and not be used to expand the Chinese Restaurant.

ACTION: MOTION: DIRECTOR REILLY SECOND: DIRECTOR ROTKIN

Approve request of Abdo Azzubaidi to cancel the lease agreement for kiosk space at Suite C in the Pacific Station

Motion passed unanimously with all Directors present.

5-1.5

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

Margaret Gallagher reported that the Board would be discussing UTU Labor Negotiations with its Labor Negotiator and would be discussing two cases of anticipated litigation with its Legal Counsel.

Les White requested that the Board add the following item to today's Closed Session Agenda because information was received after the posting of the Agenda and it is necessary to consider this item prior to the next Board meeting:

CONFERENCE WITH REAL PROPERTY NEGOTIATOR
(Pursuant to Government Code Section 54956.8)

| | |
|--------------------|------------------------------------|
| Property: | 25 Sakata Lane, Watsonville, CA |
| Negotiating party: | Leslie White, Santa Cruz METRO and |
| Under Negotiation: | Price and Terms |

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR REILLY

Make the necessary findings to add this item to today's Closed Session Agenda

Motion passed unanimously with all Directors present.

Director Scott stated that UC students represent approximately 33% of METRO's ridership and have to pay a transit fee of \$69 per quarter, which is the most aggressive in the nation. Director Scott implored the Board to end the strike stating that METRO's contract with UCSC mandates that METRO provide service.

9. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

David Lucier, UTU retiree, read a letter, which is attached to the file copy of these minutes, stating that determination and goodwill will end the strike and work on improving communication and cooperation for the future. Mr. Lucier suggested a committee of drivers be formed to improve driver allocation and that drivers receive a \$1000 bonus for informing the District six months in advance of their retirement.

Dan Dickmeyer, UTU retiree, spoke of strong community support during both the strike in 1980 and the current strike. Mr. Dickmeyer agreed with Mr. Lucier that communication and cooperation needs to improve, said that the Board represents all the stakeholders and does not have to follow Management, and said that the Board Chair should not be an appointee and that public representatives on the Board should be elected by the community.

Susan Kipping, Felton resident, implored the Board to settle the contract, said the Board is doing a very bad job and should be replaced, and said people will no longer ride the bus because they don't trust METRO.

5-1.6

A group of SWCJ representatives from UCSC read a letter in support of the bus drivers and expressed concern about how the strike is affecting them and the community and urged the Board to support the drivers and end the strike.

Lisa Johnson, Aptos resident, urged the Board to end the strike and expressed disappointment that the strike is still not over after the Board said at a previous meeting that they would not leave the table until an agreement was reached.

Robert Norse, FRSC Broadcaster, said the bus drivers are looking for a substantial commitment to meaningful progress from the Board in order to come back to work before an agreement is reached. Mr. Norse said the public needs to know what is going on and said that the current Board should be dissolved and a new Board needs to get to work on ending the strike.

Bruce Grobman, UTU, said that San Mateo Transit had just settled a 3-year contract with its maintenance employees and bus operators which included a 2% raise this year, a 2.5% raise next year, and 3% the following year with the worker's medical fully paid and employees paying only 4% of premiums for dependents.

Bonnie Morr, UTU, said UTU is united in this process and brought their uniforms because they are ready to go back to work if there is substantial agreement and approval from the Board on the issues that are still outstanding in the proposal. UTU believes it has made substantial movement and wants to settle a 3-year contract today. Ms. Morr expressed concern that the numbers being provided by the District are being manipulated and do not match UTU's figures. Ms. Morr said that other Bay area transit agencies pay 100% of pension premiums while UTU employees pay approximately \$3 per hour towards their pension and reduced medical and said that the Board needs to take care of and protect its riders, service on the street, and its workforce.

Chair Keogh reported that the TDA funds for the first quarter of this fiscal year were down by \$160,000, while METRO had budgeted for a 3% increase.

SECTION II: CLOSED SESSION

Chair Keogh adjourned to Closed Session and reconvened to Open Session afterwards.

SECTION III: RECONVENE TO OPEN SESSION

10. REPORT OF CLOSED SESSION

Margaret Gallagher had nothing to report at this time.

ADJOURN

There being no further business, Chair Keogh adjourned the meeting.

5-1.7

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October 14, 2005
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Respectfully submitted,

A handwritten signature in cursive script that reads "C. Thomas".

CINDI THOMAS
Administrative Services Coordinator

5-1.8

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Minutes- Board of Directors

October 28, 2005

A Regular Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Friday, October 28, 2005 at the Santa Cruz City Council Chambers, 809 Center Street, Santa Cruz, CA.

Chair Keogh called the meeting to order at 9:01 a.m.

SECTION 1: OPEN SESSION

1. ROLL CALL:

DIRECTORS PRESENT

Jan Beautz
Dene Bustichi
Michelle Hinkle
Mike Keogh
Emily Reilly
Mike Rotkin (arrived after roll call)
Dale Skillicorn
Pat Spence
Mark Stone
Marcela Tavantzis

DIRECTORS ABSENT

Stephanie Harlan
Ex-Officio Wes Scott

STAFF PRESENT

Mark Dorfman, Assistant General Manager
Margaret Gallagher, District Counsel
Steve Paulson, Paratransit Administrator
Elisabeth Ross, Finance Manager

Robyn Slater, Human Resources Manager
Judy Souza, Acting Operations Manager
Tom Stickel, Maintenance Manager
Les White, General Manager

EMPLOYEES AND MEMBERS OF THE PUBLIC WHO VOLUNTARILY INDICATED THEY WERE PRESENT

Ellen Aldridge, Avery & Associates
Verna Carter
Tim Fitzmaurice, SC City Council Member
Paul Johnston, MBCLC
"Isis Jones", formerly Bev Edwards, UTU
Nadia Jones' Mother, Transit User
Gary Klemz, SEIU Field Representative
David Lucier, UTU Retiree
Steve Marcus, UTU

Bonnie Morr, UTU
Arthur Muniz, UTU
Paul Ortiz, UCSC Professor
Randall Payne, Transit User
Will Regan, VMU
Dan Stevenson, UTU
Amy Weiss, Spanish Interpreter
Bob Yount, MAC

5-1.9

Chair Keogh announced there was a possibility of limiting the time allotted for public input for Item #2 and Item #14

ITEM #4 WAS TAKEN OUT OF ORDER AT THIS TIME

4. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

Additional written communication regarding today's Closed Session Item was distributed at today's meeting and Item #8 was pulled from the Agenda to be brought back at a later date.

SECTION I:
OPEN SESSION:

ADD TO ITEM #2 ORAL AND WRITTEN COMMUNICATION
(Insert additional written communication)

CONSENT AGENDA:

ADD ITEM #5-4 **ACCEPT AND FILE PRELIMINARILY APPROVED CLAIMS FOR THE MONTH OF SEPTEMBER 2005**
(Insert Claims)

ADD ITEM #5-6 **ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR JULY 2005 AND APPROVAL OF BUDGET TRANSFERS**
(Insert Staff Report)

ADD ITEM #5-7 **ACCEPT AND FILE MINUTES REFLECTING VOTING RESULTS FROM APPOINTEES TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION FOR THE SEPTEMBER 2005 MEETING**
(Insert Staff Report)

ADD ITEM #5-8 **CONSIDERATION OF APPROVAL OF BOARD OF DIRECTORS REGULAR MEETING SCHEDULE FOR 2006**
(Insert Staff Report)

REGULAR AGENDA:

DELETE ITEM #6 CONSIDERATION OF A REQUEST FOR A CHANGE ORDER IN THE AMOUNT OF \$282,036 FOR THE ARCHITCTURAL/ENGINEERING CONTRACT WITH RNL DESIGN AND PROVIDING STAFF WITH THE AUTHORITY TO SOLICIT BIDS FOR THE CONSTRUCTION OF THE FUEL/SERVICE BUILDING
(Deleted: Action Taken at the October 14, 2005 Meeting)

DELETE ITEM #7 CONSIDER REQUEST OF ABDO AZZUBAIDI TO CANCEL LEASE AGREEMENT FOR THE KIOSK SPACE AT PACIFIC STATION
(Deleted: Action Taken at the October 14, 2005 Meeting)

5-1.10

ADD ITEM #8 **CONSIDERATION OF FOUR RESOLUTIONS WHICH MODIFY THE EMPLOYER CONTRIBUTION TO CALPERS MEDICAL PREMIUM COSTS TO CONFORM TO EACH EMPLOYEE GROUP CONTRACTUAL AGREEMENTS OR COMPENSATION PLAN AND CALPERS RULES**

(Insert Staff Report)

ADD ITEM #9 **CONSIDERATION OF RENT RELIEF FOR METRO CENTER TENANTS**

(Will be distributed at the October 28, 2005 Board Meeting)

ADD ITEM #10 **CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO ISSUE A SOLE SOURCE CONTRACT WITH GIRO, INC. TO PROVIDE CONSULTING SERVICES TO ASSIST IN THE CREATION OF THE WINTER BID USING HASTUS 2006**

(Will be distributed at the October 28, 2005 Board Meeting)

ADD ITEM #11 **CONSIDERATION OF CANCELING THE NOVEMBER 11, 2005 REGULAR BOARD MEETING DUE TO VETERANS' DAY HOLIDAY**

(Insert Staff Report)

ADD ITEM #12 **ANNOUNCEMENT: NOTIFICATION OF MEETING LOCATION FOR NOVEMBER 18, 2005 - WATSONVILLE CITY COUNCIL CHAMBERS, 250 MAIN STREET, WATSONVILLE**

(Oral Announcement by Chair)

2. ORAL AND WRITTEN COMMUNICATION

Written:

- | | | | |
|----|------------------------------|-----|-----------------------------|
| a. | Susan Kauffman | Re: | Strike Communication |
| b. | Alberto Gutierrez | Re: | Strike Communication |
| c. | Sarah Schiffrin | Re: | Strike Communication |
| d. | Anonymous | Re: | Fare Policy |
| e. | Petition 10/5/05 | Re: | Strike Communication |
| f. | Petition 10/5/05 | Re: | Strike Communication |
| g. | <u>John P. Callus</u> | Re: | <u>Strike Communication</u> |
| h. | <u>Kevin Hobbs</u> | Re: | <u>Strike Communication</u> |
| i. | <u>Letter dated 10/10/05</u> | Re: | <u>Strike Communication</u> |
| j. | <u>Petition 10/24/05</u> | Re: | <u>UCSC Service</u> |

Oral:

None.

3. LABOR ORGANIZATION COMMUNICATIONS

None.

5-1.11

CONSENT AGENDA

- 5-1. ACCEPT AND FILE PARACRUZ OPERATIONS STATUS REPORT FOR THE MONTH OF JULY 2005
- 5-2. ACCEPT AND FILE METROBASE STATUS REPORT
- 5-3. CONSIDERATION OF A REQUEST BY HOWARD CONNER FOR ACCESS TO 120 GOLF CLUB DRIVE FOR SOILS TESTING ADJACENT TO RAYNE WATER COMPANY BUILDING
- 5-4. ACCEPT AND FILE PRELIMINARILY APPROVED CLAIMS FOR THE MONTH OF SEPTEMBER 2005
- 5-5. CONSIDERATION OF TORT CLAIMS: None
- 5-6. ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR JULY 2005 AND APPROVAL OF BUDGET TRANSFERS
- 5-7. ACCEPT AND FILE MINUTES REFLECTING VOTING RESULTS FROM APPOINTEES TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION FOR THE SEPTEMBER 2005 MEETING
- 5-8. CONSIDERATION OF APPROVAL OF BOARD OF DIRECTORS REGULAR MEETING SCHEDULE FOR 2006

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR SKILLICORN

Approve the Consent Agenda

Motion passed unanimously with Director Harlan being absent.

REGULAR AGENDA

- 9. CONSIDERATION OF RENT RELIEF FOR METRO CENTER TENANTS

Summary:

Margaret Gallagher reported that METRO is receiving requests for rent relief from transit center tenants because their businesses are suffering from lack of customers due to the strike. Ms. Gallagher recommends that the Board grant the rent relief for the month of November in exchange for giving riders a 10% discount for one-week after the strike is over and/or for putting a "Welcome Back Riders" sign in their spaces.

Discussion:

Director Reilly suggested being more flexible with the type of discounts for riders.

ACTION: MOTION: DIRECTOR REILLY SECOND: DIRECTOR ROTKIN

Grant rent relief to all METRO's tenants at the transit centers for the month of November 2005 in exchange for the tenants giving riders a discount for one week after the strike is over and/or for putting a "Welcome Back Riders" sign in their spaces, giving each business owner the flexibility to determine what type of discount to offer riders.

5-1.12

Randall Payne, Transit User, urged the Board to end the strike and said he believes the fare reduction is ridiculous and that there is no reason to give people a gift because of the inconvenience the strike has caused.

Motion passed unanimously with Director Harlan being absent.

10. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO ISSUE A SOLE SOURCE CONTRACT WITH GIRO, INC. TO PROVIDE CONSULTING SERVICES TO ASSIST IN THE CREATION OF THE WINTER BID USING HASTUS 2006

Summary:

Mark Dorfman reported that in order to more economically comply with the Industrial Welfare Commission Wage Order 9 (IWC9), METRO needs to upgrade its current version of HASTUS software which is used to develop the driver runs. The software is made by Giro, Inc. and since the full software upgrade installation cannot happen fast enough for the Winter Bid, Staff recommends that Giro provide consulting services to assist in the creation of the Winter bid.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR SPENCE

Authorize the General Manager to issue a Sole Source Contract with Giro, Inc. in an amount not to exceed \$42,000 to generate an improved schedule for Winter Bid Service, with a minimum expenditure of \$33,000

Motion passed unanimously with Director Harlan being absent.

11. CONSIDERATION OF CANCELING THE NOVEMBER 11, 2005 REGULAR BOARD MEETING DUE TO VETERANS' DAY HOLIDAY

Verna Carter, stated that all businesses are not closed on Veterans' Day and she would rather see the meeting rescheduled because she does not believe the Board deserves a day off.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR BEAUTZ

Cancel the November 11, 2005 Board Meeting with the Board being available if needed for an emergency meeting.

Chair Keogh reminded the Board that they have all scheduled time in their calendars to be available to meet every Monday, Wednesday and Friday if necessary during negotiations to end the strike.

Motion passed unanimously with Director Harlan being absent.

5-1.13

12. ANNOUNCEMENT: NOTIFICATION OF MEETING LOCATION FOR NOVEMBER 18, 2005 – WATSONVILLE CITY COUNCIL CHAMBERS, 250 MAIN STREET, WATSONVILLE

Chair Keogh announced that the November 18, 2005 Board meeting would be held in Watsonville and noted that it was scheduled one week earlier than normal due to the Thanksgiving Holiday the following week.

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

Margaret Gallagher requested that the Board include the following item in today's Closed Session because it came to the attention of Staff after the Agenda was posted and there is a need to discuss it prior to the next Board meeting. Ms. Gallagher reported that METRO had received a letter from the attorney representing the Santa Cruz Sentinel demanding that METRO disclose the Board's Closed Session vote made at its meeting on September 23, 2005 by the close of business today.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
(Significant exposure to litigation exists pursuant to Government Code Section 54956.9 (b) (1))

a. Number of Cases: One

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR REILLY

Make the necessary findings to add this item to today's Closed Session Agenda

Motion passed unanimously with Director Harlan being absent.

Ms. Gallagher reported that the Board would also be discussing UTU Labor Negotiations with its Labor Negotiators.

Chair Keogh announced there would be a 30-minute limit on Oral Communications in order to allow the Board adequate time to discuss and deliberate the two Closed Session items.

14. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

Bonnie Morr, UTU, requested that the Board settle the strike now and believes that a point has been reached where that can happen.

David Lucier, UTU Retiree, said he was looking with optimism towards the future and suggested that management communicate and cooperate with the drivers. Mr. Lucier also read a letter, which is attached to the file copy of these minutes, in which he claims the Board intentionally sabotaged negotiations with UTU and acted in bad faith for failing to disclose the history of METRO's chief negotiator, Assistant General Manager Mark Dorfman.

5-1.14

Vice Chair Rotkin stated once again that it is not productive for either side to think that this strike is going to be settled by personal attacks on members of either bargaining team and that he is outraged by these types of continued comments.

Paul Johnston, MBCLC, respectfully asked that the comments be cut short as neither side needs to be lectured and the Board has important work to do in Closed Session, which will hopefully end the strike.

"Isis Jones", formerly Bev Edwards, UTU, said she was a minion, as well as a mother, grandmother and bus driver and urged the Board to end the strike and to think about the people in wheelchairs, like her late husband, and how the bus system gives them dignity and independence. She also read a letter from a San Lorenzo Valley resident who is concerned about how the strike is affecting the students.

Arthur Muniz, UTU, urged the Board to end the strike today and think of principals, not personalities. Mr. Muniz told the Board of the generosity and inspiration of his fellow drivers that enabled him to return to work after an injury and serious infection had caused him to give up on his recovery.

Tim Fitzmaurice, Santa Cruz City Council Member and transit user, said he believes the Board's willingness to settle is the key to ending the strike with the material available today and said the community is ready for a solution.

Steve Marcus, UTU, read a letter from another bus operator about being a proud bus operator, needing health benefits, and urging the Board to end the strike.

Paul Ortiz, UCSC Professor, echoed Bonnie Morr's comments and urged the Board to end the strike today by correcting a mistake it made over a month ago.

Nadia Jones' mother, transit user, urged the Board to end the strike and remember when Santa Cruz was known as the murder capital of the world because of all the girls that died hitchhiking, as they are having to do now.

SECTION II: CLOSED SESSION

Chair Keogh adjourned to Closed Session at 9:43 a.m. and reconvened to Open Session at 10:38 a.m.

SECTION III: RECONVENE TO OPEN SESSION

15. REPORT OF CLOSED SESSION

Margaret Gallagher reported that the Board has authorized its Legal Counsel to defend any legal action brought by the Santa Cruz Sentinel to obtain confidential information from METRO Board of Directors' Closed Sessions of Labor Negotiations.

5-1.15

Chair Keogh reported that the District eagerly awaits a counter-proposal for further discussions of its offer of Wednesday, October 26, 2005, to UTU and wants to continue negotiating until an agreement is reached.

ADJOURN

There being no further business, Chair Keogh adjourned the meeting at 10:40 a.m. The annual meeting Of The Santa Cruz Civic Improvement Corporation was held immediately after the Board meeting was adjourned.

Respectfully submitted,



CINDI THOMAS
Administrative Services Coordinator

DRAFT

5-1.16

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

SPECIAL Open Session Minutes- Board of Directors

November 2, 2005

A SPECIAL Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Wednesday, November 2, 2005 at the Santa Cruz City Council Chambers, 809 Center Street, Santa Cruz, CA

Chair Keogh called the meeting to order at 9:00 a.m.

SECTION 1: OPEN SESSION

1. ROLL CALL:

DIRECTORS PRESENT

Jan Beautz
Dene Bustichi (arrived after roll call)
Stephanie Harlan
Michelle Hinkle
Mike Keogh
Emily Reilly
Mike Rotkin
Dale Skillicorn
Pat Spence
Mark Stone
Marcela Tavantzis
Ex Officio Wes Scott

DIRECTORS ABSENT

STAFF PRESENT

Margaret Gallagher, District Counsel
Steve Paulson, Paratransit Administrator
Elisabeth Ross, Finance Manager

Judy Souza, Acting Operations Manager
Tom Stickel, Maintenance Manager
Les White, General Manager

EMPLOYEES AND MEMBERS OF THE PUBLIC WHO VOLUNTARILY INDICATED THEY WERE PRESENT

Genevieve Bookwalter, Sentinel
Lisa Johnson, Cabrillo Student
Paul Marcelin-Sampson, MAC
Bonnie Morr, UTU

Timon Reed, UTU
Will Regan, VMU
Mark Saunders, UTU

5-1.17

2. **NOTIFICATION OF REPORT OF 10/30/05 CLOSED SESSION ACTION REGARDING LABOR NEGOTIATIONS WITH THE UNITED TRANSPORTATION UNION, LOCAL 23**

Les White reported that on October 30, 2005 the Board took action to find that the Tentative Labor Agreement with the United Transportation Union, Local 23, proposed by the METRO Negotiating Team was within the parameters that were acceptable to the Board and voted unanimously with all Directors present on a motion by Vice Chair Rotkin and seconded by Director Reilly to accept the proposed Tentative Agreement pending ratification by UTU, Local 23 membership.

3. **CONSIDERATION OF FORMAL RATIFICATION OF LABOR AGREEMENT WITH THE UNITED TRANSPORTATION UNION, LOCAL 23 FOR THE PERIOD OF SEPTEMBER 1, 2005 THROUGH JUNE 30, 2008**

Summary:

Les White reported Staff recommends that the Board of Directors formally ratify the Tentative Labor Agreement with UTU dated October 30, 2005 as the Labor Agreement between UTU and METRO for the period of September 1, 2005 through June 30, 2008:

DIRECTOR BUSTICHI ARRIVED

The Agreement was ratified by the members of UTU on October 31, 2005 and provides for formula-based wage increase in the 2nd and 3rd years, identifies the medical premiums METRO will make, modifies the PERS contributions and accruals on overtime, adds a 20-year longevity bonus, continues the IWC Meal and Rest Break Order as it currently is, provides that METRO pay each bus operator who worked between August 1st and September 27, 2005 \$1,000 in exchange for signed releases of IWC penalty claims from all bus operators, and modifies General Leave. The Agreement also includes other provisions from Unilateral Implementation, Return to Work with No Reprisals, modifications to the Operating Policy and modifications to the Safety and Accident Review language.

The increased cost to METRO is 2.72% (1% one-time, 1.72% on-going) for year one, 1.97% on-going plus .22% one-time in year two, and 1.6% on-going plus .05% one-time in year three. Should sales tax revenue in year two exceed the 3% projected growth and exceed 6% in year three, UTU members would receive 30% of the excess.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR SKILLICORN

Ratify, with allowance for typographical, formatting, and grammatical changes, the Labor Agreement with the United Transportation Union, Local 23, for the period of September 1, 2005 through June 30, 2008.

5-1.18

Discussion:

Vice Chair Rotkin commented that the Board feels quite strongly that it was unfortunate that the public suffered a strike for the duration it has and that the issue was never about what the drivers deserve, but about what METRO can responsibly afford.

Director Stone thanked both negotiating teams and said there is still a lot of work to be done to rebuild relationships and trust with riders, drivers, staff and the Board.

Motion passed unanimously with all Directors present.

4. CONSIDERATION OF AUTHORIZING THE OPERATION OF FREE FIXED ROUTE SERVICE IN RESPONSE TO THE LOSS OF SERVICE FROM THE STRIKE FOR THE PERIOD OF NOVEMBER 3, 2005 THROUGH NOVEMBER 13, 2005 AND AUTHORIZING METRO RIDERS TO EXCHANGE OCTOBER BUS PASSES FOR DECEMBER BUS PASSES AT NO COST

Summary:

Les White reported that Staff recommends that the Board authorize, as compensation to the public for lost service during the 37-day strike, operation of fare free fixed route service from November 3 through November 13, 2005, allow September monthly passes to be exchanged for 4 days discounted off the price of November passes, allow November monthly passes to be sold on a prorated basis for November 14 through November 30, 2005, and permit October monthly passes to be exchanged for December monthly passes at no cost. Staff also recommends that per-ride charges for Cabrillo and UCSC riders would resume with the resumption of service on November 3, 2005.

The loss of revenue for the fare free service is expected to be approximately \$106,500.

Discussion:

Ex Officio Director Scott asked why METRO is sending a message to 15,000 UCSC students that everyone, except them, will get a discount for the loss of service during the strike. Les White responded that is not the intent. The intention is to compensate the individual riders who paid for service and did not get it. METRO did not charge UCSC or Cabrillo during the strike so any refund to students would have to come from UCSC and Cabrillo directly.

Elisabeth Ross stated that METRO would lose close to \$100,00 if UCSC and Cabrillo pass holders were to ride free until November 14th. There was a discussion about including them in the free fare period which would increase the estimated total impact on the budget to \$200,000. Les White said the budget is in shambles and that the financial impact would require future corrective action that will not be pleasant.

Bonnie Morr, UTU, said she supports allowing the students to ride free and suggested that bus drivers be authorized to exchange monthly passes rather than causing people additional

5-1.19

hardship by sending them to the METRO Center Info Booth which is only open 8:00 a.m. – 4:00 p.m. Monday through Friday.

Lisa Johnson, Cabrillo Student, said she feels the \$55 fee Cabrillo students have paid should be waived and that METRO should allocate at least 10% of what was spent on the strike on compensating its riders.

Timon Reed, UTU, said he hears passengers complimenting METRO's bus service all the time and he urged the Board to avoid more negative publicity by honoring the full 10 days of free service, as reported in the Sentinel, because the ridership deserves it.

Mark Saunders, UTU, said the free period should be extended to 18 days so the public has an opportunity to hear about it before it is over.

Paul Marcelin-Sampson, MRU, said he and MAC member Stuart Rosenstein are very concerned with METRO's financial situation and believe it seems like a foolish bargain to offer expensive incentives now with a very real possibility of service cuts later this fiscal year. Mr. Marcelin-Sampson said that the UC transit fee is frozen through 2006, it was not increased when fares were raised, and that UC has spent the money it would have normally paid METRO that could have been refunded to students, same with Cabrillo, and that incentives should be to encourage and attract additional riders – not reward regular riders.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR STONE

Authorize the General Manager to operate fixed route service on a fare free basis for ten days for all riders, including UCSC and Cabrillo, in response to the loss of service during the 37-day strike for the period beginning November 3, 2005, and allow METRO riders to purchase November monthly bus passes on a prorated basis and to exchange October monthly bus passes for December monthly passes at no cost.

Director Bustichi said he was opposed to the motion because this is a gift of public funds and that he does not like the "let's hurry up and do something, even if it's wrong" approach.

Several Directors made comments about riders deserving something, that all riders should be treated equally, that accurate information needs to be presented by UC and Cabrillo, and how this short-term expense is an investment for a long-term benefit.

Director Beutz proposed the following friendly amendment, which was not accepted by the maker or the second of the motion, although Director Harlan said she would second the amendment:

That the free period be for 7 days rather than 10 days with the remainder of the original motion remaining exactly the same.

Chair Keogh asked for a vote on changing the motion to 7 free days rather than 10 days.

5-1.20

Motion amendment passed with Directors Beautz, Harlan, Hinkle, Keogh, Spence and Tavantzis voting for changing the motion to 7 free days, Directors Reilly, Rotkin, Skillicorn and Stone voting against changing the original motion, and Director Bustichi opposed to the motion.

Chair Keogh asked for a vote on the amended motion and clarified that the fare free period would be for 7 days and begin Thursday, November 3, 2005 and that fares would resume being collected on Thursday, November 10, 2005.

Motion passed with all Directors present and Director Bustichi opposed.

Direction: Director Rotkin

Direct Staff to report back to the Board with a response to the Environmental Impact Report on the UCSC Long Range Development Plan.

ADJOURN

There being no further business, Chair Keogh adjourned the SPECIAL meeting at 10:07 a.m.

Respectfully submitted.



CINDI THOMAS
Administrative Services Coordinator

5-1.21

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Minutes- Board of Directors

November 18, 2005

A Regular Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Friday, November 18, 2005 at the Watsonville City Council Chambers, 250 Main Street, Watsonville, CA.

Vice Chair Rotkin called the meeting to order at 9:03 a.m.

SECTION 1: OPEN SESSION

1. ROLL CALL:

DIRECTORS PRESENT

Jan Beautz
Dene Bustichi
Michelle Hinkle
Emily Reilly
Mike Rotkin (arrived after roll call)
Dale Skillicorn
Pat Spence
Mark Stone
Marcela Tavantzis

DIRECTORS ABSENT

Stephanie Harlan
Mike Keogh
Ex-Officio Wes Scott

STAFF PRESENT

Mark Dorfman, Assistant General Manager
Margaret Gallagher, District Counsel
Steve Paulson, Paratransit Administrator
Elisabeth Ross, Finance Manager
Judy Souza, Acting Operations Manager
Tom Stickel, Maintenance Manager
Les White, General Manager

EMPLOYEES AND MEMBERS OF THE PUBLIC WHO VOLUNTARILY INDICATED THEY WERE PRESENT

Norm Hagen, MAC
Bonny Hawley, Asm Laird's Office
Gary Klemz, SEIU Field Representative
Ian McFadden, SEA
Paul Marcelin-Sampson, MAC
Bill Maxfield, Asm Laird's Office
Rachel Moriconi, SCCRTC
Will Regan, VMU
Amy Weiss, Spanish Interpreter
Bob Yount, MAC

2. ORAL AND WRITTEN COMMUNICATION

Written:

a. Lindsay Knisely

Re: Strike Communication

5-1.22

- | | | |
|----|---------------------------|--------------------------|
| b. | Michelle L. | Re: Strike Communication |
| c. | Anonymous | Re: Strike Communication |
| d. | Anonymous | Re: Strike Communication |
| e. | Oakes! | Re: Strike Communication |
| f. | Anonymous | Re: Strike Communication |
| g. | Anonymous | Re: Strike Communication |
| h. | Wendy Mathias | Re: Strike Communication |
| i. | Connie Sutherland | Re: Strike Communication |
| j. | Charles & Carol Marchbank | Re: Strike Communication |
| k. | Barbara Poirier | Re: Strike Communication |
| l. | Tracy Tompkins | Re: Strike Communication |
| m. | Cheryl Ban | Re: Strike Communication |
| n. | Yesenia Cardona | Re: Strike Communication |
| o. | Sirleen & Norm Ghileri | Re: Strike Communication |
| p. | Kim Flock | Re: Strike Communication |

Oral:

Norm Hagen, MAC, thanked Director Tavantzis and Les White for all their continued hard work making it possible for people with disabilities to have mobility with public transit. Mr. Hagen distributed a synopsis of METRO Bus Runs, which is attached to the file copy of these minutes, and urged the Board not to cut any more service and to provide expanded, consistent service in South County, which is currently underserved by METRO.

Paul Marcelin-Sampson, MAC Chair, reported that MAC had formed a subcommittee to review the Paratransit Coordination Task Force's recommendations and will bring MAC's input and recommendations back to the Board. MAC also added Rosa Parks Day and Service Defaults as two emergency items to their November agenda. Mr. Marcelin-Sampson said he agreed with Norm Hagen that South County service needs to be expanded.

Bob Yount, MAC, MASTF, said he supported Norm Hagen's comments and reported that MASTF met yesterday and elected Camille Pierce Chair and Sharon Barbour was elected Vice Chair. Mr. Yount spoke about the negative affects of smoking and urged the Board to address the smoking at Transit Centers and bus stops.

Director Spence said she wished to recognize the 1-year milestone that METRO ParaCruz has reached and thanked the ParaCruz Staff for all their hard work and the excellent job they are doing.

3. LABOR ORGANIZATION COMMUNICATIONS

None.

4. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

The following items were distributed at today's meeting and are attached to the file copy of these minutes: Page #5-3.1 of the September Ridership Report and the Staff Report for Item #11.

5-1.23

CONSENT AGENDA

- 5-1. APPROVE SPECIAL BOARD MEETING MINUTES OF SEPTEMBER 30, 2005
- 5-2. ACCEPT AND FILE PRELIMINARILY APPROVED CLAIMS FOR THE MONTH OF OCTOBER 2005
- 5-3. ACCEPT AND FILE SEPTEMBER 2005 RIDERSHIP REPORT
- 5-4. CONSIDERATION OF TORT CLAIMS: DENY THE CLAIM OF TANYA POSEY-KINGSLAND, CLAIM #05-0023
- 5-5. ACCEPT AND FILE THE METRO ADVISORY COMMITTEE (MAC) AGENDA FOR NOVEMBER 16, 2005 AND DRAFT MINUTES OF SEPTEMBER 21, 2005
- 5-6. ACCEPT AND FILE THE METRO ACCESSIBLE SERVICES TRANSIT FORUM (MASTF) AGENDA FOR NOVEMBER 17, 2005
- 5-7. ACCEPT AND FILE HIGHWAY 17 STATUS REPORT FOR MAY AND JUNE 2005
- 5-8. ACCEPT AND FILE PARACRUZ OPERATIONS STATUS REPORT FOR THE MONTH OF AUGUST 2005
- 5-9. ACCEPT AND FILE UNIVERSITY OF CALIFORNIA, SANTA CRUZ SERVICE UPDATE FOR THE MONTH OF AUGUST 2005
- 5-11. ACCEPT AND FILE MINUTES REFLECTING VOTING RESULTS FROM APPOINTEES TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION FOR THE OCTOBER 2005 MEETINGS
- 5-12. CONSIDERATION OF RENEWING CONTRACT WITH CLAREMONT BEHAVIORAL SERVICES FOR AN EMPLOYEE ASSISTANCE PROGRAM
- 5-13. ACCEPT AND FILE CALL STOP AUDIT REPORT FOR THE PERIOD OF JULY, AUGUST AND SEPTEMBER 2005
- 5-14. CONSIDERATION OF A NEW FIVE-YEAR LEASE FOR WATSONVILLE TRANSIT CENTER KIOSK #9 FOR JUAN AND MARIA VALDIVIA DBA TAQUERIA EL TORITO
- 5-15. CONSIDERATION OF RESOLUTIONS OF APPRECIATION FOR, SCCRTC ACTING EXECUTIVE DIRECTOR PAT DELLIN, SCMTD BOARD CHAIR MICHAEL W. KEOGH, CONGRESSMAN SAM FARR, AND CONGRESSWOMAN ANNA ESHOO FOR THEIR ASSISTANCE IN OBTAINING METROBASE FUNDING FOR THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Vice Chair Rotkin pulled the Laird and Moriconi Resolutions from Item #5-15 to become Items #7a and #7b, respectively, because the recipients were present at today's meeting. Item #5-10 was pulled for public comment. Regarding Item #5-13, Director Tavantzis expressed concern about 10 missed calls on one route.

ACTION: MOTION: DIRECTOR REILLY SECOND: DIRECTOR ROTKIN

Approve the remainder of the Consent Agenda.

Motion passed by unanimous affirmative voice vote in lieu of a roll call vote for Item #5-15 with Directors Harlan and Keogh being absent.

5-10. ACCEPT AND FILE METROBASE STATUS REPORT

Will Regan, VMU, spoke in support of MetroBase and commended Staff for reducing the charges from RNL. Mr. Regan urged the Board to move forward with the Maintenance Facility

5-1.24

as soon as possible because METRO currently has only seven useable bays to maintain over 100 buses and the three bays at Dubois cannot accommodate the CNG buses without first removing the CNG fuel at the fueling station and then towing the bus back to the shop.

Paul Marcelin-Sampson, MAC, stated there is a tremendous need to inform the public on the benefits and importance of MetroBase because public perception is that it is a luxury project.

ACTION: MOTION: DIRECTOR REILLY SECOND: DIRECTOR BEAUTZ

Accept and file the MetroBase Status Report.

Motion passed unanimously with Directors Harlan and Keogh being absent.

REGULAR AGENDA

6. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT FOR EMPLOYEE DENTAL INSURANCE

Summary:

Tom Stickel reported that the current dental insurance coverage plan expires on December 31, 2005. Two firms submitted proposals for evaluation. The evaluation committee, which included representatives from SEIU and UTU gave the highest ranking to Driver Alliant Insurance Services offering the dental plan from Delta Dental, which Staff recommends authorizing a two-year contract.

ACTION: MOTION: DIRECTOR SPENCE SECOND: DIRECTOR BEAUTZ

Authorize the General Manager to execute a contract with Driver Alliant Insurance Services representing Delta Dental to provide employee dental insurance coverage.

Motion passed unanimously with Directors Harlan and Keogh being absent.

7a. CONSIDERATION OF RESOLUTION OF APPRECIATION FOR ASSEMBLYMEMBER JOHN LAIRD FOR HIS ASSISTANCE IN OBTAINING METROBASE FUNDING FOR THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

ACTION: MOTION: DIRECTOR STONE SECOND: DIRECTOR REILLY

Move passage of a Resolution of Appreciation for Assemblymember John Laird for his assistance in obtaining MetroBase funding for the Santa Cruz Metropolitan Transit District.

Motion passed by unanimous affirmative voice vote in lieu of a roll call vote with Directors Harlan and Keogh being absent.

5-1.25

7b. CONSIDERATION OF RESOLUTION OF APPRECIATION FOR SCCRTC SENIOR TRANSPORTATION PLANNER RACHEL MORICONI FOR HER ASSISTANCE IN OBTAINING METROBASE FUNDING FOR THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

ACTION: MOTION: DIRECTOR STONE SECOND: DIRECTOR BEAUTZ

Move passage of a Resolution of Appreciation for SCCRTC Senior Transportation Planner Rachel Moriconi for her assistance in obtaining MetroBase funding for the Santa Cruz Metropolitan Transit District.

Motion passed by unanimous affirmative voice vote in lieu of a roll call vote with Directors Harlan and Keogh being absent.

Director Spence wished to acknowledge and thank Les White for his persistent efforts in obtaining MetroBase funding as well. Bob Yount said that MAC heartily approves of all of these MetroBase funding Resolutions. Director Reilly thanked Les White as well and commented that when she was representing the District as Board Chair, she realized the enormous respect nationwide in the transit industry in which Mr. White is regarded.

7. CONSIDERATION OF RESOLUTION OF POSTHUMOUS HONOR TO ROSA L. PARKS FOR HER ACTIONS, LEADERSHIP, AND INSPIRATION IN STRIVING TO OBTAIN DIGNITY AND EQUALITY FOR ALL PEOPLE, AND DECLARING DECEMBER 1, 2005 "ROSA PARKS DAY"

Summary:

Les White relayed his experience with Rosa Parks while he was Chair of APTA and gave a synopsis of her brave action taken on December 1, 1955 in refusing to relinquish her seat on the bus and how that action and the resulting 382-day Montgomery Bus Boycott resulted in the repeal of the laws requiring segregation on public buses and served as a catalyst for the actions that would be taken in the Civil Rights movement for many years to follow.

Mr. White said that transit systems nationwide would be honoring Rosa Parks on December 1st, which is the 50th anniversary of her refusal to give up her seat. In addition to holding appropriate activities and ceremonies, bus operators across the country will be stopping for 30 seconds at 12:00 p.m., if safe to do so, to honor her memory. METRO would like the Board to formally adopt the Resolution of Appreciation, formally establish December 1st as Rosa Parks Day, establish 3:00 p.m. as the time of the Ceremony to be held at METRO Center, authorize METRO to operate free fixed route service on December 1st if sufficient contributions are collected, and authorize bus operators to stop at 12:00 p.m. for 30 seconds, if safe to do so, to honor the memory of Rosa Parks. METRO would also like the Board to authorize the Chair to send letters to the four cities and county of Santa Cruz to request they declare Rosa Parks Day proclamations as well.

5-1.26

ACTION: MOTION: DIRECTOR STONE SECOND: DIRECTOR REILLY

Move passage of a Resolution of Posthumous Honor to Rosa L. Parks for her actions, leadership, and inspiration in striving to obtain dignity and equality for all people, and declaring December 1, 2005 "Rosa Parks Day", establish 3:00 p.m. as the time of the Ceremony to be held at METRO Center, authorize METRO to operate free fixed route service on December 1st if sufficient contributions are collected, and authorize bus operators to stop at 12:00 p.m. for 30 seconds, if safe to do so, to join fellow transit agencies nationwide in honoring the memory of Rosa Parks. Authorize the Board Chair to send letters to the four cities and county of Santa Cruz to request they support Rosa Parks Day as well.

Motion passed by unanimous affirmative voice vote in lieu of a roll call vote with Directors Harlan and Keogh being absent.

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

Margaret Gallagher reported that the Board would be discussing one case of existing litigation with its Legal Counsel.

ITEM #11 WAS TAKEN OUT OF ORDER AT THIS TIME

11. CONSIDERATION OF SANTA CRUZ METROPOLITAN TRANSIT DISTRICT'S RESPONSE TO FTA DETERMINATION THAT RIDING SIDE-FACING IN A METRO PARACRUZ VEHICLE IS REQUIRED IF REQUESTED

Summary:

Les White reported that Sister Karen Hall, a ParaCruz eligible rider and a wheelchair user, has requested that she be allowed to ride side-facing in the ParaCruz vans. METRO has denied the request based on a number of different factors including safety concerns.

Sister Hall appealed to the FTA's Office of Civil Rights who issued a written determination that it finds it a reasonable modification to permit Sister Hall to ride side-facing. FTA has requested that METRO respond within seven days.

Staff has requested an extension until December 16th to allow Staff to review METRO's position and prepare a full report with recommendations to the Board regarding how METRO should respond at its regular meeting in December.

Discussion:

Paul Marcelin-Sampson said that as a private citizen, he feels this issue has a real possibility and risk of civil rights litigation and liability claims against METRO and it should be discussed in Closed Session as much as possible. Mr. Marcelin-Sampson said the FTA determination on this issue surprised him because most of their responses are moderate and rational and this one is not.

5-1.27

ACTION: MOTION: DIRECTOR REILLY SECOND: DIRECTOR BEAUTZ

Authorize METRO Staff to review METRO's position in this matter in light of the FTA determination and prepare a full report with recommendations regarding how METRO should respond to the FTA's Office if Civil Rights determination in this matter. Authorize Staff to send a letter to FTA advising of why METRO is not responding within 7 days.

Motion passed unanimously with Directors Harlan and Keogh being absent.

9. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

None.

SECTION II: CLOSED SESSION

Vice Chair Rotkin adjourned to Closed Session at 10:12 a.m. and reconvened to Open Session at 10:30 a.m.

SECTION III: RECONVENE TO OPEN SESSION

10. REPORT OF CLOSED SESSION

Margaret Gallagher had no reportable action at this time.

ADJOURN

There being no further business, Vice Chair Rotkin adjourned the meeting at 10:30 a.m.

Respectfully submitted,

CINDI THOMAS
Administrative Services Coordinator

5-1.28

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Minutes- Board of Directors

December 9, 2005

A Regular Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Friday, December 9, 2005 at the District's Administrative Office, 370 Encinal Street, Santa Cruz, CA.

Chair Keogh called the meeting to order at 9:00 a.m.

SECTION 1: OPEN SESSION

1. ROLL CALL:

DIRECTORS PRESENT

Jan Beautz (arrived after roll call)
Dene Bustichi
Michelle Hinkle
Mike Keogh
Dale Skillicorn
Pat Spence
Mark Stone
Marcela Tavantzis

DIRECTORS ABSENT

Stephanie Harlan
Emily Reilly
Mike Rotkin
Ex-Officio Wes Scott

STAFF PRESENT

Mark Dorfman, Assistant General Manager
Margaret Gallagher, District Counsel
Steve Paulson, Paratransit Administrator
Robyn Slater, Human Resources Manager

Judy Souza, Acting Operations Manager
Tom Stickel, Maintenance Manager
Les White, General Manager

EMPLOYEES AND MEMBERS OF THE PUBLIC WHO VOLUNTARILY INDICATED THEY WERE PRESENT

Genevieve Bookwalter, Sentinel
Carolyn Derwing, UTU
Paul Marcelin-Sampson, MAC Chair/MRU

Pat Piras, Pat Piras Consulting
Will Regan, VMU
Bob Yount, MAC

2. ORAL AND WRITTEN COMMUNICATION

Written:

- a. Dan Stevenson Re: Strike Communication

5-1.29

Oral:

Paul Marcelin-Sampson, MAC Chair, reported that the MAC Paratransit Task Force subcommittee met for the first time on Wednesday and should have input for the Board in February or March on the recommendations of the Task Force.

3. **LABOR ORGANIZATION COMMUNICATIONS**

None

4. **ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS**

Pages #14.b28 – 14.b31 were distributed to day and are attached to the file copy of these minutes.

CONSENT AGENDA

5-1. **ACCEPT AND FILE PRELIMINARILY APPROVED CLAIMS FOR THE MONTH OF NOVEMBER 2005**

No questions or comments.

5-2. **ACCEPT AND FILE NOVEMBER 2005 RIDERSHIP REPORT**

Page 1 of the November Ridership Report will be included in the December 16, 2005 Board Packet.

No questions or comments.

5-3. **CONSIDERATION OF TORT CLAIMS: DENY THE CLAIM OF ANDREW CHINELLO, CLAIM #05-0025**

No questions or comments.

5-4. **ACCEPT AND FILE THE METRO ADVISORY COMMITTEE (MAC) AGENDA FOR DECEMBER 21, 2005**

No questions or comments.

5-5. **ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR AUGUST 2005 AND APPROVAL OF BUDGET TRANSFERS**

No questions or comments.

5-6. **ACCEPT AND FILE HIGHWAY 17 STATUS REPORT FOR JULY AND AUGUST 2005**

No questions or comments.

5-1. 30

5-7. ACCEPT AND FILE PARACRUZ OPERATIONS STATUS REPORT FOR THE MONTH OF SEPTEMBER 2005

No questions or comments.

5-8. ACCEPT AND FILE UNIVERSITY OF CALIFORNIA, SANTA CRUZ SERVICE UPDATE FOR THE MONTH OF SEPTEMBER 2005

Will be included in the December 16, 2005 Board Packet.
No questions or comments.

5-9. ACCEPT AND FILE METROBASE STATUS REPORT

No questions or comments.

5-10. ACCEPT AND FILE MINUTES REFLECTING VOTING RESULTS FROM APPOINTEES TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION FOR THE NOVEMBER 2005 MEETINGS

No questions or comments.

5-11. CONSIDERATION OF FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT AUDITOR FOR YEAR ENDING JUNE 30, 2005

Item was pulled. The Financial Auditors have indicated it will be ready for the January 2005 Board Packet.

5-12. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO RENEW THE CONTRACT WITH FOLGER GRAPHICS FOR THE PRINTING OF HEADWAYS

No questions or comments.

5-13. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO RENEW THE CONTRACT WITH CLASSIC GRAPHICS FOR VEHICLE BODY REPAIR AND PAINTING SERVICES

No questions or comments.

5-14. CONSIDERATION OF REPORT ON RESULTS FROM THE FREE FARE PROMOTION AFTER THE TRANSIT STRIKE

No questions or comments.

5-1.31

5-15. ACCEPT AND FILE SANTA CRUZ METRO'S PROPERTY INVENTORIES OF LEASED AND OWNED PROPERTY FOR 2005 WHICH INCLUDES A DETERMINATION OF PROPERTIES THAT ARE IN EXCESS OF METRO'S FORSEEABLE NEEDS

Chair Keogh suggested that the property at 1200 River Street be renegotiated for a term longer than 40 years.

5-16. CONSIDERATION OF A RESOLUTION AUTHORIZING AN AMENDED TDA CLAIM FOR FY 2006

No questions or comments.

5-17. CONSIDERATION OF APPROVAL OF AN AMENDED AND RESTATED GREAT WEST ELIGIBLE DEFERRED COMPENSATION PLAN FOR GOVERNMENTAL EMPLOYERS AND AMENDED ADOPTION AGREEMENT

No questions or comments.

REGULAR AGENDA

6. PRESENTATION OF EMPLOYEE LONGEVITY AWARDS

This presentation will take place at the December 16, 2005 Board meeting.

7. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT TO MODIFY NINE BUS SHELTERS

Will be included in the December 16, 2005 Board Packet.

Tom Stickel reported that the modification is to correct the roof lines that are too close to the curb.

8. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT FOR STATE LEGISLATIVE SERVICES

ACTION: MOTION: DIRECTOR SPENCE SECOND: DIRECTOR HINKLE

Move Item #8 to the Consent Agenda.

Motion passed unanimously with Directors Harlan, Reilly and Rotkin being absent.

9. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT FOR FEDERAL LEGISLATIVE SERVICES

Will be included in the December 16, 2005 Board Packet.

Les White reported that proposals are still being received for this Item.

5-1.32

10. **CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT FOR METROBASE FUELING AND SERVICING FACILITY AND RELATED SITE WORK**

Will be included in the December 16, 2005 Board Packet.

Les White reported that the bids will be opened at 3:00 next Tuesday and clarified that the project includes a 12-month timeframe with liquidated damages if not completed by the deadline.

11. **CONSIDERATION OF APPROVAL OF 2006 STATE LEGISLATIVE PROGRAM**

Will be included in the December 16, 2005 Board Packet.

Les White reported that there is a possibility of State Funds from bonding proposals that METRO may be able to take advantage of.

12. **CONSIDERATION OF APPROVAL OF 2006 FEDERAL LEGISLATIVE PROGRAM**

Will be included in the December 16, 2005 Board Packet.

DIRECTOR BEAUTZ ARRIVED

Les White reported that the primary issue for the Board to consider on the Federal Program is how to advocate for the Pacific Station project.

13. **CONSIDERATION OF APPOINTMENT OF NOMINEES TO MEMBERSHIP OF THE METRO ADVISORY COMMITTEE (MAC)**

Summary:

Les White reported that there is currently one vacancy on the MAC and that Staff recommends that the Board reappoint all existing members that are receptive to serving another 2-year term, as the current terms expire on December 31, 2005.

Discussion:

Director Spence expressed discontent with the amount of interaction and dynamics between MAC and the Board; feels MAC should have their own space on the Board Agenda; feels that their terms should alternate so they don't all expire at the same time; and feels that there should be no term limits. Director Bustichi agreed that the term expirations should be staggered.

Les White clarified that the Board created and can modify the MAC Bylaws. Chair Keogh responded that the Board would most likely reappoint the current MAC members next week and revisit this item in the reasonably near future to address the issues raised by Director Spence.

5-1.33

Paul Marcelin-Sampson, MAC Chair and Bob Yount, MAC Vice Chair announced their presence and availability for questions on this Item.

14. REVIEW NEW LEGISLATION (AB 1234) WHICH BECOMES EFFECTIVE JANUARY 1, 2006, REGARDING LOCAL PUBLIC AGENCIES' COMPENSATION AND EHTICS REQUIREMENTS INCLUDING TRAINING AND CONSIDERATION OF NECESSARY MODIFICATIONS TO METRO'S BYLAWS

Summary:

Margaret Gallagher reported that in the next Board Packet she would have more specific recommendations regarding changes to METRO's Bylaws as a result of the new legislation

Ms. Gallagher explained that the new legislation included new rules related to Board member compensation, reimbursement, providing brief reports after attendance at certain meetings, penalties for misuse of public resources, and ethics training requirements. Directors Beautz and Stone stated that reimbursement for attending Ethics Training was not necessary.

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

Margaret Gallagher reported that the Board would have a conference with their Labor Negotiator regarding SEIU Labor Negotiations and would have a conference with their Legal Counsel regarding Carlos Carrera vs. Santa Cruz METRO.

16. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

SECTION II: CLOSED SESSION

Chair Keogh adjourned to Closed Session at 9:30 a.m. and reconvened to Open Session at 10:10 a.m.

SECTION III: RECONVENE TO OPEN SESSION

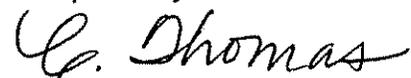
17. REPORT OF CLOSED SESSION

Margaret Gallagher reported that the Board took no reportable action in Closed Session.

ADJOURN

There being no further business, Chair Keogh adjourned the meeting at 10:11 a.m.

Respectfully submitted,


CINDI THOMAS
Administrative Services Coordinator

5-1.34

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Minutes- Board of Directors

December 16, 2005

A Regular Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Friday, December 16, 2005 at the Santa Cruz City Council Chambers, 809 Center Street, Santa Cruz, CA.

Chair Keogh called the meeting to order at 9:02 a.m.

SECTION 1: OPEN SESSION

1. ROLL CALL:

DIRECTORS PRESENT

Jan Beautz (arrived after roll call)
Dene Bustichi
Michelle Hinkle
Mike Keogh
Emily Reilly
Mike Rotkin
Dale Skillicorn
Pat Spence
Mark Stone
Marcela Tavantzis
Ex-Officio Wes Scott

DIRECTORS ABSENT

Stephanie Harlan

STAFF PRESENT

Frank Cheng, MetroBase Project Manager
Mark Dorfman, Assistant General Manager
Terry Gale, IT Manager
Margaret Gallagher, District Counsel
Steve Paulson, Paratransit Administrator

Elisabeth Ross, Finance Manager
Robyn Slater, Human Resources Manager
Judy Souza, Acting Operations Manager
Tom Stickel, Maintenance Manager
Les White, General Manager

EMPLOYEES AND MEMBERS OF THE PUBLIC WHO VOLUNTARILY INDICATED THEY WERE PRESENT

Sandra Lipperd, UTU
Paul Marcelin-Sampson, MAC / MRU
Ian McFadden, SEA
Bonnie Morr, UTU

Will Regan, VMU
Mike Tomassee, "King of Marijuana"
Amy Weiss, Spanish Interpreter
Bob Yount, MAC / E&D TAC

Margaret Gallagher reported that a Special Board Meeting has been scheduled for 9:00 a.m., which ultimately will result in Closed Session and asked that the Chair indicate that the Roll Call just called was also for the Special Meeting, which was posted within the time limit so the Board

5-1.35

could hold it in conjunction with the Regular Meeting. Chair Keogh indicated that the Roll Call would be for both the Regular and Special Meetings.

2. ORAL AND WRITTEN COMMUNICATION

Written:

- a. Dan Stevenson Re: Strike Communication
- b. **Marie D. Soto** **Re: Route 13 Suspension**

Oral:

Chair Keogh reminded the Board that nominations and elections of Board Officers and Appointments will take place next month with the nominations being fielded at the first and second meetings and the elections happening at the second meeting.

Bob Yount, MAC Vice Chair, reported that E&D TAC passed a motion at its last meeting requesting funding from the SCCRTC for new bus stops.

3. LABOR ORGANIZATION COMMUNICATIONS

Ian McFadden, SEA, requested information on the Special Meeting Item. Ms. Gallagher replied that it is regarding Sister Karen Hall's potential action and that more information would be given during Item #17.

4. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

Page 1 of the November Ridership Report, and Staff Reports for Items #10 and #15 were distributed to day and are attached to the file copy of these minutes.

SECTION I:

OPEN SESSION: **ADD TO ITEM #2**

ORAL AND WRITTEN COMMUNICATION
(Insert additional written communication)

CONSENT AGENDA: **ADD TO ITEM #5-2**

ACCEPT AND FILE NOVEMBER 2005 RIDERSHIP REPORT
(Page 1 will be distributed at the December 16, 2005 Board Meeting)

INSERT ITEM #5-8

ACCEPT AND FILE UNIVERSITY OF CALIFORNIA, SANTA CRUZ
SERVICE UPDATE FORT EH MONTH OF SEPTEMBER 2005
(Insert Staff Report)

DELETE ITEM #5-11

CONSIDERATION OF FINANCIAL STATEMENTS AND REPORT
OF INDEPENDENT AUDITOR FOR YEAR ENDING JUNE 30, 2005
(Will be included in the January 2006 Board Packet)

ADD ITEM #5-19

**CONSIDERATION OF MODIFICATION TO CURRENT CLASS
SPECIFICATION (JOB DESCRIPTION) OF THE ADMINISTRATIVE
SECRETARY POSITION**
(Insert Staff Report)

5-1.36

ADD ITEM #5-20 CONSIDERATION OF A RESOLUTION TO AUTHORIZE
SUBMITTAL OF A \$500,000 PROJECT TO THE SCCRTC FOR
THE 2006 STIP TO DEVELOP AN AUTOMATED TRAVELER
INFORMATION SYSTEM FOR TRANSIT TRIP PLANNING

(Insert Staff Report)

ADD ITEM #5-21 CONSIDERATION OF METRO PARACRUZ ONE YEAR
OPERATIONAL REVIEW

(Insert Staff Report)

REGULAR AGENDA:

INSERT ITEM #7

CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER
TO EXECUTE A CONTRACT TO MODIFY NINE BUS SHELTERS
(Insert Staff Report)

DELETE ITEM #9

CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER
TO EXECUTE A CONTRACT FOR FEDERAL LEGISLATIVE
SERVICES

(Will be included in the January 2006 Board Packet)

INSERT ITEM #10

CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER
TO EXECUTE A CONSTRUCTION CONTRACT FOR METROBASE
FUELING AND SERVICING FACILITY AND RELATED SITE WORK
(Will be distributed at the December 16, 2005 Board Meeting)

INSERT ITEM #11

CONSIDERATION OF APPROVAL OF 2006 STATE LEGISLATIVE
PROGRAM

(Insert Staff Report)

INSERT ITEM #12

CONSIDERATION OF APPROVAL OF 2006 FEDERAL
LEGISLATIVE PROGRAM

(Insert Staff Report)

ADD ITEM #15

CONSIDERATION OF REVISION TO SANTA CRUZ METRO'S
ADMINISTRATIVE REGULATION AR-1002, ADA COMPLAINT
PROCEDURE TO EXTEND THE DEADLINE OF THE ADA/504
REVIEW, AND RECEIVE STATUS REPORT OF THE ADA/504
REVIEW OF SANTA CRUZ METRO'S PROGRAMS, ACTIVITIES
AND SERVICES

(Insert Staff Report)

ADD ITEM #16

ACCEPT AND FILE REPORT ON ROSA PARKS DAY

(Insert Staff Report)

**DIRECTOR BEAUTZ ARRIVED
DIRECTOR REILLY LEFT THE MEETING**

CONSENT AGENDA

- 5-1. ACCEPT AND FILE PRELIMINARILY APPROVED CLAIMS FOR THE MONTH OF
NOVEMBER 2005
- 5-2. ACCEPT AND FILE NOVEMBER 2005 RIDERSHIP REPORT
- 5-3. CONSIDERATION OF TORT CLAIMS: DENY THE CLAIM OF ANDREW CHINELLO,
CLAIM #05-0025

5-1. 37

- 5-4. ACCEPT AND FILE THE METRO ADVISORY COMMITTEE (MAC) AGENDA FOR DECEMBER 21, 2005
- 5-5. ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR AUGUST 2005 AND APPROVAL OF BUDGET TRANSFERS
- 5-6. ACCEPT AND FILE HIGHWAY 17 STATUS REPORT FOR JULY AND AUGUST 2005
- 5-7. ACCEPT AND FILE PARACRUZ OPERATIONS STATUS REPORT FOR THE MONTH OF SEPTEMBER 2005
- 5-8. ACCEPT AND FILE UNIVERSITY OF CALIFORNIA, SANTA CRUZ SERVICE UPDATE FOR THE MONTH OF SEPTEMBER 2005
- 5-9. ACCEPT AND FILE METROBASE STATUS REPORT
- 5-10. ACCEPT AND FILE MINUTES REFLECTING VOTING RESULTS FROM APPOINTEES TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION FOR THE NOVEMBER 2005 MEETINGS
- 5-11. DELETED: WILL BE INCLUDED IN THE JANUARY 2006 BOARD PACKET (CONSIDERATION OF FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT AUDITOR FOR YEAR ENDING JUNE 30, 2005)
- 5-12. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO RENEW THE CONTRACT WITH FOLGER GRAPHICS FOR THE PRINTING OF HEADWAYS
- 5-13. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO RENEW THE CONTRACT WITH CLASSIC GRAPHICS FOR VEHICLE BODY REPAIR AND PAINTING SERVICES
- 5-14. CONSIDERATION OF REPORT ON RESULTS FROM THE FREE FARE PROMOTION AFTER THE TRANSIT STRIKE
- 5-15. ACCEPT AND FILE SANTA CRUZ METRO'S PROPERTY INVENTORIES OF LEASED AND OWNED PROPERTY FOR 2005 WHICH INCLUDES A DETERMINATION OF PROPERTIES THAT ARE IN EXCESS OF METRO'S FORSEEABLE NEEDS
- 5-16. CONSIDERATION OF A RESOLUTION AUTHORIZING AN AMENDED TDA CLAIM FOR FY 2006
- 5-17. CONSIDERATION OF APPROVAL OF AN AMENDED AND RESTATED GREAT WEST ELIGIBLE DEFERRED COMPENSATION PLAN FOR GOVERNMENTAL EMPLOYERS AND AMENDED ADOPTION AGREEMENT
- 5-18. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT FOR STATE LEGISLATIVE SERVICES
(Moved to Consent Agenda at the December 9, 2005 Board Meeting. Retained original numbering as Item #8)
- 5-19. CONSIDERATION OF MODIFICATION TO CURRENT CLASS SPECIFICATION (JOB DESCRIPTION) OF THE ADMINISTRATIVE SECRETARY POSITION
- 5-20. CONSIDERATION OF A RESOLUTION TO AUTHORIZE SUBMITTAL OF A \$500,000 PROJECT TO THE SCCRTC FOR THE 2006 STIP TO DEVELOP AN AUTOMATED TRAVELER INFORMATION SYSTEM FOR TRANSIT TRIP PLANNING

Item #5-21 was pulled from the Consent Agenda for discussion and moved to the Regular Agenda as #16a.

5-1.38

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR SKILLICORN

Approve the remainder of the Consent Agenda

Motion passed by unanimous affirmative voice vote in lieu of a roll call vote for Items #5-16 and #5-20 with Directors Harlan and Reilly being absent.

REGULAR AGENDA

6. PRESENTATION OF EMPLOYEE LONGEVITY AWARDS

The following employees were awarded longevity certificates for their years of service:

TWENTY YEARS

Richard C. Gabriel, FM Lead Mechanic
Frank Q. Jacinto, Bus Operator
Ian McFadden, Transit Planner
Gillian S. McGlaze, Transit Supervisor
Peter I Milburn, Bus Operator
David W. Moreau, Transit Supervisor
Rosalio L. Ramos, Bus Operator
Serena M Tovar, Bus Operator

TWENTY-FIVE YEARS

Frank H. Bauer, Safety & Training Coordinator
Roland T. Owens, Vehicle Service Technician

Manny Martinez reported that David Moreau was currently at Dominican Hospital and that Mr. Moreau had requested his award be postponed to next month so he could attend at that time.

7. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT TO MODIFY NINE BUS SHELTERS

Tom Stickel reported that the modification is to correct the roof lines that are too close to the curb. Director Tavantzis commented on the situation that public agencies are in and how it is not a matter of choice that contracts are not always awarded to local companies. Tom Stickel added that although T. Boyd recently relocated to Idaho, it previously was a local company.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR HINKLE

Authorize the General Manager to execute a contract for the modification of nine bus shelters with T. Boyd Construction

Motion passed unanimously with Directors Harlan and Reilly being absent.

10. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT FOR METROBASE FUELING AND SERVICING FACILITY AND RELATED SITE WORK

5-1.39

Summary:

Frank Cheng reported that there were two bids received for the construction contract for the MetroBase fueling and service facility and related site work and that Staff is recommending the contract be awarded to Arntz Builders. The engineer's estimate was \$8,514,000 and the contractor's bid was \$7,979,000 and the difference will be used towards change orders against the contract.

Discussion:

Chair Keogh commented that with all as much money as METRO has spent on architect's fees on this project, there should be very few change orders in this contract.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR HINKLE

Authorize the General Manager to execute a contract for construction of the MetroBase Fueling and Servicing Facility and related site work with Arntz Builders, Inc for \$7,979,000. Approve the following construction contract change order procedures that will apply to this construction contract:

- 1) For any change order request from the contractor the exceeds \$50,000, District Staff will review and present such request to the District's Board of Directors for approval;
- 2) For any change order request from the contractor that is \$50,000 or less, approval of the change order will require review and approval from the following three personnel: District's Construction Manager (Harris & Associates), District's Project Manager (Frank Cheng) and either the District's General Manager or Assistant General Manager; and
- 3) District Staff shall report every month to the Board of Directors on all change orders processed for this contract.

Motion passed unanimously with Directors Harlan and Reilly being absent.

11. CONSIDERATION OF APPROVAL OF 2006 STATE LEGISLATIVE PROGRAM

Summary:

Les White reported that METRO develops a list of legislative priorities each year for the Board's approval to be submitted to METRO's State legislative advocate. Mr. White read through the specific 2006 legislative goals and Capital Projects that Staff is recommending that the Board approve.

Mr. White also reported that the Board had received today, and may want to consider responding to, pages 5 and 6 of Santa Cruz County's Legislative Program, which is a proposal for termination provisions for non-elected Transit Board members that would modify section 98000 of the Public Utilities Code. This proposal was approved by the County Board of Supervisors on December 13th, without METRO's input, and would allow the appointing body to remove a non-elected appointee for cause. Mr. White added that it is his understanding that the final version of this proposal would not be restricted to non-elected members, but all members of

5 - 1.40

the Transit Board could be removed for cause by their appointing body. Currently, Transit Board members are appointed for 4-year terms and cannot be removed by their appointing body, but can be removed by the Transit Board for very specific reasons such as malfeasance, dishonesty, and the kind of things a public official would be removed for. The concern the Board of Supervisors is attempting to address is that currently, elected officials are subject to public recall procedures, while the non-elected members of the Transit Board are not subject to those recall procedures.

DIRECTOR REILLY RETURNED TO THE MEETING

Discussion:

Director Beautz reported that she did not vote for this proposal and believes the County should have gotten input from the Cities and the Transit District before approving it.

Ian McFadden asked about the absence of the improved Operations Facility from the Capital Projects list. Mr. White replied that it would be included in the future once it has been determined how much funding METRO has to put towards it after the Maintenance Facility is completed.

Paul Marcelin-Sampson, MRU, urged the Board to reject the County's recall procedure proposal and to continue to publicize the amount of money METRO currently spends renting facilities because the public views many of METRO's projects as optional and don't see the drain on the operating budget.

Bob Yount, MAC, said he agreed with what Mr. Marcelin-Sampson said.

Several Directors made comments opposing the proposed recall process as presented, expressing willingness to discuss alternatives, and recommending that Staff get input from the four cities in Santa Cruz County regarding the proposed recall process.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR SPENCE

Adopt the proposed METRO 2006 State Legislative Program and direct Staff to send letters to the various agencies within Santa Cruz County to ask for their support for METRO's Legislative Program and express that the SCMTD Board of Directors does not support the current approach proposed by the Santa Cruz County Board of Supervisors to enable them to recall non-elected members of the public who are appointed to the SCMTD Board of Directors by the County Board of Supervisors. Make clear that SCMTD Board of Directors understands the concern the County Board of Supervisors is attempting to address and that the SCMTD Board of Directors is in favor of having an alternative process developed as quickly as possible to ensure that all members of the Board are held accountable to the public throughout the county.

Motion passed unanimously with Director Harlan being absent.

5 - 1.41

12. CONSIDERATION OF APPROVAL OF 2006 FEDERAL LEGISLATIVE PROGRAM

Les White reported that the main goal is to support appropriation of federal transit funds at the full authorized amount.

ACTION: MOTION: DIRECTOR REILLY SECOND: DIRECTOR ROTKIN

Adopt the proposed METRO 2006 Federal Legislative Program

Director Reilly, Chair Keogh and Vice Chair Rotkin praised Mr. White's tremendous efforts and skill in advocating for METRO's Legislative Programs over the years.

Motion passed unanimously with Director Harlan being absent.

13. CONSIDERATION OF APPOINTMENT OF NOMINEES TO MEMBERSHIP OF THE METRO ADVISORY COMMITTEE (MAC)

Summary:

Les White reported that there is currently one vacancy on the MAC. Mr. White said MAC has done an excellent job and that Staff recommends that the Board reappoint all existing members that are receptive to serving another 2-year term, as the current terms expire on December 31, 2005.

Discussion:

Director Reilly and Vice Chair Rotkin both commented that it is useful to have staggered terms and asked if that could be brought back for discussion within the next few months. Les White replied that the Board developed and can modify MAC's bylaws and that Staff can bring this to MAC's attention for their input at their next meeting and then Staff can bring recommendations back to the Board. Vice Chair Rotkin suggested advertising the vacancy of his MAC appointee through various agencies or maybe a press release.

Director Spence retracted her comment made at the December 9, 2005 meeting that she was discontent with the amount of interaction between MAC and the Board and also said that MAC really does come up with some good suggestions every now and then. Director Spence said she appreciates all the work they do, that their terms should be staggered and suggested that Director Harlan's appointee position should be held open to give her an opportunity to vote on it.

ACTION: MOTION: DIRECTOR TAVANTZIS SECOND: DIRECTOR REILLY

Reappoint the current members of MAC, ask MAC to address a possible solution to the overlapping terms and that METRO advertise vacancies on MAC

Paul Marcelin-Sampson, MAC Chair, stated that he is Director Harlan's appointment at the appointment of former Director Norton, and that he is not speaking on behalf of MAC because of the controversy that erupted last week that was not brought to MAC's attention and the

5-1.42

comments that Director Spence made were completely new and MAC will have a chance to discuss all of these issues next week at the MAC meeting. Mr. Marcelin-Sampson said it seems to him that the Staff Recommendation was that the existing MAC members would be reappointed and he is not clear now that Director Spence has suggested that he not be reappointed. Mr. Marcelin-Sampson said that one real concern for the Board to think about is the movement that occurred as a result of the Paratransit Coordination Task Force to try to create a general paratransit advisory committee that would be outside of METRO and would advise both of the main paratransit providers in the county and attempt to put strings on the TDA funds that now come to METRO. METRO needs to demonstrate it has a strong advisory committee and preserve the continuity of its membership.

Bob Yount, MAC Vice Chair, stated that he would like to continue on MAC and added that MAC almost has staggered terms now with the natural turnover with students from UCSC, so this may not be a problem.

Chair Keogh stated that he is very happy with his appointee and that MAC is doing an extraordinary job.

Director Spence reiterated her feeling that Director Harlan's appointment should be held open for her input and that her own appointment will be held in abeyance for four to six weeks.

Direct Beautz clarified that was not the motion, but that Director Spence could vote "no".

Motion passed with Director Spence voting no and Director Harlan being absent.

14. **REVIEW NEW LEGISLATION (AB 1234) WHICH BECOMES EFFECTIVE JANUARY 1, 2006, REGARDING LOCAL PUBLIC AGENCIES' COMPENSATION AND ETHICS REQUIREMENTS INCLUDING TRAINING AND CONSIDERATION OF NECESSARY MODIFICATIONS TO METRO'S BYLAWS**

Margaret Gallagher requested that this Item be continued to January 2006.

ACTION: MOTION: DIRECTOR BEAUTZ SECOND: DIRECTOR REILLY

Continue this Item to January 2006

Motion passed unanimously with Director Harlan being absent.

15. **CONSIDERATION OF REVISION TO SANTA CRUZ METRO'S ADMINISTRATIVE REGULATION AR-1002, ADA COMPLAINT PROCEDURE TO EXTEND THE DEADLINE OF THE ADA/504 REVIEW, AND RECEIVE STATUS REPORT OF THE ADA/504 REVIEW OF SANTA CRUZ METRO'S PROGRAMS, ACTIVITIES AND SERVICES**

Summary:

Mark Dorfman reported that in December of 2002, the Board approved AR-1002 which established an ADA Complaint Procedure. The regulation established a deadline of 36 months

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for the completion of an ADA/504 Review of METRO's current services, programs and activities. Due to delays from the strike, the work has been unable to be initiated. Staff is recommending that the deadline be extended from 36 to 48 months. Mr. Dorfman added that there had been a kick-off meeting with the consultant, Pat Piras, who is utilizing students with disabilities from Cabrillo and UCSC to help do the assessment.

ACTION: MOTION: DIRECTOR REILLY SECOND: DIRECTOR SKILLICORN

Authorize the extension of the deadline for the completion of the ADA/504 Review for an additional 12 months

Paul Marcelin-Sampson, MAC, reported that he knew Pat Piras, who had appointed him to AC Transit's Accessible Advisory Committee when he lived in the Bay area and said that MAC supports this 12-month extension and plans to work closely with her during the review.

Motion passed unanimously with Director Harlan being absent.

16. ACCEPT AND FILE REPORT ON ROSA PARKS DAY

Les White reported on the various activities and a celebration METRO held on December 1st to recognize Rosa Parks' contribution to public transportation and the nation as a whole. Mr. White also acknowledged the participants and contributors that made the event possible.

16a. CONSIDERATION OF METRO PARACRUZ ONE YEAR OPERATIONAL REVIEW

Discussion:

Director Tavantzis stated she wished to acknowledge the unnamed ParaCruz mechanic mentioned in the Staff Report as far exceeding expectations in the volume and type of work performed. Director Tavantzis also commented on the impact of the strike on ride demand, which increased 16.12% in October and fell to below pre-strike levels during the period of fixed route "free fares", leading her to believe that free fixed route is more appealing to enough ParaCruz riders to make a significant difference, and suggested offering free monthly passes to ParaCruz riders that are able to use fixed route some of the time as incentive to use fixed route more often.

DIRECTOR REILLY LEFT THE MEETING

Steve Paulson explained that conditional eligibility is based on a rider's ability to use the fixed route system some or all of the time and it is very difficult to monitor.

Director Beautz expressed concern about the number of late cancellations and no-shows and asked when a revised policy would be brought to the Board. Mr. Paulson replied that it may be ready next month and explained that no-shows are considered anything within the customer's control and that late cancellations are any trips not cancelled by 5:00 p.m. the prior day.

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Paul Marcelin-Sampson, MAC, commented that there is already a very strong built-in incentive for those with conditional certification to use fixed route at \$3 per round trip as opposed to \$6 per round trip using ParaCruz and said that METRO is providing more Paratransit service than the ADA requires, which has cost implications.

Mike Tomassee, "King of Marijuana", urged the Board to give ParaCruz "zero" money and let the poor people in wheelchairs ride for free and lower fixed route fares to 50 cents.

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

Margaret Gallagher reported that the Board would have a conference with their Labor Negotiator regarding SEIU Labor Negotiations and would have a conference with their Real Property Negotiator regarding price and terms of property at 25 Sakata Lane, Watsonville. Under the Special Meeting Agenda, the Board will be meeting with their Legal Counsel regarding anticipated litigation. Santa Cruz METRO received a letter from the FTA on November 8, 2005 indicating it had to take an affirmative position of carrying a ParaCruz rider in a side-facing securement. Information has now been obtained which the Board needs to review pertaining to this matter.

18. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

None.

SECTION II: CLOSED SESSION

Chair Keogh adjourned to Closed Session at 11:03 a.m. and reconvened to Open Session at 11:59 a.m.

SECTION III: RECONVENE TO OPEN SESSION

19. REPORT OF CLOSED SESSION

Margaret Gallagher reported that the Board took no reportable action in Closed Session.

ADJOURN

There being no further business, Chair Keogh adjourned the meeting at 12:00 p.m.

Respectfully submitted,


CINDI THOMAS
Administrative Services Coordinator

5-1.45

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

SPECIAL Open Session Minutes- Board of Directors

December 16, 2005

A SPECIAL Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Friday, December 16, 2005 at the Santa Cruz City Council Chambers, 809 Center Street, Santa Cruz, CA

Chair Keogh called the meeting to order at 9:02 a.m.

SECTION 1: OPEN SESSION

1. ROLL CALL:

DIRECTORS PRESENT

Jan Beautz (arrived after roll call)
Dene Bustichi
Michelle Hinkle
Mike Keogh
Emily Reilly
Mike Rotkin
Dale Skillicorn
Pat Spence
Mark Stone
Marcela Tavantzis
Ex Officio Wes Scott

DIRECTORS ABSENT

Stephanie Harlan

STAFF PRESENT

Frank Cheng, MetroBase Project Manager
Mark Dorfman, Assistant General Manager
Terry Gale, IT Manager
Margaret Gallagher, District Counsel
Steve Paulson, Paratransit Administrator

Elisabeth Ross, Finance Manager
Robyn Slater, Human Resources Manager
Judy Souza, Acting Operations Manager
Tom Stickel, Maintenance Manager
Les White, General Manager

EMPLOYEES AND MEMBERS OF THE PUBLIC WHO VOLUNTARILY INDICATED THEY WERE PRESENT

Sandra Lipperd, UTU
Paul Marcelin-Sampson, MAC / MRU
Ian McFadden, SEA
Bonnie Morr, UTU

Will Regan, VMU
Mike Tomassee, "King of Marijuana"
Amy Weiss, Spanish Interpreter
Bob Yount, MAC / E&D TAC

5-1.46

2. REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION

Margaret Gallagher reported that the Board will be meeting with their Legal Counsel regarding anticipated litigation. Santa Cruz METRO received a letter from the FTA on November 8, 2005 indicating it had to take an affirmative position of carrying a ParaCruz rider in a side-facing securement. Information has now been obtained which the Board needs to review pertaining to this matter.

3. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

None.

SECTION II: CLOSED SESSION

Chair Keogh adjourned to SPECIAL Closed Session at 11:03 a.m. and reconvened to SPECIAL Open Session at 11:59 a.m.

SECTION III: RECONVENE TO OPEN SESSION

4. REPORT OF CLOSED SESSION

Margaret Gallagher reported that the Board took no reportable action in Closed Session.

ADJOURN

There being no further business, Chair Keogh adjourned the meeting at 12:00 p.m.

Respectfully submitted,

CINDI THOMAS
Administrative Services Coordinator

ADJOURN

There being no further business, Chair Keogh adjourned the SPECIAL meeting at 11:03 a.m. and reconvened to Open Session at 11:59 a.m.

Respectfully submitted.



CINDI THOMAS
Administrative Services Coordinator

5-1.47

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
 CHECK JOURNAL DETAIL BY CHECK NUMBER
 ALL CHECKS FOR COAST COMMERCIAL BANK

DATE: 01/01/06 THRU 01/31/06

| CHECK NUMBER | CHECK DATE | CHECK AMOUNT | VENDOR | VENDOR NAME | VENDOR TYPE | TRANS. NUMBER | TRANSACTION DESCRIPTION | TRANSACTION AMOUNT | COMMENT |
|--------------|------------|--------------|--------|--------------------------------|-------------|---------------|-------------------------|--------------------|----------|
| 16154P01 | 01/06/06 | -122.76 | E231 | STRICKLAND, JAMES | | 7233 | VOID CHECK | -122.76 | PRE-PAID |
| 17751 | 01/06/06 | 484.78 | 001 | SBC | | 6968 | DEC REPEATERS/OPS | 86.93 | |
| 17752 | 01/06/06 | 27.77 | 001015 | A-Z BUS SALES, INC. | | 7025 | DEC REPEATERS/OPS | 397.85 | |
| 17753 | 01/06/06 | 126.41 | 001020 | EMED COMPANY | | 7026 | REV VEH PARTS | 27.77 | |
| 17754 | 01/06/06 | 9,380.00 | 001035 | HARRIS & ASSOCIATES | | 7027 | SAFETY SUPPLIES 111 | 126.41 | |
| 17755 | 01/06/06 | 754.65 | 001037 | PACIFIC PRODUCTS & SERVICES | 7 | 6969 | MB NOV 05 PROF SVCS | 9,380.00 | |
| 17756 | 01/06/06 | 122.00 | 001058 | SPEEDOMETER SERVICE COMPANY | | 6970 | SURFACE MOUNT BASES | 754.65 | |
| 17757 | 01/06/06 | 125.00 | 001062 | ALLTERRA ENVIRONMENTAL INC. | | 7028 | OUT RPR OTH VEH | 122.00 | |
| 17758 | 01/06/06 | 4,375.18 | 001063 | NEW FLYER INDUSTRIES LIMITED | | 6971 | DEC INSPECT/GOLFCLUB | 125.00 | |
| 17759 | 01/06/06 | 575.00 | 001076 | BROUGHTON LAND, LLC | | 7029 | REV VEH PARTS 83 | 82.86 | |
| 17760 | 01/06/06 | 710.50 | 001093 | KROLL LABORATORY SPECIALISTS | | 7030 | REV VEH PARTS 271 | 270.64 | |
| 17761 | 01/06/06 | 717.39 | 001315 | WASTE MANAGEMENT | | 7031 | REV VEH PARTS 3886 | 3,885.64 | |
| 17762 | 01/06/06 | 75,809.64 | 001316 | DEVCO OIL | | 7032 | REV VEH PARTS 136 | 136.04 | |
| 17763 | 01/06/06 | 157.34 | 001454 | MONTEREY BAY OFFICE PRODUCTS | | 6972 | 110 VERNON ST UPGRD | 575.00 | |
| 17764 | 01/06/06 | 1,227.09 | 001506 | WESTERN STATES OIL CO., INC. | | 7033 | NOV DRUG TESTING | 686.00 | |
| 17765 | 01/06/06 | 35.18 | 001733 | STOODLEY'S SMALL ENGINE SERVIC | 7 | 7100 | APRIL DRUG TESTING | 24.50 | |
| 17766 | 01/06/06 | 55.91 | 002063 | COSTCO | | 7034 | JAN-MAR AIRPORT/FREE | 302.07 | |
| 17767 | 01/06/06 | 31,211.98 | 002123 | GIRO, INC. | | 7035 | JAN-MAR BIG BASIN/HY | 37.98 | |
| 17768 | 01/06/06 | 182.12 | 002389 | DARCO PRINTING | 7 | 7036 | JAN-MAR LOMOND/HY | 37.98 | |
| 17769 | 01/06/06 | 50.76 | 002447 | SETON IDENTIFICATION PRODUCTS | | 7097 | DEC HERMON/KINGS | 44.10 | |
| 17770 | 01/06/06 | 152.39 | 002459 | SCOTTS VALLEY WATER DISTRICT | | 7098 | DEC KINGS VILLAGE | 152.89 | |
| 17771 | 01/06/06 | 416.00 | 002567 | DEPARTMENT OF JUSTICE | | 7099 | DEC RESEARCH PARK | 142.37 | |
| 17772 | 01/06/06 | 54.38 | 002670 | SANITOR MFG. COMPANY | | 7076 | 12/13-12/31 FUEL/FLT | 75,809.64 | |
| 17773 | 01/06/06 | 609.36 | 002814 | CREATIVE BUS SALES, INC. | | 6973 | RICOH COPIER MAINT | 157.34 | |
| 17774 | 01/06/06 | 21.66 | 002819 | PORTOSAN COMPANY, L.L.C. | | 7037 | DEC OIL/FLEET | 1,227.09 | |
| 17775 | 01/06/06 | 346.70 | 002828 | ALLIED ELECTRONICS | | 6974 | REPAIRS/MAINTENANCE | 35.18 | |
| 17776 | 01/06/06 | 4,509.22 | 002829 | VALLEY POWER SYSTEMS, INC. | | 6975 | PHOTO PROCESS/OPS | 29.24 | |
| 17777 | 01/06/06 | 75.00 | 002834 | MCCABE, KATHY | | 7038 | PHOTO PROCESS/OPS | 13.62 | |
| 17778 | 01/06/06 | 360.00 | 002835 | DEPT OF TOXIC SUBSTANCES CTRL | | 7039 | PHOTO PROCESS/OPS | 13.05 | |
| 17779 | 01/06/06 | 121.50 | 002836 | ALEXIS PARTY RENTAL | | 6976 | HASTUS 2006 | 5,911.98 | |
| | | | | | | 6977 | MINBUS MODULE H | 4,400.00 | |
| | | | | | | 6978 | WINTER BID | 20,900.00 | |
| | | | | | | 7040 | OFFICE SUPPLIES/OPS | 182.12 | |
| | | | | | | 7041 | NAMEPLATES/FINANCE | 50.76 | |
| | | | | | | 7042 | 10/6-12/5 KINGS VLG | 123.83 | |
| | | | | | | 7043 | 10/6-12/5 KINGS VLG | 28.56 | |
| | | | | | | 7044 | NOV FINGERPRINTS | 416.00 | |
| | | | | | | 6979 | NEAT SEAT MODEL FH33 | 54.38 | |
| | | | | | | 6980 | OUT REPAIR REV VEH | 609.36 | |
| | | | | | | 6981 | FENCE RENTAL/DUBOIS | 10.83 | |
| | | | | | | 6982 | DUBOIS FENCE RENTAL | 10.83 | |
| | | | | | | 7045 | PARTS & SUPPLIES/FLT | 346.70 | |
| | | | | | | 7046 | REV VEH PARTS | 2,904.42 | |
| | | | | | | 7047 | REV VEH PARTS | 858.00 | |
| | | | | | | 7048 | REV VEH PARTS | 680.16 | |
| | | | | | | 7049 | REV VEH PARTS | 66.64 | |
| | | | | | | 6983 | PT/APPEALS | 75.00 | |
| | | | | | | 6984 | HAZ WASTE/FAC | 360.00 | |
| | | | | | | 6985 | ROSA PARKS EVENT | 121.50 | |

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CHECK JOURNAL DETAIL BY CHECK NUMBER
ALL CHECKS FOR COAST COMMERCIAL BANK

DATE: 01/01/06 THRU 01/31/06

| CHECK NUMBER | CHECK DATE | CHECK AMOUNT | VENDOR | VENDOR NAME | TRANS. TYPE | TRANS. NUMBER | TRANSACTION DESCRIPTION | TRANSACTION AMOUNT | COMMENT |
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| 17780 | 01/06/06 | 735.00 | 002837 | CALM RIVER DEMOGRAPHIC | | 6987 | HILTNER DEMO/WRKSH | 735.00 | |
| 17781 | 01/06/06 | 391.56 | 002838 | CROWNE PLAZA HOTEL | | 6986 | THOMAS HILTNER/LODGE | 391.56 | |
| 17782 | 01/06/06 | 4,283.64 | 009 | PACIFIC GAS & ELECTRIC | | 7050 | 10/29-12/12 PA/KV/RZ | 3,429.42 | |
| | | | | | | 7051 | 11/15-12/14 RESEARCH | 854.22 | |
| 17783 | 01/06/06 | 327.10 | 018 | SALINAS VALLEY FORD SALES | | 7052 | REV VEH PARTS | 327.10 | |
| 17784 | 01/06/06 | 409.21 | 020 | ADT SECURITY SERVICES INC. | | 6988 | DEC ALARMS | 409.21 | |
| 17785 | 01/06/06 | 715.09 | 039 | KINKO'S INC. | | 6989 | PRINTING/ADM | 15.16 | |
| | | | | | | 7053 | NOV PRINTING/HRD | 95.11 | |
| | | | | | | 7054 | DEC PRINTING/OPS | 199.01 | |
| | | | | | | 7055 | DEC PRINTING/OPS | 405.81 | |
| 17786 | 01/06/06 | 155.45 | 067 | ROTO-ROOTER | | 6990 | OUT REPAIR/PACIFIC | 155.45 | |
| 17787 | 01/06/06 | 33.02 | 074 | KENVILLE LOCKSMITHS | 7 | 6991 | NOV LOCKS/KEYS | 33.02 | |
| 17788 | 01/06/06 | 52.50 | 104 | STATE STEEL COMPANY | | 7056 | PARTS & SUPPLIES FLT | 52.50 | |
| 17789 | 01/06/06 | 1,080.85 | 107 | SAN LORENZO LUMBER | | 6992 | REPAIRS/MAINTENANCE | 658.93 | |
| | | | | | | 6993 | REPAIRS/MAINT-FAC | 421.92 | |
| 17790 | 01/06/06 | 38.53 | 115 | SNAP-ON INDUSTRIAL | | 7057 | OUT RPR EQUIP/FLT | 20.00 | |
| | | | | | | 7058 | PARTS & SUPPLIES/FLT | 18.53 | |
| 17791 | 01/06/06 | 419.83 | 117 | GILLIG CORPORATION | | 7059 | REV VEH PARTS | 419.83 | |
| 17792 | 01/06/06 | 477.92 | 147 | ZEE MEDICAL SERVICE CO. | | 6994 | SAFETY SUPPLIES | 477.92 | |
| 17793 | 01/06/06 | 138.67 | 149 | SANTA CRUZ SENTINEL | | 7060 | NOV ADVERTISING/HRD | 138.67 | |
| 17794 | 01/06/06 | 248.98 | 167 | KEYSTON BROTHERS | | 7061 | OTHER MOBILE SUPP/FL | 248.98 | |
| 17795 | 01/06/06 | 404.34 | 196 | LIFT-U-INC. | | 7062 | REV VEH PARTS | 404.34 | |
| 17796 | 01/06/06 | 634.07 | 215 | IKON OFFICE SOLUTIONS | | 7063 | COPIER MAINT/OPS | 634.07 | |
| 17797 | 01/06/06 | 5,097.02 | 221 | VEHICLE MAINTENANCE PROGRAM | | 7064 | REV VEH PARTS 2378 | 2,377.92 | |
| | | | | | | 7065 | REV VEH PARTS 2719 | 2,719.10 | |
| 17798 | 01/06/06 | 758.81 | 282 | GRAINGER | | 6995 | REPAIRS/MAINTENANCE | 732.09 | |
| | | | | | | 7066 | SMALL TOOLS/FLT | 11.96 | |
| | | | | | | 7067 | SMALL TOOLS/FLT | 14.76 | |
| 17799 | 01/06/06 | 184.00 | 367 | COMMUNITY TELEVISION OF | | 6996 | TV COVERAGE 11/18/05 | 184.00 | |
| 17800 | 01/06/06 | 107.75 | 372 | FEDERAL EXPRESS | | 6997 | DEC MAILINGS/LGL | 21.50 | |
| | | | | | | 7068 | DEC MAIL/FLT | 86.25 | |
| 17801 | 01/06/06 | 541.23 | 382 | AIRTEC SERVICE | | 6998 | REPAIR NVAC UNIT | 541.23 | |
| 17802 | 01/06/06 | 284.84 | 405 | JOHN'S ELECTRIC MOTOR SVC | 7 | 6999 | OUT REPAIR/BUS WASH | 284.84 | |
| 17803 | 01/06/06 | 131.79 | 434 | VERIZON WIRELESS-PAGERS | | 7000 | JAN. PAGERS/FAC | 131.79 | |
| 17804 | 01/06/06 | 54.46 | 434B | VERIZON CALIFORNIA | | 7069 | MT. BIEWLASKI | 54.46 | |
| 17805 | 01/06/06 | 94.21 | 436 | WEST PAYMENT CENTER | | 7070 | NOV ACCESS CHGS | 94.21 | |
| 17806 | 01/06/06 | 64.35 | 448 | UNISOURCE | | 7071 | COPY PAPER/OPS | 64.35 | |
| 17807 | 01/06/06 | 760.00 | 478 | BEE CLENE | 0 | 7001 | CARPET/OPS | 385.00 | |
| | | | | | | 7002 | CARPET/PACIFIC | 375.00 | |
| 17808 | 01/06/06 | 141.00 | 481 | PIED PIPER EXTERMINATORS, INC. | | 7003 | DEC.PEST CONTROL | 141.00 | |
| 17809 | 01/06/06 | 400.00 | 490 | FAST RESPONSE ON-SITE | | 7072 | PROF/TECH SVCS | 400.00 | |
| 17810 | 01/06/06 | 338,903.08 | 502 | CA PUBLIC EMPLOYEES' | | 7073 | JAN MEDICAL INS | 338,903.08 | |
| 17811 | 01/06/06 | 533.94 | 504 | CUMMINS WEST, INC. | | 7074 | OUT RPR REV VEH | 135.75 | |
| | | | | | | 7075 | REV VEH PARTS | 398.19 | |
| 17812 | 01/06/06 | 27.00 | 510A | HASLER, INC. | | 7004 | 1/1/06-1/31 RNTL/PT | 27.00 | |
| 17813 | 01/06/06 | 2,352.00 | 533 | LINDSKOG, P.E., ROBERT | 7 | 7005 | PROFESSIONAL/TECH | 2,352.00 | |
| 17814 | 01/06/06 | 74.64 | 566 | ARROWHEAD MTN SPRING WATER | | 7079 | AUG/NOV WATER | 74.64 | |
| 17815 | 01/06/06 | 116.14 | 582 | TOYOTA OF SANTA CRUZ | | 7080 | OUT RPR OTH VEH | 116.14 | |
| 17816 | 01/06/06 | 712.02 | 647 | GFI GENFARE | | 7081 | REV VEH PARTS | 712.02 | |
| 17817 | 01/06/06 | 70.00 | 682 | WEISS, AMY L. | 7 | 7006 | DEC INTERPRETER | 70.00 | |

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CHECK JOURNAL DETAIL BY CHECK NUMBER
ALL CHECKS FOR COAST COMMERCIAL BANK

DATE: 01/01/06 THRU 01/31/06

| CHECK NUMBER | CHECK DATE | CHECK AMOUNT | VENDOR | VENDOR NAME | VENDOR TYPE | TRANS. NUMBER | TRANSACTION DESCRIPTION | TRANSACTION AMOUNT | COMMENT |
|----------------|------------|--------------|--------|--------------------------------|-------------|---------------|-------------------------|--------------------|---------|
| 17818 | 01/06/06 | 926.22 | 725 | STRINGER BUSINESS - OAKLAND | | 7007 | PARTS & LABOR-MAINT | 926.22 | |
| 17819 | 01/06/06 | 75.00 | 744 | WRIGHT, LESLEY | 7 | 7008 | PARACRUZ HEARING | 75.00 | |
| 17820 | 01/06/06 | 2,000.00 | 804 | ORTHOPAEDIC HOSPITAL | 7 | 7009 | NOV PROF/TECH | 2,000.00 | |
| 17821 | 01/06/06 | 50.00 | 816 | MISSION VALLEY FORD | | 7082 | OUT RPR OTH VEH | 50.00 | |
| 17822 | 01/06/06 | 3,647.04 | 852 | LAW OFFICES OF MARIE F. SANG | 7 | 7083 | WORKER COMP CLAIMS | 2,582.04 | |
| | | | | | | 7084 | WORKER COMP CLAIMS | 1,065.00 | |
| 17823 | 01/06/06 | 144.07 | 871 | YARDER MANUFACTURING COMPANY | | 7085 | REV VEH PARTS 138 | 144.07 | |
| 17824 | 01/06/06 | 116.43 | 876 | ATCHISON, BARISONE, CONDOTTI & | | 7010 | PROF SV NOV | 116.43 | |
| 17825 | 01/06/06 | 1,908.00 | 878 | KELLY SERVICES, INC. | | 7011 | TEMP/ADM W/E 12/04 | 948.00 | |
| | | | | | | 7012 | TEMP/ADM W/E 12/11 | 960.00 | |
| 17826 | 01/06/06 | 2,983.93 | 909 | CLASSIC GRAPHICS | | 7086 | OUT RPR REV VEH | 1,262.23 | |
| | | | | | | 7087 | OUT RPR REV VEH | 1,721.70 | |
| 17827 | 01/06/06 | 4,995.00 | 942 | PROOFPOINT, INC. | | 7013 | REN FOR SMB PACKAGE | 4,995.00 | |
| 17828 | 01/06/06 | 897.00 | 943 | CLEAN BUILDING MAINTENANCE | | 7014 | NOV JANITORIAL SVCS | 897.00 | |
| 17829 | 01/06/06 | 692.00 | 950 | PARADISE LANDSCAPE | | 7015 | DEC MAINTENANCE | 692.00 | |
| 17830 | 01/06/06 | 22,223.19 | 977 | SANTA CRUZ TRANSPORTATION, LLC | 7 | 7016 | NOV 05 PT SVCS | 22,223.19 | |
| 17831 | 01/06/06 | 100.00 | B003 | BEAUTZ, JAN | 7 | 7088 | DEC BOARD MTG | 100.00 | |
| 17832 | 01/06/06 | 50.00 | B006 | HINKLE, MICHELLE | 7 | 7090 | DEC BOARD MTG | 50.00 | |
| 17833 | 01/06/06 | 100.00 | B007 | KEOGH, MICHAEL | 7 | 7091 | DEC BOARD MTG | 100.00 | |
| 17834 | 01/06/06 | 50.00 | B011 | REILLY, EMILY | 7 | 7092 | DEC BOARD MTG | 50.00 | |
| 17835 | 01/06/06 | 100.00 | B012 | SPENCE, PAT | 7 | 7094 | DEC BOARD MTG | 100.00 | |
| 17836 | 01/06/06 | 100.00 | B014 | CITY OF WATSONVILLE | | 7096 | DEC BOARD MTG | 100.00 | |
| 17837 | 01/06/06 | 50.00 | B015 | ROTKIN, MIKE | 7 | 7093 | DEC BOARD MTG | 50.00 | |
| 17838 | 01/06/06 | 100.00 | B017 | STONE, MARK | 7 | 7095 | DEC BOARD MTG | 100.00 | |
| 17839 | 01/06/06 | 100.00 | B018 | BUSTICHI, DENE | 7 | 7089 | DEC BOARD MTG | 100.00 | |
| 17840 | 01/06/06 | 10.00 | E064 | OROZCO, RICHARD | | 7017 | DMV/VTT FEES | 10.00 | |
| 17841 | 01/06/06 | 36.00 | E069 | TAYLOR, JAMES | | 7018 | DMV/VTT FEES | 36.00 | |
| 17842 | 01/06/06 | 45.25 | E239 | SLATER, ROBYN | | 7019 | PARKING | 45.25 | |
| 17843 | 01/06/06 | 10.00 | E374 | OSORIO, EZEQUIEL | | 7020 | DMV/VTT FEES | 10.00 | |
| 17844 | 01/06/06 | 50.00 | E397 | GALLAGHER, MARGARET | | 7021 | INVESTIGATOR TRN FEE | 50.00 | |
| 17845 | 01/06/06 | 10.00 | E400 | TORRES, MARIO | | 7022 | DMV/VTT FEES | 10.00 | |
| 17846 | 01/06/06 | 10.00 | E433 | SPELLS, KERMITT | | 7023 | DMV/VTT FEES | 10.00 | |
| 17847 | 01/06/06 | 57.00 | E434 | AXTON, CASSANDRA | | 7024 | DMV/VTT FEES | 57.00 | |
| 17848M01/09/06 | | 1,659.00 | 002287 | CALIFORNIA SERVICE EMPLOYEES | | 7232 | JAN MEDICAL | 1,659.00 | MANUAL |
| 17849M01/11/06 | | 698.02 | E215 | JAN MEDICAL | | 7231 | STIPEND ADJ DEC/JAN | 698.02 | MANUAL |
| 17850 | 01/20/06 | 2,274.66 | 001029 | URIZARRI, MIGUEL | | 7175 | OFFICE SUPPLIES / IT | 2,274.66 | |
| 17851 | 01/20/06 | 3,984.23 | 001036 | RETIREE STIPEND ADJ | | 7108 | JAN LIFE/AD&D INS | 3,984.23 | |
| 17852 | 01/20/06 | 11,656.00 | 001043 | GOLDEN GATE SYSTEMS | | 7109 | JAN VISION INS | 11,656.00 | |
| 17853 | 01/20/06 | 819.52 | 001048 | STANDARD INSURANCE COMPANY | | 7176 | VEH WASH SVCS/ PT | 819.52 | |
| 17854 | 01/20/06 | 5,045.35 | 001063 | VISION SERVICE PLAN | | 7110 | REV VEH PARTS 2024 | 2,023.88 | |
| | | | | CRUZ CAR WASH | | 7111 | REV VEH PARTS 3021 | 3,021.47 | |
| | | | | NEW FLYER INDUSTRIES LIMITED | | 7112 | NOV/DEC DRUG TESTING | 367.50 | |
| 17855 | 01/20/06 | 367.50 | 001093 | KROLL LABORATORY SPECIALISTS | | 7113 | OUT RPR REV VEH | 496.98 | |
| 17856 | 01/20/06 | 933.96 | 001263 | ABBOTT STREET RADIATOR, INC. | | 7114 | OUT RPR REV VEH | 436.98 | |
| 17857 | 01/20/06 | 2,484.98 | 001346 | CITY OF SANTA CRUZ | | 7177 | COOP RETAIL MNGMNT | 1,273.88 | |
| | | | | | | 7178 | PARKING DEF FEES | 1,211.10 | |
| 17858 | 01/20/06 | 861.05 | 001379 | SAFETY-KLEEN SYSTEMS, INC. | | 7179 | HAZ WASTE DISPOSAL | 861.05 | |
| 17859 | 01/20/06 | 24.04 | 001648 | STEVE'S UNION SERVICE | | 7115 | DEC FUEL/FLT | 24.04 | |

5-2-3

CHECK JOURNAL DETAIL BY CHECK NUMBER
ALL CHECKS FOR COAST COMMERCIAL BANK

DATE: 01/01/06 THRU 01/31/06

| CHECK NUMBER | CHECK DATE | CHECK AMOUNT | VENDOR NUMBER | VENDOR NAME | VENDOR TYPE | TRANS. NUMBER | TRANSACTION DESCRIPTION | TRANSACTION AMOUNT | COMMENT |
|--------------|------------|--------------|---------------|--------------------------------|-------------|---------------|-------------------------|--------------------|---------|
| 17860 | 01/20/06 | 1,163.00 | 001708 | SANTA CRUZ AREA TMA | | 7180 | 2006 ANN MEMB DUES | 1,163.00 | |
| 17861 | 01/20/06 | 1,388.96 | 001800 | THERMO KING OF SALINAS, INC | | 7116 | REV VEH PARTS/FLT | 1,388.96 | |
| 17862 | 01/20/06 | 225.00 | 001856 | BAY COMMUNICATIONS | 7 | 7181 | OUT REPAIR PHONES | 225.00 | |
| 17863 | 01/20/06 | 3,683.95 | 001A | SBC/MCI | | 7182 | DEC PHONES | 1,851.31 | |
| | | | | | | 7183 | DEC PHONES / PT | 484.25 | |
| | | | | | | 7184 | DEC PHONES / PT | 45.80 | |
| | | | | | | 7185 | DEC PHONES / IT | 597.41 | |
| | | | | | | 7186 | DEC PHONES / IT | 256.52 | |
| | | | | | | 7187 | DEC PHONES/ IT | 92.66 | |
| | | | | | | 7188 | DEC PHONES/ IT | 178.00 | |
| | | | | | | 7189 | DEC PHONES/ IT | 178.00 | |
| 17864 | 01/20/06 | 78.04 | 002063 | COSTCO | | 7117 | LOCAL MEETING EXP | 51.54 | |
| | | | | | | 7190 | PHOTO PROCESS/ OPS | 26.50 | |
| 17865 | 01/20/06 | 14,206.00 | 002123 | GIRO, INC. | | 7191 | SOFTWARE MAINTENANCE | 14,206.00 | |
| 17866 | 01/20/06 | 1,167.32 | 002161 | APPLIED INDUSTRIAL TECH | | 7118 | REV VEH PARTS | 1,167.32 | |
| 17867 | 01/20/06 | 356.06 | 002189 | BUS & EQUIPMENT | | 7192 | REV VEH PARTS/ PT | 356.06 | |
| 17868 | 01/20/06 | 2,000.00 | 002267 | SHAW & YODER, INC. | | 7193 | NOV. LEGISLATIVE SVC | 2,000.00 | |
| 17869 | 01/20/06 | 39.89 | 002406 | KHS INDUSTRIAL TOOLS & SUPPLIE | | 7119 | REV VEH PARTS | 39.89 | |
| 17870 | 01/20/06 | 13,255.03 | 002569 | COMERICA BANK | | 7120 | WORK COMP FUND | 13,255.03 | |
| 17871 | 01/20/06 | 2,225.00 | 002654 | VNA OF SANTA CRUZ | 7 | 7121 | FLU SHOTS | 2,225.00 | |
| 17872 | 01/20/06 | 959.66 | 002721 | NEXTEL COMMUNICATIONS | | 7194 | 12/4-1/3 PHONES PT | 959.66 | |
| 17873 | 01/20/06 | 2,288.00 | 002805 | TELEPATH CORPORATION | | 7122 | DEC MAINT/REPAIRS | 2,288.00 | |
| 17874 | 01/20/06 | 153.75 | 002807 | WILLIAM AVERY & ASSOCIATES | | 7123 | DEC 05 PROF SVCS | 153.75 | |
| 17875 | 01/20/06 | 10.00 | 002819 | PORTOSAN COMPANY, L.L.C. | | 7195 | DUBOIS FENCE RENTAL | 10.00 | |
| 17876 | 01/20/06 | 3,882.52 | 002823 | PAT PIRAS CONSULTING | 7 | 7124 | PROF SVCS THRU 12/31 | 3,882.52 | |
| 17877 | 01/20/06 | 4,074.01 | 002829 | VALLEY POWER SYSTEMS, INC. | | 7125 | REV VEH PARTS | 4,074.01 | |
| 17878 | 01/20/06 | 18.00 | 002839 | TALAMANTEZ, IRMA | | 7196 | UNUSED PT PREPAID | 18.00 | |
| 17879 | 01/20/06 | 8.21 | 004 | NORTH BAY FORD LINC-MERCURY | | 7126 | REV VEH PARTS | 8.21 | |
| 17880 | 01/20/06 | 26,504.44 | 009 | PACIFIC GAS & ELECTRIC | | 7127 | 11/24-12/30 DU/GC/CN | 7,204.68 | |
| | | | | | | 7128 | 12/2-12/30 370 ENC V | 3,213.78 | |
| | | | | | | 7129 | 12/2-12/30 1200 RVR | 2,130.61 | |
| | | | | | | 7130 | 11/30-12/31 CNG/G RV | 13,955.37 | |
| 17881 | 01/20/06 | 325.83 | 013 | MCI SERVICE PARTS, INC. | | 7131 | REV VEH PARTS | 325.83 | |
| 17882 | 01/20/06 | 1,017.07 | 017 | SUN MICROSYSTEMS, INC. | | 7197 | 1/1-3/31 SVC | 1,017.07 | |
| 17883 | 01/20/06 | 6,023.21 | 018 | SALINAS VALLEY FORD SALES | | 7132 | REV VEH PARTS | 4,151.38 | |
| | | | | | | 7133 | REV VEH PARTS | 1,871.83 | |
| 17884 | 01/20/06 | 170.20 | 041 | MISSION UNIFORM | | 7198 | DEC UNIFORM/LAUN PT | 78.60 | |
| | | | | | | 7199 | DEC UNIF/LAUNDRY FAC | 91.60 | |
| 17885 | 01/20/06 | 643.16 | 042 | ORCHARD SUPPLY HARDWARE | | 7200 | REPAIRS & MAINT/SUPP | 643.16 | |
| 17886 | 01/20/06 | 2,187.57 | 043 | PALACE ART & OFFICE SUPPLY | | 7134 | OFFICE SUPPLIES | 2,187.57 | |
| 17887 | 01/20/06 | 399.39 | 061A | REGISTER PAJARONIAN | | 7135 | CLASSIFIED AD/HRD | 94.20 | |
| | | | | | | 7136 | CLASSIFIED AD/FLT | 209.54 | |
| | | | | | | 7137 | CLASSIFIED AD/FLT | 95.65 | |
| 17888 | 01/20/06 | 125.98 | 074 | KENVILLE LOCKSMITHS | 7 | 7201 | DEC LOCKS/ KEYS | 125.98 | |
| 17889 | 01/20/06 | 6,043.90 | 079 | SANTA CRUZ MUNICIPAL UTILITIES | | 7138 | 12/1-12/28 PACIFIC | 1,945.73 | |
| | | | | | | 7139 | 12/1-12/28 PACIFIC | 89.99 | |
| | | | | | | 7140 | 11/29-12/27 111 DUB | 616.34 | |
| | | | | | | 7141 | 11/29-12/27 1200 RVR | 1,768.14 | |
| | | | | | | 7142 | 11/29-12/27 370 ENC | 82.87 | |
| | | | | | | 7143 | 11/29-12/27 370 ENC | 779.31 | |

5-2.4

CHECK JOURNAL DETAIL BY CHECK NUMBER
ALL CHECKS FOR COAST COMMERCIAL BANK

DATE: 01/01/06 THRU 01/31/06

| CHECK NUMBER | CHECK DATE | CHECK AMOUNT | VENDOR | VENDOR NAME | VENDOR TYPE | TRANS. NUMBER | TRANSACTION DESCRIPTION | TRANSACTION AMOUNT | COMMENT |
|--------------|------------|--------------|--------|--------------------------------|-------------|---------------|-------------------------|--------------------|---------|
| | | | | | | 7144 | 11/29-12/27 GOLF CLU | 761.52 | |
| 17890 | 01/20/06 | 1,134.62 | 080A | STATE BOARD OF EQUALIZATION | | 7202 | OCT-DEC 05 FUEL TAX | 1,134.62 | |
| 17891 | 01/20/06 | 57.38 | 080B | STATE BOARD OF EQUALIZATION | | 7203 | 05 UNDRND STOR TANK | 57.38 | |
| 17892 | 01/20/06 | 8,274.88 | 085 | DIXON & SON TIRE, INC. | | 7145 | DEC TIRE/TUBE FLT | 8,109.90 | |
| | | | | | | 7204 | DEC TIRES/ PT | 164.98 | |
| 17893 | 01/20/06 | 68.96 | 107 | SAN LORENZO LUMBER | | 7146 | REV VEH PARTS/SUPPLY | 68.96 | |
| 17894 | 01/20/06 | 1,648.89 | 117 | GILLIG CORPORATION | | 7147 | REV VEH PARTS | 1,648.89 | |
| 17895 | 01/20/06 | 2,805.64 | 135 | SANTA CRUZ AUTO PARTS, INC. | | 7148 | REV VEH PARTS/SUPPLY | 2,126.14 | |
| | | | | | | 7205 | REV VEH PARTS/SUPPLY | 679.50 | |
| 17896 | 01/20/06 | 203.80 | 147 | ZEE MEDICAL SERVICE CO. | | 7206 | SAFETY SUPPLIES | 203.80 | |
| 17897 | 01/20/06 | 680.97 | 149 | SANTA CRUZ SENTINEL | | 7149 | NOV ADVERTISING/FLT | 680.97 | |
| 17898 | 01/20/06 | 1,252.32 | 161 | OCEAN CHEVROLET | | 7207 | REV VEH PARTS/ PT | 1,252.32 | |
| 17899 | 01/20/06 | 124.71 | 166 | HOSE SHOP, THE | | 7208 | REPAIRS/MAINT/SUPPLY | 124.71 | |
| 17900 | 01/20/06 | 103.40 | 170 | TOWNSEND'S AUTO PARTS | | 7150 | REV VEH PARTS | 103.40 | |
| 17901 | 01/20/06 | 78.46 | 172 | CENTRAL WELDER'S SUPPLY, INC. | | 7151 | PARTS & SUPPLY/FLT | 78.46 | |
| 17902 | 01/20/06 | 798.78 | 186 | WILSON, GEORGE H., INC. | | 7209 | RPR/MAINT/OUT RPR EQ | 798.78 | |
| 17903 | 01/20/06 | 718.57 | 215 | IKON OFFICE SOLUTIONS | | 7210 | COPIER OVERAGE/ PT | 718.57 | |
| 17904 | 01/20/06 | 779.40 | 215A | IKON FINANCIAL SERVICES | | 7211 | COPIER LEASE/ OPS | 779.40 | |
| 17905 | 01/20/06 | 60.00 | 271 | CARLSON, BRENT D., M.D., INC. | 7 | 7152 | JAN DRUG TESTING | 60.00 | |
| 17906 | 01/20/06 | 86.60 | 288 | MUNCIE TRANSIT SUPPLY | | 7153 | REV VEH PARTS | 86.60 | |
| 17907 | 01/20/06 | 552.60 | 294 | ANDY'S AUTO SUPPLY | | 7154 | REV VEH/SUPP/OUT RPR | 552.60 | |
| 17908 | 01/20/06 | 234.00 | 367 | COMMUNITY TELEVISION OF | | 7212 | TV COVERAGE 12/29/05 | 234.00 | |
| 17909 | 01/20/06 | 692.71 | 395 | APPLIED GRAPHICS, INC. | | 7213 | CHECK STOCK FOR FIN | 692.71 | |
| 17910 | 01/20/06 | 133.87 | 422 | IMAGE SALES INC. | | 7155 | PHOTO SUPPLIES/HRD | 133.87 | |
| 17911 | 01/20/06 | 1,318.64 | 428 | NEOWARE SYSTEMS, INC. | | 7214 | SOFTWARE MAINTENANCE | 1,318.64 | |
| 17912 | 01/20/06 | 31.80 | 434 | VERIZON WIRELESS-PAGERS | | 7156 | JAN PAGERS/FLEET | 31.80 | |
| 17913 | 01/20/06 | 1,986.39 | 480 | DIESEL MARINE ELECTRIC, INC. | | 7157 | REV VEH PARTS | 1,986.39 | |
| 17914 | 01/20/06 | 3,792.48 | 504 | CUMMINS WEST, INC. | | 7158 | REV VEH PARTS | 762.33 | |
| | | | | | | 7159 | REV VEH PARTS | 1,285.22 | |
| | | | | | | 7160 | OUT RPR REV VEH | 1,744.93 | |
| 17915 | 01/20/06 | 27.00 | 510A | HASLER, INC. | | 7215 | 2/1-2/28 RENTAL/ PT | 27.00 | |
| 17916 | 01/20/06 | 509.04 | 582 | TOYOTA OF SANTA CRUZ | | 7161 | REV VEH PARTS/OUT RP | 509.04 | |
| 17917 | 01/20/06 | 1,547.19 | 583 | SBC DATACOMM | | 7216 | ADTRAN T1 ROUTER | 1,547.19 | |
| 17918 | 01/20/06 | 446.54 | 647 | GFI GENFARE | | 7162 | REV VEH PARTS | 158.74 | |
| | | | | | | 7163 | REV VEH PARTS | 287.80 | |
| 17919 | 01/20/06 | 11,364.42 | 667 | CITY OF SCOTTS VALLEY | | 7217 | SVTC | 11,364.42 | |
| 17920 | 01/20/06 | 1,072.00 | 733 | CLAREMONT BEHAVIORAL SERVICES | | 7164 | JAN EAP PREMIUM | 1,072.00 | |
| 17921 | 01/20/06 | 590.22 | 739 | CENTURY CHEVROLET | | 7218 | OUT REP REV VEH/ PT | 590.22 | |
| 17922 | 01/20/06 | 1,352.60 | 764 | MERCURY METALS | | 7219 | REPAIR RAMPS/ PT | 1,352.60 | |
| 17923 | 01/20/06 | 379.44 | 788 | SCMTD PETTY CASH - FINANCE | | 7165 | PETTY CASH | 379.44 | |
| 17924 | 01/20/06 | 2,956.96 | 851 | I.M.P.A.C. GOVERNMENT SERVICES | | 7166 | 4055019201230622 | 2,956.96 | |
| 17925 | 01/20/06 | 2,145.00 | 852 | LAW OFFICES OF MARIE F. SANG | 7 | 7167 | WORKER COMP CLAIMS | 2,145.00 | |
| 17926 | 01/20/06 | 390.61 | 872 | YALE-PACIFIC, INC. | | 7168 | OUT RPR-EQUIP | 390.61 | |
| 17927 | 01/20/06 | 1,920.00 | 878 | KELLY SERVICES, INC. | | 7220 | TEMP/ADM W/E 12/25 | 960.00 | |
| | | | | | | 7221 | TEMP/ADM W/E 12/18 | 960.00 | |
| 17928 | 01/20/06 | 47,305.63 | 904 | RNL DESIGN | | 7222 | PROF SVCS THRU 11/30 | 47,305.63 | |
| 17929 | 01/20/06 | 950.60 | 909 | CLASSIC GRAPHICS | | 7169 | OUT RPR REV VEH | 950.60 | |
| 17930 | 01/20/06 | 14,395.42 | 941 | ASSURANT EMPLOYEE BENEFITS | | 7170 | JAN LTD INSURANCE | 14,395.42 | |
| 17931 | 01/20/06 | 897.00 | 943 | CLEAN BUILDING MAINTENANCE | | 7223 | DEC JANITORIAL SVCS | 897.00 | |
| 17932 | 01/20/06 | 627.00 | 950 | PARADISE LANDSCAPE | 7 | 7224 | JAN MAINTENANCE | 627.00 | |

5-2.5

CHECK JOURNAL DETAIL BY CHECK NUMBER
ALL CHECKS FOR COAST COMMERCIAL BANK

DATE: 01/01/06 THRU 01/31/06

| CHECK NUMBER | CHECK DATE | CHECK AMOUNT | VENDOR | VENDOR NAME | VENDOR TYPE | TRANS. NUMBER | TRANSACTION DESCRIPTION | TRANSACTION AMOUNT | COMMENT |
|--------------|------------|--------------|--------|--------------------------------|-------------|---------------|-------------------------|--------------------|---------|
| 17933 | 01/20/06 | 107.38 | 973 | SANTA CRUZ DODGE | | 7171 | REV VEH PARTS | 107.38 | |
| 17934 | 01/20/06 | 8,365.61 | 977 | SANTA CRUZ TRANSPORTATION, LLC | | 7225 | DEC 05 PT SVCS | 8,365.61 | |
| 17935 | 01/20/06 | 450.00 | 989 | STUCKER, NANCY K. | 7 | 7172 | PROF SVCS/BILINGUAL | 450.00 | |
| 17936 | 01/20/06 | 10.00 | E069 | TAYLOR, JAMES | | 7226 | DMV/VTT FEES | 10.00 | |
| 17937 | 01/20/06 | 45.00 | E072 | VEST, DOUGLAS | | 7227 | DMV/VTT FEES | 45.00 | |
| 17938 | 01/20/06 | 35.00 | E095 | CAWALING, GEORGE | | 7173 | DMV FEES | 35.00 | |
| 17939 | 01/20/06 | 10.00 | E310 | BAN, MARK S. | | 7228 | DMV/VTT FEES | 10.00 | |
| 17940 | 01/20/06 | 1,755.67 | R444 | CSAA-IIB | | 7229 | PROPERTY DAMAGE | 811.39 | |
| | | | | | | 7230 | PROPERTY DAMAGE | 944.28 | |
| 17941 | 01/27/06 | 11,098.44 | 001075 | SCQUEL III ASSOCIATES | 7 | 9000485 | RESEARCH PARK RENT | 11,098.44 | |
| 17942 | 01/27/06 | 7,590.00 | 001076 | BROUGHTON LAND, LLC | | 9000486 | 110 VERNON ST RENT | 7,590.00 | |
| 17943 | 01/27/06 | 1,407.05 | 001119 | MACERICH PARTNERSHIP LP | 7 | 9000487 | CAPITOLA MALL RENT | 1,407.05 | |
| 17944 | 01/27/06 | 74,016.26 | 001316 | DEVCO OIL | | 7236 | JAN 1-16 FUEL | 74,016.26 | |
| 17945 | 01/27/06 | 25,899.59 | 002116 | HINSHAW, EDWARD & BARBARA | 7 | 9000488 | 370 ENCINAL RENT | 25,899.59 | |
| 17946 | 01/27/06 | 13,888.00 | 002117 | IULIANO | 7 | 9000489 | 111 DUBOIS RENT | 10,888.00 | |
| | | | | | | 9000490 | 115 DUBOIS RENT | 3,000.00 | |
| 17947 | 01/27/06 | 7,118.89 | 002829 | VALLEY POWER SYSTEMS, INC. | | 7237 | REV VEH PARTS | 7,118.89 | |
| 17948 | 01/27/06 | 4,226.12 | 009 | PACIFIC GAS & ELECTRIC | | 7238 | 12/15-1/13 RESEARCH | 861.54 | |
| | | | | | | 7239 | 11/11-1/10 PA/KV/RZ | 3,364.58 | |
| 17949 | 01/27/06 | 2,519.58 | 110 | JESSICA GROCERY STORE, INC. | | 9000491 | CUSTODIAL SERVICES | 2,519.58 | |
| 17950 | 01/27/06 | 95.83 | 130 | CITY OF WATSONVILLE UTILITIES | | 7240 | 12/1-1/2 SAKATA | 72.40 | |
| | | | | | | 7241 | 12/1-1/1 SAKATA | 13.73 | |
| | | | | | | 7242 | 12/1-1/1 RODRIGUEZ | 9.70 | |
| 17951 | 01/27/06 | 944.28 | R444 | CSAA-IIB | | 7235 | PROPERTY DAMAGE | 944.28 | |
| 17952 | 01/27/06 | 811.39 | R444A | CSAA-IIB | | 7243 | PROPERTY DAMAGE | 811.39 | |
| TOTAL | | 938,584.41 | | COAST COMMERCIAL BANK | | | TOTAL CHECKS 203 | 938,584.41 | |

5-2.6

**Page 1 of the January Ridership Report
will be included in the
February 24, 2006 Board Packet.**

5-3.1

BUS OPERATOR LIFT TEST *PULL-OUT*

| VEHICLE CATEGORY | TOTAL BUSES | AVG # DEAD IN GARAGE | AVG # AVAIL. FOR SERVICE | AVG # IN SERVICE | AVG # SPARE BUSES | AVG # LIFTS OPERATING | % LIFTS WORKING ON PULL-OUT BUSES |
|-------------------------|-------------|----------------------|--------------------------|------------------|-------------------|-----------------------|-----------------------------------|
| FLYER/HIGHWAY 17 - 40' | 7 | 1 | 6 | 1 | 5 | 1 | 100% |
| FLYER/LOW FLOOR - 40' | 12 | 2 | 10 | 7 | 3 | 7 | 100% |
| FLYER/LOW FLOOR - 35' | 18 | 2 | 16 | 14 | 2 | 14 | 100% |
| FLYER/HIGH FLOOR - 35' | 15 | 2 | 13 | 4 | 9 | 4 | 100% |
| GILLIG/SAM TRANS - 40' | 10 | 1 | 9 | 1 | 8 | 1 | 100% |
| DIESEL CONVERSION - 35' | 15 | 3 | 12 | 11 | 1 | 11 | 100% |
| DIESEL CONVERSION - 40' | 14 | 2 | 12 | 7 | 5 | 7 | 100% |
| ORION/HIGHWAY 17 - 40' | 11 | 3 | 8 | 6 | 2 | 6 | 100% |
| GOSHEN | 3 | 1 | 2 | 1 | 1 | 1 | 100% |
| TROLLEY | 1 | 0 | 1 | 0 | 1 | 0 | 100% |
| CNG NEW FLYER - 40' | 8 | 1 | 7 | 5 | 2 | 5 | 100% |

5-3.2

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

PASSENGER LIFT PROBLEMS

MONTH OF JANUARY 2006

| BUS # | DATE | DAY | REASON |
|--------|--------|-----------|--------------------------------------------------------------------------------------------------------------------|
| 2210CN | 21-Jan | Saturday | Bus will roll w/doors open & with Kneel position |
| 2217CN | 5-Jan | Thursday | "ABS Fail" light came on & ramp no longer deployed or stowed |
| 8080F | 30-Jan | Monday | Problem Stowing Lift |
| 8081F | 3-Jan | Tuesday | Very hard to stow |
| 8090F | 9-Jan | Monday | Lift not working properly |
| 8092F | 12-Jan | Thursday | The kneel and rear door opened, also doesn't have any power |
| 8092F | 20-Jan | Friday | Kneel, lift, dash fans & GPS box have no power to them. |
| 9806LF | 5-Jan | Thursday | Beeper intermittent at best |
| 9806LF | 6-Jan | Friday | W/C Lift has problems deploying, will deploy with manual help |
| 9813LF | 16-Jan | Monday | Ramp deploys really slowly |
| 9813LF | 30-Jan | Monday | No warning sound for lift or kneel |
| 9817LF | 13-Jan | Friday | The air system sometimes causes the kneeling system as well as the whole front end of the bus to bounce up & down. |
| 9822LF | 11-Jan | Wednesday | Lift doesn't stow all the way down the floor |
| 9823LF | 8-Jan | Sunday | Lift platform operates fine but makes a rattle sound while lifting up & and a snap sound while stowing |
| 9825LF | 17-Jan | Tuesday | Ramp too slow |
| 9825LF | 21-Jan | Saturday | Kneels very slow |
| 9839G | 10-Jan | Tuesday | No power to lift or kneel |

F New Flyer
 G Gillig
 C Champion
 LF Low Floor Flyer
 GM GMC
 CG CNG
 CN SR855 & SR854
 OR Orion/Hwy 17

Note: Lift operating problems that cause delays of less than 30 minutes.

5-3.3

Dropped Service for FY 2006

| Month | FY 2006 | | FY 2005 | |
|--------------|---------------|-----------------|---------------|-----------------|
| | Dropped Hours | Dropped Miles | Dropped Hours | Dropped Miles |
| July | 0 | 0 | 1.35 | 42.89 |
| August | 213.92 | 3,575.86 | 0.00 | 0.00 |
| September | 140.97 | 2,336.50 | 0.76 | 18.87 |
| October | STRIKE | STRIKE | 0.00 | 0.00 |
| November | 113.77 | 1,780.56 | 0.00 | 0.00 |
| December | 95.61 | 1,659.66 | 0.00 | 0.00 |
| January | 16.49 | 286.31 | 6.07 | 127.13 |
| February | | | 23.31 | 276.75 |
| March | | | 8.66 | 99.08 |
| April | | | 37.96 | 641.12 |
| May | | | 1.50 | 37.03 |
| June | | | 4.15 | 69.30 |
| TOTAL | 580.76 | 9,638.89 | 83.76 | 1,312.17 |

5-3.4

**Santa Cruz METRO
December 2005 Ridership Report**

FAREBOX REVENUE AND RIDERSHIP SUMMARY BY ROUTE

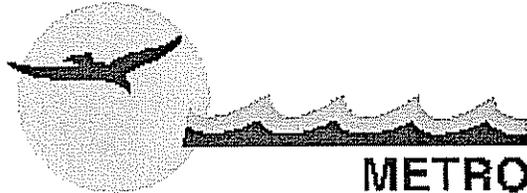
| ROUTE | REVENUE | RIDERSHIP | UC | | Day Pass | S/D Riders | W/C | S/D Day Pass | Cabrillo | Bike | Passes/ Free Rides |
|--------------|----------------------|----------------|---------------|---------------|--------------|---------------|--------------|-----------------|---------------|--------------|-----------------------|
| | | | Student | Faculty | | | | | | | |
| 10 | \$ 980.96 | 13,284 | 9,805 | 1,999 | 12 | 47 | 22 | 6 | 58 | 353 | 790 |
| 13 | \$ 128.63 | 2,695 | 2,374 | 173 | - | 1 | - | - | 4 | 35 | 62 |
| 15 | \$ 491.18 | 11,756 | 10,457 | 637 | 5 | 9 | 2 | 2 | 66 | 213 | 290 |
| 16 | \$ 3,573.27 | 33,828 | 25,939 | 3,179 | 41 | 141 | 38 | 20 | 211 | 789 | 2,214 |
| 19 | \$ 1,092.60 | 10,389 | 7,726 | 1,006 | 9 | 44 | 13 | 14 | 98 | 263 | 864 |
| 3B | \$ 1,424.22 | 2,598 | 169 | 124 | 31 | 79 | 7 | 19 | 73 | 56 | 1,317 |
| 4 | \$ 1,244.26 | 3,815 | 88 | 106 | 17 | 167 | 30 | 38 | 83 | 87 | 2,467 |
| 7 | \$ 622.50 | 1,409 | 45 | 49 | 4 | 42 | 16 | 8 | 213 | 39 | 682 |
| 7N | \$ 1,205.49 | 1,774 | 248 | 68 | 1 | 36 | 10 | - | 78 | 70 | 595 |
| 9 | \$ 251.31 | 349 | 24 | 17 | 6 | 8 | 1 | 1 | - | - | 157 |
| 12A | \$ 20.02 | 341 | 279 | 43 | 1 | - | - | - | 1 | 9 | 6 |
| 20 | \$ 1,724.52 | 9,148 | 5,877 | 835 | 23 | 64 | 7 | 8 | 161 | 189 | 1,130 |
| 31 | \$ 1,018.81 | 1,458 | 31 | 22 | 9 | 13 | 8 | 7 | 40 | 69 | 721 |
| 32 | \$ 555.03 | 657 | 12 | 3 | 1 | 9 | 8 | 3 | 9 | 14 | 267 |
| 33 | \$ 222.14 | 497 | - | - | 1 | 6 | - | - | - | 4 | 343 |
| 34 | \$ 216.75 | 222 | - | - | - | 2 | - | - | - | 1 | 84 |
| 35 | \$ 25,254.79 | 32,659 | 453 | 257 | 359 | 868 | 102 | 165 | 793 | 1,109 | 15,343 |
| 40 | \$ 1,230.74 | 1,349 | 14 | 12 | 29 | 51 | - | 13 | 23 | 88 | 552 |
| 41 | \$ 929.06 | 1,254 | 79 | 57 | 11 | 10 | - | 7 | 39 | 64 | 485 |
| 42 | \$ 748.26 | 845 | 77 | 16 | 6 | 12 | - | 2 | 24 | 68 | 257 |
| 53 | \$ 462.42 | 844 | 9 | 22 | 5 | 86 | 26 | 4 | 84 | 16 | 427 |
| 54 | \$ 357.87 | 629 | 3 | 5 | 2 | 40 | 6 | 3 | 44 | 17 | 338 |
| 55 | \$ 1,249.96 | 2,657 | 13 | 33 | 18 | 129 | 43 | 22 | 613 | 55 | 1,207 |
| 56 | \$ 326.48 | 698 | 5 | 7 | 2 | 12 | 14 | 10 | 113 | 20 | 374 |
| 66 | \$ 10,456.44 | 14,651 | 579 | 381 | 181 | 545 | 157 | 82 | 493 | 404 | 6,460 |
| 68 | \$ 6,194.79 | 9,576 | 835 | 352 | 83 | 260 | 79 | 42 | 317 | 280 | 4,096 |
| 69 | \$ 6,649.71 | 10,255 | 715 | 470 | 88 | 401 | 81 | 35 | 255 | 299 | 4,445 |
| 69A | \$ 16,738.65 | 20,890 | 729 | 556 | 178 | 843 | 215 | 125 | 557 | 533 | 7,876 |
| 69N | \$ 1,395.24 | 2,283 | 250 | 86 | - | 48 | 18 | - | 210 | 106 | 820 |
| 69W | \$ 16,638.35 | 22,272 | 725 | 628 | 156 | 757 | 133 | 113 | 1,428 | 584 | 8,533 |
| 70 | \$ 1,269.23 | 3,191 | 134 | 48 | 16 | 85 | 27 | 15 | 1,092 | 78 | 1,081 |
| 71 | \$ 43,404.45 | 54,283 | 1,158 | 1,104 | 349 | 2,245 | 244 | 297 | 4,198 | 1,881 | 19,052 |
| 72 | \$ 3,090.18 | 3,554 | 38 | 22 | 37 | 135 | 8 | 60 | 147 | 77 | 1,390 |
| 74 | \$ 2,490.21 | 2,485 | 14 | 5 | 19 | 90 | 5 | 6 | 79 | 20 | 731 |
| 75 | \$ 6,463.17 | 6,801 | 22 | 20 | 71 | 376 | 36 | 46 | 136 | 138 | 2,355 |
| 76 | \$ 612.70 | 666 | 2 | 6 | 9 | 44 | 2 | 8 | 9 | 8 | 248 |
| 79 | \$ 1,384.62 | 1,566 | 7 | 33 | 18 | 124 | 75 | 35 | 65 | 6 | 593 |
| 88 | \$ 8.10 | 3,696 | 2 | - | - | 1 | 18 | - | 1 | - | 150 |
| 91 | \$ 3,012.71 | 3,704 | 80 | 126 | 76 | 78 | 8 | 18 | 410 | 167 | 1,181 |
| Unknown | \$ 60.75 | 483 | - | 257 | 22 | - | - | 48 | 12 | 35 | 65 |
| TOTAL | \$ 165,200.57 | 295,511 | 69,017 | 12,764 | 1,896 | 7,908 | 1,459 | 1,282 | 12,237 | 8,244 | 89,968 |

| ROUTE | REVENUE | RIDERSHIP | VTA/SC | | 17 | | S/D Riders | W/C | METRO | ECO Pass | Bike | Monthly Pass |
|-------|--------------|-----------|----------|----------|----------|-----|---------------|-------|-------|-------------|-------|-----------------|
| | | | Day Pass | CalTrain | Day Pass | | | | | | | |
| 17 | \$ 27,449.82 | 13,511 | 16 | 23 | 112 | 882 | 55 | 1,988 | 53 | 542 | 6,708 | |

| RIDERSHIP | |
|--------------|--------------|
| Night Owl | 1,312 |
| UC Shuttle | - |
| TOTAL | 1,312 |

| | |
|---------------------------|---------------|
| December Ridership | 310,334 |
| December Revenue | \$ 192,758.34 |

5-3.5



Agenda

Metro Advisory Committee

6:00 pm
February 15, 2006
920 Pacific Avenue
Santa Cruz, California

- I. Roll Call
- II. Agenda Additions/Deletions
- III. Oral/Written Communication
- IV. Consideration of Minutes of January 18, 2006 Meeting
- V. Receive Information Relative to MetroBase Status
- VI. Discussion of ADA/504 Review
- VI. Receive Information Relative to Bus Operator Training
- VII. Discussion of Possible Grants for Holiday Service
- VIII. Discussion of Funding to Help Pleasant Care on Week-Ends
- IX. Discussion of Paratransit Coordination Task Force Recommendations
- X. Review of MAC Bylaws
- XI. Communications to METRO General Manager
- XII. Communications to METRO Board of Directors
- XIII. Items for Next Meeting Agenda
- XIV. Adjournment

Next Meeting: Wednesday March 15, 2006 @ 6:00 pm
Santa Cruz Metro Conference Room

5-5.1

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Minutes- METRO Advisory Committee (MAC)

November 16, 2005

A Regular Meeting of the METRO Advisory Committee (MAC) met on Wednesday, November 16, 2005 at the METRO Center Conference Room, 920 Pacific Avenue, Santa Cruz, CA.

Chair Paul Marcelin-Sampson called the meeting to order at 6:10 p.m.

1. ROLL CALL:

MEMBERS PRESENT

Norm Hagen
Paul Marcelin-Sampson, Chair
Mara Murphy
Dennis Papadopulo
Stuart Rosenstein
Lesley Wright
Robert Yount, Vice-Chair

MEMBERS ABSENT

Dan Alper
Dave Williams

STAFF PRESENT

Steve Paulson, ParaCruz Administrator
Leslie White, General Manager

2. AGENDA ADDITIONS/DELETIONS

None

3. ORAL/WRITTEN COMMUNICATIONS

Oral: Robert Yount reported that cigarette smoke has been wafting through the lobby at METRO Center. He quoted a passage from a report by the California Environmental Protection Agency relative to environmental tobacco smoke.

Oral: Chair Marcelin-Sampson advised that MAC members Dave Williams and Dan Alper would not be in attendance at the meeting. He stated Dan Alper's absence would be excused due to illness; but Dave Williams' absence status would be decided later, when the reason for his absence became known. Chair Marcelin-Sampson advised MAC that a public meeting regarding Highway 1 auxiliary lanes would take place on November 17, 2005. He advised MAC that the next METRO Board meeting would take place in Watsonville. He distributed a copy of the METRO Board of Directors 2006 meeting schedule.

5-5.2

Oral: Les White advised MAC of the pending METRO Board Resolution to declare December 1, 2005, as Rosa Parks Day. He stated that a ceremony would take place at METRO Center on that day, at 3:00 p.m. He said transit systems around the country would observe a one-minute pause in their schedule at noon, in honor of Ms. Parks. He went on to say that METRO solicited donations to fund the Rosa Parks Day celebration, which could include removal of the collection of cash fares on that day, if sufficient donations are received.

ACTION: MOTION: CHAIR MARCELIN-SAMPSON SECOND: LESLEY WRIGHT

MAKE THE NECESSARY FINDINGS TO ADD DISCUSSION OF THE ROSA PARKS DAY CELEBRATION TO TODAY'S AGENDA AS AN EMERGENCY ITEM SINCE IT CAME TO MAC'S ATTENTION AFTER THE POSTING OF TODAY'S MAC AGENDA AND THERE IS A NEED TO TAKE ACTION BEFORE THE NEXT MAC MEETING.

Motion passed unanimously with Dan Alper and Dave Williams being absent.

Oral: Les White detailed the Rosa Parks Day celebration on December 1, 2005. He also detailed the Board's presentation of a Resolution of Appreciation that will be presented to Representative Sam Farr by the Board of Directors on December 2, 2005.

4. CONSIDERATION OF MINUTES OF SEPTEMBER 21, 2005 MAC MEETING (OCTOBER MEETING CANCELLED DUE TO THE STRIKE)

ACTION: MOTION: ROBERT YOUNT SECOND: LESLEY WRIGHT

ACCEPT AND FILE MINUTES OF THE SEPTEMBER 21, 2005, MAC MEETING.

Motion passed unanimously with Dan Alper and Dave Williams being absent.

5. DISCUSSION OF ROUTE 54

Dennis Papadopulo detailed his unsettling experience as a bus rider from early September. He said he waited for a bus that normally stopped on Route 54. He waited a long time for the bus to arrive until he was told the bus didn't stop there anymore. He stated that several times in the recent past he waited for regularly scheduled buses to arrive, only to learn that the bus service he'd been expecting had been cancelled. Les White detailed the provisions of Industrial Wage Order Number 9. He stated that Mr. Papadopulo's recent experience of lack of reliable bus service could possibly be due to implementation of the Order. He explained that the District, in anticipation of bus operator staffing shortages that would inevitably occur as a result of the Order, prepared new bus operators for training. He said that at the time of the strike, new bus operators were

5-5.3

ready and available for their training. He said the training was halted by both UTU and SEIU due to the strike. He said that even though the strike is resolved, bus riders are suffering from its residual effects and the strike's aftermath has created an unfortunate situation for bus riders. He said unreliable bus service is the norm until the new bus operators have completed their training.

ACTION: MOTION: STUART ROSENSTEIN SECOND: NORM HAGEN

MAKE THE NECESSARY FINDINGS TO ADD DISCUSSION OF THE LACK OF RELIABLE BUS SERVICE TO TODAY'S AGENDA AS AN EMERGENCY ITEM SINCE IT CAME TO MAC'S ATTENTION AFTER THE POSTING OF TODAY'S MAC AGENDA AND THERE IS A NEED TO TAKE ACTION BEFORE THE NEXT MAC MEETING

Motion passed unanimously with Dan Alper and Dave Williams being absent.

6. REVIEW AND DISCUSSION OF "ZEN AND THE ART OF BUS RIDING"

MAC reviewed, discussed, and revised the Zen document.

ACTION: MOTION: PAUL MARCELIN-SAMPSON SECOND: DENNIS PAPADOPULO

MAC RECOMMENDS THAT "THE ART OF BUS RIDING" BE RELEASED AT THE BEGINNING OF THE NEW YEAR, AND THAT IT BE FORMATTED SO THAT IT IS LEGIBLE FROM A SEATED POSITION, AND THAT IT BE TRANSLATED INTO SPANISH, AND THAT THE CAPITALIZATION BE FIXED AS WELL

Motion passed unanimously with Dan Alper and Dave Williams being absent.

7. DISCUSSION OF FACILITATING INFORMATION EXCHANGE BETWEEN BUS OPERATORS AND BUS PASSENGERS.

MAC members detailed their experience as bus riders relative to the level of service they've received from bus operators when they've asked for help with directions. Les detailed the District's history of providing bus operators with sensitivity training. He suggested that the District's Training Coordinator be invited to attend the next MAC meeting to hear MAC's concerns. Lesley Wright stated that the District could improve the current level of service provided to disabled passengers. She stated that it's been her observation and experience that bus operators are providing inadequate securement of wheelchairs. Discussion ensued as to how to facilitate conversation between bus operators and passengers without compromising safety.

5-5.4

8. DISCUSSION OF POSSIBLE GRANTS FOR HOLIDAY SERVICE

Discussion of this topic was deferred.

9. DISCUSSION OF PLACING SIGNS FOR MAC IN BUSES

Stuart stated he would touch base with Les.

10. DISCUSSION OF PARATRANSIT COORDINATION TASK FORCE RECOMMENDATIONS

MAC sub-committee members calendared future meetings.

10b. DISCUSSION OF ROSA PARKS DAY CELEBRATION

MOTION: ROBERT YOUNT SECOND: NORM HAGEN

MAC RECOMMENDS THAT THE METRO BOARD COMMEMORATE DECEMBER 1, 2005, AS ROSA PARKS DAY

Motion passed unanimously with Dan Alper and Dave Williams being absent.

10c. DISCUSSION OF DROPPED BUS SERVICE AND BUS TRIPS

MOTION: STUART ROSENSTEIN SECOND: LESLEY WRIGHT

MAC STRONGLY RECOMMENDS THAT THE METRO BOARD URGE METRO DRIVERS TO MINIMIZE THE USE OF ANNUAL LEAVE AND SICK LEAVE TO THE DEGREE POSSIBLE TO REDUCE TO THE EXTENT POSSIBLE THE NUMBER OF MISSED TRIPS FOR SERVICE

MAC expressed their strong feelings of displeasure relative to the recent labor action and its residual effects.

Motion passed unanimously with Dan Alper and Dave Williams being absent.

11 COMMUNICATIONS TO GENERAL MANAGER

Norm Hagen advised that he would be making a statement at the next Board of Director's meeting relative to Watsonville bus service.

12. COMMUNICATION TO THE METRO BOARD OF DIRECTORS

None.

5-5.5

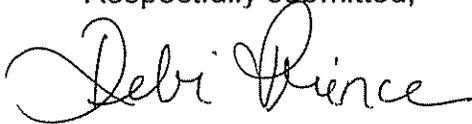
13. ITEMS FOR NEXT MEETING AGENDA

- Receive Information Relative to Bus Operator Training
- Discussion of Possible Grants for Holiday Service
- Discussion of ParaTransit Coordination Task Force Recommendations

ADJOURN

There being no further business, Chair Marcelin-Sampson thanked everyone for participating, and he adjourned the meeting at 7:58 p.m.

Respectfully submitted,



DEBI PRINCE
ADMINISTRATIVE SECRETARY

5-5.6

The next MASTF meeting is scheduled to be held at 2:00 p.m. on Thursday, February 16, 2006 at the Santa Cruz METRO Center Conference Room.

The Agenda for the February meeting and the Minutes of the January meeting have not been made available to METRO Staff by MASTF Chair.

5-6.1

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006
TO: Board of Directors
FROM: Elisabeth Ross, Finance Manager
SUBJECT: MONTHLY BUDGET STATUS REPORT FOR OCTOBER 2005

I. RECOMMENDED ACTION

None.

II. SUMMARY OF ISSUES

- Operating revenue for the year to date totals \$10,579,511 or \$896,231 under the amount of revenue expected to be received during the first four months of the fiscal year.
- Total operating expenses for the year to date in the amount of \$8,765,942 are at 25.7% of the budget.
- A total of \$164,369 has been expended through October 31st for the FY 05-06 Capital Improvement Program.
- No fixed-route bus service was operated during the month of October 2005 due to the strike called by United Transportation Union (UTU), Local 23. ParaCruz continued to operate with full staffing.

III. DISCUSSION

An analysis of the District's budget status is prepared monthly in order to apprise the Board of Directors of the District's actual revenues and expenses in relation to the adopted operating and capital budgets for the fiscal year. The attached monthly revenue and expense report represents the status of the District's FY 05-06 budget as of October 31, 2005. The fiscal year is 33.3% elapsed.

A. Operating Revenues

Revenues are \$896,231 under the amount to be received for the period. No farebox revenue or service contract revenue for fixed-route service was received in October due to the strike. Variances are explained in the notes following the report.

B. Operating Expenses

Operating expenses for the year to date total \$8,765,942 or 25.7% of the budget, with 33.3% of the year elapsed. Aside from the ParaCruz operation, only management staff reported to work during October along with a small number of key employees represented by Service Employees

5-7.1

International Union (SEIU), Local 415. However, all SEIU-represented employees were paid, resulting in continuing payroll and benefit costs. UTU-represented fixed-route bus operators continued to receive paid benefits during the strike and payroll was processed during October for time worked by those employees prior to the beginning of the strike on September 27, 2005. Variances are explained in the notes following the report.

C. Capital Improvement Program

For the year to date, a total of \$164,369 has been expended on the Capital Improvement Program. Of this, \$54,011 has been spent on MetroBase.

IV. FINANCIAL CONSIDERATIONS

The strike called by United Transportation Union, Local 23, began on September 27, 2005, resulting in the immediate cessation of all fixed-route bus service. (ParaCruz service continued to operate.) The strike impacted revenues and expenses for the last 35 calendar days covered by the period of this report.

V. ATTACHMENTS

Attachment A: Revenue and Expense Report for October 2005.

5-7.2

MONTHLY REVENUE AND EXPENSE REPORT
OPERATING REVENUE - OCTOBER 2005

Attachment **A**

| Operating Revenue | FY 05-06 Budgeted for Month | FY 05-06 Actual for Month | FY 05-06 Budgeted YTD | FY 04-05 Actual YTD | FY 05-06 Actual YTD | YTD Variance from Budgeted | |
|-------------------------------------|-----------------------------------|---------------------------------|--------------------------|------------------------|------------------------|-------------------------------|------------|
| Passenger Fares | \$ 310,759 | \$ - | \$ 1,240,341 | \$ 1,216,011 | \$ 860,657 | \$ (379,684) | |
| Paratransit Fares | \$ 29,816 | \$ 20,630 | \$ 108,591 | \$ 71,790 | \$ 72,870 | \$ (35,721) | |
| Special Transit Fares | \$ 313,943 | \$ - | \$ 599,937 | \$ 609,987 | \$ 248,492 | \$ (351,445) | |
| Highway 17 Revenue | \$ 90,297 | \$ - | \$ 349,881 | \$ 349,883 | \$ 261,465 | \$ (88,416) | |
| <i>Subtotal Passenger Rev</i> | \$ 744,815 | \$ 20,630 | \$ 2,298,750 | \$ 2,247,671 | \$ 1,443,484 | \$ (855,266) | See Note 1 |
| Advertising Income | \$ 4,167 | \$ 5,095 | \$ 16,667 | \$ 21,480 | \$ 22,380 | \$ 5,713 | See Note 2 |
| Commissions | \$ 500 | \$ 490 | \$ 2,000 | \$ 2,554 | \$ 2,021 | \$ 21 | |
| Rent Income | \$ 11,943 | \$ 11,652 | \$ 50,635 | \$ 96,670 | \$ 50,363 | \$ (272) | See Note 3 |
| Interest - General Fund | \$ 32,274 | \$ 76,871 | \$ 135,596 | \$ 117,052 | \$ 317,245 | \$ 181,649 | See Note 4 |
| Non-Transportation Rev | \$ 375 | \$ - | \$ 1,500 | \$ 1,020 | \$ 1,339 | \$ (161) | |
| Sales Tax Income | \$ 1,126,700 | \$ 1,086,200 | \$ 5,234,526 | \$ 5,127,170 | \$ 5,006,840 | \$ (227,686) | See Note 5 |
| TDA Funds | \$ - | \$ - | \$ 1,419,422 | \$ 1,438,313 | \$ 1,419,422 | \$ - | |
| FTA Op Asst - Sec 5307 | \$ - | \$ - | \$ 2,250,942 | \$ 2,950,231 | \$ 2,250,942 | \$ - | |
| FTA Op Asst - Sec 5311 | \$ - | \$ - | \$ 65,704 | \$ 92,928 | \$ 65,475 | \$ (229) | |
| FTA Op Asst Advance | \$ - | \$ - | \$ - | \$ 350,000 | \$ - | \$ - | |
| FY 03-04 Carryover | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Transfer from Reserves | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Transfer from Insurance Reserves | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Transfer - Proj Mgr | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Total Operating Revenue | \$ 1,920,774 | \$ 1,200,938 | \$ 11,475,741 | \$ 12,445,089 | \$ 10,579,511 | \$ (896,231) | |

5-7. a1

**MONTHLY REVENUE AND EXPENSE REPORT
OPERATING EXPENSE SUMMARY - OCTOBER 2005**

| | FY 05-06 Final Budget | FY 05-06 Revised Budget | FY 04-05 Expended YTD | FY 05-06 Expended YTD | Percent Expended of Budget | |
|----------------------------------------|--------------------------|-------------------------------|--------------------------|--------------------------|----------------------------------|------------|
| PERSONNEL ACCOUNTS | | | | | | |
| Administration | \$ 913,581 | \$ 888,581 | \$ 337,372 | \$ 260,577 | 29.3% | |
| Finance | \$ 616,075 | \$ 604,075 | \$ 170,434 | \$ 157,502 | 26.1% | |
| Customer Service | \$ 469,041 | \$ 469,041 | \$ 144,319 | \$ 122,240 | 26.1% | |
| Human Resources | \$ 403,818 | \$ 403,818 | \$ 70,682 | \$ 105,359 | 26.1% | |
| Information Technology | \$ 438,387 | \$ 438,387 | \$ 126,687 | \$ 135,979 | 31.0% | |
| District Counsel | \$ 396,870 | \$ 390,194 | \$ 110,490 | \$ 117,944 | 30.2% | |
| Facilities Maintenance | \$ 958,977 | \$ 958,977 | \$ 323,497 | \$ 289,755 | 30.2% | |
| Paratransit Program | \$ 2,710,777 | \$ 2,710,777 | \$ 149,525 | \$ 852,361 | 31.4% | |
| Operations | \$ 1,905,376 | \$ 1,905,376 | \$ 629,584 | \$ 508,645 | 26.7% | |
| Bus Operators | \$ 12,759,002 | \$ 12,759,002 | \$ 3,969,705 | \$ 2,968,362 | 23.3% | |
| Fleet Maintenance | \$ 4,073,806 | \$ 4,073,806 | \$ 1,139,680 | \$ 1,122,912 | 27.6% | |
| Retired Employees/COBRA | \$ 1,155,813 | \$ 1,155,813 | \$ 260,299 | \$ 338,532 | 29.3% | |
| Total Personnel | \$ 26,801,523 | \$ 26,757,847 | \$ 7,432,273 | \$ 6,980,167 | 26.1% | |
| NON-PERSONNEL ACCOUNTS | | | | | | |
| Administration | \$ 655,301 | \$ 680,301 | \$ 190,694 | \$ 239,919 | 35.3% | See Note 6 |
| Finance | \$ 813,517 | \$ 825,517 | \$ 285,647 | \$ 254,723 | 30.9% | |
| Customer Service | \$ 96,006 | \$ 96,006 | \$ 50,375 | \$ 19,322 | 20.1% | |
| Human Resources | \$ 45,706 | \$ 45,706 | \$ 13,691 | \$ 4,198 | 9.2% | |
| Information Technology | \$ 133,035 | \$ 133,035 | \$ 24,779 | \$ 64,000 | 48.1% | See Note 7 |
| District Counsel | \$ 11,463 | \$ 18,139 | \$ 1,644 | \$ 17,792 | 98.1% | See Note 8 |
| Risk Management | \$ 259,015 | \$ 259,015 | \$ 21,540 | \$ 6,543 | 2.5% | |
| Facilities Maintenance | \$ 444,250 | \$ 444,250 | \$ 107,443 | \$ 94,715 | 21.3% | |
| Paratransit Program | \$ 867,761 | \$ 867,761 | \$ 817,164 | \$ 171,217 | 19.7% | |
| Operations | \$ 617,418 | \$ 617,418 | \$ 140,992 | \$ 152,327 | 24.7% | |
| Bus Operators | \$ 7,120 | \$ 7,120 | \$ 67 | \$ 147 | 2.1% | |
| Fleet Maintenance | \$ 3,330,435 | \$ 3,330,435 | \$ 965,460 | \$ 760,621 | 22.8% | |
| Op Prog/SCCIC | \$ 450 | \$ 450 | \$ 30 | \$ 250 | 55.6% | See Note 9 |
| Total Non-Personnel | \$ 7,281,477 | \$ 7,325,153 | \$ 2,619,524 | \$ 1,785,775 | 24.4% | |
| Total Operating Expense | \$ 34,083,000 | \$ 34,083,000 | \$ 10,051,798 | \$ 8,765,942 | 25.7% | |
| YTD Operating Revenue Over YTD Expense | | | | \$ 1,813,569 | | |

5-7.92

**CONSOLIDATED OPERATING EXPENSE
OCTOBER 2005**

| | FY 05-06 Final Budget | FY 05-06 Revised Budget | FY 04-05 Expended YTD | FY 05-06 Expended YTD | % Exp YTD of Budget | |
|--------------------------------|--------------------------|----------------------------|--------------------------|--------------------------|------------------------|-------------|
| LABOR | | | | | | |
| Operators Wages | \$ 7,897,147 | \$ 7,897,147 | \$ 2,082,953 | \$ 1,715,894 | 21.7% | |
| Operators Overtime | \$ 1,154,109 | \$ 1,154,109 | \$ 304,712 | \$ 285,652 | 24.8% | |
| Other Salaries & Wages | \$ 6,223,417 | \$ 6,179,741 | \$ 1,887,087 | \$ 1,394,438 | 22.6% | |
| Other Overtime | \$ 166,200 | \$ 166,200 | \$ 47,090 | \$ 31,943 | 19.2% | |
| | \$ 15,440,873 | \$ 15,397,197 | \$ 4,321,842 | \$ 3,427,927 | 22.3% | |
| FRINGE BENEFITS | | | | | | |
| Medicare/Soc Sec | \$ 226,164 | \$ 226,164 | \$ 48,562 | \$ 46,344 | 20.5% | |
| PERS Retirement | \$ 1,728,898 | \$ 1,728,898 | \$ 459,674 | \$ 554,043 | 32.0% | |
| Medical Insurance | \$ 3,724,628 | \$ 3,674,628 | \$ 936,071 | \$ 1,122,819 | 30.6% | |
| Dental Plan | \$ 534,944 | \$ 534,944 | \$ 136,139 | \$ 160,576 | 30.0% | |
| Vision Insurance | \$ 144,360 | \$ 144,360 | \$ 40,928 | \$ 43,962 | 30.5% | |
| Life Insurance | \$ 48,768 | \$ 48,768 | \$ 8,962 | \$ 13,910 | 28.5% | |
| State Disability Ins | \$ 333,050 | \$ 333,050 | \$ 61,815 | \$ 48,801 | 14.7% | |
| Long Term Disability Ins | \$ 191,434 | \$ 191,434 | \$ 73,901 | \$ 59,673 | 31.2% | |
| Unemployment Insurance | \$ 85,251 | \$ 85,251 | \$ 1,989 | \$ 537 | 0.6% | |
| Workers Comp | \$ 1,396,680 | \$ 1,396,680 | \$ 448,853 | \$ 347,159 | 24.9% | |
| Absence w/ Pay | \$ 2,908,020 | \$ 2,908,020 | \$ 884,631 | \$ 1,132,992 | 39.0% | See Note 10 |
| Other Fringe Benefits | \$ 38,454 | \$ 88,454 | \$ 8,907 | \$ 21,425 | 24.2% | |
| | \$ 11,360,650 | \$ 11,360,650 | \$ 3,110,431 | \$ 3,552,241 | 31.3% | |
| SERVICES | | | | | | |
| Acctng/Admin/Bank Fees | \$ 315,959 | \$ 315,959 | \$ 92,535 | \$ 74,978 | 23.7% | |
| Prof/Legis/Legal Services | \$ 467,919 | \$ 467,804 | \$ 76,790 | \$ 112,495 | 24.0% | |
| Temporary Help | \$ - | \$ 43,676 | \$ 7,803 | \$ 38,048 | 87.1% | See Note 11 |
| Custodial Services | \$ 107,800 | \$ 107,800 | \$ 24,787 | \$ 20,893 | 19.4% | |
| Uniforms & Laundry | \$ 57,223 | \$ 57,223 | \$ 23,865 | \$ 9,257 | 16.2% | |
| Security Services | \$ 424,699 | \$ 424,699 | \$ 80,261 | \$ 99,004 | 23.3% | |
| Outside Repair - Bldgs/Eqmt | \$ 211,578 | \$ 211,693 | \$ 37,044 | \$ 44,304 | 20.9% | |
| Outside Repair - Vehicles | \$ 347,800 | \$ 347,800 | \$ 100,730 | \$ 30,169 | 8.7% | |
| Waste Disp/Ads/Other | \$ 75,019 | \$ 75,019 | \$ 40,988 | \$ 12,665 | 16.9% | |
| | \$ 2,007,997 | \$ 2,051,673 | \$ 484,802 | \$ 441,813 | 21.5% | |
| CONTRACT TRANSPORTATION | | | | | | |
| Contract Transportation | \$ - | \$ - | \$ - | \$ - | 0.0% | |
| Paratransit Service | \$ 309,600 | \$ 309,600 | \$ 740,285 | \$ 35,533 | 11.5% | |
| | \$ 309,600 | \$ 309,600 | \$ 740,285 | \$ 35,533 | 11.5% | |
| MOBILE MATERIALS | | | | | | |
| Fuels & Lubricants | \$ 2,094,447 | \$ 2,094,447 | \$ 528,949 | \$ 486,474 | 23.2% | |
| Tires & Tubes | \$ 178,560 | \$ 178,560 | \$ 55,073 | \$ 50,045 | 28.0% | |
| Other Mobile Supplies | \$ 7,740 | \$ 7,740 | \$ 2,816 | \$ 5,173 | 66.8% | See Note 12 |
| Revenue Vehicle Parts | \$ 407,510 | \$ 407,510 | \$ 134,270 | \$ 112,107 | 27.5% | |
| | \$ 2,688,257 | \$ 2,688,257 | \$ 721,108 | \$ 653,799 | 24.3% | |

5-7.93

**CONSOLIDATED OPERATING EXPENSE
OCTOBER 2005**

| | FY 05-06 Final Budget | FY 05-06 Revised Budget | FY 04-05 Expended YTD | FY 05-06 Expended YTD | % Exp YTD of Budget | |
|---------------------------------|--------------------------|----------------------------|--------------------------|--------------------------|------------------------|-------------|
| OTHER MATERIALS | | | | | | |
| Postage & Mailing/Freight | \$ 24,358 | \$ 23,758 | \$ 9,410 | \$ 5,962 | 25.1% | |
| Printing | \$ 65,088 | \$ 65,088 | \$ 30,962 | \$ 16,681 | 25.6% | |
| Office/Computer Supplies | \$ 70,948 | \$ 70,948 | \$ 32,727 | \$ 32,411 | 45.7% | See Note 13 |
| Safety Supplies | \$ 21,875 | \$ 21,875 | \$ 2,947 | \$ 1,532 | 7.0% | |
| Cleaning Supplies | \$ 58,730 | \$ 58,730 | \$ 11,286 | \$ 11,649 | 19.8% | |
| Repair/Maint Supplies | \$ 55,000 | \$ 55,000 | \$ 16,591 | \$ 6,234 | 11.3% | |
| Parts, Non-Inventory | \$ 40,500 | \$ 40,500 | \$ 13,809 | \$ 5,267 | 13.0% | |
| Tools/Tool Allowance | \$ 10,600 | \$ 10,600 | \$ 3,435 | \$ 1,402 | 13.2% | |
| Promo/Photo Supplies | \$ 13,041 | \$ 13,041 | \$ 2,293 | \$ 2,090 | 16.0% | |
| | \$ 360,140 | \$ 359,540 | \$ 123,461 | \$ 83,228 | 23.1% | |
| UTILITIES | \$ 340,882 | \$ 340,882 | \$ 96,147 | \$ 100,401 | 29.5% | |
| CASUALTY & LIABILITY | | | | | | |
| Insurance - Prop/PL & PD | \$ 491,100 | \$ 491,100 | \$ 191,447 | \$ 168,117 | 34.2% | See Note 14 |
| Settlement Costs | \$ 150,000 | \$ 150,000 | \$ 17,097 | \$ 1,453 | 1.0% | |
| Repairs to Prop | \$ - | \$ - | \$ (12,858) | \$ (13,239) | 0.0% | See Note 15 |
| | \$ 641,100 | \$ 641,100 | \$ 195,686 | \$ 156,331 | 24.4% | |
| TAXES | \$ 47,743 | \$ 47,743 | \$ 10,010 | \$ 11,204 | 23.5% | |
| MISC EXPENSES | | | | | | |
| Dues & Subscriptions | \$ 54,159 | \$ 54,159 | \$ 13,837 | \$ 40,299 | 74.4% | See Note 16 |
| Advertising - Revenue Prod. | \$ 15,000 | \$ 15,000 | \$ 9,891 | \$ 1,262 | 8.4% | |
| Employee Incentive Program | \$ 7,547 | \$ 7,547 | \$ 1,891 | \$ 584 | 7.7% | |
| Training | \$ 8,800 | \$ 8,800 | \$ 189 | \$ 1,768 | 20.1% | |
| Travel | \$ 21,870 | \$ 21,870 | \$ 809 | \$ 3,233 | 14.8% | |
| Other Misc Expenses | \$ 20,328 | \$ 20,328 | \$ 4,758 | \$ 3,493 | 17.2% | |
| | \$ 127,704 | \$ 127,704 | \$ 31,375 | \$ 50,639 | 39.7% | |
| OTHER EXPENSES | | | | | | |
| Leases & Rentals | \$ 758,054 | \$ 758,654 | \$ 216,650 | \$ 252,826 | 33.3% | |
| | \$ 758,054 | \$ 758,654 | \$ 216,650 | \$ 252,826 | 33.3% | |
| Total Operating Expense | \$ 34,083,000 | \$ 34,083,000 | \$ 10,051,798 | \$ 8,765,942 | 25.7% | |

5-7.94

**MONTHLY REVENUE AND EXPENSE REPORT
FY 05-06 CAPITAL IMPROVEMENT PROGRAM**

| CAPITAL PROJECTS | Final Program Budget | Expended in October | YTD Expended |
|----------------------------------------|-----------------------------|----------------------------|---------------------|
| Grant Funded Projects | | | |
| MetroBase | \$ 29,622,709 | \$ 4,114 | \$ 54,011 |
| Revenue Vehicle Replacement | \$ 920,000 | | |
| Short Range Transit Plan | \$ 100,000 | | |
| Pacific Station Renovation | \$ - | \$ 4,650 | \$ 4,650 |
| | \$ 30,642,709 | | |
| District Funded Projects | | | |
| Bus Stop Imprvmts/Bus Shelter Projects | \$ 10,000 | | |
| Revenue Vehicle Replacement | \$ 90,000 | | \$ 10,593 |
| IT Projects | \$ 30,200 | \$ 13,140 | \$ 22,570 |
| Facilities Repairs & Improvements | \$ 29,500 | | \$ 25 |
| Non-Revenue Vehicle Replacement | \$ 229,000 | | \$ 55,831 |
| Office Equipment | \$ 22,100 | \$ 9,914 | \$ 16,689 |
| PM Filters for Fleet (4) | \$ 33,320 | | |
| Mt. Biewlaski Repeater | \$ 15,000 | | |
| Transfer to Operating Budget | \$ 335,000 | | |
| | \$ 794,120 | | |
| TOTAL CAPITAL PROJECTS | \$ 31,436,829 | \$ 31,818 | \$ 164,369 |
| CAPITAL FUNDING SOURCES | | | |
| | Budget | Received in October | YTD Received |
| Federal Capital Grants | \$ 9,230,246 | \$ 48,392 | \$ 48,392 |
| State/Local Capital Grants | \$ 7,500,000 | \$ - | \$ - |
| STA Funding | \$ 1,101,716 | \$ - | \$ - |
| Transfer from Operating Budget | \$ - | \$ - | \$ - |
| Bus Stop Improvement Reserves | \$ 10,000 | \$ - | \$ - |
| District Reserves | \$ 13,594,867 | \$ - | \$ 115,977 |
| TOTAL CAPITAL FUNDING | \$ 31,436,829 | \$ 48,392 | \$ 164,369 |

5-7.95

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
NOTES TO REVENUE AND EXPENSE REPORT**

1. Passenger fares (farebox and pass sales) are \$379,684 or 31% under the final budget amount for the year to date. Paratransit fares are \$35,721 or 33% under the budgeted amount. Special transit fares (contracts) are \$351,445 or 59% under the budgeted amount. Highway 17 Express revenue is \$88,416 or 25% under the year to date budgeted amount. Together, all four passenger revenue accounts are under the budgeted amount for the first four months of the fiscal year by a net \$855,266 or 37.2%.
2. Advertising income is \$5,713 over the budgeted amount for the year to date based on current advertising levels on the exterior of District buses. A formal program to sell ads has not yet been implemented.
3. Rent income is \$272 under budget for the year to date due to a continuing vacancy in the Metro Space space previously occupied by Storti's Pizzeria.
4. Interest income is \$181,649 over budget for the year to date due to higher interest rates than projected in the County investment pool and a one-time interest credit by the County for FY 04-05 in the amount of \$56,564. The average interest rate for the year-to-date is 3.57% while the budget projected 2.0%.
5. Sales tax income is \$227,686 below budget for the first four months of the fiscal year. The budget projected a 3% increase over last year while the tax receipts for the period (covering April – June sales) were down 0.7%.
6. Administration non-personnel expense is at 35.3% of the budget due to the annual payment of APTA dues.
7. Information Technology non-personnel expense is at 48.1% of the budget due to the annual payment of maintenance agreements for the computer system and required programming changes for the Bus Operator bid module.
8. District Counsel non-personnel expense is at 98.1% of the budget due to payment for temp help services and legal services in the approximate amount of \$15,600.
9. SCCIC expense is at 55.6% of the budget due to payment of the annual audit fees in the amount of \$250.
10. Absence with pay is at 39.0% of the budget since for the entire month of October, most SEIU-represented employees were on paid absence. Total payroll is within budget.
11. Temp help expense is at 87.1% of the budget since funds are transferred to this account as needed by departments using temp help during position vacancies. Temp help is only funded through budget transfers from the salary account.
12. Other mobile supplies are at 66.8% of the budget because upholstery supplies are purchased as needed.

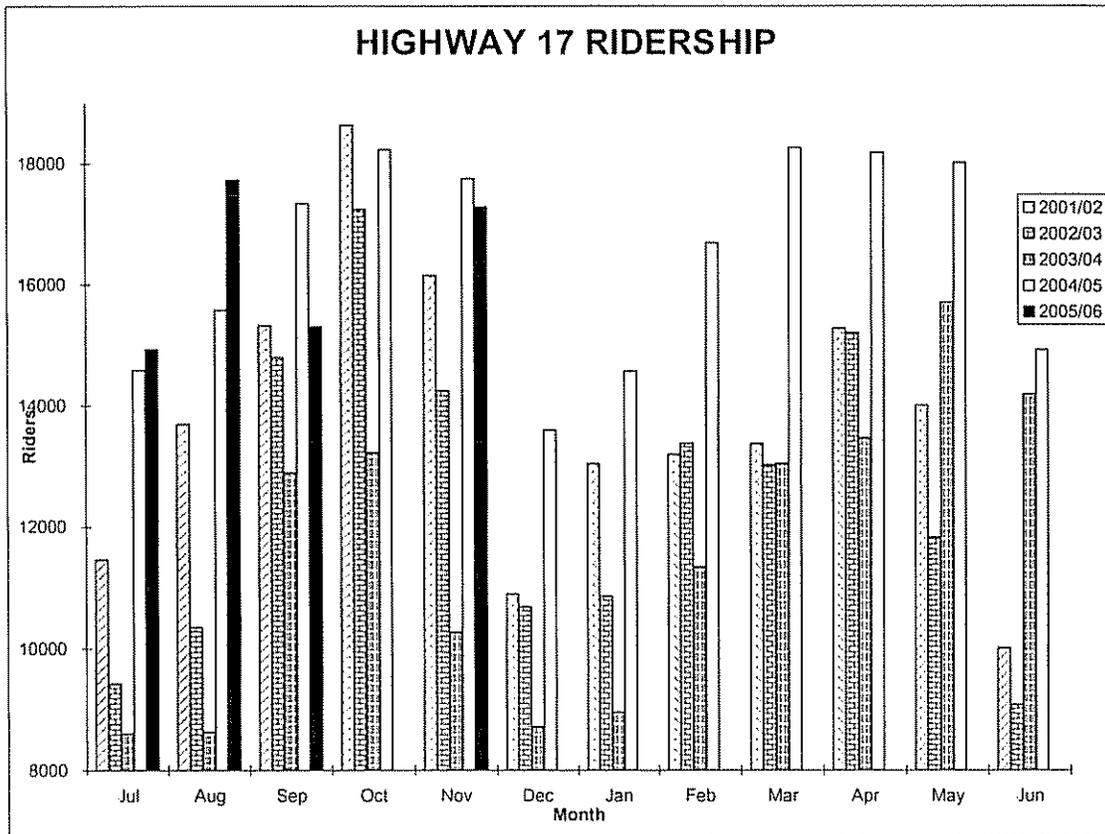
5-7.26

13. Office/computer supplies are at 45.7% of the budget due to volume purchase of IT supplies.
14. Insurance (property and PL/PD) expense is at 34.2% of the budget since the CalTIP quote upon which the budget was based was slightly lower than the actual billing. This will be addressed in the upcoming budget revision.
15. Repairs to property is a casualty and liability account to which repairs to District vehicles and property are charged when another party is liable for the damage. All collections made from other parties for property repair are applied to this account to offset the District's repair costs.
16. Dues and subscriptions are at 74.4% of the budget due to annual payment of APTA dues.

5-7.97

HIGHWAY 17 - NOVEMBER 200

| | November | | | YTD | | |
|------------------------|------------|------------|---------|------------|------------|---------|
| | This Year | Last Year | % | This Year | Last Year | % |
| FINANCIA | | | | | | |
| Cost | \$ 109,782 | \$ 111,701 | (1.7%) | \$ 443,386 | \$ 571,144 | (22.4%) |
| Farebox | \$ 41,244 | \$ 59,229 | (30.4%) | \$ 199,955 | \$ 262,769 | (23.9%) |
| Operating Deficit | \$ 63,067 | \$ 43,928 | 43.6% | \$ 210,681 | \$ 261,052 | (19.3%) |
| Santa Clara Subsidy | \$ 31,533 | \$ 21,964 | 43.6% | \$ 105,341 | \$ 130,526 | (19.3%) |
| METRO Subsidy | \$ 31,533 | \$ 21,964 | 43.6% | \$ 105,341 | \$ 130,526 | (19.3%) |
| San Jose State Subsidy | \$ 2,762 | \$ 2,642 | 4.5% | \$ 5,616 | \$ 8,401 | (33.2%) |
| AMTRAK Subsidy | \$ 2,708 | \$ 5,903 | (54.1%) | \$ 27,134 | \$ 38,922 | (30.3%) |
| STATISTICS | | | | | | |
| Passengers | 17,283 | 17,753 | (2.6%) | 65,243 | 83,496 | (21.9%) |
| Revenue Miles | 36,239 | 39,594 | (8.5%) | 153,811 | 205,145 | (25.0%) |
| Revenue Hours | 1,360 | 1,485 | (8.5%) | 5,769 | 7,693 | (25.0%) |
| Passengers/Day | 617 | 592 | 4.3% | 562 | 546 | 3.1% |
| Passengers/Weekday | 809 | 772 | 4.9% | 711 | 687 | 3.5% |
| Passengers/Weekend | 271 | 231 | 17.3% | 257 | 236 | 8.8% |
| PRODUCTIVITY | | | | | | |
| Cost/Passenger | \$ 6.35 | \$ 6.29 | 1.0% | \$ 6.80 | \$ 6.84 | (0.6%) |
| Revenue/Passenger | \$ 2.39 | \$ 3.34 | (28.5%) | \$ 3.06 | \$ 3.15 | (2.6%) |
| Subsidy/Passenger | \$ 3.81 | \$ 2.62 | 45.2% | \$ 3.32 | \$ 3.23 | 2.7% |
| Passengers/Mile | 0.48 | 0.45 | 6.4% | 0.42 | 0.41 | 4.2% |
| Passengers/Hour | 12.71 | 11.95 | 6.3% | 11.31 | 10.85 | 4.2% |
| Recovery Ratio | 37.6% | 53.0% | (29.1%) | 45.1% | 46.0% | (2.0%) |



5-9.1

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006
TO: Board of Directors
FROM: Steve Paulson, Paratransit Administrator
SUBJECT: METRO PARACRUZ OPERATIONS STATUS REPORT

I. RECOMMENDED ACTION

This report is for information only- no action requested

II. SUMMARY OF ISSUES

- METRO ParaCruz is the federally mandated ADA complementary paratransit program of the Transit District, providing shared ride, door-to-door demand-response transportation to customers certified as having disabilities that prevent them from independently using the fixed route bus.
- METRO assumed direct operation of paratransit services November 1, 2004.
- Operating Statistics reported are for the month of November 2005.
- New regulations regarding lunch and rest breaks went into effect August 1, 2005.
- Customer feedback information is for the month of November 2005.
- Staff received a request from a member of the public to include eligibility determination statistics, as they had been during the initial recertification process. Breakdown chart attached.

III. DISCUSSION

METRO ParaCruz is the federally mandated ADA complementary paratransit program of the Transit District, providing shared ride, door-to-door demand-response transportation to customers certified as having disabilities that prevent them from independently using the fixed route bus.

METRO began direct operation of ADA paratransit service (METRO ParaCruz) beginning November 1, 2004. This service had been delivered under contract since 1992.

New regulations requiring meal periods became effective August 1, 2005. This presented new scheduling challenges resulting in decreased driver productivity and increased use of supplemental service providers.

5-10.1

During the month of November, five (5) service complaints and seven (7) compliments were received regarding service issues. Two (2) of the complaints were found to be "not valid" when investigated. Two of the valid complaints were related to late trips. The other was due to a reservation booking error

Operating Statistics for FY 05-06 through November 2005

| | July 05 | Aug 05 | Sept 05 | Oct 05 | Nov 05 |
|---------------------------------|----------------|---------------|----------------|---------------|---------------|
| Scheduled | 7570 | 7935 | 8413 | 9526 | 8516 |
| Performed | 6513 | 6799 | 7220 | 8384 | 7199 |
| Total miles | 50,755 | 56,599 | 55,890 | 64,163 | 55,208 |
| Av trip miles | 5.86 | 6.03 | 5.69 | 5.75 | 5.79 |
| Within ready window | 91.97% | 91.99% | 90.93% | 87.88% | 89.67% |
| Excessively late/missed trips | 9 | 12 | 23 | 33 | 19 |
| Monthly call volume | 6163 | 6719 | 6465 | 7481 | 6325 |
| Call average seconds to answer | 36 | 29 | 29 | 30 | 26 |
| Hold times less than 2 minutes | 88% | 90% | 90% | 90% | 92% |
| Distinct riders | 795 | 806 | 842 | 878 | 827 |
| Most frequent rider | 52 rides | 49 rides | 57 rides | 53 rides | 45 rides |
| Shared rides | 58.5% | 58.9% | 63.6% | 66.3% | 66.1% |
| Passengers per rev hour | 1.68 | 1.38 | 1.58 | 1.64 | 1.66 |
| Rides by supplemental providers | 5.47% | 7.94% | 8.23% | 13.10% | 15.19% |
| SCT cost per ride | \$22.23 | \$22.79 | \$22.95 | \$25.17 | \$22.73 |
| ParaCruz driver cost per ride | \$23.58 (est) | \$24.87 (est) | \$23.31 (est) | \$25.26 (est) | \$24.77 (est) |
| Rides < 10 miles | 81.29% | 82.85% | 79.87% | 78.01% | 77.89% |
| Rides > 10 | 18.71% | 17.15% | 20.14% | 21.99% | 22.11% |

IV. FINANCIAL CONSIDERATIONS

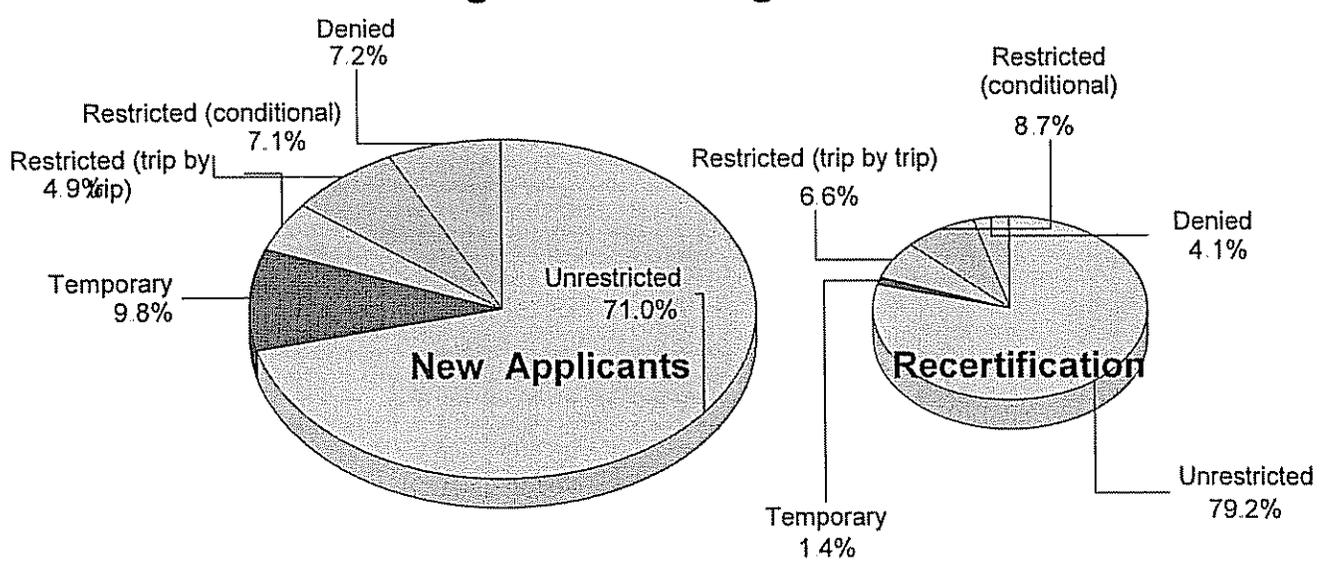
NONE

V. ATTACHMENTS

Attachment A: Cumulative Eligibility Breakdown

5 - 10.2

METRO ParaCruz Eligibility Determinations - Aug 1 02 through Jan 31 05



New Applicants

| | |
|---------------------------|-------------|
| Unrestricted | 1811 |
| Temporary | 249 |
| Restricted (trip by trip) | 126 |
| Restricted (conditional) | 181 |
| Denied | 184 |
| Group Total: | 2551 |

Recertification

| | |
|---------------------------|-------------|
| Unrestricted | 1090 |
| Temporary | 19 |
| Restricted (trip by trip) | 91 |
| Restricted (conditional) | 120 |
| Denied | 56 |
| Group Total: | 1376 |

Grand Total: **3925**

5-10.21

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006
TO: Board of Directors
FROM: Mark J. Dorfman, Assistant General Manager
SUBJECT: UNIVERSITY OF CALIFORNIA – SANTA CRUZ SERVICE UPDATE

I. RECOMMENDED ACTION

This report is for information purposes only. No action is required

II. SUMMARY OF ISSUES

- Student trips for December 2005 decreased by (8.9%) versus December 2004.
- Faculty / staff trips for December 2005 decreased by (2.3%) versus December 2004.
- Revenue received from UCSC for December 2005 was \$78,042 versus \$79,919 for December 2004, a decrease of (2.3%).

| December | Total Student Ridership | Total Faculty/Staff Ridership | Average Ridership <i>Per School Term Day</i> - Student | Average Ridership <i>Per Weekday</i> - Faculty / Staff |
|-----------------------------|-------------------------|-------------------------------|--------------------------------------------------------|--------------------------------------------------------|
| 2005 | 70,244 | 12,515 | 8,421.8 | 517.3 |
| 2004 | 77,082 | 12,816 | 8,074.6 | 511.5 |
| Monthly Increase-(Decrease) | (8.9%) | (2.3%) | 4.3% | 1.1% |

III. DISCUSSION

UCSC began Fall instruction on September 22, 2005. A summary of the results for December 2005 is:

- Student billable trips for December 2005 were 70,244 vs. 77,082 for December 2004, a decrease of (8.9%).
- Average student billable trips *per school-term day* for December 2005 were 8,421.8 vs. 8,074.6 for December 2004, an increase of 4.3%.
- Faculty / Staff billable trips for December 2005 were 12,515 vs. 12,816 for December 2004, a decrease of (2.3%).
- Average Faculty / Staff billable trips *per weekday* for December 2005 were 517.3 vs. 511.5 for December 2004, an increase of 1.1%.

5-11.1

IV. FINANCIAL CONSIDERATIONS

NONE

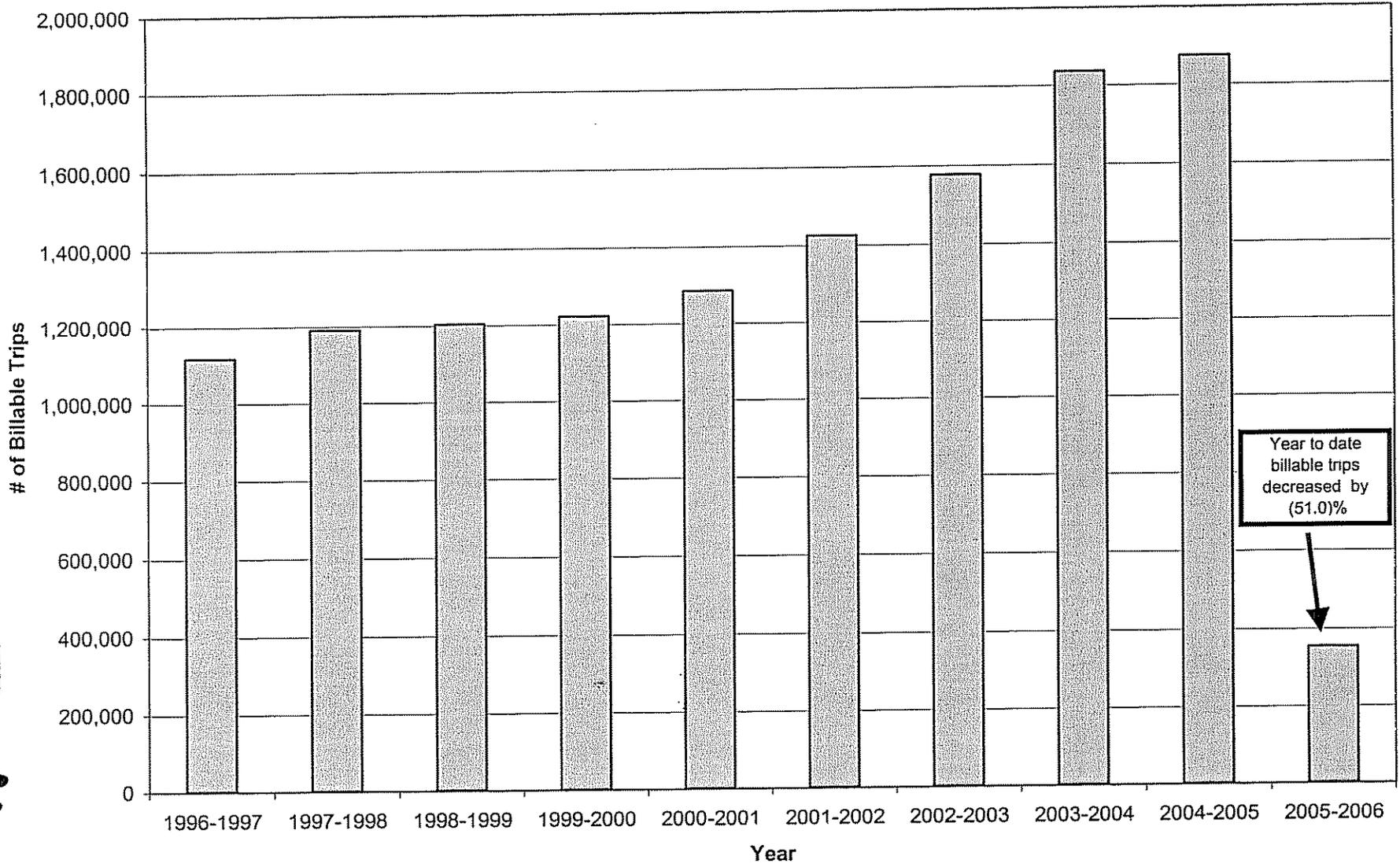
V. ATTACHMENTS

Attachment A: UC Student Billable Trips

Attachment B: UCSC Faculty / Staff Billable Trips

S - 11.2

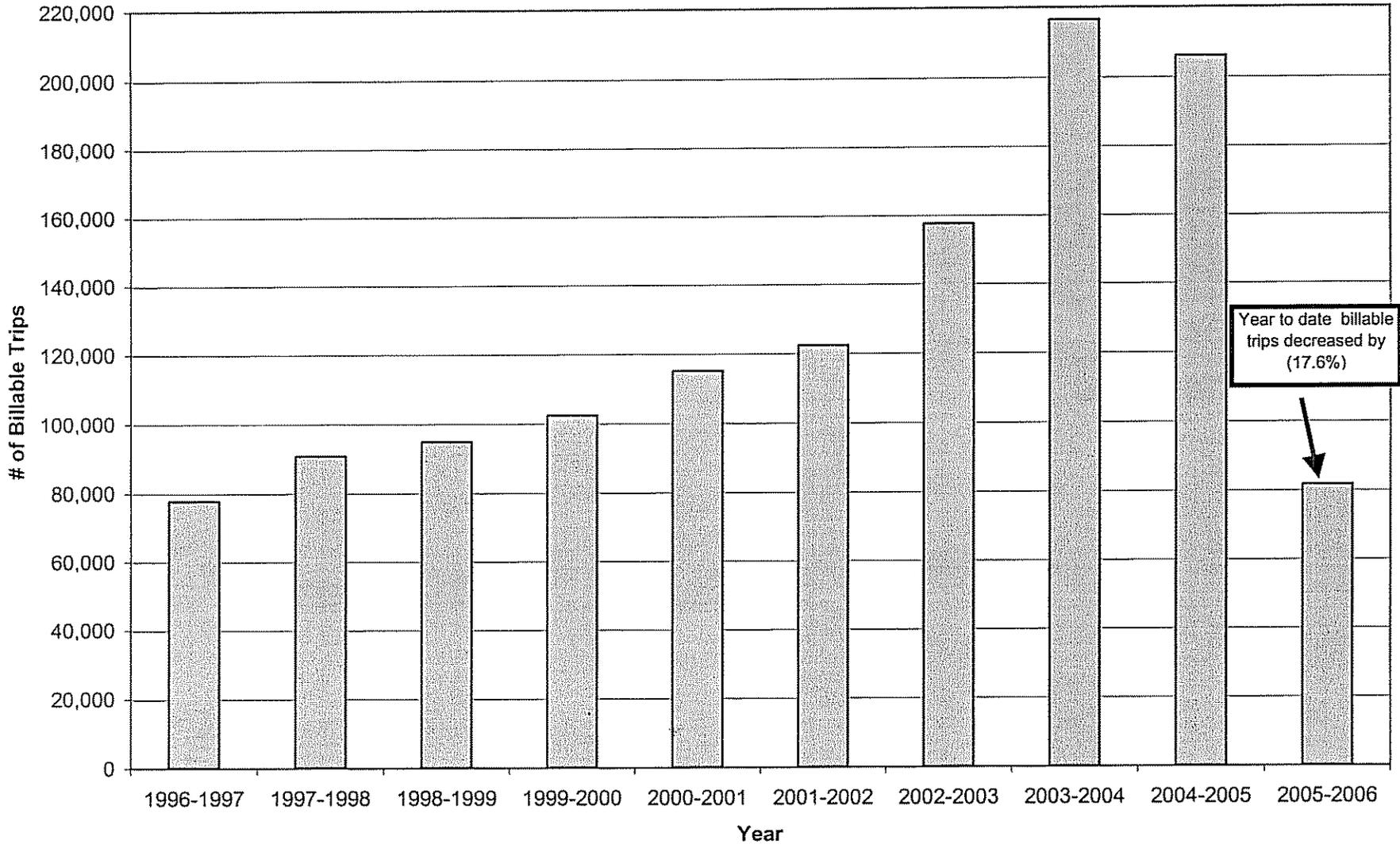
UCSC Student Billable Trips



5-11.21

Attachment A

UCSC Faculty / Staff Billable Trips



5-11.61

Attachment B

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006
TO: Board of Directors
FROM: Frank L. Cheng, Project Manager
SUBJECT: STATUS OF THE METROBASE PROJECT

I. RECOMMENDED ACTION

That the Board of Directors accept and file the MetroBase Status Report.

II. SUMMARY OF ISSUES

- Arntz Builders trailer and containers installed adjacent to 1122 River Street.
- Public Outreach Newsletter sent to areas possibly affected by construction.

III. DISCUSSION

The construction process has begun with providing 1122 River Street Site to Arntz Builders, the General Contractor for the MetroBase Service & Fueling Building. Arntz Builders was allowed to set up their temporary facility and containers adjacent to the work site. With this setup, they will be allowed to work efficiently on the site with minimal temporary facility relocation.

On January 27, 2006, the Board of Director was presented with the timeframe for the driving of the concrete piles. As an initiative, METRO is sending out MetroBase Newsletters to inform the public information about the project, contacts, and upcoming meetings. The impact to residents and businesses will be kept to a minimum.

New updates on the MetroBase Project.

- Arntz Builders trailer and containers installed adjacent to 1122 River Street.
- Public Outreach Newsletter sent to areas possibly affected by construction.

Previous information regarding the MetroBase Project:

A. Service & Fueling Building (IFB 05-12)

- Notice to Proceed issue effective January 9, 2006 with 365 calendar day construction period.
- Weekly Construction Meetings

5-12.1

IV. FINANCIAL CONSIDERATIONS

Funds for the construction of the Service & Fueling Building Component of the MetroBase Project are available within the funds the METRO has secured for the Project.

V. ATTACHMENTS

Attachment A: MetroBase Newsletter (provided at Board Meeting)

5-12.2



CONSTRUCTION UNDERWAY

News Updates

- Concrete Pile Information
- Meetings
- Project Information
- Hotline
- Website
- Mailing List

Upcoming Meetings

- February 16, 2006
6:00 pm—7:00 pm
@ 110 Vernon Street
Suite B, Santa Cruz
- March 16, 2006
6:00 pm—7:00 pm
@ 110 Vernon Street
Suite B, Santa Cruz

Information

- Hotline
(831) 621-9568
- Website
<http://www.scmtd.com/metrobase>
- Mailing List
<http://www.scmtd.com/metrobase/list.html>



Volume 1, Issue 1 February 2006

Concrete Driven Piles

Santa Cruz Metropolitan Transit District (METRO) is in the process of constructing the MetroBase Project. The construction is a necessary component for providing Compressed Natural Gas (CNG) to the METRO fleet. Fueling the METRO fleet with CNG, a cleaner fuel source, will comply with the California Air Resource Board (CARB) requirements. During the construction time, information about the project and new updates can be found at the following web address: <http://www.scmtd.com/metrobase>

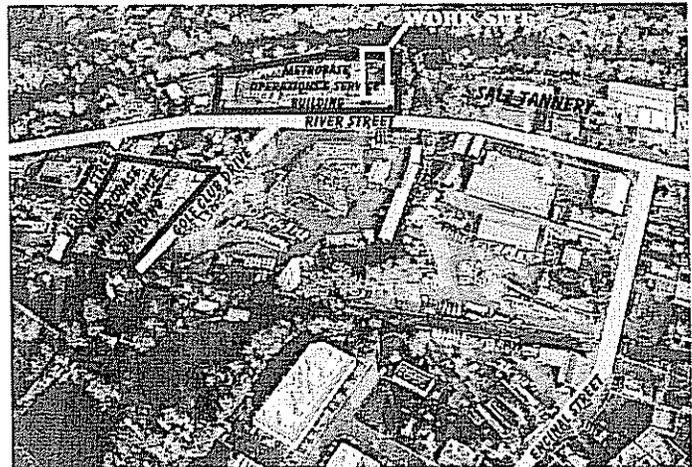
In the initial construction of the MetroBase Project, METRO will be constructing the foundation for the Service & Fueling Building. To solidify and stabilize the ground, concrete piles will be driven into the ground. The

projected timeline for this work will consist of two phases. **First phase** consists of indicator piles that will be driven to determine the adequacy of the design specifications. Extensive work analyzing the data will be done to provide a consistent product for the rest of the

| | Timeframe |
|--------------|-------------------|
| First Phase | 02/21/06-02/24/06 |
| Second Phase | 03/20/06-03/31/06 |

piles which will be driven in the **second phase**.

Construction will be between the hours of 8:00 am—5:00 pm weekdays.



Aerial view of the Harvey West Park encapsulating the MetroBase Project

Upcoming Meetings

Two scheduled meetings for information about the MetroBase Construction Project will be held at 110 Vernon Street, Suite B, Santa Cruz, CA from 6:00 pm to 7:00 pm on Thursday February 16, 2006 and Thursday March 16, 2006. During this time information about the project can be viewed and questions you may have can be brought forth.

Project Information

- Project Manager
Frank Cheng, SCMTD
- Construction Management
Tom Dean, Harris&Associates
- Architect
Chuck Boxwell, RNL
Phil Allen, RNL
- General Contractor
Lisa Toso, Arntz Builders
Greg Blackwood, Arntz Builders

Hotline/Website

For questions and information, call (831)621-9568 from 8:00 am—5:00 pm.
<http://www.scmtd.com/metrobase>

Mailing List

To add yourself to receive future electronic notices, please go to the following website and add your email address:
<http://www.scmtd.com/metrobase/list.html>

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006

TO: Board of Directors

FROM: Mark J. Dorfman, Assistant General Manager

**SUBJECT: ACCEPT AND FILE VOTING RESULTS FROM APPOINTEES TO THE
SANTA CRUZ COUNTY REGIONAL TRANSPORTATION
COMMISSION FOR PREVIOUS MEETINGS**

I. RECOMMENDED ACTION

That the Board of Directors accept and file the voting results from appointees to the Santa Cruz County Regional Transportation Commission.

II. SUMMARY OF ISSUES

- Per the action taken by the Board of Directors, staff is providing the minutes from the most recent meetings of the Santa Cruz County Regional Transportation Commission.
- Each month staff will provide the minutes from the previous month's SCCRTC meetings.

III. DISCUSSION

At the January Board of Directors Meeting of the Santa Cruz Metropolitan Transit District, the Board requested that staff include in the Board Packet information relating to the voting results from the appointees to the Santa Cruz County Regional Transportation Commission. Staff is enclosing the minutes from these meetings as a mechanism of complying with this request.

IV. FINANCIAL CONSIDERATIONS

There is no cost impact from this action.

V. ATTACHMENTS

Attachment A: Minutes of the January 5, 2006 Regular SCCRTC Meeting

Attachment B: Minutes of the January 5, 2006 Public Hearing

Attachment C: Minutes of the January 19, 2006 Transportation Policy Workshop

5-13.1

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
AND
SERVICE AUTHORITY FOR FREEWAY EMERGENCIES

Minutes

Thursday,
January 5, 2006
9:00 a.m.

Board of Supervisors Chambers
701 Ocean Street
Santa Cruz, CA

1. Roll Call

| | | |
|------------------|---------------------------------|-------------------|
| Members Present: | Jan Beautz | Ellen Pirie |
| | Dene Bustichi (Alt.) | Emily Reilly |
| | Tony Campos | Antonio Rivas |
| | Randy Johnson | Mark Stone |
| | Mike Keogh | Marcela Tavantzis |
| | Dennis Norton | Mardi Wormhoudt |
| | Rich Krumholz (ex-officio Alt.) | |
| Staff Present: | Pat Dellin | Rachel Moriconi |
| | Karena Pushnik | Gini Pineda |
| | Kim Shultz | Grace Blakeslee |
| | Cory Caletti | Luis Mendez |

2. Oral Communications

3. Additions or Deletions to Consent and Regular Agendas

Acting Executive Director Pat Dellin announced that there would be no Closed Session. Chair Pirie removed Item 28 from the Agenda. Ms. Dellin said that Caltrans provided a handout designated as page 14e-2 and that pages were added to Items 27 and 29. She said that Commissioner Rivas distributed maps of the Watsonville wetlands trails to Commissioners. Ms. Dellin added that additional written public comments for this evening's public hearing were copied and distributed to Commissioners.

CONSENT AGENDA (Wormhoudt/Rivas) as amended

4. Approved Minutes of the December 1, 2005 Regular SCCRTC Meeting

5-13.91

POLICY

No consent items

PROJECTS and PLANNING

5. Accepted Update on Highway 1 Projects
6. Accepted Information Item Regarding Highway 17 Glenwood Curve Safety Project/Caltrans Open House

COMMISSION BUDGET AND EXPENDITURES

7. Approved Staff Recommendations Regarding Expenditures for Voicemail Upgrade and Telephone System Maintenance (Resolution 12-06)

ADMINISTRATION

No consent items

COMMITTEE MINUTES

8. Accepted Draft Minutes of the October 12th, 2005 Joint SAFE on 17 and Traffic Operation Systems Oversight Committee Meeting
9. Accepted Draft Minutes of the December 9, 2005 Budget and Administration/Personnel Committee Meeting
10. Accepted Draft Minutes of the November 14, 2005 and December 12, 2005 Bicycle Committee Meetings

INFORMATION/OTHER

11. Accepted Monthly Meeting Schedule
12. Accepted SCCRTC Staff Comment Letters on Draft Environmental Documents and Plans Prepared by Other Agencies - None
 - a. Quarterly Report on Environmental Document Review
13. Accepted Correspondence Log
14. Accepted Letters from SCCRTC Committees and Staff to Other Agencies
 - a. Letter from the Elderly and Disabled Technical Advisory

5-13.92

- Committee to the City of Santa Cruz Regarding Pedestrian Access in the Proposed Roundabout Design
- b. Letter to Caltrans Regarding Transportation Concept Report for Highway 17
 - c. Letter from the Interagency Technical Advisory Committee to Governor Schwarzenegger Regarding Protecting Proposition 42
 - d. Letter to Caltrans Regarding 2006 State Highway Operation and Protection Program (SHOPP)
 - e. Letter to Caltrans Regarding Caltrans Phone Number for Public Information on Local State Highway Projects
15. Accepted Miscellaneous Written Comments from the Public on SCCRTC Projects and Transportation Issues
16. Accepted Handouts from Staff and Commissioners at Previous Regional Transportation Commission Meetings
17. Accepted Information Items
- a. California Transportation Commission Press Release Regarding Appointment of New Executive Director
 - b. Caltrans News Release Regarding Adding Safety Messages and Amber Alerts to Highway Information Number
 - c. Letter from Caltrans to Debbie Bulger of Mission: Pedestrian Regarding Audible Pedestrian Signals

SERVING AS THE SERVICE AUTHORITY FOR FREEWAY EMERGENCIES (SAFE)

18. Approved Staff Recommendations Regarding SAFE Call Box Maintenance Contract (Resolution 13-06)
19. Approved Contract with Cingular Wireless for Digital Cellular Phone Service for Call Boxes (Resolution 14-06)

REGULAR AGENDA

20. Commissioner Reports

Commissioner Rivas referred to the maps of the Watsonville wetlands trails that he distributed to Commissioners. He said that the City of Watsonville is proud of the trail system which includes informational pods along the trails. He noted that maps are available at the museum in Ramsey Park as are packets of cards to aid in self-guided tours of the trail system.

5-13.23

21. Director's Report

Acting Executive Director Pat Dellin said that the Commission has been recognized by the *Mid County Post* as the organization of the year.

22. Caltrans Report

Rich Krumholz, Caltrans District 5, noted the response letter from Caltrans about establishing a local or toll-free phone number that the public may call to ask questions about State Highway projects. He said that the local phone number is 831-423-0396.

Mr. Krumholz said that Highway 9 south of Glengarry is completely closed due to mudslides and that Caltrans is trying to get an emergency contract to repair the highway. He later updated the Commission with the news that a contract was awarded to Granite Construction and that the closure was expected to last 30 days.

He also mentioned that the Caltrans Public Hearing regarding improvements to the Glenwood Curves Project on Highway 17 is scheduled for Tuesday, January 17th at 5:00 pm at Scotts Valley High School.

23. SCCRTC Executive Director Recruitment Update - Oral Report by Acting Executive Director

Acting Executive Director Pat Dellin said that the recruitment is on schedule and that the recruiter will have a full report at the next Budget and Administration / Personnel Committee meeting.

24. Article 8 Transportation Development Act (TDA) Claim from the County of Santa Cruz for Bicycle/Pedestrian Projects

Acting Executive Director Pat Dellin said that the Transportation Development Act claim was consistent with the *2005 Regional Transportation Plan*.

Commissioner Wormhoudt moved and Commissioner Reilly seconded to approve the Bicycle Committee and staff recommendations that the Regional Transportation Commission approve the a resolution approving the County of Santa Cruz's FY 2005/2006 Transportation Development Act (TDA) Article 8 claim for \$174,377 and a reallocation of \$29,526

5-13.a4

for pedestrian and bicycle projects.

A roll call vote was taken. Commissioners Beautz, Norton, Pirie, Rivas, Reilly, Stone and Wormhoudt voted "yes". Commissioners Campos and Johnson had not yet arrived at the meeting. The motion (Resolution 15-06) passed unanimously.

25. Update on Highway 1/17 Merge Lanes Projects

Rich Krumholz, Caltrans District 5, said that bids for a contract to remove the trees in the areas identified as needing removal will be opened tomorrow. He said this "minor contract" would not be awarded until the major construction contract bids are opened on January 24th and that more information will be available at the Project Development Team meeting on January 26th.

Commissioner Wormhoudt thanked the committee for its responsiveness to the Commission's concerns.

Commissioner Beautz moved and Commissioner Wormhoudt seconded to approve the staff recommendations that the Regional Transportation Commission:

1. Accept the Project Development Team's plan for coordinating the early contract for tree removal with the construction contract for the Highway 1/17 Interchange Merge Lanes Project;
2. Request that Caltrans report back to the RTC at its February meeting with the results of this coordination effort; and
3. Request that Caltrans and City of Santa Cruz staff present an overview of the Public Information Program for this project at an upcoming meeting of the RTC.

The motion passed unanimously.

26. Transportation Funding Task Force Update and RTC Appointments

Acting Executive Director Pat Dellin reported that staff has received some responses to the invitations to organizations to participate in the Transportation Funding Task Force. She said that the first meeting of the Task Force is tentatively planned for late February or early March.

Ms. Dellin said that the Commission needs to appoint four

5-13.95

representatives, including one for the Commission itself. An application form was distributed, with applications due by January 23rd.

Commissioner Pirie nominated Commissioner Wormhoudt to represent the Commission.

Commissioner Reilly moved to approve the staff recommendations that the Regional Transportation Commission:

1. Accept this Update on the Transportation Funding Task Force;
2. Approve the proposal of Commission Chair Pirie to appoint Commissioner Mardi Wormhoudt as the RTC's representative on the Transportation Funding Task Force; and
3. Assist staff in identifying appropriate individuals to apply for the other three RTC appointments to the Task Force: representative of the Land Use Development Community; representative of Automobile Advocates/Auto Drivers At Large; and representative of Commuters at Large.

Commissioner Rivas seconded and the motion passed unanimously.

Commissioners discussed details of the remaining three appointments. Commissioners agreed that meetings should be held in the evenings or on weekends.

27. Draft 2006 Legislative Agenda and 2005 Legislative Update

Acting Executive Director Pat Dellin referred Commissioners to the draft legislative agenda beginning on page 27-11.

Ms. Dellin said that Governor Schwarzenegger intends to propose a massive infrastructure bond measure during the State of the State Address which, if approved, would provide additional funding for transportation projects.

Commissioner Campos joined the meeting.

Ms. Dellin said there may be a growth management plan associated with the bond which will include a land use and transportation plan. In addition, it may be possible that the infrastructure bond could include earmarked projects. She said that staff will work with the committees and bring recommendations for earmarks to the Commission along with

5-13.26

the final legislative agenda in February. She added that staff will advocate that regional planning agencies have control over which projects are funded for their regions.

Director Dellin said that Deputy Director Luis Mendez and Senior Planner Rachel Moriconi will attend the Transportation Research Board meeting in Washington, DC in February. They will meet with Carolyn Chaney, the Commission's legislative staff person.

Commissioner Keogh noted that Items 5 and 7 of the draft Legislative Agenda were not specific and asked that if either of the recommendations were to be implemented that they be placed on the Regular Agenda for Commission approval.

With that caveat, Commissioner Keogh moved to approve the staff recommendations that the Regional Transportation Commission:

1. Accept a report on the 2005 Legislative Session;
2. Review and accept the proposed Draft 2006 State and Federal Legislative Agendas and release to the RTC committees for review and comment; and
3. Direct staff to work with California Association of Councils of Governments (CALCOG) and our elected state representatives to support amendments to proposed infrastructure bonds that provide greater benefit to Santa Cruz County's efforts to address transportation funding needs and support CALCOG amendments to SB 1024 (Perata), the Infrastructure Bond Act.

Commissioner Beautz seconded and the motion passed unanimously.

CLOSED SESSION - Removed from Agenda

28. Conference with Real Property Negotiator for Acquisition of the Santa Cruz Branch Rail Line Property: Santa Cruz Branch Rail Line from Watsonville Junction to Davenport

Agency Negotiator: Kirk Trost, Miller, Owen & Trost

Negotiation Parties: SCCRTC, Union Pacific

Under Negotiation: Price and Terms

5-13.27

29. Santa Cruz Branch Rail Line Acquisition: Agreements for Structural Assessment

Paul Chrisman, Miller, Owen & Trost, joined the meeting via telephone.

Acting Executive Director Pat Dellin said that a resolution to approve a contract with HNTB to perform additional structural analysis would need to be approved by the Commission. She said that the resolution is consistent with action the Commission approved in November and with the financial plan.

Ms. Dellin referred to the revised Right of Entry Agreement and asked that staff recommendations be approved with the changes noted in the revised agreement.

Commissioners discussed the end date for invoices to be submitted to Union Pacific in order to have the railroad company pay for some of the costs of the additional analysis and agreed that the Commission needed some leeway regarding the end date.

Acting Executive Director Pat Dellin noted that it was important that HNTB inspect the La Selva trestle after Union Pacific had finished working on it. She said that the work should be completed by January 15th and that the Right of Entry agreement is expected to be signed soon. Ms. Dellin added that an updated overall project timeline would be presented at the next meeting.

Bill Delaney said that he was dismayed that the County and California procurement procedures allow the awarding of a non-competitive contract and made several points regarding the scope of work described in the HNTB contract.

Mr. Delaney said that the Commission should ask HNTB to determine future capital improvement costs for structures. In addition, he said that a change in the level of freight service could impact Cemex, possibly causing them to close the cement plant. Lastly, he said that if shippers think that the Commission is not interested in freight service, a case could be made before the Surface Transportation Board that the Commission is not supporting an important method of transporting goods.

Commissioner Johnson joined the meeting.

5-13.28

Commissioner Beautz said that the Commission should be looking at what future obligations will be and asked why it was not included in the scope of work.

Director Dellin said that the report will address short and long term capital costs and Deputy Director Luis Mendez said that staff will work with HNTB to clarify this in the scope of work.

Commissioner Tavantzis asked why the Commission is asking for a recommendation to reduce freight service.

Deputy Director Mendez said that the report will inform the Commission whether the rail line can carry the current freight loads. If it cannot, it will provide information on the options available, which could include lower freight loads and/or repairs.

Commissioner Norton noted that the Commission has never discussed discontinuing freight service.

Commissioner Norton moved and Commissioner Wormhoudt seconded to approve the staff recommendations that the Regional Transportation Commission:

1. Approve the proposed amendment to the right of entry agreement with Union Pacific as included in Attachment 1, with modifications as discussed;
2. Approve a resolution authorizing the Executive Director to enter into an agreement with HNTB to produce additional detailed structural analyses as shown on the approved scope of work at a maximum cost of \$201,110 and add \$6,000 to the Miller, Owen & Trost contract for structural assessment work including peer review of the structural analyses to be produced by HNTB.

The motion (Resolution 16-06) passed unanimously.

30. Next Meetings/Adjournment

The meeting adjourned at 10:00 am.

A Public Hearing on the Draft 2006 Regional Transportation Improvement Program (RTIP) is scheduled for this evening, January 5, 2006 at 7:00 p.m. at the Board of Supervisors Chambers, 701 Ocean Street, 5th Floor, Santa Cruz, CA 95060.

5-13.29

The next Transportation Policy Workshop is scheduled for Thursday, January 19th, 2006 at 9:00 a.m. at the SCCRTC Offices, 1523 Pacific Avenue, Santa Cruz, CA 95060.

The next regular SCCRTC meeting is scheduled for Thursday, February 2, 2006 at 9:00 a.m. at the City of Santa Cruz Council Chambers, 809 Center Street, Santa Cruz, CA 95060.

Respectfully submitted,

Gini Pineda, Staff

ATTENDEES

| | |
|----------------------|---------------------|
| Bill Delaney | |
| Jack Sohriakoff | County Public Works |
| Bill Comfort | |
| Mauna Loa Morris | Hope Services |
| Paul Elerick | CFST |
| Don Hoernschemeyer | CFST |
| Genevieve Bookwalter | Sentinel |
| Les White | Santa Cruz Metro |
| Mark Dettle | City of Santa Cruz |
| Reid Searle | |
| Cliff Walters | Sierra Railroad |

5-13.a/0

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
AND
SERVICE AUTHORITY FOR FREEWAY EMERGENCIES

Minutes

Thursday,
January 5, 2006
7:00 p.m.
(Evening Public Hearing)

Board of Supervisors Chambers
701 Ocean Street
Santa Cruz, CA

1. Roll Call

Members Present: Jan Beautz Ellen Pirie
 Dene Bustichi (Alt.) Emily Reilly
 Tony Campos Antonio Rivas
 Cliff Barrett (Alt.) Mark Stone
 Mike Keogh Marcela Tavantzis
 Dennis Norton Mardi Wormhoudt
 Rich Krumholz (ex-officio Alt.)

Staff Present: Pat Dellin Rachel Moriconi
 Gini Pineda Kim Shultz
 Grace Blakeslee Cory Caletti
 Luis Mendez Tegan Speiser

2. Oral Communications

3. Additions or Deletions to the Agenda

Additional comment letters regarding the *2006 Regional Transportation Improvement Program* were handed out to the Commissioners and provided to the public.

4. 7:00 PM Public Hearing on the *2006 Regional Transportation Improvement Program (RTIP)*

Senior Planner Rachel Moriconi presented a PowerPoint overview of the proposed *2006 Regional Transportation Improvement Program (RTIP)* explaining that it is a state mandated document that lists the proposed projects for inclusion in the 2006 State Transportation Improvement Program. Ms. Moriconi said that it also serves as a tool for Santa Cruz County to monitor previously programmed

5-13.b1

transportation projects.

Ms. Moriconi identified regional and local projects recommended for funding, noting that the RTC previously decided that 80% of the funding would go to regional projects and 20% to projects proposed by local jurisdictions. She said that the recommendations were made after receiving input from the Interagency Technical Advisory Committee and project sponsors. She added that the Elderly and Disabled Transportation Advisory Committee and the Bicycle Committee had also provided recommendations and that requests for public input on the draft RTIP had generated comments that were provided to the Commission for their review. The Public Hearing tonight would give additional opportunity for the public to submit comments on the proposals to the Commission.

Ms. Moriconi also presented recommended amendments to existing projects. She described the benefits and risks associated with the proposal to shift funds for the rail line acquisition to an earlier year.

In response to a question from Commissioner Keogh, staff responded that there are no risks asking the California Transportation Commission (CTC) to shift funds for the MetroBase project as proposed in the document.

Commissioner Wormhoudt said that the list showed the total costs for projects except for the Highway 1 Widening/HOV Lane Project which only showed the cost for the environmental document phase. She said that it was somewhat misleading to only include part of the project cost.

Senior Planner Moriconi explained that the CTC allows that funds be requested for the Project Approval/Environmental Document (PA/ED) phase of projects. She added that the San Lorenzo Valley Bridge at Highway 1 project and the trails project also did not include full costs for the projects, but that the full costs could be included.

Commissioner Wormhoudt said she would like to see the full project costs for all projects in the RTIP.

The floor was opened for the Public Hearing.

Ed Davidson, Santa Cruz, said he was opposed to the rail

5-13.62

line acquisition, that there was no future for passenger rail and that he was opposed to the bike trail. He said that in order for people to get out of their cars, travel modes needed to be routed to take them to destination points such as schools, colleges and places of employment. He said that the rail corridor is not scenic.

Robert Vallerga, Soquel, said that the Senior Advisory Board and Senior Coalition support the staff report and that he personally was especially interested in supporting the Highway 1 Soquel-Morrissey auxiliary lanes project.

Bruce Korb said he would like to see the budget split into a recreational budget and a real transportation budget and to let the Parks and Recreation Department deal with bike and pedestrian paths since they were not transportation modes for most people.

Bob Yount said there was a real need for sheltered bus stops and that Metro should be given funding for them.

Micah Posner, People Power, said that our society has a coercive transportation system that forces people to drive and that the big problem is that too much money is dedicated to highway expansion.

Ron Pederson, Live Oak, said he supports the Highway 1 auxiliary lanes project.

Peter Scott, Campaign for Sensible Transportation (CFST), urged the Commission to remove highway widening from the project list, saying that widening won't work and that not enough attention is being paid to funding public transportation.

Stacia Fletcher, Monterey Bay National Marine Sanctuary, said she is pleased to see funding proposed for the Monterey Bay Sanctuary Scenic Trail and that the coastal trail could complement the rail trail. She added that the Sanctuary wants to ensure that the coastal trail does not fall by the wayside to the rail trail.

Jim Danaher, Sierra Club and CFST, said he objects to placing such a high priority on the Highway 1 auxiliary lanes.

Bill Comfort said the project list was a good compromise.

S-13. b3

He added that he was concerned about reprogramming STIP funds for the rail right-of-way acquisition to FY06-07 if it would put pressure on completing the purchase and not allow for due diligence by the Commission.

Mike Dalbey said that the rail trail would serve both transportation and recreational needs and that it is scenic.

The Public Hearing was closed.

Commissioner Beautz said that the proposed list was a good compromise and that the Commission needed to pay attention to the number of people who use the various modes of transportation. She said that 125,000 vehicles use the highway and moved to approve the staff recommendations that the Regional Transportation Commission:

1. Review the draft *2006 Regional Transportation Improvement Program*
2. Hold a public hearing on the *2006 Regional Transportation Improvement Program (RTIP)*, including funding proposals shown in Attachments 2 and 3 of the staff report;
3. Consider the recommendations made by the Commission's Bicycle Committee and Elderly and Disabled Transportation Advisory Committee; and
4. Approve a resolution adopting the 2006 RTIP, with any changes determined at this meeting, to:
 - a. Program \$20 million of the region's share of projected new State Transportation Improvement Program (STIP) funds, as recommended by the Interagency Technical Advisory Committee and staff for regionally-significant projects and local jurisdictions' projects;
 - b. Reflect the most current scope, funding, and timing information for other projects listed in the *Regional Transportation Improvement Program (RTIP)*, as summarized in Attachment 7;
 - c. Reprogram STIP funds for the Santa Cruz Branch Rail Line to FY06/07, after weighing the benefits and risks of this programming;
 - d. Trade new STIP- Transportation Enhancement funds designated for the Hacienda Drive (SV 19) and Calabasas Road (CO 17) Bike Lane/Sidewalk projects for more flexible Regional Surface Transportation Program (RSTP) funds from the San Lorenzo River

5-13.64

Bike/Pedestrian Bridge project, as requested by project sponsors and shown in Chapter 6 of the document;

- e. Request that the California Transportation Commission (CTC) incorporate proposals for STIP-funded projects into the 2006 State Transportation Improvement Program (STIP), as shown in the 2006 RTIP;
- f. Request that the CTC give priority for programming and allocations to Santa Cruz County projects carried over from the 2004 STIP, if (and/or when) STIP funds are insufficient to either program or allocate to all of the STIP projects identified in the 2006 RTIP; and
- g. After approval by the CTC, request that Association of Monterey Bay Area Governments (AMBAG) incorporate amendments into the Federal Transportation Improvement Program (FTIP).

Commissioner Keogh seconded.

Commissioner Wormhoudt asked if the maker was willing to include in the motion that the full cost of all the projects be specified in the list. Commissioner Beautz agreed.

Commission Alternate Bustichi asked if the Commission would be creating an untrue document if it approved the project list without knowing the full cost of the projects.

Acting Executive Director Pat Dellin said that project costs are the best estimates available and that the cost estimates are updated as a project moves forward. Senior Planner Moriconi said that it is common for the cost estimates in the Project Study Report to be different from the actual project costs when the project goes to construction.

Commissioner Beautz modified Commissioner Wormhoudt's request to say that the listed full cost for the projects would be the best estimates available.

The motion passed unanimously.

5. Next Meetings/Adjournment

The meeting adjourned at 7:55 p.m.

The next Transportation Policy Workshop is scheduled for

S - 13. b5

Thursday, January 19th, 2006 at 9:00 a.m. at the SCCRTC Offices, 1523 Pacific Avenue, Santa Cruz, CA 95060.

The next regular SCCRTC meeting is scheduled for Thursday, February 2, 2006 at 9:00 a.m. at the City of Santa Cruz Council Chambers, 809 Center Street, Santa Cruz, CA 95060.

Respectfully submitted,

Gini Pineda, Staff

ATTENDEES

- | | |
|-----------------|----------------------------------------|
| Bruce Korb | |
| Robert Vallerga | Senior Coalition |
| Mark Dettle | City of Santa Cruz |
| Alison White | |
| Bob Yount | |
| Bryan Kevko | Granite Construction |
| Ed Davidson | |
| Peter Scott | CFST |
| Micah Posner | People Power |
| Stacia Fletcher | Monterey Bay National Marine Sanctuary |
| Ron Pederson | |
| Jim Danaher | Sierra Club |
| Bill Comfort | |
| Mike Dalbey | |

5-13.b6

Regular Agenda

5. Update on Executive Director Recruitment

Acting Executive Director Pat Dellin said that the recruitment was proceeding on schedule and that the recruiters will screen 29 applications. Ms. Dellin suggested scheduling a half day for finalist interviews before the full Commission on 2/16/06 from 8:00 am until noon as part of the TPW meeting. She also said that the Budget and Administration/Personnel Committee recommends that the Commission create an *ad hoc* committee for the semi-finalist interviews to discuss compensation and an employment agreement.

Commissioner Wormhoudt moved and Commissioner Spence seconded to approve the Budget and Administration/Personnel Committee and staff recommendations that the Regional Transportation Commission:

1. Accept an oral status report on the recruitment for the Executive Director;
2. Schedule a half-day meeting of the full Commission on Thursday, February 16th from 8:00 am to noon to interview finalists identified by the Budget and Administration/Personnel Committee; and
3. Create an ad hoc committee to formulate a recommendation to the full RTC on compensation and an employment agreement for the new Executive Director.

Bill Comfort asked if the meeting on February 16th would be open to the public. County Counsel Rahn Garcia said that the Brown Act allows for meetings regarding hiring and personnel issues to be held in closed session.

Commissioner Wormhoudt added that the February 16th meeting be held in closed session to the motion and the motion passed unanimously.

6. Update on the Governor's Budget Proposal and Proposition 42 Funds

Senior Planner Rachel Moriconi said that the Governor's proposed FY06-07 state budget looks good for transportation, largely due to full funding of Proposition 42. Ms. Moriconi added that the budget also includes repayment of some of the loans made from transportation funds to the state general fund in prior years and that some of this repayment depends on tribal gaming bonds which are tied up in litigation. She said that these funds were not assumed for FY06-07 in the State Transportation Improvement Program (STIP) Fund Estimate and that the *2006 State Transportation Improvement Program* will be adopted in accordance with the Fund Estimate adopted last fall. She added that the allocation of funds programmed to receive STIP funds will depend on Proposition 42 funds and the repayment of prior loans. If the final state budget does not match the STIP Fund Estimate, release of funds to projects could be delayed.

Ms. Moriconi said that the 2006 Regional Transportation Improvement Program (RTIP) proposes that the California Transportation Commission (CTC) program FY06-07 funds

5-13.02

for a list of projects including MetroBase, Highway 1 Soquel-Morrissey Auxiliary Lanes, the Santa Cruz Branch Rail Line Acquisition, Freeway Service Patrol and the Struve Slough Bridge construction.

Senior Planner Moriconi concluded by saying that the CTC will meet in early February to see if some funds will be released early and that staff will continue working with legislators as well as state and local transportation partners to secure funding for the region's transportation needs.

7. Discuss Projects for Inclusion in Infrastructure Bond Proposals

Senior Planner Rachel Moriconi briefly reviewed the possibility of a statewide infrastructure bond proposal to go before voters this year. Included in the bond measure are significant transportation funds. She said it is hoped that funds will be distributed equitably on a formula basis that allows decisions regarding which projects will be funded to be made by regional planning agencies, the CTC and Caltrans. She cautioned that there is a possibility that specific projects may be listed in the bond measure itself. If this is the case, it is important that the Commission provides input identifying and prioritizing projects it would want to be included in a final bond measure with earmarked projects.

Ms. Moriconi pointed out that the Governor's preliminary list of projects does not include bus transit projects or projects specific to Santa Cruz County. She referred to a list of projects recently approved by the Transit District Board of Directors and additional projects identified by staff for the Commission and its committees to consider.

Acting Executive Director Pat Dellin noted concern about the size of the proposed bond measure and that no new revenues are identified for repayment of the debt service. She reiterated staff's position that the best process is to let regions decide what projects are funded.

Micah Posner said that the infrastructure bond introduced by Assembly Speaker Fabian Nunez included funding for freight rail improvement and that the Commission may want to add freight improvements to its list of proposed projects.

Commissioners discussed prioritizing projects and Commissioner Wormhoudt noted that there are projects identified with very different fiscal impacts. She said that prioritizing is meaningless if it is unknown how much money will be allocated to the region.

Director Dellin suggested coordinating the proposed project list with the categories identified by the Governor in his preliminary proposal.

S-13.C3

Commissioner Reilly asked that staff bring references to what documents to look at for more information regarding the proposed projects to the February meeting and to include a timeline for each project if one is available.

Closed Session

- 8. Conference with Real Property Negotiator for Acquisition of the Santa Cruz Branch Rail Line Property: Santa Cruz Branch Rail Line from Watsonville Junction to Davenport

| | |
|----------------------|----------------------------------|
| Agency Negotiator: | Kirk Trost, Miller, Owen & Trost |
| Negotiation Parties: | SCCRTC, Union Pacific |
| Under Negotiation: | Price and Terms |

Open Session

- 9. Santa Cruz Branch Rail Line Acquisition – Updated Draft Timeline and Financial Plan

Kirk Trost, of Miller, Owen & Trost, participated in the discussion via telephone.

Acting Deputy Director Luis Mendez explained the updates to the timeline and financial plan. He noted an error, saying that the time frame designated for the Surface Transportation Board filings needed to be moved later to match when a short line operator is selected. He said that the updated timeline calls for a discussion by the RTC on purchase in the summer and close of escrow in the fall.

Commissioner Keogh asked if this change affected the proposed completion date. Director Dellin said the timeline is still in line with the completion date but noted that the schedule is dependent on information and documentation from other sources coming in on time.

Ms. Dellin asked Mr. Trost about the makeup of the Transportation Board and how long the filings take. He responded that it is impossible to predict and that there are no guarantees regarding how long they will take.

Commissioner Keogh asked Mr. Trost if all the information regarding leases had been received from Union Pacific. Mr. Trost said that no information had been received but that the requests for this data would now be resumed.

In response to a question from Commissioner Keogh, Director Dellin said that a comprehensive financial plan will be developed when the Commission receives information on maintenance costs and a final bid from the short line operator. These costs will be put together with capital improvement costs.

Mr. Trost added that the comprehensive financial plan is an item on the due diligence list and will be completed before staff recommends to close or consummate the

S-13.C4

transaction. He said that the Commission is at the mercy of Union Pacific releasing documents.

Commissioner Keogh asked why there was an increase in the appraisal costs, noting that it was assumed to be less costly and timelier to use the same appraisers that performed the original appraisal. Mr. Trost said that because the process started more than four years ago, the appraisers have to go back and look at the property again. In addition, the appraisal study must stand up to Caltrans review.

Commissioner Wormhoudt moved and Commissioner Pirie seconded to approve the Rail Acquisition Task Force (RATF) and staff recommendations that the Regional Transportation Commission:

1. Approve the revised draft timeline for the Santa Cruz Branch Rail Line Acquisition Project and;
2. Approve the revised draft Santa Cruz Branch Rail Line Acquisition Financial Plan

with the added revision regarding correcting the timing of the Surface Transportation Board filings in the timeline as discussed above.

The motion passed with Commissioner Keogh noting "no" because he said it was not acceptable to increase the budget for the appraisers.

Mr. Trost exited the meeting.

2. Oral Communications

Chair Beautz reopened Oral Communications in response to a request from Micah Posner to speak.

Micah Posner said that the public will be saddened by the delays in the timeline. Speaking on behalf of Friends of the Rail Trail (FORT), he suggested that the Commission convey to the public its commitment to build a trail by starting a master planning process for a rail trail before the rail purchase is completed. He distributed a letter supporting this proposal.

Chair Beautz referred the letter to the Budget and Administration/Personnel Committee.

10. Next Meetings / Adjournment

The meeting adjourned at 10:10 am.

The next regular RTC meeting will be held Thursday, February 2, 2006 at 9:00 a.m. at the City of Santa Cruz Council Chambers, 809 Center Street, Santa Cruz, CA 95060.

5-13.C5

The next Transportation Policy Workshop will be held Thursday, February 16, 2006 at the special time of 8:00 a.m. at the RTC Office, 1523 Pacific Avenue, Santa Cruz, CA with a Closed Session immediately following any regular Commission business.

Respectfully submitted,

Gini Pineda, Staff

ATTENDEES

| | |
|----------------------|---------------------------|
| Bob Yount | |
| Les White | SCMTD |
| Rahn Garcia | County Counsel |
| Bill Comfort | |
| Genevieve Bookwalter | Santa Cruz Sentinel |
| Cliff Walters | Sierra Railroad |
| Micah Posner | Friends of the Rail Trail |

5-13.06

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006
TO: Board of Directors
FROM: Tom Stickel, Manager of Maintenance
SUBJECT: CONSIDERATION OF CONTRACT RENEWAL FOR PARATRANSIT
ELIGIBILITY SCREENING REVIEW ORTHOPAEDIC HOSPITAL

I. RECOMMENDED ACTION

District Staff recommends that the Board of Directors authorize the General Manager to extend the contract for paratransit eligibility screening review with Orthopaedic Hospital.

II. SUMMARY OF ISSUES

- The District established a contract with Disabled Services of Orthopaedic Hospital to provide in-person ADA Eligibility Screening Services on May 1, 2002.
- The contract was renewed on August 1, 2004 to release contractor from in-person eligibility assessments but retaining their services to review assessment files and advise District staff on the more challenging determinations.
- District staff is recommending that the contract be extended through December 31, 2006 with Disabled Services of Orthopaedic Hospital to provide paratransit eligibility screening review with a reduced rate per evaluation and an elimination of the \$2,000 minimum monthly fee.
- Additionally, staff is recommending the contract with Orthopaedic Hospital have the flexibility to assist in responding to any of the Paratransit Task Force comments as they deal with the certification process and to conduct a review of the Eligibility Program to ensure that METRO is complying with the original goals of the program as established by the Board of Directors.

III. DISCUSSION

The Americans with Disabilities Act (ADA) of 1990 requires public transit systems to provide complementary paratransit services to eligible passengers. The ADA Recertification study conducted by Nelson Nygaard recommended that all current registrants should be required to undergo the recertification process and that recertification should be based on an in-person assessment rather than a paper application. The District established a contract with Disabled Services of Orthopaedic Hospital to provide in-person ADA Eligibility Screening Services on May 1, 2002. District staff started doing the in-house certification screenings in August of 2004

5-14.1

with Orthopaedic Hospital retained to review assessment files and continue to advise District staff on the more challenging determinations.

Orthopaedic Hospital has reviewed the contract and has offered to reduce the compensation rates for review of assessment files from \$40 per file to \$30 per file. Orthopaedic Hospital has also offered to eliminate the \$2,000 minimum monthly fee. District staff is recommending that the contract be extended through December 31, 2006 with Disabled Services of Orthopaedic Hospital to provide paratransit eligibility screening review with a reduced rate per evaluation and an elimination of the \$2,000 minimum monthly fee.

Staff is also recommending that the allowance be placed with the contract for Orthopaedic Hospital to provide technical assistance in responding to any of the recommendations from the Paratransit Task Force. Also, staff is requesting that a work element be placed in the contract to allow for a review of the Eligibility Program to ensure that METRO is complying with the original goals of the program as established by the Board of Directors. The cost for this work will not exceed \$2,000, as shown in Attachment A.

IV. FINANCIAL CONSIDERATIONS

Funding for this contract is contained in the ParaCruz department budget 3100.

V. ATTACHMENTS

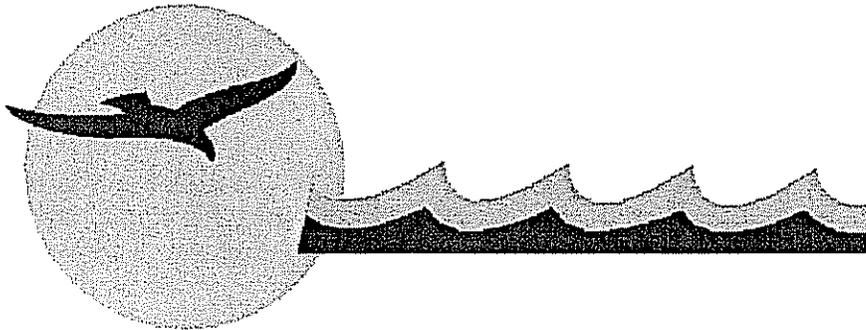
- Attachment A:** Letter from Disabled Services of Orthopaedic Hospital
Attachment B: Contract Amendment with Disabled Services of Orthopaedic Hospital

5-14.2



Attachment A

**Paratransit Eligibility Quality Assurance
Proposal For**



Santa Cruz Metropolitan Transit District



**DISABILITY
SERVICES**

REVISED February 6, 2006

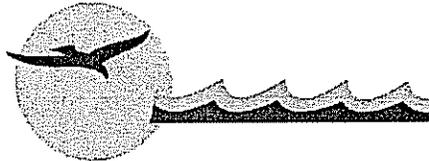
5-14.a1



Orthopaedic Hospital (OH) established in 1922, is the largest nonprofit specialty hospital in the Western United States. The quality care and patient to professional ratio remains unsurpassed by most charity care clinics in the country. The desires to provide the best possible patient care inevitably lead OH to the Americans with Disabilities Act (ADA) and paratransit service.

In the ongoing struggle to find transportation for the patients with major disabilities, OH's Social Service Department found the paratransit provider for Los Angeles and in 1993 began hosting certification interviews for what is now known as Access Services Inc. (ASI). One year later OH was contracting with ASI to provide paratransit eligibility assessments. In route to establishing a high quality paratransit eligibility service for the Southern California fixed route operators, OH discovered a young ADA paratransit world with few established policies, procedures, training, or software. The social work director recognized the need to establish Disability Services (DS) for the sole purpose of providing a full spectrum of professional paratransit certification services. Today DS continues to provide high quality certification delivery services, professional eligibility training, excellent paratransit customer service, and robust software management.

DS is the largest certification provider in the country managing a ridership of more than 500,000 consumers, covering a service area over 50,000 square miles. DS has successfully implemented eligibility processes across California and continues to improve upon them today. DS is proud to have evaluated over 290,000 ADA paratransit applicants with an appeal rate under 1%. DS's reputation as being the certification provider of choice is backed up with experience and numbers.



Santa Cruz Metropolitan Transit District (SCMTD) awarded DS a contract to provide ADA certification services and eligibility software in early 2002. DS implemented a in-person functional assessment process that professionally evaluated thousands of applicants and met 100% of the contractual requirements. The eligibility software, DS ACCESS, automated the entire eligibility process from initial contact to expiration. DS ACCESS continues to certify all of the SCMTD eligibility clients today.

QUALITY ASSURANCE REVIEWS

In October of 2004, DS began conducting quality assurance (QA) file reviews for all applicants evaluated by SCMTD eligibility staff. Federal hospital regulations force administrators to be painfully aware of maintaining performance standards. Hospitals are scrutinized by numerous regulatory agencies to insure that standards of care are being met. As a hospital based program, DS is well versed in keeping programs operating at and beyond performance expectations.

The goals of the QA program are to provide a support system for SCMTD eligibility staff while insuring consistent and accurate ADA eligibility determinations. DS ACCESS's remote quality assurance file review system provides prompt, digitally documented feedback via email. DS has provided experienced guidance and expert advice on over 700 eligibility cases.

The exchange of information with SCMTD staff, has proved positive and valuable to both parties. Eileen Pavlik's recent email stated, "*I believe that the METRO's interests and its passengers' interests as well were well-represented in your honest application of the ADA eligibility reviews and recommendations.*" Ms. Pavlik has demonstrated the keen ability to document her insightful observations and make quality eligibility determinations. The key to paratransit eligibility is to remain abreast of the evolving medical landscape as it impacts the changing public transit environment. The interplay between disabilities and the functional skills needed to use a bus remain an area for study, guidance and direction. Orthopaedic Hospital offers a significant medical knowledge base along with the most experienced ADA eligibility staff available in the country. Whatever the eligibility determination are, OH can provide SCMTD a process that is consistent, accurate and regularly evaluated for quality outcomes.

DS remains on the forefront of ADA issues and regulations and is vested in the future success of paratransit programs across the country. DS regularly compares the eligibility ratios of our clients against other transit agencies to provide accurate trend analysis. The software alerts DS of any unusual discrepancies keeping our clients operating well within federal guidelines.

An additional benefit to quality assurance review is the ability of SCMTD to justify and support denial of applicants. Since denied files tend to get the most scrutiny, it makes sense to have these files reviewed by an outside agency that has no conflict of interest. DS believes that a QA process circumvents frivolous law suits and protects the integrity of SCMTD eligibility process.

DS is excited to offer SCMTD the same annual QA Program with a **25% discount**.

-
- # **REDUCED COST PER EVALUATION AT \$30 (\$40 previously)**
 - # **DS ELIMINATES THE \$2,000 MINIMUM MONTHLY FEE**
-

ELIGIBILITY PROGRAM REVIEW

The current eligibility program was implemented in May 2002 with some very specific recommendations made by SCMTD Eligibility Task Force and by a transit consultant. DS worked closely with the identified key stakeholders, SCMTD and the consultant to implement an eligibility program that met those recommendations and goals.

Many changes have occurred at SCMTD since those recommendations have been made and DS is recommending that a comprehensive review of the eligibility program be conducted. The goals of the program are to insure that the current process meets the originally identified goals and that SCMTD stay current on best eligibility practices.

In addition to the ongoing quality assurance program, DS also proposes to revisit and review the recommendations made by the task force back in 2000. The comprehensive review shall be at a cost that covers only the expenses to do so while the reviewer's time, Arthur Hulscher, is included at no cost. DS's price includes all costs associated to deliver:

DS PRICE FOR PROGRAM REVIEW: \$2,000

- # One day of onsite review of the current eligibility program
- # An hour long SCMTD Board presentation
- # Complete document review of original task force recommendations
- # Arthur Hulscher's review time (NO COST)
- # A comprehensive final report

DS is honored to have been SCMTD eligibility partner for the last 4 years and appreciates the opportunity to continue the commitment to quality for the people of Santa Cruz. Thanks again for considering Disability Services @ Orthopaedic Hospital for your paratransit eligibility needs.

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
SECOND AMENDMENT TO CONTRACT NO. 01-10
FOR ADMINISTRATION OF AN ELIGIBILITY SCREENING PROGRAM**

This Second Amendment to Contract No. 01-10 for administration of an eligibility screening program is made effective January 1, 2006 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("District") and ORTHOPAEDIC HOSPITAL ("Contractor").

I. RECITALS

- 1.1 District and Contractor entered into a Contract for administration of an eligibility screening program ("Contract") on May 11, 2002.
- 1.2 District has determined that it can assume the duties of eligibility screening with District staff and releases Contractor from these duties.
- 1.3 Contractor releases District from liability for such termination of eligibility screening services.
- 1.4 District has determined that Contractor can provide review of eligibility assessment files and consultation services.
- 1.5 District has determined that Contractor will be required to provide review of eligibility assessment files and consultation services through December 31, 2006.

Therefore, District and Contractor amend the Contract as follows:

II. COMPENSATION

- 2.1 Article 5.01 is amended to include the following language:

Effective January 1, 2006, the scope of services shall be limited to remote reviews of disability assessments and advising District staff on disability determinations. Effective January 1, 2006, District shall compensate Contractor \$30 per file for remote review of eligibility assessment files and advising District staff on eligibility determinations as needed. Effective January 1, 2006, Contractor further eliminates the \$2,000 per month minimum monthly fee.

III. TERM

- 3.1 Article 4.01 is amended as follows:

The term of this contract will extend through December 31, 2006.

5-14.61

IV. 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.

V. AUTHORITY

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

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR
ORTHOPAEDIC HOSPITAL

By _____
Art Hulscher
Disabled Services Administrator

Approved as to Form:

Margaret R. Gallagher
District Counsel

5-14.02

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006

TO: Board of Directors

FROM: Margaret Gallagher, District Counsel

**SUBJECT: CONSIDER RATIFICATION OF A ONE- YEAR LEASE FOR KIOSK #5
AT THE WATSONVILLE TRANSIT CENTER WITH JOSE VILLA DBA
LA MANCHA TO OPERATE A SANDWICH AND SMOOTHIE SHOP**

I. RECOMMENDED ACTION

Ratify a 1-year lease for the Watsonville Transit Center Kiosk Space #5 with Jose Villa dba La Mancha to operate a sandwich and smoothie shop.

II. SUMMARY OF ISSUES

- There are four kiosks at the Watsonville Transit Center, which are leased to various tenants. One is currently being leased to Taqueria El Torito; one is currently being leased to Santa Martha, a children's clothing store; and kiosk #5, which was previously leased to Leticia Ledesman and Tomas Sanchez for a one-chair beauty salon, had been vacant since the termination of their lease in December of 2004.
- The Santa Cruz Metropolitan Transit District (METRO) advertised kiosk #5 during August 2005 and received many incomplete proposals from prospective tenants.
- In August of 2005, Jose Villa submitted a proposal for the kiosk, but the application process was slow because Mr. Villa needed to obtain a business license and funding for his new business. Because there were no other offers, METRO staff allowed Mr. Villa time to make arrangements for his business.
- The Leasing Committee met in October 2005 and approved Mr. Villa's business plan to sell sandwiches and fresh fruit smoothies.
- Subsequently, a Lease was signed and the one-year lease term began January 1, 2006. In preparing the file, it was discovered that this matter was not brought to METRO's Board of Directors for its review and authorization.

III. DISCUSSION

The Watsonville Transit Center was constructed with four kiosk spaces available for small businesses. Two of the spaces have been leased and a third space is used by one of the tenants for storage.

Kiosk # 5 has been vacant since the end of 2004, when Leticia Ledesma and Tomas Sanchez were authorized to cancel the lease. The kiosk was advertised during much of

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2005 but became increasingly difficult to complete the tenant application process due to proposals being submitted that were incomplete and lacking information.

Jose Villa applied for tenancy at the kiosk to sell sandwiches and fresh fruit smoothies in August of 2005. After the Leasing Committee approved his application, there was a protracted period of time, (September through November) in which Mr. Villa spent obtaining his business license, funding for the business and a business plan. This matter should have been brought to the Board of Directors when Mr. Villa completed the process, i.e. December 2005. However, as an oversight, and because this matter had taken so long, the Leasing Committee thought that this matter had been approved by the Board. When putting together the property file, it was discovered that the matter had not been brought to the Board for its review and authorization.

Mr. Villa has proposed to pay \$300.00 per month for the 240 square foot kiosk space. A signed lease agreement is attached for the Board's review. The term began on January 1, 2006 and terminates on December 31, 2006.

IV. FINANCIAL CONSIDERATIONS

The annual receipt of rent by the District will be \$3,600.00 under the terms of the Lease.

V. ATTACHMENTS

Attachment A: Signed Lease Agreement

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THIS LEASE is made on January 1, 2006, between the **SANTA CRUZ METROPOLITAN TRANSIT DISTRICT**, a political subdivision of the State of California ("Landlord"), whose address is 370 Encinal, Suite 100, Santa Cruz, California, 95060, and, **Jose Villa dba La Mancha** ("Tenant"), whose address is 475 Rodriguez Street, Suite 5, Watsonville, California 95076, who agree as follows:

RECITALS

This lease is made with reference to the following facts and objectives:

1. Landlord is the owner of certain real property commonly known as the Watsonville Transit Center (hereinafter "Center") at 475 Rodriguez, Watsonville, CA 95076. Said real property includes, without limitation, "Premises" which consists generally of kiosk #5, approximately 240 square feet of space.
2. Tenant is willing to lease the Premises from Landlord pursuant to the provisions stated in this lease.
3. Tenant wishes to lease the Premises described below for the purposes of operating, generally a **sandwich shop**.
4. Tenant has examined the Premises and is fully informed of their condition.

ARTICLE 1: PREMISES

1.1 General

Landlord leases to Tenant and Tenant leases from Landlord the real property located in the City of Watsonville, County of Santa Cruz, State of California, outlined in yellow in Exhibit A in the Center at 475 Rodriguez, Watsonville, CA 95076.

1.2 Airspace Rights

This lease confers no rights either with regard to the subsurface of the land in which the Premises are located or with regard to airspace above the ceiling in which the Premises are located.

ARTICLE 2: TERM

2.1 Fixed Term

The term shall commence on **January 1, 2006** and shall expire at 12:01 a.m. on **December 31, 2006** unless sooner terminated in accordance with the provisions herein.

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
TRANSIT CENTER LEASE AGREEMENT**

2.2 Inability to Deliver Possession

Landlord has delivered possession of the premises to Tenant and Tenant by his acceptance of the premises warrants that the premises are in good condition and meet Tenant's business needs.

ARTICLE 3: RENT

3.1 Minimum Monthly Rent

Tenant shall pay to Landlord as minimum monthly rent, without deduction, setoff, prior notice, or demand, the sum of three hundred dollars and no cents (\$300.00).

3.2 Refund of Prepaid and Unearned Minimum Monthly Rent

If this lease terminates before the expiration date for reasons other than the Tenant's default, minimum monthly rent shall be prorated to the date of termination, and Landlord shall immediately repay to Tenant all minimum monthly rent then prepaid and unearned.

3.3 Due Dates and Delinquent Dates for Rent Payments

- a. Amounts due Landlord for minimum monthly rent (Section 3.1), late rent charges (Section 3.4), "increase in insurance due to use" (Section 5.2.1), "fire and other perils insurance" (Section 10.3), and other rent for which specific payment dates or periods are identified in this lease, are due and payable, without deduction, setoff, prior notice or demand, on the dates indicated herein, and are delinquent on the second business day thereafter. All rent payments for which no specific due dates are specified in this lease, including, without limitation, additional rent (Section 3.5), security deposit (Article 4), maintenance (Article 6), Utilities and Services (Article 9) and insurance (Article 10), are due and payable upon receipt of Landlord's invoice, and are delinquent eight (8) calendar days thereafter, if served personally, or ten (10) calendar days after the date of postmark, if sent by prepaid, first-class mail.
- b. A "business day" for purposes of this Article is any day on which the administrative office of the Santa Cruz Metropolitan Transit District is open for regular business.

3.4 Late Rent Charges

Rent not paid when due shall bear interest from the first day after it is due until paid at the rate of 10 per cent per annum. Tenant acknowledges that late payment by Tenant to Landlord of any rent shall cause Landlord to incur costs not contemplated by this lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges. Therefore, if any amount of rent due from Tenant is not received by Landlord when due, for any cause,

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**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
TRANSIT CENTER LEASE AGREEMENT**

Tenant shall pay to Landlord an additional sum of ten percent (10%) of the overdue rent as a late charge, in addition to the interest charge specified above. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of late payment by Tenant. Acceptance of any late charge shall not constitute a waiver of Tenant's default with respect to the overdue amount, or prevent Landlord from exercising any of the rights and remedies available to Landlord.

3.5 Taxes Paid by Tenant; Additional Rent

- a. Tenant agrees to pay before delinquency all taxes, assessments, license fees, and other charges which at any time may be levied by the State of California, County of Santa Cruz, City of Watsonville (including, without limitation any promotional tax due), or any other tax or assessment, levied upon any interest in this lease or any possessory right which Tenant may have in or to be the Premises covered hereby or to the improvements thereon by reason of its ownership, use, or occupancy thereof or otherwise, as well as all taxes, assessments, fees, and charges on commodities, goods, merchandise, foods, beverages, fixtures, appliances, equipment and property owned by it in, on, or about said Premises. On demand by Landlord, Tenant shall furnish Landlord with satisfactory evidence of these payments. Amounts paid through Landlord for any aforementioned expense (including, without limitation, promotional tax) shall be considered additional rent for purposes of this lease.
- b. If this Lease expires prior to the determination of the amount of such taxes and assessments for the last year in which the Lease expiration occurs, Tenant shall nevertheless promptly pay such percentage following notice from Landlord appropriately prorated for the portion of the Lease term that falls within such last year.
- c. This lease may create a possessory interest subject to property taxation. Tenant is hereby notified that the lease may be subject to property taxes. (See California Revenue and Tax Code §107.7.)

3.6 Payment for Permits

Tenant shall be solely responsible to obtain and pay for use permits, necessary design review permits and building permits

3.7 Negation of Partnership

Landlord shall not become or be deemed a partner or a joint-venturer with Tenant by reason of the provisions of this lease.

3.8 Payment of Rent

All rent shall be paid in United States currency and shall be paid to Landlord at

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
TRANSIT CENTER LEASE AGREEMENT**

the address below.

Santa Cruz Metropolitan Transit District
ATTN.: Finance Department
370 Encinal Street, Suite 100
Santa Cruz, CA 95060-2101

ARTICLE 4: SECURITY DEPOSIT

Tenant shall deposit with Landlord **six hundred dollars and no cents (\$600.00)** as a security deposit for the performance by Tenant of the provisions of this lease upon execution of this lease. If Tenant is in default, Landlord can use the security deposit, or any portion of it, to cure the default or to compensate Landlord for all damages sustained by Landlord resulting from Tenant's default including reasonable attorney's fees. Tenant shall within 10 days of demand pay to Landlord a sum equal to the portion of the security deposit expended or applied by Landlord as provided in this Article so as to maintain the security deposit in the sum initially deposited with Landlord. Tenant's failure to do so shall be a material default under this Lease. If Tenant is not in default at the expiration or termination of this lease, Landlord shall return the security deposit to Tenant within thirty (30) days. Landlord's obligations with respect to the security deposit are those of a debtor and not a trustee. Landlord can maintain the security deposit separate and apart from Landlord's general funds or can commingle the security deposit with Landlord's general funds. Landlord shall not be required to pay Tenant interest on the security deposit.

ARTICLE 5: USE; LIMITATIONS ON USE

5.1 Use

- a. Tenant shall use premises for a **sandwich shop** as more particularly set forth herein, and for no other use without Landlord's written consent. Said use (including, without limitation, limitations on use) is further described in Exhibit B attached hereto and made a part hereof.
- b. No other business shall be conducted on the Premises by Tenant except upon the prior written consent of the Landlord. Landlord shall not be a guarantor or otherwise liable to Tenant for Landlord's exercise of discretion in allowing any type of business to lease space at the Center or in consenting to a change of any other Tenant's business use located at the Center. Landlord shall not be a guarantor of Tenant's business or of insuring that individuals who ride landlord's buses shop at or utilize tenant's business.
- c. Tenant shall continuously use the Premises for the uses specified in this lease and shall continuously merchandise the Premises, during the hours specified in Exhibit B. If the Premises are destroyed or partially condemned and this lease remains in

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
TRANSIT CENTER LEASE AGREEMENT**

full force and effect, Tenant shall continue operation of its business at the Premises to the extent reasonably practicable from the standpoint of good business judgment during any period of reconstruction. Tenant shall not use any space in the restaurant area for office, clerical, and other non-service or non-selling purposes.

- d. Tenant specifically agrees that the premises are not to be used for any interior or exterior storage of toxic or hazardous chemicals or materials other than those associated with Tenant's business subject to Landlord's approval. The business conducted by the Tenant on the Premises shall be of a character and nature that will not be detrimental to the value of the Premises. No use shall be made or permitted to be made of the Premises, nor acts done in or about the Premises, which will in any way conflict with any law, ordinance, rule or regulation affecting the occupancy or use of the Premises, which are or may hereafter be enacted or promulgated by any public authority, or which will increase the existing rate of insurance upon the building or cause a cancellation of any insurance policy covering the building or any part thereof. Nor shall Tenant permit to be kept, or use in or about the Premises, any article which may be prohibited by the standard form of fire insurance policy maintained by Landlord. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance, or other act or thing which may disturb the quiet enjoyment of any other tenant(s) in the Metro Center, nor, without limiting the generality of the foregoing, shall Tenant allow said Premises to be used for an improper, immoral, unlawful, or unethical purpose.

5.2 Limitations on Use

Tenant's use of the Premises as provided in this lease shall be in accordance with the following:

5.2.1 Cancellation of Insurance; Increase in Insurance Rates

- a. Tenant shall not do, bring, or keep anything in or about the Premises that will cause a cancellation of any insurance or an increase in the rate of any insurance covering the Premises.
- b. If the rate of any insurance (including, without limitation, any fire, casualty, liability, or other insurance policy insuring Landlord, Landlord's property, and Tenant at the Center, or any of Tenants' property) carried by Landlord is increased as a result of Tenant's use, Tenant shall pay to Landlord a sum equal to the difference between the original premium and the increased premium. Said payment shall be made within ten (10) days before the date Landlord is obligated to pay premium on the insurance, or within ten (10) days after Landlord delivers to Tenant a certified statement from Landlord's insurance carrier stating that the rate increase was caused solely by an activity of Tenant on the Premises as permitted in this lease, whichever date is later.

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
TRANSIT CENTER LEASE AGREEMENT**

- c. Tenant shall comply at its expense, to the requirements of applicable fire control agencies having jurisdiction over the Premises, including, without limitation, any restrictions on occupancy and the provision of fire extinguishers. Tenant's obligation under this section shall include at Tenant's cost the obtaining and maintaining of any business license, use permits, design review permits for signs, and the building permits for any tenant improvements, or any other federal, state or local government requirement.
- d. Except that Tenant shall not be obligated to comply with any law that requires alterations, maintenance, or restoration to the Premises unless the alterations, maintenance, or restoration are required as a result of Tenant's particular and specific use of the Premises at the time or as a result of Tenant's own construction on the Premises or is include in another section of this lease as an obligation of Tenant. Landlord shall make any alterations, maintenance, or restoration to the Premises required by such laws that Tenant is not obligated to make. Notwithstanding, the foregoing Tenant shall not alter the premises in any fashion without Landlord's written approval.

5.2.2 Deliveries

Tenant shall not allow deliveries of any kind to use the bus lanes at the Center. Additionally, Tenant's employees and customers shall be restricted to park in areas other than the bus lanes.

5.2.3 Waste; Nuisance

- a. Tenant shall not use the Premises or common area, or permit or suffer the Premises to be occupied or used, in any manner that will constitute waste, nuisance, or unreasonable annoyance (including, without limitation, the use of loudspeakers or sound or light apparatus that can be heard or seen outside the Premises) to other users of the Center.
- b. Tenant shall not use the Premises or common area for sleeping, for residential purposes or washing clothes, or the preparation, manufacture, or mixing of anything that might emit any objectionable odor or objectionable noises or lights into the Center.
- c. No secondhand store, auction, distress or fire sale, or bankruptcy or going-out-of-business sale may be conducted on the Premises or common area without Landlord's written consent. Tenant shall not sell or display merchandise outside the confines of the Premises or in the common area.

5.2.4 Overloading

- a. Tenant shall not do anything on the Premises that will cause damage to the premises or to the Center.

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
TRANSIT CENTER LEASE AGREEMENT**

- b. The Premises shall not be overloaded. No machinery, apparatus, or other appliance shall be used or operated in or on the Premises that will in any manner injure, vibrate, or shake the Premises and or the Center including the parking areas.

5.2.5 Hours of Operation

- a. Tenant agrees not to leave the Premises unoccupied or vacant during regular business hours as defined by the Landlord. Tenant shall continuously during the entire term hereof conduct and carry on Tenant's aforesaid business on the Premises, and shall keep said Premises open for business and cause such business to be conducted thereon, during each and every day and for such number of hours each day, as is established in Exhibit B of this Lease.
- b. Landlord may, at its option, change the hours of operation for Tenant's business, which are set forth in Exhibit B. Landlord may, at its option, and for good cause, permit Tenant to temporarily close down said business or otherwise limit operations. However, Tenant must submit a written request to the Board of Directors of Landlord for any change or to temporarily close its business. The decision of the Board of Directors shall be final and binding

5.2.6 Rules and Regulations/Common Area

- a. Tenant acknowledges that this lease is made on property owned by Landlord and under Landlord's exclusive control. Said property is primarily devoted to the provision of transit services for the public. Tenant agrees that it shall do nothing to interfere with Landlord's transit services. Tenant further acknowledges that the primary duties of Landlord are to operate transit services safely; and Tenant hereby agrees to abide by all laws, ordinances, directives, rules and regulations existing or hereafter made for the government, management, maintenance, and operation of the Center, including such directives as to usage of the Center as may be promulgated by any government agency including the Board of Directors, officers or representatives of the Landlord in their official or departmental capacity. Tenant further agrees that such directives, rules, regulations, ordinances and conditions as may be imposed by any governmental agency or Landlord through its Board of Directors, administrative officers, department heads or duly authorized representatives, shall be subject to immediate compliance by Tenant. Tenant acknowledges that it has read and reviewed the Center Rules and Regulations, which are attached hereto as Exhibit C and incorporated herein by reference and agrees to follow them.

Certain areas have been constructed by Landlord within the Premises for the general use, convenience and benefit of the users and occupants of the Center and their customers and employees, including the lobby, sidewalks, landscaped areas and other areas for pedestrian use (herein called the "Common Area").

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Except as may be limited herein, Tenant shall have the non-exclusive right for itself and for its customers, invitees, employees, contractors, subtenants and licenses to use the Common Area in common with Landlord and other persons permitted to use the same for pedestrian ingress, egress and access. Tenant shall do nothing to interfere with anyone's use of the common area. However, Tenant shall have no right to utilize the space specifically reserved by Landlord for its own use or the use of its employees.

- b. Tenant shall be responsible for its proportionate share of the costs of the Common Area including the maintenance costs, and all improvements and facilities situated thereon and required in connection therewith. Any increases to common area charges shall be assessed based upon the useful life of the improvement taking into account the remaining term of the lease.

5.2.7 Limitation

- a. This lease is made for commercial purposes related to the operation of the Center, and no use shall be made of the Premises by Tenant that would, in Landlord's opinion, interfere with transit operations and operation of the Center or any other Center's business in any manner or form.

ARTICLE 6: MAINTENANCE

6.1 Landlord's Maintenance

- a. Landlord shall not be liable for any damage or injury to the person, business (or any loss of income therefrom), goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees, customers or any other person in or about the Premises; whether such damage or injury is caused by or results from: 1) fire, steam, electricity, water, gas or rain; 2) the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures or any other cause; 3) conditions arising in or about the Premises or upon other portions of any building which the Premises is part, or from other sources or places; or 4) any act or omission of the Tenant, Landlord shall not be liable for any such damage or injury even though the cause of or the means of repairing such damage or injury are not accessible to Tenant. Tenant, as a material part of the consideration to be rendered to Landlord, hereby waives all claims against Landlord for the foregoing damages from any cause arising at any time.

6.2 Tenant's Maintenance

- a. Tenant at its cost shall maintain, in good condition, all portions of the Premises, both inside and out, including, without limitation, all signs, storefronts, plate glass, show windows, all Tenant's personal property, restrooms, fixture maintenance (I i.e. light bulbs.), and periodic services of heating and ventilation, electric and electronic equipment as recommended by the manufacturer (HVAC system, door maintenance

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etc.). Tenant is responsible for building upkeep including cleaning of interior paint, exterior and interior graffiti and broken plate glass.

- b. Tenant shall be liable for any damage to the building in which the Premises are located resulting from the acts or omissions of Tenant or its authorized representatives or its employees or its customers. Landlord is not responsible for the repair of the Premises for damage caused by third parties, including Tenant, its employees, its representatives, or its customers.

ARTICLE 7: REPAIRS AND ALTERATIONS

- a. Tenant will take good care of the Premises and promptly notify the Landlord in writing of any damage caused thereto by Tenant, its employees or invitees and will not make any repairs or alterations without written permission of Landlord first had and obtained, and consent for same shall not be unreasonably withheld by Landlord. Any alterations or improvements made shall remain on and be surrendered with the Premises on expiration or termination of the term, except that Landlord can elect within thirty (30) days before expiration of the term, or within five (5) days after termination of the term, to require Tenant to remove any alterations or improvements that Tenant has made to the Premises. If Landlord so elects, Tenant at its cost shall restore the Premises to the condition designated by Landlord in its election before the last day of the term, or within thirty (30) days after notice of election is given, whichever is later, and Tenant shall be liable for rent during any such period. Tenant shall keep the premises free from any liens arising out of any work performed, materials furnished or obligations incurred by Tenant.
- b. Landlord shall be under no obligation to make any repairs, alterations or improvements to or upon the Premises, or any part thereof, at any time except as provided in this Lease. Landlord shall at its sole cost and expense, at all times during the term hereof, repair and maintain the roof and exterior walls (other than plate glass, and doors, and roll-up doors) and foundations of the building in which the Premises are located; provided that Tenant shall reimburse Landlord for the cost and expense of repairing any and all damage to the roof, foundation or exterior walls of the Premises resulting from the acts or omissions of Tenant, Tenant's agents, employees, customers or invitees.
- c. Tenant shall, except for the intentional or negligent acts or omissions of Landlord, its agents, or employees, at its sole cost and expense, at all times during the term hereof, keep and maintain the Premises, the improvements thereon and every part thereof (including but not limited to plate glass, heating, ventilating, and air conditioning equipment, store fronts and doors, awnings and roll-up doors) in good and sanitary order, condition and repair and in compliance with all laws and regulations applicable thereto.
- d. Landlord may, at any time and for any reason during the term and any extensions thereof, remodel all or any part of the Center. Landlord's rights to remodel include,

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without limitation, the right to enclose, cover, re-configure, reposition or otherwise modify any part of the building in which the Premises are a part. Landlord shall not unreasonably interfere with Tenant's business as a result of alterations or improvements.

ARTICLE 8: TRADE FIXTURES

Subject to the provisions of Paragraph 7, above, Tenant may install and maintain its trade fixtures on the Premises, provided that such fixtures, by reason of the manner in which they are affixed, do not become an integral part of the Center or Premises. Tenant, if not in default hereunder, may at any time or from time to time during the term hereof, or upon the expiration or termination of this Lease, alter or remove any such trade fixtures so installed by Tenant, and any damage to the Premises caused by such installation, alteration or removal of such trade fixtures shall be promptly repaired by Tenant at the expense of Tenant. If not so removed by Tenant within thirty (30) days of the expiration or sooner termination of this Lease, said trade fixtures shall, at Landlord's option, become the property of Landlord or Landlord, at its option, may remove said trade fixtures and any damage to the Premises caused by such installation, alteration or removal of such trade fixtures and the cost of such removal shall be paid by Tenant to Landlord upon demand.

ARTICLE 9: UTILITIES AND SERVICES

9.1 Landlord and Tenant shall be responsible for electrical utilities and services as follows:

- a. Tenant shall make all arrangements for and pay for all utilities and services furnished to or used by it, including, without limitation, gas, electric, water and telephone service, and for all connection charges and taxes;
- b. If Landlord is required to construct new or additional utility installations, including, without limitation, wiring, plumbing, conduits, and mains resulting from Tenant's changed or increased utility requirements, Tenant shall on demand pay to Landlord the total cost of these items;
- c. Landlord shall not be liable for failure to furnish utilities or services to the premises, but in case of the failure, Landlord will take all reasonable steps to restore the interrupted utilities and services;
- d. Tenant shall reimburse Landlord on a monthly basis (or other period as may be established by Landlord) for Landlord's costs in furnishing trash collection services to the premises at the rate of eleven (11%) per cent of Landlord's cost, which shall be billed to Tenant. Tenant shall pay for such services within ten (10) calendar days from the date Landlord bills Tenant. If Landlord determines that Tenant's trash

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collection costs should be increased due to Tenant's actual use of the service, Tenant shall be provided with 10 days notice of such increase.

- e. Tenant agrees to keep premises free and clear of any lien or encumbrance of any kind whatsoever created by Tenant's acts or omissions.
- f. Utility charges may be separately determined by Landlord based on utility rating of Tenant's use of premises and the common areas, as a percentage of the total utility use by those sharing the same meter, or as metered use. Landlord shall bill the Tenant as deemed appropriate. If deemed appropriate by Landlord, Tenant shall pay directly to the appropriate supplier the cost of all heat, light, power, and other utilities and services supplied to the premises. If Landlord authorizes Tenant's premises to be separately metered, then Tenant shall pay for the full cost of the installation of the meter.
- g. Landlord can discontinue, without notice to Tenant, any of the utilities or services furnished to the premises for which Tenant fails to reimburse Landlord on a prompt basis as provided in this Article, and no such discontinuance shall be deemed an actual or a constructive eviction.

ARTICLE 10: INDEMNITY AND EXCULPATION; INSURANCE

10.1 Tenant's Indemnification of District

Tenant shall exonerate, indemnify, defend, and hold harmless Landlord (which shall include, without limitation, its officers, agents, employees and volunteers) and the property of Landlord from and against any and all claims, demands, losses, damages, defense costs, or liability of any kind or nature which Landlord may sustain or incur or which may be imposed upon it for injury to or death of persons, or damage to property as a result of, arising out of, or in any manner connected with the Tenant's lease or use of the Premises under the terms of this Lease including any condition of the Premises or any portion thereof over which Tenant has control and/or a duty to repair and/or maintain under the terms of this Lease. Such indemnification includes any damage to the person(s), or property (ies) of Tenant and third persons. Notwithstanding the foregoing Landlord shall be solely responsible for claims, demands, losses, damages, defense costs or liability of any kind or nature arising from its own transit operation at the Center so long as such claim, demand, loss, damage, defense costs or liability is not due to Tenant's negligence, intentional act or omission or due to Tenant's failure to meet its obligations under this lease.

10.2 Liability Insurance

- a. Tenant further agrees to take out and keep in force during the life hereof, at Tenant's expense, public liability insurance, property damage insurance and products liability insurance, with a company or companies satisfactory to Landlord to protect Landlord against any liability incident from the use of, or resulting from, any accident or

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occurrence in or about said Premises, with a single combined public and products liability and property damage limit of at least ONE MILLION DOLLARS (\$1,000,000) for any one accident or occurrence.

- b. All public liability insurance, products liability insurance, and property damage insurance shall insure performance by Tenant of the indemnity provisions of Section 10.1. Said policy or policies shall require that in the event of cancellation of any policy, the insurance carrier shall notify Landlord in writing at least thirty (30) days prior thereto, and Tenant agrees, if Tenant does not keep such insurance in full force and effect, that Landlord may, at its option either terminate this lease, or take out the necessary insurance and pay the premium, and the repayment thereof shall be deemed due and owing to landlord on the next day upon which rent becomes due. Tenant shall have the insurance carrier(s) also notify Landlord thirty (30) days in advance of any modifications reducing the coverage of said policy (ies), and in the event that any of said insurance carriers do not notify Landlord of any modification, Tenant shall do so upon receiving notice of such modification. Tenant agrees that Landlord shall be named on said insurance coverage as an additional insured party in accordance with the foregoing covenants, and that cross-liability coverage in favor of Landlord shall be provided. Tenant shall furnish Landlord with evidence of insurance satisfactory to Landlord upon execution of this Lease and at such times as Landlord deems appropriate. Said policy or policies shall further provide that any insurance carrier of Landlord's shall be excess insurance only, as to the liability insured thereby.
- c. Landlord may increase or decrease the amount of public liability, products liability, and property damage insurance required, based upon a general review by Landlord of the standard insurance requirement as determined by the Board of Directors of Landlord to be in the public interest and required for all other Tenant's at the Center. Changes in insurance amounts shall occur not more frequently than once a year.

10.3 Fire and Other Perils Insurance

- a. Landlord shall provide Fire and Other Insurance with respect to the Premises, except that Landlord shall not provide earthquake and flood insurance. Insurance shall be obtained in the name of Landlord covering said leased Premises and all fixtures therein against loss by reason of the perils of fire, lightning, vandalism and malicious mischief, and endorsed to include extended coverage, said policy to be on a replacement cost basis, and to be maintained in full force and effect throughout the term of this lease. Said policy or policies shall provide that the loss payable shall be paid to Landlord.
- b. The "full replacement value" of the building and other improvements to be insured shall be determined by the company issuing the insurance policy at the time the policy is initially obtained. Not more frequently than once every three (3) years, either party shall have the right to notify the other party that it elects to have the replacement value determined by an insurance company. The determination shall

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be made promptly and in accordance with the rules and practices of the Board of Fire Underwriters, or a like board recognized and generally accepted by the insurance company, and each party shall be promptly notified of the results by the company. The insurance policy shall be adjusted according to the determination.

- c. The pro rata cost (based on the percentage of Tenant's Premises square footage in the Center) of said insurance shall be paid by Tenant, and shall reflect Tenant's business nature and size insofar as they measurably affect the Landlord's premiums. If any other tenant of the building of which the demised Premises are a part is conducting a business or otherwise engages in an activity or omits to take a precaution that the insurer identifies as producing a specified higher insurance rate than would be produced by the business and conduct of Tenant, such additional insurance rates will not be passed on to Tenant, even on a pro rata basis. Landlord will be the final authority regarding Tenant's share of the cost of the insurance. Landlord shall inform Tenant of its actual cost of the insurance at the commencement of the lease. Payment of Tenant's insurance cost shall be in addition to all other required rent and is due within ten (10) calendar days of mailing.
- d. Landlord may increase or decrease the amount of fire and other perils insurance required based upon a general review by Landlord of the standard insurance requirement as resolved by the Board of Directors of Landlord to be in the public interest.
- e. Landlord is not responsible for the acts or omissions of third parties against Tenant.

10.4 Tenant's Fire and Malicious Mischief Insurance

Tenant shall maintain on all its personal property (including unattached movable business equipment) in, on, or about the Premises, a policy of standard fire and extended and malicious mischief endorsements, to the extent of one hundred percent (100%) of their full replacement value. Landlord shall be named as an additional insured.

10.5 Plate Glass Insurance

Tenant at its cost shall maintain full coverage plate glass insurance on the Premises. Landlord shall be named as an additional insured.

10.6 Tenant's Business Interruption Insurance

Tenant at its cost shall maintain business interruption insurance insuring that the minimum monthly rent will be paid to Landlord for a period of up to two (2) years if the Premises are destroyed or rendered inaccessible by a risk insured against by a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements.

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10.7 Proof of Insurance

Tenant shall provide proof of insurance evidencing at least the minimum levels of coverage described herein on or before the date of execution of this lease and thereafter on an annual basis or at such times as Landlord requests such proof of insurance.

10.8 Other Insurance Matters

All insurance required under this lease shall:

- a. Be issued by insurance companies authorized to do business in the State of California, with a financial rating of at least an A + 3A status as rated in the most recent edition of Best's Insurance Reports.
- b. Be issued as a primary policy.
- c. Contain an endorsement requiring thirty (30) days written notice from the insurance company to both parties before cancellation or change in the coverage, scope, or amount of any policy.
- d. Each policy, or a certificate of the policy, together with evidence of payment of premiums, shall be deposited with the other party at the commencement of the term, and on renewal of the policy not less than twenty (20) days before expiration of the term of the policy.

ARTICLE 11: DESTRUCTION

DAMAGE OR DESTRUCTION

In the event the premises, or the building or other improvements in which the premises are located, shall be damaged by and the cause of said damage is covered by insurance so that the damage thereto is such that the premises, or the building and other improvements in which the premises are located, may be repaired, reconstructed or restored within a period of ninety (90) days, landlord shall promptly commence the work or repair, reconstruction and the restoration, and shall diligently prosecute the same to completion through the use of the insurance proceeds. . If the insurance is not sufficient to fully pay for the repairs, reconstruction or restoration, Landlord shall notify Tenant in writing of same and Tenant shall have the option to pay the cost of said repairs, reconstruction or restoration over and above the available insurance proceeds. Should Tenant not elect to pay said excess costs, either party may terminate this Lease by giving written notice of same to the other party. During this period of time, this Lease shall continue in full force and effect except that Tenant shall not be liable for monthly rent if the Premises are totally destroyed or unusable for safety and health reasons as determined by the applicable municipal safety and health departments, so long as this restriction is not caused by Tenant. Tenant would be liable only for monthly rent in

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proportion to usable space if partially destroyed. If the Premises, or the building or other improvements in which the Premises are located, cannot be restored within ninety (90) days, either Tenant or Landlord has the option to terminate this Lease by giving written notice to the other

ARTICLE 12: ASSIGNMENT

12.1 ASSIGNMENT AND SUBLETTING

- a. Tenant shall not, either voluntarily or by operation of law, assign, sell, encumber, pledge or otherwise transfer all or any part of Tenant's leasehold estate hereunder, or permit the Premises to be occupied by anyone other than Tenant or Tenant's employees, or sublet the Premises or any portion thereof, without Landlord's prior written consent. Landlord's consent shall not be unreasonably withheld provided:
- (i) The same quality of business and financial soundness of ownership and management is maintained and will continue to be maintained in a manner compatible with the high standards contemplated by this Lease.
 - (ii) That each and every covenant, condition or obligation imposed upon Tenant by this Lease, and each and every right, remedy or benefit afforded Landlord by this Lease is not thereby impaired or diminished;
 - (iii) Tenant remains liable for performance of each and every obligation under this Lease to be performed by Tenant;
 - (iv) As to subletting, Landlord shall receive One Hundred Percent (100%) of the gross rent paid by any assignee/sub-tenant in excess of the gross rent otherwise payable to Landlord pursuant to this Lease;
 - (v) Tenant reimburses Landlord for Landlord's reasonable costs and professional fees (legal and/or accounting) incurred in conjunction with the processing and documentation of any such requested assignment or subletting of this Lease by Tenant.
- b. If Tenant desires at any time to assign this Lease, or sublet any portion of the Premises, Tenant shall first notify Landlord of its desire to do so and shall submit in writing to Landlord, at least sixty (60) days but not more than one hundred and twenty (120) days before the intended date of assignment/subletting, the name of the proposed assignee/subtenant, the nature of the proposed assignee's/subtenant's business to be carried on in the Premises, the terms and provisions of the proposed assignment/subletting, and such reasonable financial information as Landlord may request, certified by the proposed assignee/subtenant as being true and correct as of the date of certification.

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ARTICLE 13: DEFAULT

13.1 Tenant's Default

- a. The occurrence of any of the following shall constitute a default by Tenant:
1. Failure to pay rent when due and in the manner provided in the lease if the failure continues for three (3) days after a notice has been sent to Tenant; or additional rent or any other monetary sums required to be paid;
 2. Failure to occupy the Premises and/or operate the Tenant's business as described herein on the Premises; (Tenant shall be conclusively presumed to have defaulted if Tenant leaves the Premises closed or unoccupied continuously for fifteen (15) days, whether or not the tenant is in default as to its rental obligation;
 3. Failure to perform any other provision of this lease if the failure to perform is not cured within three (3) days after notice has been given to Tenant. If the provisions of the lease violated by the Tenant cannot be performed within the three-day notice period described herein, Landlord shall not be required to give notice demanding the performance of the violated provisions of the lease;
 4. The filing or commencement of any proceeding by or against Tenant under the Federal Bankruptcy code whether voluntary or involuntary, if not dismissed within sixty (60) days from the date of filing, shall constitute a default under this Lease;
 5. Either the appointment of a receiver to take possession of all, or substantially all, of the assets of Tenant or garnishment of or levy or writ of execution on, all or substantially all of the assets of Tenant which remains in effect for more than sixty (60) days, or a general assignment by Tenant for the benefit of creditors, shall constitute a default of this Lease by Tenant. Notices given under this Article shall specify the alleged default and the applicable lease provisions, and shall demand that Tenant perform the provisions of this lease or pay the rent that is in arrears, as the case may be, within applicable period of time, or quit the Premises. No such notice shall be deemed forfeiture or a termination of this lease unless Landlord so elects in the notice;

13.2 Landlord's Remedies

13.2.1 Cumulative Nature of Remedies

Landlord shall have the following remedies if Tenant commits a default. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law or in equity.

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13.2.2 Tenant's Right to Possession Not Terminated

- a. Landlord can continue this lease in full force and effect, and the lease will continue in effect as long as Landlord does not terminate Tenant's right to possession, and Landlord shall have the right to collect rent when due. During the period Tenant is in default, Landlord can enter the Premises and re-let them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in re-letting the Premises, including, without limitation, brokers' commissions, expenses of remodeling the Premises required by the re-letting, and like costs. Re-letting can be for a period shorter or longer than the remaining term of this lease. Tenant shall pay to Landlord the rent due under this lease on the dates the rent is due, less the rent Landlord receives from any re-letting. No act by Landlord allowed by this Article shall terminate this lease. After Tenant's default and for as long as Landlord does not terminate Tenant's right to possession of the Premises, if Tenant obtains Landlord's consent Tenant shall have the right to assign or sublet its interest in this lease, but Tenant shall not be released from liability under the lease terms. Landlord's consent to a proposed assignment or subletting shall not be unreasonably withheld.
- b. If Landlord elects to re-let the Premises as provided in this Article, rent that Landlord receives from re-letting shall be applied to the payment of:
1. First, any indebtedness from Tenant to Landlord other than rent due from Tenant;
 2. Second, all costs, including for maintenance, incurred by Landlord in re-letting;
 3. Third, rent due and unpaid under this lease. After deducting the payments referred to in this Article, any sum remaining from the rent Landlord receives from re-letting shall be held by Landlord and applied in payment of future rent as rent becomes due under this lease. In no event shall Tenant be entitled to any excess rent received by Landlord. If, on the date rent is due under this lease, the rent received from the re-letting is less than the rent due on that date, Tenant shall pay to Landlord, in addition to the remaining rent due, all costs, including for maintenance, Landlord incurred in re-letting that remain after applying the rent received from the re-letting as provided in this Article.

13.2.3 Termination of Tenant's Right to Possession

- a. Landlord can terminate Tenant's right to possession of the Premises at any time. No act by Landlord other than giving written notice to Tenant shall terminate this lease. Acts of maintenance, efforts to re-let the Premises or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this lease shall

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not constitute a termination of Tenant's right to possession. On termination, Landlord has the right to recover from Tenant:

1. The worth, at the time of the award, of the unpaid rent that had been earned at the time of termination of this lease;
 2. The worth, at the time of the award, of the amount by which the unpaid rent that would have been earned after the date of termination of this lease until the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided;
 3. The worth, at the time of the award, of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided; and,
 4. Any other amount, and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's default.
- b. "The worth, at the time of the award," as used in items "1" and "2" of this Article 13.2.3, is to be computed by allowing interest at the maximum rate an individual is permitted by law to charge. "The worth at the time of the award," as referred to in item "3" of this Section 13.2.3, is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus 1%.

13.2.4 Landlord's Right to Cure Tenant's Default

Landlord, at any time after Tenant commits a default, can cure the default at Tenant's cost. If Landlord at any time, by reason of Tenant's default, pays any sum or does any act that requires the payment of any sum, the sum paid by Landlord shall be due immediately from Tenant to Landlord at the time the sum is paid, and shall bear interest at the maximum rate an individual is permitted by law to charge from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant. The sum, together with interest on it, shall be additional rent.

ARTICLE 14: SIGNS

- a. Tenant shall not have the right to place, construct, or maintain on the glass panes or supports of the show windows of the Premises, the doors, or the exterior walls or roof of the building in which the Premises are located or any interior portions of the Premises that may be visible from the exterior of the Premises, any signs, advertisements, names, insignia, trademarks, descriptive material, or any other similar item without Landlord's written consent and any necessary approval from the City of Watsonville. Any signs approved by Landlord and placed on the Premises shall be at Tenant's sole cost. Landlord at Tenant's cost can remove any item

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placed, constructed, or maintained that does not comply with the provisions of this paragraph.

- b. Tenant shall not, without Landlord's written consent, place, construct, or maintain on the Premises any advertisement media, including, without limitation, searchlights, flashing lights, loudspeakers, phonographs, or other similar visual or audio media. Tenant shall not solicit business in, on, or about the public areas, or distribute handbills or other advertising or promotional media in, on, or about the public areas at Metro Center without written consent of landlord, except that Tenant shall be entitled to engage in radio, television, and newspaper advertising as is customarily used for the type of business in which Tenant is engaged.
- c. Any sign that Landlord grants Tenant the right to place, construct, and maintain shall comply with all laws and Tenant shall obtain any approval required by such laws. Landlord makes no representation with respect to Tenant's ability to obtain such approval.
- d. Landlord shall have the right to use for its signs the exterior walls and roof of the building in which the Premises are located.

ARTICLE 15: LANDLORD'S ENTRY ON PREMISES

- a. Tenant will permit Landlord and its agents to enter into and upon the Premises at all reasonable times and upon reasonable notice for the purpose of inspecting the same, or for the purpose of protecting the interest therein of Landlord, or to post notices of non-responsibility, or to service or make alterations, repairs or additions to the Premises or to any other portion of the building in which the Premises are situated, including the erection of scaffolding, props, or other mechanical devices and will permit Landlord at any time within ninety (90) days prior to the expiration of this Lease, to bring prospective tenants, broker or agents upon the Premises for purposes of inspection or display. Landlord shall not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance, or other damage arising out of Landlord's entry on the Premises as provided in this Article.
- b. Tenant shall not be entitled to an abatement or reduction of rent if Landlord exercises any rights reserved in this Article.
- c. Landlord shall conduct its activities on the Premises as allowed in this Article in a manner that will cause the least possible inconvenience, annoyance, or disturbance to Tenant.

ARTICLE 16: SUBORDINATION AND OFFSET STATEMENT

Tenant agrees that this Lease is subordinate to any mortgage, trust deed or like encumbrance heretofore or hereafter placed upon said Premises by Landlord or his successors in interest to secure the payments or moneys loaned, interest thereon and

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other obligations. Tenant also agrees to promptly execute and deliver to Landlord from time to time, as demanded by Landlord, an offset statement or estoppel certificate containing such acts: as are within the knowledge of and are available to Tenant pertaining to this Lease, as a purchaser of the leased property or a lender may reasonably require if said statement is prepared for signing by Landlord. Failure to deliver the executed offset statement or estoppel certificate to Landlord within ten (10) days from receipt of same, shall be conclusive upon Tenant for the benefit of the party requesting the statement or certificate, or his successor, that this Lease is in full force and effect and has not been modified except as may be represented by Landlord in the statement or certificate delivered to Tenant.

ARTICLE 17: NOTICE

Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally by depositing the same in the United States Postal Service, registered or certified mail, return receipt requested with the postage prepaid, addressed to the other party at the address set forth below. Either party may change its address by notifying the other party of the change of address by compliance with this section. Notice shall be deemed communicated within forty-eight (48) hours from the time of mailing if mailed as provided in this Article 17.

Landlord:
Santa Cruz Metropolitan Transit District
370 Encinal, Suite 100
Santa Cruz, CA 95060
ATTN: District Counsel

Tenant:
Jose Villa
134 Seneca Street
Watsonville, CA 95076

ARTICLE 18: WAIVER

- a. No delay or omission in the exercise of any right or remedy of Landlord on any default by Tenant shall impair such a right or remedy or be construed as a waiver.
- b. The receipt and acceptance by Landlord of delinquent rent shall not constitute a waiver of any other default; it shall constitute only a waiver of timely payment for the particular rent payment involved.
- c. No act or conduct of Landlord, including, without limitation, the acceptance of the keys to the Premises, shall constitute an acceptance of the surrender of the Premises by Tenant before the expiration of the term. Only a written notice from

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Landlord to Tenant shall constitute acceptance of the surrender of the Premises and accomplish a termination of the lease.

- d. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant.
- e. Any waiver by Landlord of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of the lease.

ARTICLE 19: SURRENDER OF PREMISES; HOLDING OVER

19.1 Surrender of Premises

- a. On expiration of the term, Tenant shall surrender to Landlord the Premises and all Tenant's improvements and alterations to the Premises in good condition (except for ordinary wear and tear occurring after the last necessary maintenance made by Tenant and destruction to the Premises, except for alterations that Tenant has the right to remove or is obligated to remove under the provisions herein. Tenant shall remove all its personal property within the above stated time. Tenant shall perform all restoration made necessary by the removal of any alterations or tenant's personal property within the time periods stated in this Article.
- b. Landlord can elect to retain or dispose of in any manner any alterations or Tenant's personal property that Tenant does not remove from the Premises on expiration or termination of the term as allowed or required by this lease by giving at least ten (10) days' notice to Tenant. Title to any such alterations or Tenant's personal property that Landlord elects to retain or dispose of on expiration of the ten (10) day period shall vest in Landlord. Tenant waives all claims against Landlord for any damage to Tenant resulting from Landlord's retention or disposition of any such alterations or tenant's personal property. Tenant shall be liable to Landlord for Landlord's costs for storing, removing, and disposition of any alterations or tenant's personal property.
- c. If Tenant fails to surrender the Premises to Landlord on expiration as required by this Article, Tenant shall hold Landlord harmless from all damages resulting from Tenant's failure to surrender the Premises, including, without limitation, claims made by a succeeding tenant resulting from Tenant's failure to surrender the Premises.

19.2 Holding Over

If Tenant, with Landlord's written consent, remains in possession of the Premises after expiration or termination of the term, or after the date in any notice given by Landlord to Tenant terminating this lease, such possession by Tenant shall be deemed to be a month-to-month tenancy terminable on thirty (30) days' written notice given at any time by either party. All provisions of this lease, except those pertaining to term, shall apply

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**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
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to the month-to-month tenancy. Additionally, if a month-to-month tenancy occurs, Landlord shall impose a cost-of-living increase to the month rent.

ARTICLE 20: MISCELLANEOUS PROVISIONS

20.1 General Conditions

20.1.1 Time of Essence

Time is of the essence of each provision of this lease.

20.1.2 Corporate Authority

If Tenant is a corporation, Tenant shall deliver to Landlord on execution of this lease a certified copy of a resolution of its board of directors authorizing the execution of this lease and naming the officers that are authorized to execute this lease on behalf of the corporation.

20.1.3 Successors

This lease shall be binding on and inure to the benefit of the parties and their successors, except as provided in Article 12.

20.1.4 Rent Payable in U.S. Money

Rent and all other sums payable under this lease must be paid in lawful money of the United States of America.

20.1.5 Real Estate Brokers; Finders

Each party represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this lease in any manner. Each party shall hold harmless the other party from all damages resulting from any claims that may be asserted against the other party by any broker, finder, or other person, with whom the other party has or purportedly has dealt.

20.1.6 Status of Parties on Termination of Lease

In the event of termination, the rights and obligations of the parties, which by their nature survive termination covered by this Lease, shall remain in full force and effect after termination. Compensation and revenues due from one party to the other under this Lease shall be paid; loaned equipment and material shall be returned to their respective owners; the duty to maintain and allow inspection of books, accounts, records and data shall be extended, and the hold harmless agreement and insurance provisions, contained in Article 10 shall survive.

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20.1.7 Exhibits--Incorporation in Lease

All exhibits referred to are attached to this lease and incorporated by reference.

20.1.8 Licenses and Permits

It shall be Tenant's responsibility, at Tenant's sole cost and expense, to obtain all necessary licenses and permits to carry out the terms of this lease and to operate the business above mentioned on the leased Premises. Landlord makes no representation as to the availability of and opportunity for licenses and permits for any leased Premises at the Center.

20.1.9 Pest Control

Landlord shall contract with a licensed pest control firm for the control of pests in the Premises. The duration, extend, and frequency of pest control measures shall be determined by Landlord. Tenant shall reimburse Landlord for the costs incurred by Landlord for this service on a quarterly basis.

20.1.10 Drug and Alcohol Policy

Tenant and its employees shall not use, possess, manufacture, or distribute alcohol or illegal drugs while on the premises at Metro Center or at any District facility, or distribute same to Landlord's employees, passengers, or the general public.

20.1.11 Smoke Free

The Center is a smoke free facility. Tenant shall comply with State law and the City Ordinance regarding smoking. Tenant and its employees and customers shall not smoke tobacco products on the premises.

20.1.12 Information Form

Tenant shall provide to Landlord a completed information form containing names and telephone numbers of contact person, on a semi-annual basis or when changes occur.

20.1.13 Termination for Convenience

The lease may be terminated by the Landlord upon fifteen (15) days notice at any time without cause for any reason in whole or in part, whenever the Landlord determines that such termination is in the Landlord's best interest.

20.1.14 Publicity

Tenant agrees to submit to Landlord all advertising, sales promotion, and other public matter relating to any service furnished by Tenant wherein the Landlord's name is

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mentioned or language used from which the connection of Landlord's name therewith may, within reason, be inferred or implied. Tenant further agrees not to publish or use any such advertising, sales promotion or publicity matter without the prior written consent of the Landlord.

20.1.15 Consent to Breach Not Waiver

No provision hereof shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether express or implied, shall not constitute a consent to, waiver of, or excuse for any other different or subsequent breach.

20.1.16 Prohibition of Discrimination against Qualified Handicapped Persons

Tenant shall comply with the provisions of the Americans With Disabilities Act and Section 504 of the Rehabilitation Act of 1973, as amended, pertaining to the prohibition of discrimination against qualified handicapped persons in federally-assisted programs.

20.1.17 Cal OSHA/Hazardous Substances

- 20.1.17.1 Tenant shall not bring, or permit to be brought, upon the premises, any hazardous or toxic materials or chemicals, except for ordinary and customary cleaning supplies used in Tenant's business. All materials brought onto the premises shall be used, stored, and removed in compliance with all applicable laws, statues, ordinances and governmental rules, regulations or requirements.
- 20.1.17.2 Tenant shall comply with California Administrative Code Title 8, Section 5194, and shall directly (1) inform its employees of the hazardous substances they may be exposed to while performing their work on Landlord's property, (2) ensure that its employees take appropriate protective measures, and (3) provide the Landlord's Manager of Facility Maintenance with a Material Safety Data Sheet (MSDS) for all hazardous substances to be used on Landlord's property.
- 20.1.17.3 Tenant shall comply with Cal OSHA regulations and the Hazardous Substance Training and Information Act. Further, Tenant shall indemnify the Landlord against any and all damage, loss, and injury resulting from non-compliance with this Article.
- 20.1.17.4 Tenant shall comply with Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65) California Health and Safety Code Section 25249.5 – 25249.13. Tenant will ensure that clear and reasonable warnings are made to persons exposed to

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those chemicals listed by the State of California as being known to cause cancer or reproductive toxicity.

20.1.17.5 Tenant shall be solely responsible for any hazardous material, substance or chemical released or threatened release caused or contributed to by Tenant. Tenant shall be solely responsible for all clean-up efforts and costs.

20.1.17.6 Tenant shall indemnify and defend Landlord and his successors and assigns against and hold them harmless from any and all claims, demands, liabilities, damages, including punitive damages, costs and expenses, including reasonable attorney's fees caused by Tenants actions, herein collectively referred to as "Claims":

- (i) Any Claim by a federal, state or local governmental agency arising out of or in any way connected with the environmental condition of the Premises caused by Tenants action, including, but not limited to, Claims for additional clean-up of the Premises; and
- (ii) Any Claim by a successor in interest of Tenant (including a mortgagee who acquires title to the Premises through foreclosure or by accepting a deed in lieu of foreclosure), or by any subtenant licensee, or invitee of Tenant arising out of or in any way connected with the environmental condition of the Premises caused by Tenants or Subtenants actions.

20.1.18 All Amendments in Writing

No amendment to this Lease shall be effective unless it is in writing and signed by duly authorized representatives of both parties.

20.1.19 Responsibility for Equipment

Landlord shall not be responsible nor held liable for any damage to person or property consequent upon the use, or misuse, or failure of any equipment or furniture used by Tenant, or any of its employees, even though such equipment or furniture be furnished, rented or loaned to Tenant by Landlord.

20.1.20 Equipment

Tenant is responsible to return to the Landlord in good condition any equipment, including keys, issued to it by the Landlord pursuant to this Agreement. If the tenant fails or refuses to return Landlord-issued equipment, furniture or keys within five days of the conclusion of the tenant use of the premises the Landlord shall deduct the actual costs to repair or replace the equipment not returned from the final payment owed to tenant or take other appropriate legal action at the discretion of the Landlord.

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20.1.21 Nondiscrimination

Tenant shall not discriminate on the grounds of race, religion, color, sex, age, marital status, medical condition, disability, national origin or sexual preference in any manner or as a result of or arising out of this lease agreement.

20.1.22 Liens

Tenant shall keep the Premises and building and the property on which the Premises are situated, free of any liens arising out of work performed, materials furnished or obligations incurred by Tenant.

This lease shall be construed and interpreted in accordance with the applicable laws of the State of California and of the United States of America. Each party shall perform its obligation hereunder in accordance with all applicable laws, rules, and regulations now or hereafter in effect.

20.1.23 Integrated Agreement; Modification

This lease including all exhibits constitutes the entire understanding and agreement between the Landlord and the Tenant and supersedes, revokes, and cancels any and all previous negotiations, representations, and understanding between the parties and cannot be amended or modified except by a written agreement.

20.1.24 Provisions are Covenants and Conditions

All provisions, whether covenants or conditions, on the part of Tenant shall be deemed to be both covenants and conditions.

20.1.25 Use of Definitions

The definitions contained in this lease shall be used to interpret this lease.

20.1.26 Definitions

As used in this lease, the following words and phrases shall have the following meanings:

- a. ALTERATION: Any addition or change to, or modification of, the Premises made by Tenant after the fixturing period, including, without limitation, fixtures, but excluding trade fixtures as defined here, and tenant's improvements as defined here.
- b. AUTHORIZED REPRESENTATIVE: Any officer, agent, employee, or independent contractor retained or employed and acting within authority given him/her by that party.

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- c. **CONSENT:** Landlord's or Tenant's express, prior, written approval on the party's letterhead.
- d. **DAMAGE:** Injury deterioration or loss to a person or property caused by another person's acts or omissions. Damage includes death.
- e. **DAMAGES:** A monetary compensation or indemnity that can be recovered in the courts by any person who has suffered injury to his/her person, property, or rights through another's act or omission.
- f. **DESTRUCTION:** Damage, as defined here, to or disfigurement of the Premises.
- g. **ENCUMBRANCE:** Any deed of trust, mortgage, or other written security device or agreement affecting the Premises, and the note or other obligation secured by it, that constitutes security for the payment of a debt or performance of an obligation.
- h. **EXPIRATION:** The coming to an end of the time specified in the lease as its duration, including any extension of the term resulting from the exercise of an option to extend.
- i. **GOOD CONDITION:** The good physical condition of the Premises and each portion of the Premises, including, without limitation, signs, windows, show windows, appurtenances, and tenant's personal property as defined here. "In good condition" means first-class, neat, clean, and broom-clean, and is equivalent to similar phrases referring to physical adequacy in appearance and for use.
- j. **HOLD HARMLESS:** To defend and indemnify from all liability, losses, penalties, damages as defined here, costs, expenses (including, without limitation, attorneys' fees), causes of action, claims, or judgments arising out of or related to any damage, as defined here, to any person or property.
- k. **LAW:** Any judicial decision, statute, constitution, ordinance, resolution, regulation, rule, administrative order, or other requirements of any municipal, county, state, federal, or other government agency or authority having jurisdiction over the parties or the Premises, or both, in effect either at the time of execution of the lease or at any time during the term, including, without limitation, any regulation or order of a quasi-official entity or body (e.g., board of fire examiners or public utilities).
- l. **LENDER:** The beneficiary, mortgagee, secured party, or other holder of an encumbrance, as defined here.

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**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
TRANSIT CENTER LEASE AGREEMENT**

- m. **LIEN:** A charge imposes on the Premises by someone other than Landlord, by which the Premises are made security for the performance of an act. Most of the liens referred to in this lease are mechanics' liens.
- n. **MAINTENANCE:** Repairs, replacement, preventive maintenance, repainting, and cleaning.
- o. **PERSON:** One or more human beings, or legal entities or other artificial persons, including, without limitation, partnerships, corporations, trusts, estates, associations, and any combination of human beings and legal entities.
- p. **PROVISION:** Any term, agreement, covenant, condition, clause, qualification, restriction, reservation, or other stipulations the lease that defines or otherwise controls, establishes, or limits the performance required or permitted by either party.
- q. **PUBLIC AREA:** Any area outside Premises in Metro Center to which the public commonly is allowed access by Landlord. Public area is the common area.
- r. **RENT:** Minimum monthly rent, rent for fixtures, equipment and cookware, percentage rent, additional rent, security deposit, maintenance expenses, operating costs, insurance, utilities and services, other similar charges, and any other money owed by Tenant to Landlord under the provisions of this Lease.
- s. **RESTORATION:** The reconstruction, rebuilding, rehabilitation, and repairs that are necessary to return destroyed portions of the Premises and other property to substantially the same physical condition as they were in immediately before the destruction.
- t. **SUBSTANTIAL COMPLETION:** Completion of Landlord's construction obligation as evidenced by Landlord's architect or by the general contractor performing Landlord's construction obligation.
- u. **SUCCESSOR:** Assignee, transferee, personal representative, heir, or other person or entity succeeding lawfully, and pursuant to the provisions of this lease, to the rights or obligations of either party.
- v. **TENANT'S IMPROVEMENT:** Any addition to or modification of the Premises made by Tenant before, at, or near the commencement of the term, including,
- w. **TENANT'S PERSONAL PROPERTY:** Tenant's equipment, furniture, merchandise, and movable property placed in the Premises by Tenant,

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
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including tenant's trade fixtures, as defined here as set forth in Exhibit D.

- x. **TENANT'S TRADE FIXTURE:** Any property installed in or on the Premises by Tenant for purposes of trade, manufacture, ornament, or related use as set forth in Exhibit D.
- y. **TERM:** The period of time during which Tenant has a right to occupy the Premises.
- z. **TERMINATION:** The ending of the term for any reason before expiration, as defined here.

20.1.27 Captions

The captions of this lease shall have no effect on its interpretation.

20.1.28 Singular and Plural

When required by the context of this lease, the singular shall include the plural.

20.1.29 Joint and Several Obligations

"Party" shall mean Landlord or Tenant; and if more than one person or entity is Landlord or Tenant, the obligations imposed on that party shall be joint and several.

20.1.30 Severability

The unenforceability, invalidity, or illegality of any provision shall not render the other provisions unenforceable, invalid, or illegal.

ARTICLE 21: ATTORNEYS' FEES

In the event suit is brought to enforce or interpret any part of this Lease Agreement, the prevailing party shall be entitled to recover as an element of costs of suit, and not as damages, a reasonable attorney's fee to be fixed by the court. The "prevailing party" shall be the party who is entitled to recover his costs of suit, whether or not the suit proceeds to final judgment. A party not entitled to recover his costs shall not recover attorney's fees. No sum for attorney's fees shall be counted in calculating the amount of a judgment for purposes of determining whether a party is entitled to recover his costs of attorney's fees.

ARTICLE 22: AUTHORITY

Each party has full power and authority to enter into and perform this lease, and the person(s) signing this lease on behalf of each has been properly authorized and

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empowered to enter into this lease. Each party further acknowledges that it has read this lease, understands it, and agrees to be bound by it.

IN WITNESS WHEREOF, Landlord and the Tenant execute this lease has affixed his/her signature(s) the day and year first herein above written.

LANDLORD-SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

BY: Leslie R. White
Leslie R. White,
Secretary/General Manager

12/6/05
Date

TENANT- 1 A MARCH 19

BY: Jose Luis Villa
Jose Villa

Approved as to Form:

BY: Margaret Gallagher
MARGARET GALLAGHER
District Counsel

12/06/05
Date

ATTACHED HERETO AND MADE A PART HEREOF BY THIS REFERENCE ARE THE FOLLOWING EXHIBITS:

Exhibit A - Floor plan

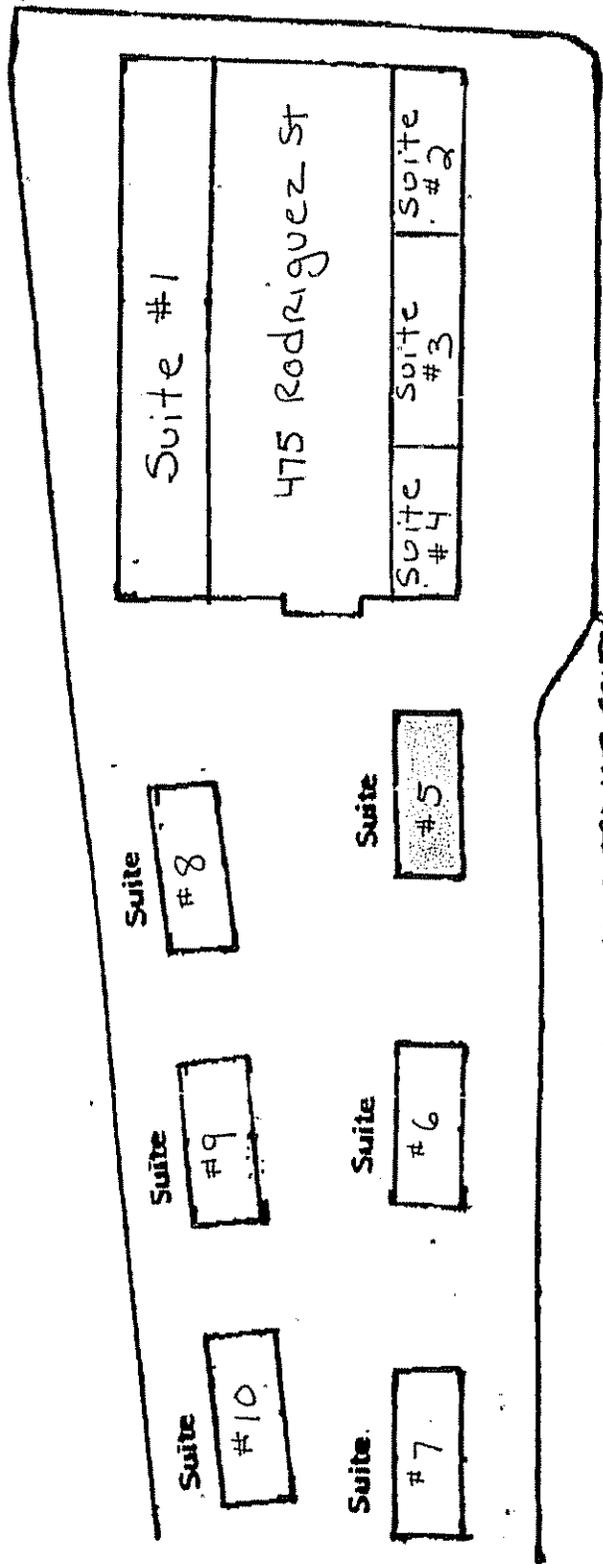
Exhibit B - Menu, hours of operation; Closure for Transit District Holidays- Thanksgiving (4th Thursday in November), Christmas (Dec. 25), New Year's Day (Jan. 1)

Exhibit C - Rules and Regulations

Exhibit D - Tenant Personal Property

mi
020

WEST LAKE AVE.



Suite #1
 475 Rodriguez St
 Suite #4
 Suite #3
 Suite #2

Suite #8

Suite #9

Suite #10

Suite #5

Suite #6

Suite #7

WATERVILLE TRANSIT CENTER
RODRIGUEZ ST.

APN: 17-011-54

Exhibit A

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EXHIBIT C

RULES AND REGULATIONS

1. SIGNS AND ADVERTISEMENTS

No sign, placard, picture, advertisement, name or notice shall be inscribed, displayed or printed or affixed on or to any part of the outside or inside of the Building including on windows or doors without the prior written consent of Landlord, and Landlord shall have the right to remove any non-complying sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant.

2. BUSINESS NAME OR LOGO ON WINDOWS; SUNSCREENS

All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved of by Landlord. Landlord intends to maintain design continuity, and Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition, balcony or wall which may appear unsightly from outside the Premises. Tenant shall not without prior written consent of Landlord cause or otherwise sunscreen any window.

3. FREE MOVEMENT

The sidewalks, halls, passages, exits, entrances, driveways, and stairways shall not be obstructed by Tenant or used by Tenant for any purpose other than for ingress and egress from the premises.

4. LOCKS

Tenant shall not alter any lock or install any new or additional locks or any bolts on any doors or windows of the Premises.

5. USE OF RESTROOMS

The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be born by the Tenant who, or whose employees or invitees shall have caused it.

6. CARE OF PREMISES

Tenant shall not overload the floor of the Premises or in any way deface the Premises or any part thereof.

7. FURNITURE; EQUIPMENT; SAFES

No furniture, or equipment of any kind shall be brought into the Building without prior notice to Landlord and all moving of the same into or out of the Building shall be done at such time and in such manner as Landlord shall designate. Landlord shall have the right to prescribe the weight, size and position of all

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safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Building. Safes or other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause and all damage done to the Building by moving or maintaining any such safe or other property shall be repaired at the expense of Tenant.

8. OBJECTION USE; PETS

Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to the Landlord or other occupants of the Building by reason of noise, odors, and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Premises or the Building, except service dogs are allowed.

No cooking shall be done or permitted by Tenant except as part of Tenant's approved business, nor shall the Premises be used for the exterior storage of merchandise, for washing clothes, for lodging, or for any improper, objectionable or immoral purposes.

9. HAZARDOUS FLUIDS, HVAC

Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied or otherwise approved by Landlord.

10. ELECTRICAL WORK; LOCATION OF EQUIPMENT

Landlord will direct electricians as to where and how electrical outlets, telephone, computer and telegraph wires and cables are to be introduced. No boring or cutting for wires will be allowed without the consent of the Landlord. The location of electrical outlets, telephones, call boxes and other business equipment affixed to the Premises shall be subject to the approval of Landlord.

11. RESTRICTION OF BUILDING ACCESS FOR PUBLIC GOOD

In case of invasion, mob, riot, public excitement, or other commotion, the Landlord reserves the right to prevent access to the Building during the continuance of the same by closing of the doors or otherwise, for the safety of the tenants and protection of property in the Building and the Building.

12. RIGHT TO EXCLUDE OR EXPEL

Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building or State, Municipal or Transit District law, ordinance or resolution.

13. INSTALLATION OF MACHINES

No vending machine or machines of any description shall be installed, or maintained or operated upon the Premises without the written consent of the Landlord.

14. RIGHT TO CHANGE NAME AND STREET ADDRESS

Landlord shall have the right, exercisable without notice and without liability to Tenant, to change the name and street address of the Building of which the Premises are a part.

15. QUIET ENJOYMENT

Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate to prevent same.

16. USE OF BUILDING NAME

Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promotion or advertising the business of Tenant except as Tenant's address.

17. CONTROL AND OPERATION OF PREMISES FOR PUBLIC GOOD

Landlord shall have the right to control and operate the public portions of the Building, and the public facilities and heating and air conditioning, as well as facilities furnished for the common use of tenants, in such manner as it deems best for the benefit of the tenants and public generally.

18. DOOR SECURITY

All entrance doors in the Premises shall be left locked when the Premises are not in use, and all doors opening to public corridors shall be closed except for normal ingress and egress from the Premises.

19. DISTRICT BUSINESS; CARE OF PATRONS

Landlord's primary business and public purpose is public transit, and Tenant shall cooperate with Landlord's bus operating policies at Metro Center. Tenant shall take care in preparing, packaging and serving food and beverages to assure that buses, bus operators, and bus passengers are not endangered, damaged, or inconvenienced. No food or beverage shall be sold, and no food or beverage shall be packaged in such a way that, in Landlord's sole opinion, may unduly soil, litter, stain, create a visual nuisance or increase Landlord maintenance costs on or about Landlord equipment, buses, or property.

20. VEHICLE RESTRICTION

No vehicles shall be operated, parked or otherwise driven onto Transit Center bus driveways by Tenant or its employees or agents. Any vehicles in Transit Center may be towed immediately by Landlord or Landlord's agent, at violator's expense.

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21. PICK UP AND DELIVERIES

Pick up and deliveries of goods, merchandise, supplies, equipment, or service to Tenant's premises shall be at locations and times described by Landlord. Pick up and deliveries of any type in Metro Center bus lanes or driveways are strictly forbidden.

22. NO SMOKING

The entire Transit Center shall be a smoke-free facility. Tenant shall refrain from smoking at the Transit Center and shall inform its employees and patrons that the Center is smoke-free.

23. BIKE USE AND ABANDONMENT

Bicycles are not to be operated at the Transit Center. If Tenant observes anyone riding a bicycle at the Center he/she shall notify them of this rule.

If a bicycle is abandoned at the Center Tenant shall have it removed in accordance with California State law.

24. LOITERING

No loitering.

25. SKATEBOARDING

Skateboarding at the Transit Center and in its parking lot are prohibited.

26. PARKING

The Santa Cruz Metropolitan Transit District does not provide any parking for tenants, employees or customers.

INITIALS

Landlord: W

Tenant: FLU

S-17.936

EXHIBIT D

INVENTORY OF TRADE FIXTURES AND PERSONAL PROPERTY

Tenant's trade fixtures and personal property:

- 3- Sinks
 - 1- Juice Maker
 - 2- Blenders
 - 8- Chairs
 - 2- Umbrellas
 - 2- Tables
 - 1- Refrigerator
 - 1- Steel worktable
 - 1- Toaster
 - 1- Wire Shelf
-
-
-
-

INITIALS

Landlord: *MW*

Tenant: *TLU*

S-17.237

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006
TO: Board of Directors
FROM: Mark J. Dorfman, Assistant General Manager
SUBJECT: CONSIDERATION OF AGREEMENT WITH THE SANTA CRUZ SEASIDE COMPANY FOR THE PROVISION OF LATE-NIGHT SERVICE

I. RECOMMENDED ACTION

That the Board authorize staff to enter into an agreement with the Santa Cruz Seaside Company to subsidize the operation of Late-Night Service on Route 71.

II. SUMMARY OF ISSUES

- For the past seven years the District operated a late-night trip on Route 71.
- The Boardwalk guaranteed the costs of the extra service that operated from the Boardwalk.
- The service is extremely successful and the Boardwalk is again interested in the service.

III. DISCUSSION

Seven years ago, the District was approached by Boardwalk staff to see if there was interest in extending the starting point for the last Route 71 trip to the Boardwalk. Their interest was due to the fact that a large number of their employees are young students living in Watsonville and the Metro bus service ended before the end of their evening shift. They were willing to "guarantee" that the District would not incur costs by agreeing to fund the cost of the route extension.

The Boardwalk has again contacted us with interest in this service. The Operations Department feels strongly that for consistency the service should run through the entire bid. The service will operate for the duration of the Summer Bid. The Boardwalk requires the late service for less than that period, but they have agreed to fully underwrite the cost of the service extension to the Beach area for the entire bid.

The total cost for the service is estimated at just under \$2,000.

IV. FINANCIAL CONSIDERATIONS

There is no financial impact on the District as the Boardwalk is picking up the full cost of the extension for the entire bid.

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V. ATTACHMENTS

Attachment A: Letter from Boardwalk dated February 16, 2006

5-18.2

February 16, 2006

Mark J. Dorfman
Assistant General Manager
Santa Cruz Metropolitan Transit District
370 Encinal Street Suite 100
Santa Cruz, CA 95060

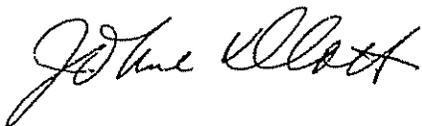
RE: 2006 Request for Late Night Transit Service on route 71 to Watsonville for the Summer

Dear Mark;

Please take the Santa Cruz Seaside Company request for late night service to Watsonville for the summer of 2006 to the Santa Cruz Metropolitan Transit District Board. The Santa Cruz Seaside Company will sign another Agreement for Transit Service, between the Santa Cruz Metropolitan Transit District (SCMTD) and the Santa Cruz Seaside Company, for summer bus service to connect our employees to the Metro Center for late night service on route 71.

Thank you for keeping the contract the same amount as last year. Our employees use the service as do other beach area business employees. We appreciate the Transit District responding to our company and other beach area employer's needs.

Sincerely,



Jo Anne Dlott
Vice President Human Resources

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006

TO: Board of Directors

FROM: Margaret Gallagher, District Counsel

SUBJECT: CONSIDERATION OF AUTHORIZING THE NEW OWNER AND ASSIGNEE OF THE LEASE ASSIGNMENT OF THE CHINESE RESTAURANT AT THE WATSONVILLE TRANSIT CENTER TO CHANGE THE CO-OWNER AND CO-ASSIGNEE

I. RECOMMENDED ACTION

Authorize the General Manager to execute an Assignment of the Lease Agreement to the new owners while retaining all former tenants as obligors on the lease.

II. SUMMARY OF ISSUES

- The Board of Directors authorized a five-year Lease Agreement between Santa Cruz METRO and Mr. Gharahgozloo and Ms. Hsu for the restaurant space at the Watsonville Transit Center, which became effective September 1, 2003. They operated an Asian food restaurant until September 1, 2005, dba Jessica's China Express.
- On August 26, 2005 the Board of Directors approved a lease assignment of Jessica's China Express Lease to the new tenants, Feng Ju Gao and Chun Yin, dba China Wok Express.
- The new tenants have had difficulty since they began operation of the new business. They stated that one of the reasons the business struggled was due to the bus strike. They also live in San Jose and find the commute difficult.
- On January 27, 2006 the Board of Directors approved a lease assignment of China Wok Express to new tenants, Po Zhao and Michelle Ngo, dba China Station Express.
- At the time of execution of the lease documents, Po Zhao informed District staff that he was changing his business partner from Michelle Ngo to Aiping Zhang. District staff informed Mr. Zhao that the Board of Directors would need to authorize this lease change.

III. DISCUSSION

Mr. Gharahgozloo and Ms. Hsu entered into a Lease Agreement for the Watsonville Transit Center main terminal restaurant space in July 2003 for a new Asian restaurant. The lease agreement included approximately 811 square feet of restaurant space in the terminal building and kiosk #8, approximately 220 square feet of space used for storage purposes. After

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remodeling, their Lease began on September 1, 2003 and included a five-year initial term with an option for an additional 5-year extension period.

On August 26, 2005, the Board of Directors approved the request of Mr. Gharahgozloo and Ms. Hsu to assign their lease to Feng Ju Gao and Chun Yin. The new owners opened a new restaurant, selling Chinese and American food, dba China Wok Express. The new Lease began on September 1, 2005.

Although both tenants were working as cooks at separate Chinese food restaurants and both claimed to have extensive restaurant experience, they had a difficult time succeeding in the business. They claim that the bus strike affected the restaurant's income greatly, and they could not recover from the loss. Additionally, they live in San Jose and find the commute difficult.

On January 27, 2006, the Board of Directors approved the request of Feng Ju Gao and Chun Yin to assign their lease to Po Zhao and Michelle Ngo, dba China Station Express. That same day, at the time of the execution of the documents, Po Zhao stated to District staff that he had changed business partners, from Michelle Ngo to Aiping Zhang. District staff advised him that METRO would need to get authorization from the Board of Directors for this change.

Attached is a copy of the revised Lease Assignment, which if executed, will obligate the current tenants to the Lease Agreement, as well as the previous tenants in the event that the new tenants default on any part of the Agreement. The revised Assignment also reflects the new name and owner being Aiping Zhang, instead of Michelle Ngo.

IV. FINANCIAL CONSIDERATIONS

Rent for the space is currently \$1,352.52 per month, or \$16,230.24 annually.

V. ATTACHMENTS

Attachment A: Draft Lease Assignment

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**ASSIGNMENT OF THE
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT –
WATSONVILLE TRANSIT CENTER LEASE
DATED SEPTEMBER 1, 2003**

THIS IS AN ASSIGNMENT of lease by and among Santa Cruz Metropolitan Transit District ("**Landlord**"), Ali Gharahgozloo and Jessica Hsu, ("**Tenants**"), Feng Ju Gao and Chun Yin, ("**Tenants**") and Po Zhao and Aiping Zhang ("**Assignees**").

For good consideration, it is agreed by and among the parties that:

1. The Tenants hereby assign, transfer and deliver to the Assignees all of the Tenants' rights in and to a certain lease between the Tenants and the Landlord for certain premises which consist generally of approximately 811 Square feet of restaurant space in the terminal building and Kiosk #8, a 220 square foot kiosk, including one roll up door located at 475 Rodriguez Street, Watsonville, California under a lease dated September 1, 2003, as amended (the "**Lease**"). A copy of the Lease and applicable amendments are attached hereto as Exhibit A and made a part hereof by reference.
2. The Assignees agree to accept the said Lease, to pay all rents and punctually perform all of the Tenants' obligations under the said Lease accruing on and after the date of delivery of possession to the Assignees as contained herein. The Assignees further agree to indemnify and save harmless the Tenants from any breach of the Assignees' obligations hereunder.
3. The parties acknowledge that the Tenants shall deliver possession of the leased premises to the Assignees on or after February 24, 2006, and that time is of the essence. All rents and other charges accrued under the Lease prior to said date shall be fully paid by the Tenants, and thereafter by the Assignees.
4. Furthermore, Assignees shall reimburse Tenants for the amount of the Security Deposit upon signing this Agreement. If Assignees do not fulfill any of its obligations under the Lease, Landlord may apply the Security Deposit on account of such obligation or to reimburse Landlord for any sum that Landlord may expend due to Tenants' or Assignees' default. If Landlord applies any part of the Security Deposit, Assignees (and Tenants upon failure of Assignees), immediately after notice from Landlord, shall deposit with Landlord the amount so applied so that Landlord shall have the full Security Deposit available at all times during the term of the lease.
5. The Landlord hereby consents to the assignment of lease, provided that:
 - a) Consent to the assignment shall not discharge the Tenants of its obligations under the Lease in the event of the breach of same by the Assignees.

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- b) In the event of breach by the Assignees, the Landlord shall provide the Tenants with written notice of same and the Tenants shall have full rights to commence all actions to recover possession of the leased premises (in the name of Landlord, if necessary) and retain all rights for the duration of the said Lease provided it shall pay all accrued rents and cure any other default.
- c) There shall be no further assignment of lease without the prior written consent of Landlord.

6. This agreement shall be binding upon and inure to the benefit of the parties, their successors, assigns and personal representatives.

Signed this __th day of February 2006.

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|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| <p>SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (LANDLORD)</p> <hr/> <p>Leslie R. White General Manager</p> | <p>DBA JESSICA'S CHINA EXPRESS (TENANTS)</p> <hr/> <p>Jessica Hsu, Owner</p> <hr/> <p>Ali Gharahgozloo, Owner</p> |
| <p>DBA CHINA WOK EXPRESS (TENANTS)</p> <hr/> <p>Feng Ju Gao, Owner</p> <hr/> <p>Chun Yin, Owner</p> | <p>DBA CHINA STATION EXPRESS (ASSIGNEES)</p> <hr/> <p>Po Zhao, Owner</p> <hr/> <p>Aiping Zhang, Owner</p> |

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SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
TRANSIT CENTER LEASE AGREEMENT

THIS LEASE is made on ^{September} ~~July~~ 1, 2003, between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("Landlord"), whose address is 370 Encinal, Suite 100, Santa Cruz, California, 95060, and, **Ali Reza Gharahgozloo and Jessica Hsu dba [name of in Express Restaurant]** ("Tenant"), whose address is 475 Rodriguez Street, Watsonville, CA 95076, who agree as follows:

RECITALS

This lease is made with reference to the following facts and objectives:

1. Landlord is the owner of certain real property commonly known as the Watsonville Transit Center, (hereinafter "Center") at 475 Rodriguez, Watsonville, CA 95076. Said real property includes, without limitation, "Premises" which consists generally of approximately 811 square feet of restaurant space in the terminal building and Kiosk #8, a 220 square foot kiosk, including one roll up door, all located at the Center.
2. Tenant is willing to lease the Premises from Landlord pursuant to the provisions stated in this lease.
3. Tenant wishes to lease the Premises described herein for the purposes of operating, generally an asian food restaurant and for storage space for the restaurant space.
4. Tenant has examined the Premises and is fully informed of their condition.

ARTICLE 1: PREMISES

1.1 General

Landlord leases to Tenant and Tenant leases from Landlord the real property, the Premises, located in the City of Watsonville, County of Santa Cruz, State of California, outlined in yellow in Exhibit A in the Center at 475 Rodriguez, Watsonville, CA 95076.

1.2 Airspace Rights

This lease confers no rights either with regard to the subsurface of the land in which the Premises are located or with regard to airspace above the ceiling in which the Premises are located

ARTICLE 2: TERM

2.1 Fixed Term

The term shall commence on ^{September} ~~July~~ 1, 2003, and shall expire at 12:01 a.m. on ^{August 31,} ~~June 30,~~ 2008, unless sooner terminated in accordance with the provisions herein.

2.2 Inability to Deliver Possession

Landlord has delivered possession of the premises to Tenant and Tenant by his acceptance of the premises warrants that the premises are in good condition and meet Tenant's business needs.

2.3 Option to Extend Term

Tenant shall have one (1) option to extend the term of its lease, for an additional five (5) year period under the same terms and conditions specified herein provided Landlord receives written notification from Tenant exercising said option not later than one-hundred eighty (180) days prior to the expiration of the

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TRANSIT CENTER LEASE AGREEMENT**

initial five (5) year term and one-hundred eighty (180) written notice before the expiration of each and every term thereafter. Tenant shall have no other right to extend the term beyond the options to extend term as described herein.

2.4 Tenant's Notice and Default

- a. If Tenant fails to give Landlord an option notice at least six (6) months but not more than one (1) year before the expiration of the term, Tenant's rights under this Article 2 shall be deemed to have been waived, and Landlord shall be free (without any further obligation to Tenant) to lease premises to anyone upon the same or any other terms and conditions and without any further obligation to Tenant, whether or not the terms and conditions of such lease are more or less favorable than those offered to Tenant.
- b. Tenant's extended term options shall be suspended during any period in which Tenant is in default under any provision of this Lease until said default has been cured. If Tenant fails to exercise its extension option in any instance when such rights may arise, in writing, prior to the expiration of the applicable time period for the exercise of such rights, Tenant's rights to the extension shall thereafter be deemed null and void and of no further force or effect. The period of time within which the extension option may be exercised shall not be extended or enlarged by reason of Tenant's inability to exercise such rights because of the foregoing provisions. All rights of Tenant to the extension option shall terminate and be of no further force or effect even after Tenant's due and timely exercise thereof, if, after such exercise, but prior to the commencement date of the term of the extension option: (1) Tenant fails to pay to Landlord a monetary obligation of Tenant for a period of ten (10) days after such obligation becomes due (without any necessity of Landlord to give notice thereof to Tenant); (2) Tenant fails to cure a material non-monetary default within thirty (30) days after Landlord gives written notice to Tenant of such default; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, the Tenant shall not be in default if it begins such cure within the thirty (30) day period described above and, thereafter, diligently prosecutes such cure to completion; or (3) Landlord gives to Tenant three (3) or more notices of default (and Tenant was in fact in default in such instances), whether or not such defaults are ultimately cured. Landlord's waiver of its right to terminate this Lease due to Tenant's default in any instance shall not be deemed a waiver of the foregoing conditions precedent and conditions subsequent to the exercise of the extension option.

2.5 Extension Option Not Separately Assignable

The extension options shall not be assignable separate and apart from this Lease.

2.6 Cancellation of Lease by Tenant

Tenant shall have the option of canceling this Lease at any time, by providing Landlord with notice; but such notice must be in writing and received by landlord, at least one hundred eighty days (180) before the proposed termination date.

ARTICLE 3: RENT

3.1 Minimum Monthly Rent

Tenant shall pay to Landlord as minimum monthly rent, without deduction, setoff, prior notice, or demand, the sum of \$1,300.00 dollars, which is subject to adjustment as provided in Section 3.2, per month in advance on the first day of each month commencing on September 1, 2003. Minimum monthly rent for the first month or portion thereof shall be paid on the day that Tenant's obligation to pay minimum monthly rent commences. Minimum monthly rent for any partial month shall be prorated at the rate of 1/30th of the minimum monthly rent per day.

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3.2 Periodic Cost-of-Living Adjustment

- a. The minimum monthly rent provided for in Section 3.1 shall be subject to adjustment at the commencement of the second year of the term and each year thereafter (the "adjustment date"), made in accordance with Article 3 herein, as follows:
1. The basis for computing the adjustment is the Consumer Price Index for All Urban Consumers (base year 1982-84 = 100) for San Francisco-Oakland-San Jose published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), which is in effect on the date of the commencement of the term ("Beginning Index"). If the Index has increased over the Beginning Index, the minimum monthly rent for the following year (until the next rent adjustment) shall be determined by the percentage increase in the Index for the year period. In no case shall the minimum monthly rent be less than a 2% increase over the current minimum monthly rent set forth in Section 3.1 and an increase shall be no greater than 5% of the current minimum monthly rent as provided in Section 3.1. On adjustment of the minimum monthly rent as provided in this lease, the parties shall immediately execute an amendment to this lease stating the new minimum monthly rent.
 2. If the Index changes so that the base year differs from that in effect when the term commences, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Statistics. If the Index is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same results, which would be obtained if the index had not been discontinued or revised.

3.3 Refund of Prepaid and Unearned Minimum Monthly Rent

If this lease terminates before the expiration date for reasons other than the Tenant's default, minimum monthly rent shall be prorated to the date of termination, and Landlord shall immediately repay to Tenant all minimum monthly rent then prepaid and unearned.

3.4 Due Dates and Delinquent Dates for Rent Payments

- a. Amounts due Landlord for minimum monthly rent (Section 3.1), late rent charges (Section 3.5), "increase in insurance due to use" (Section 5.2.1), "fire and other perils insurance" (Section 10.3), and other rent for which specific payment dates or periods are identified in this lease, are due and payable, without deduction, setoff, prior notice or demand, on the dates indicated herein, and are delinquent on the second business day thereafter. All rent payments for which no specific due dates are specified in this lease, including, without limitation, additional rent (Section 3.6), security deposit (Article 4), maintenance (Article 6), Utilities and Services (Article 9) and insurance (Article 10), are due and payable upon receipt of Landlord's invoice, and are delinquent eight (8) calendar days thereafter, if served personally, or ten (10) calendar days after the date of postmark, if sent by prepaid, first-class mail.
- b. A "business day" for purposes of this Article is any day on which the administrative office of the Santa Cruz Metropolitan Transit District is open for regular business.

3.5 Late Rent Charges

Rent not paid when due shall bear interest from the first day after it is due until paid at the rate of 10 per cent per annum. Tenant acknowledges that late payment by Tenant to Landlord of any rent shall cause Landlord to incur costs not contemplated by this lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges. Therefore, if any amount of rent due from Tenant is not received by Landlord when due, for any cause, Tenant shall pay to Landlord an additional sum of ten percent (10%) of the overdue rent as a late

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charge, in addition to the interest charge specified above. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of late payment by Tenant. Acceptance of any late charge shall not constitute a waiver of Tenant's default with respect to the overdue amount, or prevent Landlord from exercising any of the rights and remedies available to Landlord.

3.6 Taxes Paid by Tenant; Additional Rent

- a. Tenant agrees to pay before delinquency all taxes, assessments, license fees, and other charges which at any time may be levied by the State of California, County of Santa Cruz, City of Watsonville (including, without limitation any promotional tax due), or any other tax or assessment, levied upon any interest in this lease or any possessory right which Tenant may have in or to be the Premises covered hereby or to the improvements thereon by reason of its ownership, use, or occupancy thereof or otherwise, as well as all taxes, assessments, fees, and charges on commodities, goods, merchandise, foods, beverages, fixtures, appliances, equipment and property owned by it in, on, or about said Premises. On demand by Landlord, Tenant shall furnish Landlord with satisfactory evidence of these payments. Amounts paid through Landlord for any aforementioned expense (including, without limitation, promotional tax) shall be considered additional rent for purposes of this lease.
- b. If this Lease expires prior to the determination of the amount of such taxes and assessments for the last year in which the Lease expiration occurs, Tenant shall nevertheless promptly pay such percentage following notice from Landlord appropriately prorated for the portion of the Lease term that falls within such last year.
- c. This lease may create a possessory interest subject to property taxation. Tenant is hereby notified that the lease may be subject to property taxes. (See California Revenue and Tax Code §107.7.)

3.7 Payment for Permits

Tenant shall be solely responsible to obtain and pay for use permits, necessary design review permits and building permits for any approved Tenant improvements, alterations or repairs.

3.8 Negation of Partnership

Landlord shall not become or be deemed a partner or a joint-venturer with Tenant by reason of the provisions of this lease.

3.9 Payment of Rent

All rent shall be paid in United States currency and shall be paid to Landlord at the address below.

Santa Cruz Metropolitan Transit District
ATTN.: Finance Department
370 Encinal Street, Suite 100
Santa Cruz, CA 95060

ARTICLE 4: SECURITY DEPOSIT

Tenant shall deposit with Landlord Two thousand dollars and zero cents (\$2,000.00), as a security deposit for the performance by Tenant of the provisions of this lease upon execution of this lease. If Tenant is in default, Landlord can use the security deposit, or any portion of it, to cure the default or to compensate Landlord for all damages sustained by Landlord resulting from Tenant's default including reasonable attorney's fees. Tenant shall within 10 days of demand pay to Landlord a sum equal to the

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portion of the security deposit expended or applied by Landlord as provided in this Article so as to maintain the security deposit in the sum initially deposited with Landlord. Tenant's failure to do so shall be a material default under this Lease. If Tenant is not in default at the expiration or termination of this lease, Landlord shall return the security deposit to Tenant within thirty (30) days. Landlord's obligations with respect to the security deposit are those of a debtor and not a trustee. Landlord can maintain the security deposit separate and apart from Landlord's general funds or can commingle the security deposit with Landlord's general funds. Landlord shall not be required to pay Tenant interest on the security deposit.

ARTICLE 5: USE; LIMITATIONS ON USE

5.1 Use

- a. Tenant shall use premises for an Asian Restaurant outlet as more particularly set forth herein, and for no other use without Landlord's written consent. Kiosk #8 shall only be used for storage for the restaurant. Said use (including, without limitation, limitations on use) is further described in Exhibit B attached hereto and made a part hereof.
- b. No other business shall be conducted on the Premises by Tenant except upon the prior written consent of the Landlord. Landlord shall not be a guarantor or otherwise liable to Tenant for Landlord's exercise of discretion in allowing any type of business to lease space at the Center or in consenting to a change of any other Tenant's business use located at the Center. Landlord shall not be a guarantor of Tenant's business or of insuring that individuals who ride landlord's buses shop or utilize tenant's business.
- c. Tenant shall continuously use the Premises for the uses specified in this lease and shall continuously merchandise the Premises, during the hours specified in Exhibit B, except that Tenant shall have 60 days at the commencement of the Lease to make improvements or alterations during which time, Tenant is not required to be open for business. If the Premises are destroyed or partially condemned and this lease remains in full force and effect, Tenant shall continue operation of its business at the Premises to the extent reasonably practicable from the standpoint of good business judgment during any period of reconstruction. Tenant shall not use any space in the restaurant area for office, clerical, and other non-service or non-selling purposes.
- d. Tenant specifically agrees that the premises are not to be used for any interior or exterior storage of toxic or hazardous chemicals or materials other than those associated with Tenant's business subject to Landlord's approval. The business conducted by the Tenant on the Premises shall be of a character and nature that will not be detrimental to the value of the Premises. No use shall be made or permitted to be made of the Premises, nor acts done in or about the Premises, which will in any way conflict with any law, ordinance, rule or regulation affecting the occupancy or use of the Premises, which are or may hereafter be enacted or promulgated by any public authority, or which will increase the existing rate of insurance upon the building or cause a cancellation of any insurance policy covering the building or any part thereof. Nor shall Tenant permit to be kept, or use in or about the Premises, any article which may be prohibited by the standard form of fire insurance policy maintained by Landlord. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any public or private nuisance, or other act or thing which may disturb the quiet enjoyment of any other tenant(s) in the Metro Center, nor, without limiting the generality of the foregoing, shall Tenant allow said Premises to be used for an improper, immoral, unlawful, or unethical purpose.
- e. Tenant shall use kiosk #8 for the sole purpose of storage, and for no other purpose.

5.2 Limitations on Use

Tenant's use of the Premises as provided in this lease shall be in accordance with the following:

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5.2.1 Cancellation of Insurance; Increase in Insurance Rates

- a. Tenant shall not do, bring, or keep anything in or about the Premises that will cause a cancellation of any insurance or an increase in the rate of any insurance covering the Premises.
- b. If the rate of any insurance (including, without limitation, any fire, casualty, liability, or other insurance policy insuring Landlord, Landlord's property, and Tenant at the Center, or any of Tenants' property) carried by Landlord is increased as a result of Tenant's use, Tenant shall pay to Landlord a sum equal to the difference between the original premium and the increased premium. Said payment shall be made within ten (10) days before the date Landlord is obligated to pay premium on the insurance, or within ten (10) days after Landlord delivers to Tenant a certified statement from Landlord's insurance carrier stating that the rate increase was caused solely by an activity of Tenant on the Premises as permitted in this lease, whichever date is later.
- c. Tenant shall comply at its expense, to the requirements of applicable fire control agencies having jurisdiction over the Premises, including, without limitation, any restrictions on occupancy and the provision of fire extinguishers. Tenant's obligation under this section shall include at Tenant's cost the obtaining and maintaining of any business license, use permits, design review permits for signs, and the building permits for any tenant improvements, or any other federal, state or local government requirement.
- d. Except that Tenant shall not be obligated to comply with any law that requires alterations, maintenance, or restoration to the Premises unless the alterations, maintenance, or restoration are required as a result of Tenant's particular and specific use of the Premises at the time or as a result of Tenant's own construction on the Premises or is include in another section of this lease as an obligation of Tenant. Landlord shall make any alterations, maintenance, or restoration to the Premises required by such laws that Tenant is not obligated to make. Notwithstanding, the foregoing Tenant shall not alter the premises in any fashion without Landlord's written approval.

5.2.2 Deliveries

- a. Tenant shall not allow deliveries of any kind to use the bus lanes at the Center. Additionally, Tenant's employees and customers shall be restricted to park in areas other than the bus lanes.

5.2.3 Waste; Nuisance

- a. Tenant shall not use the Premises or common area, or permit or suffer the Premises to be occupied or used, in any manner that will constitute waste, nuisance, or unreasonable annoyance (including, without limitation, the use of loudspeakers or sound or light apparatus that can be heard or seen outside the Premises) to other users of the Center.
- b. Tenant shall not use the Premises or common area for sleeping, for residential purposes or washing clothes, or the preparation, manufacture, or mixing of anything that might emit any objectionable odor or objectionable noises or lights into the Center.
- c. No secondhand store, auction, distress or fire sale, or bankruptcy or going-out-of-business sale may be conducted on the Premises or common area without Landlord's written consent. Tenant shall not sell or display merchandise outside the confines of the Premises or in the common area.

5.2.4 Overloading

- a. Tenant shall not do anything on the Premises that will cause damage to the Premises or to the Center.
- b. The Premises shall not be overloaded. No machinery, apparatus, or other appliance shall be used or operated in or on the Premises that will in any manner injure, vibrate, or shake the Premises and or the Center including the parking areas.

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5.2.5 Hours of Operation

- a. Tenant agrees not to leave the Premises unoccupied or vacant during regular business hours as defined by the Landlord. Tenant shall continuously during the entire term hereof conduct and carry on Tenant's aforesaid business on the Premises, and shall keep said Premises open for business and cause such business to be conducted thereon, during each and every day and for such number of hours each day, as is established in Exhibit B of this Lease.
- b. Landlord may, at its option, change the hours of operation for Tenant's business, which are set forth in Exhibit B. Landlord may, at its option, and for good cause, permit Tenant to temporarily close down said business or otherwise limit operations. However, Tenant must submit a written request to the Board of Directors of Landlord for any change or to temporarily close its business. The decision of the Board of Directors shall be final and binding.

5.2.6 Rules and Regulations/Common Area

- a. Tenant acknowledges that this lease is made on property owned by Landlord and under Landlord's exclusive control. Said property is primarily devoted to the provision of transit services for the public. Tenant agrees that it shall do nothing to interfere with Landlord's transit services. Tenant further acknowledges that the primary duties of Landlord are to operate transit services safely; and Tenant hereby agrees to abide by all laws, ordinances, directives, rules and regulations existing or hereafter made for the government, management, maintenance, and operation of the Center, including such directives as to usage of the Center as may be promulgated by any government agency including the Board of Directors, officers or representatives of the Landlord in their official or departmental capacity. Tenant further agrees that such directives, rules, regulations, ordinances and conditions as may be imposed by any governmental agency or Landlord through its Board of Directors, administrative officers, department heads or duly authorized representatives, shall be subject to immediate compliance by Tenant. Tenant acknowledges that it has read and reviewed the Watsonville Transit Center Rules and Regulations, which are attached hereto as Exhibit C and incorporated herein by reference and agrees to follow them.
- b. Certain areas have been constructed by Landlord within the Premises for the general use, convenience and benefit of the users and occupants of the Center and their customers and employees, including the lobby, sidewalks, landscaped areas and other areas for pedestrian use (herein called the "Common Area"). Except as may be limited herein, Tenant shall have the non-exclusive right for itself and for its customers, invitees, employees, contractors, subtenants and licensees to use the Common Area in common with Landlord and other persons permitted to use the same for pedestrian ingress, egress and access. Tenant shall do nothing to interfere with anyone's use of the common area.
- c. Tenant shall be responsible for its proportionate share of the costs of the Common Area including the maintenance costs, and all improvements and facilities situated thereon and required in connection therewith. Any increases to common area charges shall be assessed based upon the useful life of the improvement taking into account the remaining term of the lease.

5.2.7 Limitation

- a. This lease is made for commercial purposes related to the operation of the Center, and no use shall be made of the Premises by Tenant that would, in Landlord's opinion, interfere with transit operations and operation of the Center or any other Center's business in any manner or form.

ARTICLE 6: MAINTENANCE

6.1 Landlord's Maintenance

- a. Landlord shall not be liable for any damage or injury to the person, business (or any loss of income

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therefrom), goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees, customers or any other person in or about the Premises; whether such damage or injury is caused by or results from: 1) fire, steam, electricity, water, gas or rain; 2) the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures or any other cause; 3) conditions arising in or about the Premises or upon other portions of any building which the Premises is part, or from other sources or places; or 4) any act or omission of the Tenant, Landlord shall not be liable for any such damage or injury even though the cause of or the means of repairing such damage or injury are not accessible to Tenant. Tenant, as a material part of the consideration to be rendered to Landlord, hereby waives all claims against Landlord for the foregoing damages from any cause arising at any time.

- b. Landlord shall be responsible for four pumpouts of the grease trap per year, to be scheduled at Landlord's sole convenience. Any additional pumpouts are the responsibility of the tenant. Landlord shall not be responsible for drainage problems caused by tenant, i.e. rags or any debris that block the lateral pipes from sinks or drains to the main run of the grease trap. Landlord will repair all failed piping installed by Landlord unless damaged by tenant's misuse.

6.2 Tenant's Maintenance

- a. Tenant at its cost shall maintain, in good condition, all portions of the Premises, both inside and out, including, without limitation, all signs, storefronts, plate glass, show windows, all Tenant's personal property, restrooms, fixture maintenance (i.e. light bulbs.), and periodic services of heating and ventilation, electric and electronic equipment as recommended by the manufacturer (HVAC system, door maintenance etc.). Tenant is responsible for building upkeep including cleaning of interior paint, exterior and interior graffiti and broken plate glass.
- b. Tenant shall be liable for any damage to the building in which the Premises are located resulting from the acts or omissions of Tenant or its authorized representatives or its employees or its customers. Landlord is not responsible for the repair of the Premises for damage caused by third parties, including Tenant, its employees, its representatives, or its customers.

ARTICLE 7: REPAIRS AND ALTERATIONS

- a. Tenant will take good care of the Premises and promptly notify the Landlord in writing of any damage caused thereto by Tenant, its employees or invitees and will not make any repairs or alterations without written permission of Landlord first had and obtained, and consent for same shall not be unreasonably withheld by Landlord. The Consent Procedure to be utilized by Tenant for any and all repairs, alterations or modifications is set forth in Exhibit E which is attached hereto and incorporated herein by reference. Any alterations or improvements made shall remain on and be surrendered with the Premises on expiration or termination of the term, except that Landlord can elect within thirty (30) days before expiration of the term, or within five (5) days after termination of the term, to require Tenant to remove any alterations or improvements that Tenant has made to the Premises. If Landlord so elects, Tenant at its cost shall restore the Premises to the condition designated by Landlord in its election before the last day of the term, or within thirty (30) days after notice of election is given, whichever is later, and Tenant shall be liable for rent during any such period. Tenant shall keep the premises free from any liens arising out of any work performed, materials furnished or obligations incurred by Tenant.
- b. Landlord shall be under no obligation to make any repairs, alterations or improvements to or upon the Premises, or any part thereof, at any time except as provided in this Lease. Landlord shall at its sole cost and expense, at all times during the term hereof, repair and maintain the roof and exterior walls (other than plate glass, and doors, and roll-up doors) and foundations of the building in which the Premises are located; provided that Tenant shall reimburse Landlord for the cost and expense of repairing any and all damage to the roof, foundation or exterior walls of the Premises resulting from the acts or omissions of Tenant, Tenant's agents, employees, customers or invitees.

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- c. Tenant shall, except for the intentional or negligent acts or omissions of Landlord, its agents, or employees, at its sole cost and expense, at all times during the term hereof, keep and maintain the Premises, the improvements thereon and every part thereof (including but not limited to plate glass, heating, ventilating, and air conditioning equipment, store fronts and doors, awnings and roll-up doors) in good and sanitary order, condition and repair and in compliance with all laws and regulations applicable thereto.
- d. Landlord may, at any time and for any reason during the term and any extensions thereof, remodel all or any part of the Center. Landlord's rights to remodel include, without limitation, the right to enclose, cover, re-configure, reposition or otherwise modify any part of the building in which the Premises are a part. Landlord shall not unreasonably interfere with Tenant's business as a result of alterations or improvements.
- e. Tenant shall obtain all necessary permits for any alterations or repairs and during the period of construction shall keep and maintain insurance. All work performed by Tenant shall be done in a good and workmanlike manner; using new materials equivalent in quality to those used in the construction of the Premises. All work shall be diligently prosecuted to completion. All work performed shall be done in such a manner that does not obstruct access to or through the Building or its common areas and does not interfere either with other tenants' use of the common areas and building or with Landlord's transit operations. Within 20 days after completion of any alterations, Tenant shall deliver to Landlord a reproducible copy of the drawings of the work as built. Tenant shall be responsible for all charges and costs of the repairs and/or alterations. Before construction begins, Tenant shall deliver to Landlord, reasonable evidence that damages to or destruction of the alterations, the Premises and the terminal building during construction will be covered either by the policies that Tenant is required to carry pursuant to this Lease Agreement or by a policy of builder's all-risk insurance in an amount approved by Landlord.

ARTICLE 8: TRADE FIXTURES

Subject to the provisions of Paragraph 7, above, Tenant may install and maintain its trade fixtures on the Premises, provided that such fixtures, by reason of the manner in which they are affixed, do not become an integral part of the Center or Premises. Tenant, if not in default hereunder, may at any time or from time to time during the term hereof, or upon the expiration or termination of this Lease, alter or remove any such trade fixtures so installed by Tenant, and any damage to the Premises caused by such installation, alteration or removal of such trade fixtures shall be promptly repaired by Tenant at the expense of Tenant. If not so removed by Tenant within thirty (30) days of the expiration or sooner termination of this Lease, said trade fixtures shall, at Landlord's option, become the property of Landlord or Landlord, at its option, may remove said trade fixtures and any damage to the Premises caused by such installation, alteration or removal of such trade fixtures and the cost of such removal shall be paid by Tenant to Landlord upon demand.

ARTICLE 9: UTILITIES AND SERVICES

9.1 Landlord and Tenant shall be responsible for electrical utilities and services as follows:

- a. Tenant shall make all arrangements for and pay for all utilities and services furnished to or used by it, including, without limitation, gas, electric, water and telephone service, and for all connection charges and taxes;
- b. If Landlord is required to construct new or additional utility installations, including, without limitation, wiring, plumbing, conduits, and mains resulting from Tenant's changed or increased utility requirements, Tenant shall on demand pay to Landlord the total cost of these items;

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- c. Landlord shall not be liable for failure to furnish utilities or services to the premises, but in case of the failure, Landlord will take all reasonable steps to restore the interrupted utilities and services;
- d. Tenant shall reimburse Landlord on a monthly basis (or other period as may be established by Landlord) for Landlord's costs in furnishing trash collection services to the premises at the rate of **twenty-three percent (23%)** of Landlord's cost, which shall be billed to Tenant. Tenant shall pay for such services within ten (10) calendar days from the date Landlord bills Tenant. If Landlord determines that Tenant's trash collection costs should be increased due to Tenant's actual use of the service, Tenant shall be provided with 10 days notice of such increase.
- e. Tenant agrees to keep premises free and clear of any lien or encumbrance of any kind whatsoever created by Tenant's acts or omissions.
- f. Utility charges may be separately determined by Landlord based on utility rating of Tenant's use of premises and the common areas, as a percentage of the total utility use by those sharing the same meter, or as metered use. Landlord shall bill the Tenant as deemed appropriate. If deemed appropriate by Landlord, Tenant shall pay directly to the appropriate supplier the cost of all heat, light, power, and other utilities and services supplied to the premises. If Landlord authorizes Tenant's premises to be separately metered, then Tenant shall pay for the full cost of the installation of the meter.
- g. Landlord can discontinue, without notice to Tenant, any of the utilities or services furnished to the premises for which Tenant fails to reimburse Landlord on a prompt basis as provided in this Article, and no such discontinuance shall be deemed an actual or a constructive eviction.

ARTICLE 10: INDEMNITY AND EXCULPATION; INSURANCE

10.1 Tenant's Indemnification of District

Tenant shall exonerate, indemnify, defend, and hold harmless Landlord (which shall include, without limitation, its officers, agents, employees and volunteers) and the property of Landlord from and against any and all claims, demands, losses, damages, defense costs, or liability of any kind or nature which Landlord may sustain or incur or which may be imposed upon it for injury to or death of persons, or damage to property as a result of, arising out of, or in any manner connected with the Tenant's lease or use of the Premises under the terms of this Lease including any condition of the Premises or any portion thereof over which Tenant has control and/or a duty to repair and/or maintain under the terms of this Lease. Such indemnification includes any damage to the person(s), or property (ies) of Tenant and/or third persons. Notwithstanding the foregoing Landlord shall be solely responsible for claims, demands, losses, damages, defense costs or liability of any kind or nature arising from its own transit operation at the Center so long as such claim, demand, loss, damage, defense costs or liability is not due to Tenant's negligence, intentional act or omission or due to Tenant's failure to meet its obligations under this lease.

10.2 Liability Insurance

- a. Tenant further agrees to take out and keep in force during the life hereof, at Tenant's expense, public liability insurance, property damage insurance and products liability insurance, with a company or companies satisfactory to Landlord to protect Landlord against any liability incident from the use of, or resulting from, any accident or occurrence in or about said Premises, with a single combined public and products liability and property damage limit of at least ONE MILLION DOLLARS (\$1,000,000) for any one accident or occurrence.
- b. All public liability insurance, products liability insurance, and property damage insurance shall insure performance by Tenant of the indemnity provisions of Section 10.1. Said policy or policies shall require that in the event of cancellation of any policy, the insurance carrier shall notify Landlord in writing at least thirty (30) days prior thereto, and Tenant agrees, if Tenant does not keep such

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insurance in full force and effect, that Landlord may, at its option either terminate this lease, or take out the necessary insurance and pay the premium, and the repayment thereof shall be deemed due and owing to landlord on the next day upon which rent becomes due. Tenant shall have the insurance carrier(s) also notify Landlord thirty (30) days in advance of any modifications reducing the coverage of said policy (ies), and in the event that any of said insurance carriers do not notify Landlord of any modification, Tenant shall do so upon receiving notice of such modification. Tenant agrees that Landlord shall be named on said insurance coverage as an additional insured party in accordance with the foregoing covenants, and that cross-liability coverage in favor of Landlord shall be provided. Tenant shall furnish Landlord with evidence of insurance satisfactory to Landlord upon execution of this Lease and at such times as Landlord deems appropriate. Said policy or policies shall further provide that any insurance carrier of Landlord's shall be excess insurance only, as to the liability insured thereby.

- c. Landlord may increase or decrease the amount of public liability, products liability, and property damage insurance required, based upon a general review by Landlord of the standard insurance requirement as determined by the Board of Directors of Landlord to be in the public interest and required for all other Tenant's at the Center. Changes in insurance amounts shall occur not more frequently than once a year.

10.3 Fire and Other Perils Insurance

- a. Landlord shall provide Fire and Other Insurance with respect to the Premises, except that Landlord shall not provide earthquake and flood insurance. Insurance shall be obtained in the name of Landlord covering said leased Premises and all fixtures therein against loss by reason of the perils of fire, lightning, vandalism and malicious mischief, and endorsed to include extended coverage, said policy to be on a replacement cost basis, and to be maintained in full force and effect throughout the term of this lease. Said policy or policies shall provide that the loss payable shall be paid to Landlord.
- b. The "full replacement value" of the building and other improvements to be insured shall be determined by the company issuing the insurance policy at the time the policy is initially obtained. Not more frequently than once every three (3) years, either party shall have the right to notify the other party that it elects to have the replacement value determined by an insurance company. The determination shall be made promptly and in accordance with the rules and practices of the Board of Fire Underwriters, or a like board recognized and generally accepted by the insurance company, and each party shall be promptly notified of the results by the company. The insurance policy shall be adjusted according to the determination.
- c. The pro rata cost (based on the percentage of Tenant's Premises square footage in the Center) of said insurance shall be paid by Tenant, and shall reflect Tenant's business nature and size insofar as they measurably affect the Landlord's premiums. If any other tenant of the building of which the demised Premises are a part is conducting a business or otherwise engages in an activity or omits to take a precaution that the insurer identifies as producing a specified higher insurance rate than would be produced by the business and conduct of Tenant, such additional insurance rates will not be passed on to Tenant, even on a pro rata basis. Landlord will be the final authority regarding Tenant's share of the cost of the insurance. Landlord shall inform Tenant of its actual cost of the insurance at the commencement of the lease. Payment of Tenant's insurance cost shall be in addition to all other required rent and is due within ten (10) calendar days of mailing.
- d. Landlord may increase or decrease the amount of fire and other perils insurance required based upon a general review by Landlord of the standard insurance requirement as resolved by the Board of Directors of Landlord to be in the public interest.
- e. Landlord is not responsible for the acts or omissions of third parties against Tenant.

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10.4 Tenant's Fire and Malicious Mischief Insurance

Tenant shall maintain on all its personal property (including unattached movable business equipment) in, on, or about the Premises, a policy of standard fire and extended and malicious mischief endorsements, to the extent of one hundred percent (100%) of their full replacement value. Landlord shall be named as an additional insured.

10.5 Plate Glass Insurance

Tenant at its cost shall maintain full coverage plate glass insurance on the Premises. Landlord shall be named as an additional insured.

10.6 Tenant's Business Interruption Insurance

Tenant at its cost shall maintain business interruption insurance insuring that the minimum monthly rent will be paid to Landlord for a period of up to two (2) years if the Premises are destroyed or rendered inaccessible by a risk insured against by a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements.

10.7 Proof of Insurance

Tenant shall provide proof of insurance evidencing at least the minimum levels of coverage described herein on or before the date of execution of this lease and thereafter on an annual basis or at such times as Landlord requests such proof of insurance.

10.8 Other Insurance Matters

All insurance required under this lease shall:

- a. Be issued by insurance companies authorized to do business in the State of California, with a financial rating of at least an A + 3A status as rated in the most recent edition of Best's Insurance Reports.
- b. Be issued as a primary policy.
- c. Contain an endorsement requiring thirty (30) days written notice from the insurance company to both parties before cancellation or change in the coverage, scope, or amount of any policy.
- d. Each policy, or a certificate of the policy, together with evidence of payment of premiums, shall be deposited with the other party at the commencement of the term, and on renewal of the policy not less than twenty (20) days before expiration of the term of the policy.

ARTICLE 11: DAMAGE OR DESTRUCTION

In the event the premises, or the building or other improvements in which the premises are located, shall be damaged by and the cause of said damage is covered by insurance so that the damage thereto is such that the premises, or the building and other improvements in which the premises are located, may be repaired, reconstructed or restored within a period of ninety (90) days, landlord shall promptly commence the work or repair, reconstruction and the restoration, and shall diligently prosecute the same to completion through the use of the insurance proceeds. If the insurance is not sufficient to fully pay for the repairs, reconstruction or restoration, Landlord shall notify Tenant in writing of same and Tenant shall have the option to pay the cost of said repairs, reconstruction or restoration over and above the available insurance proceeds. Should Tenant not elect to pay said excess costs, either party may terminate this Lease by giving written notice of same to the other party. During this period of time, this Lease shall continue in full force and effect except that Tenant shall not be liable for monthly rent if the Premises are

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totally destroyed or unusable for safety and health reasons as determined by the applicable municipal safety and health departments, so long as this restriction is not caused by Tenant. Tenant would be liable only for monthly rent in proportion to usable space if partially destroyed. If the Premises, or the building or other improvements in which the Premises are located, cannot be restored within ninety (90) days, either Tenant or Landlord has the option to terminate this Lease by giving written notice to the other

ARTICLE 12: ASSIGNMENT

12.1 Assignment and Subletting

- a. Tenant shall not, either voluntarily or by operation of law, assign, sell, encumber, pledge or otherwise transfer all or any part of Tenant's leasehold estate hereunder, or permit the Premises to be occupied by anyone other than Tenant or Tenant's employees, or sublet the Premises or any portion thereof, without Landlord's prior written consent. Landlord's consent shall not be unreasonably withheld provided:
- (i) The same quality of business and financial soundness of ownership and management is maintained and will continue to be maintained in a manner compatible with the high standards contemplated by this Lease.
 - (ii) That each and every covenant, condition or obligation imposed upon Tenant by this Lease, and each and every right, remedy or benefit afforded Landlord by this Lease is not thereby impaired or diminished;
 - (iii) Tenant remains liable for performance of each and every obligation under this Lease to be performed by Tenant;
 - (iv) As to subletting, Landlord shall receive One Hundred Percent (100%) of the gross rent paid by any assignee/sub-tenant in excess of the gross rent otherwise payable to Landlord pursuant to this Lease;
 - (v) Tenant reimburses Landlord for Landlord's reasonable costs and professional fees (legal and/or accounting) incurred in conjunction with the processing and documentation of any such requested assignment or subletting of this Lease by Tenant.
- b. If Tenant desires at any time to assign this Lease, or sublet any portion of the Premises, Tenant shall first notify Landlord of its desire to do so and shall submit in writing to Landlord, at least sixty (60) days but not more than one hundred and twenty (120) days before the intended date of assignment/subletting, the name of the proposed assignee/subtenant, the nature of the proposed assignee's/subtenant's business to be carried on in the Premises, the terms and provisions of the proposed assignment/subletting, and such reasonable financial information as Landlord may request, certified by the proposed assignee/subtenant as being true and correct as of the date of certification.

ARTICLE 13: DEFAULT

13.1 Tenant's Default

- a. The occurrence of any of the following shall constitute a default by Tenant:
- 1. Failure to pay rent when due and in the manner provided in the lease if the failure continues for three (3) days after a notice has been sent to Tenant; or additional rent or any other monetary sums required to be paid;
 - 2. Failure to occupy the Premises and/or operate the Tenant's business as described herein on the Premises; (Tenant shall be conclusively presumed to have defaulted if Tenant leaves the

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Premises closed or unoccupied continuously for fifteen (15) days, whether or not the tenant is in default as to its rental obligation;

3. Failure to perform any other provision of this lease if the failure to perform is not cured within three (3) days after notice has been given to Tenant. If the provisions of the lease violated by the Tenant cannot be performed within the three-day notice period described herein, Landlord shall not be required to give notice demanding the performance of the violated provisions of the lease;
4. The filing or commencement of any proceeding by or against Tenant under the Federal Bankruptcy code whether voluntary or involuntary, if not dismissed within sixty (60) days from the date of filing, shall constitute a default under this Lease;
5. Either the appointment of a receiver to take possession of all, or substantially all, of the assets of Tenant or garnishment of or levy or writ of execution on, all or substantially all of the assets of Tenant which remains in effect for more than sixty (60) days, or a general assignment by Tenant for the benefit of creditors, shall constitute a default of this Lease by Tenant. Notices given under this Article shall specify the alleged default and the applicable lease provisions, and shall demand that Tenant perform the provisions of this lease or pay the rent that is in arrears, as the case may be, within applicable period of time, or quit the Premises. No such notice shall be deemed forfeiture or a termination of this lease unless Landlord so elects in the notice;

13.2 Landlord's Remedies

13.2.1 Cumulative Nature of Remedies

Landlord shall have the following remedies if Tenant commits a default. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law or in equity.

13.2.2 Tenant's Right to Possession Not Terminated

- a. Landlord can continue this lease in full force and effect, and the lease will continue in effect as long as Landlord does not terminate Tenant's right to possession, and Landlord shall have the right to collect rent when due. During the period Tenant is in default, Landlord can enter the Premises and re-let them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in re-letting the Premises, including, without limitation, brokers' commissions, expenses of remodeling the Premises required by the re-letting, and like costs. Re-letting can be for a period shorter or longer than the remaining term of this lease. Tenant shall pay to Landlord the rent due under this lease on the dates the rent is due, less the rent Landlord receives from any re-letting. No act by Landlord allowed by this Article shall terminate this lease. After Tenant's default and for as long as Landlord does not terminate Tenant's right to possession of the Premises, if Tenant obtains Landlord's consent Tenant shall have the right to assign or sublet its interest in this lease, but Tenant shall not be released from liability under the lease terms. Landlord's consent to a proposed assignment or subletting shall not be unreasonably withheld.
- b. If Landlord elects to re-let the Premises as provided in this Article, rent that Landlord receives from re-letting shall be applied to the payment of:
 1. First, any indebtedness from Tenant to Landlord other than rent due from Tenant;
 2. Second, all costs, including for maintenance, incurred by Landlord in re-letting;
 3. Third, rent due and unpaid under this lease. After deducting the payments referred to in this Article, any sum remaining from the rent Landlord receives from re-letting shall be held by Landlord and applied in payment of future rent as rent becomes due under this lease. In no event shall Tenant be entitled to any excess rent received by Landlord. If, on the date rent is due under this lease, the rent received from the re-letting is less than

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the rent due on that date, Tenant shall pay to Landlord, in addition to the remaining rent due, all costs, including for maintenance, Landlord incurred in re-letting that remain after applying the rent received from the re-letting as provided in this Article.

13.2.3 Termination of Tenant's Right to Possession

- a. Landlord can terminate Tenant's right to possession of the Premises at any time. No act by Landlord other than giving written notice to Tenant shall terminate this lease. Acts of maintenance, efforts to re-let the Premises or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this lease shall not constitute a termination of Tenant's right to possession. On termination, Landlord has the right to recover from Tenant:
1. The worth, at the time of the award, of the unpaid rent that had been earned at the time of termination of this lease;
 2. The worth, at the time of the award, of the amount by which the unpaid rent that would have been earned after the date of termination of this lease until the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided;
 3. The worth, at the time of the award, of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided; and,
 4. Any other amount, and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's default.
- b. "The worth, at the time of the award," as used in items "1" and "2" of this Article 13.2.3, is to be computed by allowing interest at the maximum rate an individual is permitted by law to charge. "The worth at the time of the award," as referred to in item "3" of this Section 13.2.3, is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus 1%.

13.2.4 Landlord's Right to Cure Tenant's Default

Landlord, at any time after Tenant commits a default, can cure the default at Tenant's cost. If Landlord at any time, by reason of Tenant's default, pays any sum or does any act that requires the payment of any sum, the sum paid by Landlord shall be due immediately from Tenant to Landlord at the time the sum is paid, and shall bear interest at the maximum rate an individual is permitted by law to charge from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant. The sum, together with interest on it, shall be additional rent.

ARTICLE 14: SIGNS

- a. Tenant shall not have the right to place, construct, or maintain on the glass panes or supports of the show windows of the Premises, the doors, or the exterior walls or roof of the building in which the Premises are located or any interior portions of the Premises that may be visible from the exterior of the Premises, any signs, advertisements, names, insignia, trademarks, descriptive material, or any other similar item without Landlord's written consent and any necessary approval from the City of Watsonville. Any signs approved by Landlord and placed on the Premises shall be at Tenant's sole cost. Landlord at Tenant's cost can remove any item placed, constructed, or maintained that does not comply with the provisions of this paragraph.
- b. Tenant shall not, without Landlord's written consent, place, construct, or maintain on the Premises any advertisement media, including, without limitation, searchlights, flashing lights, loudspeakers,

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phonographs, or other similar visual or audio media. Tenant shall not solicit business in, on, or about the public areas, or distribute handbills or other advertising or promotional media in, on, or about the public areas at Metro Center without written consent of landlord, except that Tenant shall be entitled to engage in radio, television, and newspaper advertising as is customarily used for the type of business in which Tenant is engaged.

- c. Any sign that Landlord grants Tenant the right to place, construct, and maintain shall comply with all laws and Tenant shall obtain any approval required by such laws. Landlord makes no representation with respect to Tenant's ability to obtain such approval.
- d. Landlord shall have the right to use for its signs the exterior walls and roof of the building in which the Premises are located.

ARTICLE 15: LANDLORD'S ENTRY ON PREMISES

- a. Tenant will permit Landlord and its agents to enter into and upon the Premises at all reasonable times and upon reasonable notice for the purpose of inspecting the same, or for the purpose of protecting the interest therein of Landlord, or to post notices of non-responsibility, or to service or make alterations, repairs or additions to the Premises or to any other portion of the building in which the Premises are situated, including the erection of scaffolding, props, or other mechanical devices and will permit Landlord at any time within ninety (90) days prior to the expiration of this Lease, to bring prospective tenants, broker or agents upon the Premises for purposes of inspection or display. Landlord shall not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance, or other damage arising out of Landlord's entry on the Premises as provided in this Article.
- b. Tenant shall not be entitled to an abatement or reduction of rent if Landlord exercises any rights reserved in this Article.
- c. Landlord shall conduct its activities on the Premises as allowed in this Article in a manner that will cause the least possible inconvenience, annoyance, or disturbance to Tenant.

ARTICLE 16: SUBORDINATION AND OFFSET STATEMENT

Tenant agrees that this Lease is subordinate to any mortgage, trust deed or like encumbrance heretofore or hereafter placed upon said Premises by Landlord or his successors in interest to secure the payments or moneys loaned, interest thereon and other obligations. Tenant also agrees to promptly execute and deliver to Landlord from time to time, as demanded by Landlord, an offset statement or estoppel certificate containing such acts: as are within the knowledge of and are available to Tenant pertaining to this Lease, as a purchaser of the leased property or a lender may reasonably require if said statement is prepared for signing by Landlord. Failure to deliver the executed offset statement or estoppel certificate to Landlord within ten (10) days from receipt of same, shall be conclusive upon Tenant for the benefit of the party requesting the statement or certificate, or his successor, that this Lease is in full force and effect and has not been modified except as may be represented by Landlord in the statement or certificate delivered to Tenant.

ARTICLE 17: NOTICE

Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally by depositing the same in the United States Postal Service, registered or certified mail, return receipt requested with the postage prepaid, addressed to the other party at the address set forth below. Either party may change its address by notifying the other party of the change of address by compliance with this section. Notice

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shall be deemed communicated within forty-eight (48) hours from the time of mailing if mailed as provided in this Article 17.

Landlord:
Santa Cruz Metropolitan Transit District
370 Encinal Street, Suite 100
Santa Cruz, CA 95060
ATTN: Secretary/General Manager

Tenant:
Ali Reza Gharahgozloo and Jessica Hsu
475 Rodriguez Street
Watsonville, CA 95076
(831) 768-8130

ARTICLE 18: WAIVER

- a. No delay or omission in the exercise of any right or remedy of Landlord on any default by Tenant shall impair such a right or remedy or be construed as a waiver.
- b. The receipt and acceptance by Landlord of delinquent rent shall not constitute a waiver of any other default; it shall constitute only a waiver of timely payment for the particular rent payment involved.
- c. No act or conduct of Landlord, including, without limitation, the acceptance of the keys to the Premises, shall constitute an acceptance of the surrender of the Premises by Tenant before the expiration of the term. Only a written notice from Landlord to Tenant shall constitute acceptance of the surrender of the Premises and accomplish a termination of the lease.
- d. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant.
- e. Any waiver by Landlord of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of the lease.

ARTICLE 19: SURRENDER OF PREMISES; HOLDING OVER

19.1 Surrender of Premises

- a. On expiration of the term, Tenant shall surrender to Landlord the Premises and all Tenant's improvements and alterations to the Premises in good condition (except for ordinary wear and tear occurring after the last necessary maintenance made by Tenant and destruction to the Premises, except for alterations that Tenant has the right to remove or is obligated to remove under the provisions herein. Tenant shall remove all its personal property within the above stated time. Tenant shall perform all restoration made necessary by the removal of any alterations or tenant's personal property within the time periods stated in this Article.
- b. Landlord can elect to retain or dispose of in any manner any alterations or Tenant's personal property that Tenant does not remove from the Premises on expiration or termination of the term as allowed or required by this lease by giving at least ten (10) days' notice to Tenant. Title to any such alterations or Tenant's personal property that Landlord elects to retain or dispose of on expiration of the ten (10) day period shall vest in Landlord. Tenant waives all claims against Landlord for any damage to Tenant resulting from Landlord's retention or disposition of any such alterations or tenant's personal property. Tenant shall be liable to Landlord for Landlord's costs for storing, removing, and disposition of any alterations or tenant's personal property.

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- c. If Tenant fails to surrender the Premises to Landlord on expiration as required by this Article, Tenant shall hold Landlord harmless from all damages resulting from Tenant's failure to surrender the Premises, including, without limitation, claims made by a succeeding tenant resulting from Tenant's failure to surrender the Premises.

19.2 Holding Over

If Tenant, with Landlord's written consent, remains in possession of the Premises after expiration or termination of the term, or after the date in any notice given by Landlord to Tenant terminating this lease, such possession by Tenant shall be deemed to be a month-to-month tenancy terminable on thirty (30) days' written notice given at any time by either party. All provisions of this lease, except those pertaining to term, option to extend, and option to acquire the Premises, shall apply to the month-to-month tenancy.

ARTICLE 20: MISCELLANEOUS PROVISIONS

20.1 General Conditions

20.1.1 Time of Essence

Time is of the essence of each provision of this lease.

20.1.2 Corporate Authority

If Tenant is a corporation, Tenant shall deliver to Landlord on execution of this lease a certified copy of a resolution of its board of directors authorizing the execution of this lease and naming the officers that are authorized to execute this lease on behalf of the corporation.

20.1.3 Successors

This lease shall be binding on and inure to the benefit of the parties and their successors, except as provided in Article 12.

20.1.4 Rent Payable in U.S. Money

Rent and all other sums payable under this lease must be paid in lawful money of the United States of America.

20.1.5 Real Estate Brokers; Finders

Each party represents that it has not had dealings with any real estate broker, finder, or other person, with respect to this lease in any manner. Each party shall hold harmless the other party from all damages resulting from any claims that may be asserted against the other party by any broker, finder, or other person, with whom the other party has or purportedly has dealt.

20.1.6 Status of Parties on Termination of Lease

In the event of termination, the rights and obligations of the parties, which by their nature survive termination covered by this Lease, shall remain in full force and effect after termination. Compensation and revenues due from one party to the other under this Lease shall be paid; loaned equipment and material shall be returned to their respective owners; the duty to maintain and allow inspection of books, accounts, records and data shall be extended, and the hold harmless agreement and insurance provisions, contained in Article 10 shall survive.

**SAN JUAN CRUZ METROPOLITAN TRANSIT DISTRICT
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20.1.7 Exhibits--Incorporation in Lease

All exhibits referred to are attached to this lease and incorporated by reference.

20.1.8 Licenses and Permits

It shall be Tenant's responsibility, at Tenant's sole cost and expense, to obtain all necessary licenses and permits to carry out the terms of this lease and to operate the business above mentioned on the leased Premises. Landlord makes no representation as to the availability of and opportunity for licenses and permits for any leased Premises at the Center.

20.1.9 Pest Control

Landlord shall contract with a licensed pest control firm for the control of pests in the Premises. The duration, extent, and frequency of pest control measures shall be determined by Landlord. Tenant shall reimburse Landlord for the costs incurred by Landlord for this service on a quarterly basis.

20.1.10 Drug and Alcohol Policy

Tenant and its employees shall not use, possess, manufacture, or distribute alcohol or illegal drugs while on the premises at Metro Center or at any District facility, or distribute same to Landlord's employees, passengers, or the general public.

20.1.11 Smoke Free

The Center is a smoke free facility. Tenant shall comply with State law and the City Ordinance regarding smoking. Tenant and its employees and customers shall not smoke tobacco products on the premises.

20.1.12 Information Form

Tenant shall provide to Landlord a completed information form containing names and telephone numbers of contact person, on a semi-annual basis or when changes occur.

20.1.13 Termination for Convenience

The lease may be terminated by the Landlord upon fifteen (15) days notice at any time without cause for any reason in whole or in part, whenever the Landlord determines that such termination is in the Landlord's best interest.

20.1.14 Publicity

Tenant agrees to submit to Landlord all advertising, sales promotion, and other public matter relating to any service furnished by Tenant wherein the Landlord's name is mentioned or language used from which the connection of Landlord's name therewith may, within reason, be inferred or implied. Tenant further agrees not to publish or use any such advertising, sales promotion or publicity matter without the prior written consent of the Landlord.

20.1.15 Consent to Breach Not Waiver

No provision hereof shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether express or implied, shall not constitute a consent to, waiver of, or excuse for any other different or subsequent breach.

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20.1.16 Prohibition of Discrimination against Qualified Handicapped Persons

Tenant shall comply with the provisions of the Americans With Disabilities Act and Section 504 of the Rehabilitation Act of 1973, as amended, pertaining to the prohibition of discrimination against qualified handicapped persons in federally-assisted programs.

20.1.17 Cal OSHA/Hazardous Substances

- 20.1.17.1 Tenant shall not bring, or permit to be brought, upon the premises, any hazardous or toxic materials or chemicals, except for ordinary and customary cleaning supplies used in Tenant's business. All materials brought onto the premises shall be used, stored, and removed in compliance with all applicable laws, statutes, ordinances and governmental rules, regulations or requirements.
- 20.1.17.2 Tenant shall comply with California Administrative Code Title 8, Section 5194, and shall directly (1) inform its employees of the hazardous substances they may be exposed to while performing their work on Landlord's property, (2) ensure that its employees take appropriate protective measures, and (3) provide the Landlord's Manager of Facility Maintenance with a Material Safety Data Sheet (MSDS) for all hazardous substances to be used on Landlord's property.
- 20.1.17.3 Tenant shall comply with Cal OSHA regulations and the Hazardous Substance Training and Information Act. Further, Tenant shall indemnify the Landlord against any and all damage, loss, and injury resulting from non-compliance with this Article.
- 20.1.17.4 Tenant shall comply with Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65) California Health and Safety Code Section 25249.5 – 25249.13. Tenant will ensure that clear and reasonable warnings are made to persons exposed to those chemicals listed by the State of California as being known to cause cancer or reproductive toxicity.
- 20.1.17.5 Tenant shall be solely responsible for any hazardous material, substance or chemical released or threatened release caused or contributed to by Tenant. Tenant shall be solely responsible for all clean-up efforts and costs.
- 20.1.17.6 Tenant shall indemnify and defend Landlord and his successors and assigns against and hold them harmless from any and all claims, demands, liabilities, damages, including punitive damages, costs and expenses, including reasonable attorney's fees caused by Tenants actions, herein collectively referred to as "Claims":
- (i) Any Claim by a federal, state or local governmental agency arising out of or in any way connected with the environmental condition of the Premises caused by Tenants action, including, but not limited to, Claims for additional clean-up of the Premises; and
 - (ii) Any Claim by a successor in interest of Tenant (including a mortgagee who acquires title to the Premises through foreclosure or by accepting a deed in lieu of foreclosure), or by any subtenant licensee, or invitee of Tenant arising out of or in any way connected with the environmental condition of the Premises caused by Tenants or Subtenants actions.

20.1.18 All Amendments in Writing

No amendment to this Lease shall be effective unless it is in writing and signed by duly authorized

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representatives of both parties.

20.1.19 Responsibility for Equipment

Landlord shall not be responsible nor held liable for any damage to person or property consequent upon the use, or misuse, or failure of any equipment or furniture used by Tenant, or any of its employees, even though such equipment or furniture be furnished, rented or loaned to Tenant by Landlord.

20.1.20 Equipment

Tenant is responsible to return to the Landlord in good condition any equipment, including keys, issued to it by the Landlord pursuant to this Agreement. If the tenant fails or refuses to return Landlord-issued equipment, furniture or keys within five days of the conclusion of the tenant use of the premises the Landlord shall deduct the actual costs to repair or replace the equipment not returned from the final payment owed to tenant or take other appropriate legal action at the discretion of the Landlord.

20.1.21 Nondiscrimination

Tenant shall not discriminate on the grounds of race, religion, color, sex, age, marital status, medical condition, disability, national origin or sexual preference in any manner or as a result of or arising out of this lease agreement.

20.1.22 Liens

Tenant shall keep the Premises and building and the property on which the Premises are situated, free of any liens arising out of work performed, materials furnished or obligations incurred by Tenant. This lease shall be construed and interpreted in accordance with the applicable laws of the State of California and of the United States of America. Each party shall perform its obligation hereunder in accordance with all applicable laws, rules, and regulations now or hereafter in effect.

20.1.23 Integrated Agreement; Modification

This lease including all exhibits constitutes the entire understanding and agreement between the Landlord and the Tenant and supersedes, revokes, and cancels any and all previous negotiations, representations, and understanding between the parties and cannot be amended or modified except by a written agreement.

20.1.24 Provisions are Covenants and Conditions

All provisions, whether covenants or conditions, on the part of Tenant shall be deemed to be both covenants and conditions.

20.1.25 Use of Definitions

The definitions contained in this lease shall be used to interpret this lease.

20.1.26 Definitions

As used in this lease, the following words and phrases shall have the following meanings:

- a. ALTERATION: Any addition or change to, or modification of, the Premises made by Tenant after the fixturing period, including, without limitation, fixtures, but excluding trade fixtures as defined here, and tenant's improvements as defined here.
- b. AUTHORIZED REPRESENTATIVE: Any officer, agent, employee, or independent contractor retained or employed and acting within authority given him/her by that party.

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- c. **CONSENT:** Landlord's or Tenant's express, prior, written approval on the party's letterhead.
- d. **DAMAGE:** Injury deterioration or loss to a person or property caused by another person's acts or omissions. Damage includes death.
- e. **DAMAGES:** A monetary compensation or indemnity that can be recovered in the courts by any person who has suffered injury to his/her person, property, or rights through another's act or omission.
- f. **DESTRUCTION:** Damage, as defined here, to or disfigurement of the Premises.
- g. **ENCUMBRANCE:** Any deed of trust, mortgage, or other written security device or agreement affecting the Premises, and the note or other obligation secured by it, that constitutes security for the payment of a debt or performance of an obligation.
- h. **EXPIRATION:** The coming to an end of the time specified in the lease as its duration, including any extension of the term resulting from the exercise of an option to extend.
- i. **GOOD CONDITION:** The good physical condition of the Premises and each portion of the Premises, including, without limitation, signs, windows, show windows, appurtenances, and tenant's personal property as defined here. "In good condition" means first-class, neat, clean, and broom-clean, and is equivalent to similar phrases referring to physical adequacy in appearance and for use.
- j. **HOLD HARMLESS:** To defend and indemnify from all liability, losses, penalties, damages as defined here, costs, expenses (including, without limitation, attorneys' fees), causes of action, claims, or judgments arising out of or related to any damage, as defined here, to any person or property.
- k. **LAW:** Any judicial decision, statute, constitution, ordinance, resolution, regulation, rule, administrative order, or other requirements of any municipal, county, state, federal, or other government agency or authority having jurisdiction over the parties or the Premises, or both, in effect either at the time of execution of the lease or at any time during the term, including, without limitation, any regulation or order of a quasi-official entity or body (e.g., board of fire examiners or public utilities).
- l. **LENDER:** The beneficiary, mortgagee, secured party, or other holder of an encumbrance, as defined here.
- m. **LIEN:** A charge imposed on the Premises by someone other than Landlord, by which the Premises are made security for the performance of an act. Most of the liens referred to in this lease are mechanics' liens.
- n. **MAINTENANCE:** Repairs, replacement, preventive maintenance, repainting, and cleaning.
- o. **PERSON:** One or more human beings, or legal entities or other artificial persons, including, without limitation, partnerships, corporations, trusts, estates, associations, and any combination of human beings and legal entities.
- p. **PROVISION:** Any term, agreement, covenant, condition, clause, qualification, restriction, reservation, or other stipulations the lease that defines or otherwise controls, establishes, or limits the performance required or permitted by either party.

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- q. **PUBLIC AREA:** Any area outside Premises in Metro Center to which the public commonly is allowed access by Landlord. Public area is the common area.
- r. **RENT:** Minimum monthly rent, rent for fixtures, equipment and cookware, percentage rent, additional rent, security deposit, maintenance expenses, operating costs, insurance, utilities and services, other similar charges, and any other money owed by Tenant to Landlord under the provisions of this Lease.
- s. **RESTORATION:** The reconstruction, rebuilding, rehabilitation, and repairs that are necessary to return destroyed portions of the Premises and other property to substantially the same physical condition as they were in immediately before the destruction.
- t. **SUBSTANTIAL COMPLETION:** Completion of Landlord's construction obligation as evidenced by Landlord's architect or by the general contractor performing Landlord's construction obligation.
- u. **SUCCESSOR:** Assignee, transferee, personal representative, heir, or other person or entity succeeding lawfully, and pursuant to the provisions of this lease, to the rights or obligations of either party.
- v. **TENANT'S IMPROVEMENT:** Any addition to or modification of the Premises made by Tenant before, at, or near the commencement of the term, including,
- w. **TENANT'S PERSONAL PROPERTY:** Tenant's equipment, furniture, merchandise, and movable property placed in the Premises by Tenant, including tenant's trade fixtures, as defined here as set forth in Exhibit E.
- x. **TENANT'S TRADE FIXTURE:** Any property installed in or on the Premises by Tenant for purposes of trade, manufacture, ornament, or related use as set forth in Exhibit E.
- y. **TERM:** The period of time during which Tenant has a right to occupy the Premises.
- z. **TERMINATION:** The ending of the term for any reason before expiration, as defined here.

20.1.27 Captions

The captions of this lease shall have no effect on its interpretation.

20.1.28 Singular and Plural

When required by the context of this lease, the singular shall include the plural.

20.1.29 Joint and Several Obligations

"Party" shall mean Landlord or Tenant; and if more than one person or entity is Landlord or Tenant, the obligations imposed on that party shall be joint and several.

20.1.30 Severability

The unenforceability, invalidity, or illegality of any provision shall not render the other provisions unenforceable, invalid, or illegal.

ARTICLE 21: ATTORNEYS' FEES

In the event suit is brought to enforce or interpret any part of this Lease Agreement, the prevailing party

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
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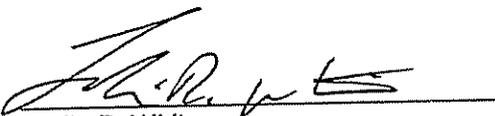
shall be entitled to recover as an element of costs of suit, and not as damages, a reasonable attorney's fee to be fixed by the court. The "prevailing party" shall be the party who is entitled to recover his costs of suit, whether or not the suit proceeds to final judgment. A party not entitled to recover his costs shall not recover attorney's fees. No sum for attorney's fees shall be counted in calculating the amount of a judgment for purposes of determining whether a party is entitled to recover his costs of attorney's fees.

ARTICLE 22: AUTHORITY

Each party has full power and authority to enter into and perform this lease, and the person(s) signing this lease on behalf of each has been properly authorized and empowered to enter into this lease. Each party further acknowledges that it has read this lease, understands it, and agrees to be bound by it.

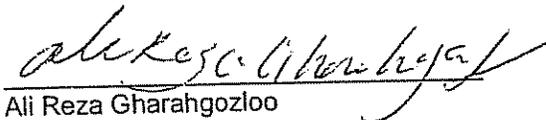
IN WITNESS WHEREOF, Landlord and the Tenant execute this lease has affixed his/her signature(s) the day and year first herein above written.

LANDLORD-SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

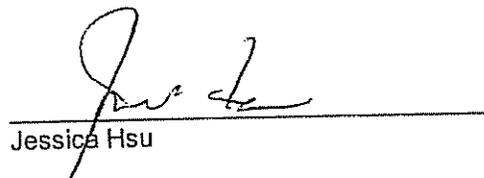
BY: 
Leslie R. White,
Secretary/General Manager

9/10/03
Date

TENANT-

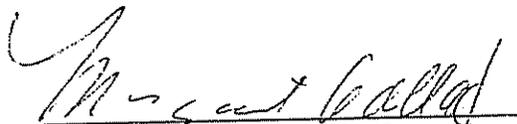
BY: 
Ali Reza Gharahgozloo

7/17/03
Date

BY: 
Jessica Hsu

7/17/03
Date

Approved as to Form:

BY: 
Margaret Gallagher, District Counsel
District Counsel

9/09/03
Date

5-19.276

SAN JUAN CRUZ METROPOLITAN TRANSIT DISTRICT
TRANSIT CENTER LEASE AGREEMENT

EXHIBITS ATTACHED:

Exhibit A - Floor plan

Exhibit B - Menu, hours of operation
Closure for Transit District Holidays- Thanksgiving (4th Thursday in November),
Christmas (Dec. 25), New Year's Day (Jan. 1)

Exhibit C - Rules and Regulations

Exhibit D - Tenant Personal Property

Exhibit E -- Consent Procedure for Tenant's Repairs and Alterations

EXHIBIT B

USE: HOURS OF USE

Tenant's business shall be that of operating an asian food restaurant.

The following items and products are approved by Landlord for sale by Tenant:

1. Items associated with running and operating an asian food restaurant, including but not limited to fried chicken and American style breakfast food.

The sale by Tenant of any items or products not listed above shall be subject to the consent of Landlord. Tenant agrees that it will not sell any food items similar to Mexican food.

Tenant agrees that he has no right to enter the area that is designated for Metro employees and agrees not to allow himself or his employees use of such area.

Tenant's business hours are shown below:

Monday - Sunday – 7:00 a.m. – 9:00 p.m.

Landlord is not obligated to keep lobby or restrooms at Transit Center open or maintained earlier than 7:00 a.m. or later than 9:00 p.m.

Tenant shall not change business hours without Landlord's consent.

INITIALS

Landlord: *MW*

Tenant: *AMS*

EXHIBIT C

RULES AND REGULATIONS

1. SIGNS AND ADVERTISEMENTS

No sign, placard, picture, advertisement, name or notice shall be inscribed, displayed or printed or affixed on or to any part of the outside or inside of the Building including on windows or doors without the prior written consent of Landlord, and Landlord shall have the right to remove any non-complying sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant.

2. BUSINESS NAME OR LOGO ON WINDOWS; SUNSCREENS

All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved of by Landlord. Landlord intends to maintain design continuity, and Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition, balcony or wall which may appear unsightly from outside the Premises. Tenant shall not without prior written consent of Landlord cause or otherwise sunscreen any window.

3. FREE MOVEMENT

The sidewalks, halls, passages, exits, entrances, driveways, and stairways shall not be obstructed by Tenant or used by Tenant for any purpose other than for ingress and egress from the premises.

4. LOCKS

Tenant shall not alter any lock or install any new or additional locks or any bolts on any doors or windows of the Premises.

5. USE OF RESTROOMS

The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be born by the Tenant who, or whose employees or invitees shall have caused it.

6. CARE OF PREMISES

Tenant shall not overload the floor of the Premises or in any way deface the Premises or any part thereof.

7. FURNITURE; EQUIPMENT; SAFES

No furniture, or equipment of any kind shall be brought into the Building without prior notice to Landlord and all moving of the same into or out of the Building shall be done at such time and in such manner as Landlord shall designate. Landlord shall have the right to prescribe the weight, size and position of all

safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Building. Safes or other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause and all damage done to the Building by moving or maintaining any such safe or other property shall be repaired at the expense of Tenant.

8. OBJECTION USE; PETS

Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to the Landlord or other occupants of the Building by reason of noise, odors, and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Premises or the Building, except service dogs are allowed.

No cooking shall be done or permitted by Tenant except as part of Tenant's approved business, nor shall the Premises be used for the exterior storage of merchandise, for washing clothes, for lodging, or for any improper, objectionable or immoral purposes.

9. HAZARDOUS FLUIDS, HVAC

Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied or otherwise approved by Landlord.

10. ELECTRICAL WORK; LOCATION OF EQUIPMENT

Landlord will direct electricians as to where and how electrical outlets, telephone, computer and telegraph wires and cables are to be introduced. No boring or cutting for wires will be allowed without the consent of the Landlord. The location of electrical outlets, telephones, call boxes and other business equipment affixed to the Premises shall be subject to the approval of Landlord.

11. RESTRICTION OF BUILDING ACCESS FOR PUBLIC GOOD

In case of invasion, mob, riot, public excitement, or other commotion, the Landlord reserves the right to prevent access to the Building during the continuance of the same by closing of the doors or otherwise, for the safety of the tenants and protection of property in the Building and the Building.

12. RIGHT TO EXCLUDE OR EXPEL

Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building or State, Municipal or Transit District law, ordinance or resolution.

13. INSTALLATION OF MACHINES

No vending machine or machines of any description shall be installed, or maintained or operated upon the Premises without the written consent of the Landlord.

14. RIGHT TO CHANGE NAME AND STREET ADDRESS

Landlord shall have the right, exercisable without notice and without liability to Tenant, to change the name and street address of the Building of which the Premises are a part.

15. QUIET ENJOYMENT

Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate to prevent same.

16. USE OF BUILDING NAME

Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promotion or advertising the business of Tenant except as Tenant's address.

17. CONTROL AND OPERATION OF PREMISES FOR PUBLIC GOOD

Landlord shall have the right to control and operate the public portions of the Building, and the public facilities and heating and air conditioning, as well as facilities furnished for the common use of tenants, in such manner as it deems best for the benefit of the tenants and public generally.

18. DOOR SECURITY

All entrance doors in the Premises shall be left locked when the Premises are not in use, and all doors opening to public corridors shall be closed except for normal ingress and egress from the Premises.

19. DISTRICT BUSINESS; CARE OF PATRONS

Landlord's primary business and public purpose is public transit, and Tenant shall cooperate with Landlord's bus operating policies at Metro Center. Tenant shall take care in preparing, packaging and serving food and beverages to assure that buses, bus operators, and bus passengers are not endangered, damaged, or inconvenienced. No food or beverage shall be sold, and no food or beverage shall be packaged in such a way that, in Landlord's sole opinion, may unduly soil, litter, stain, create a visual nuisance or increase Landlord maintenance costs on or about Landlord equipment, buses, or property.

20. VEHICLE RESTRICTION

No vehicles shall be operated, parked or otherwise driven onto Transit Center bus driveways by Tenant or its employees or agents. Any vehicles in Transit Center may be towed immediately by Landlord or Landlord's agent, at violator's expense.

21. PICK UP AND DELIVERIES

Pick up and deliveries of goods, merchandise, supplies, equipment, or service to Tenant's premises shall be at locations and times described by Landlord. Pick up and deliveries of any type in Metro Center bus lanes or driveways are strictly forbidden.

22. NO SMOKING

The entire Transit Center shall be a smoke-free facility. Tenant shall refrain from smoking at the Transit Center and shall inform its employees and patrons that the Center is smoke-free.

23. BIKE USE AND ABANDONMENT

Bicycles are not to be operated at the Transit Center. If Tenant observes anyone riding a bicycle at the Center he/she shall notify them of this rule.

If a bicycle is abandoned at the Center Tenant shall have it removed in accordance with California State law.

24. LOITERING

No loitering.

25. SKATEBOARDING

Skateboarding at the Transit Center and in its parking lot are prohibited.

26. PARKING

The Santa Cruz Metropolitan Transit District does not provide any parking for tenants, employees or customers.

INITIALS

Landlord:



Tenant:

ALJ

EXHIBIT D

INVENTORY OF TRADE FIXTURES AND PERSONAL PROPERTY

Tenant's trade fixtures and personal property:

See attached list

INITIALS

Landlord:



Tenant:

A-R-S

5-19.934

Souza's Central Coast Restaurant
Equipment

15-C Abrego
Monterey, Ca. 93940
(831)372-7797 Fax(831)375-7799
SouzasRestEquip@cs.com

Estimate

| | |
|-----------|--------------|
| DATE | ESTIMATE NO. |
| 8/28/2003 | 1225 |

| |
|-------------------------------------------------------------|
| NAME / ADDRESS |
| CHINA EXPRESS 476 RODRIQUES ST WATSONVILLE, CA. 95076 |

25,000
PK #1023

| ITEM # | QTY | DESCRIPTION | MAKE / MODEL # | AMOUNT |
|--------|-----|---------------------------------------------------------------------------------------------------|--------------------------|-----------|
| 1 | 1 | 6' LOW PROFILE HOOD SYSTEM | | 4,800.00T |
| 1A | 1 | FIRE SYSTEM | | 1,750.00T |
| 2 | 1 | 10'-6" HOOD SYSTEM | | 8,000.00T |
| λ | 1 | FIRE SYSTEM | | 2,050.00T |
| 3 | 1 | 5 HOLE WOK | IMP/ICRA-5 | |
| 4 | 1 | 2 BURNER WITH 24" GRIDDLE | IMP/IR-2-G24 | 1,895.00T |
| 5 | 1 | FRYER | IMPERIAL | 725.00T |
| 6 | 1 | THREE TUB SINK WITH FAUCET | CUSTOM | 870.00T |
| 6A | 1 | WITH PRE-RINCE FAUCET ADD | | 165.00T |
| 7 | 1 | 72" MAXI-SAN PREP TABLE | SILVERKING/SKP 72-30M | 2,650.00T |
| 7A | 1 | 6' S/S WALL SHELF | CUSTOM | 165.00T |
| 8 | 1 | 7' S/S TABLE WITH BACKSPLASH | CUSTOM | 750.00T |
| 8A | 1 | 7' S/S WALL SHELF | CUSTOM | 185.00T |
| 9 | 1 | THREE DOOR FRIDGE | TRUE/T-72 | 2,895.00T |
| 10 | 1 | HAND SINK | ADV/7PS-60 | 155.00T |
| 11 | 1 | PREP SINK WITH FAUCET | CUSTOM/SS1-18R | 470.00T |
| 12 | 1 | 10 FT. CUSTOM FABRICATED STAINLESS STEEL FRONT COUNTER FOR STEAM TABLES WITH BUILT IN SUPPORTS | CUSTOM | 2,400.00T |
| 12a | 2 | SNEEZE GUARDS | ENGLISH BROS | 2,890.00T |
| 12 | 2 | 3 HOLE DROP-IN STEAM TABLES | WELLS/MOD.300- TDM | 2,217.00T |
| 13 | 1 | INSTALLATION OF HOODS | | 3,200.00 |
| 13A | 1 | PABCO INSTALLATION OR FIRE WRAP (cost to be determined) | | |
| 14 | 1 | DELIVER EQUIPMENT AND SET IN PLACE | | 795.00T |
| 5 | 1 | ESTIMATED FREIGHT | | 850.00T |

Terms-50% down - \$21,268.04 and 50% upon completion \$21,268.04

TOTAL

5-19.935

EXHIBIT E

CONSENT PROCEDURE FOR REPAIRS, ALTERATIONS OR MODIFICATIONS OF THE PREMISES

A. CONDITIONS

Tenant shall request such consent by written notice to Landlord, which must be accompanied by detailed and complete plans and specifications for the proposed work. As a condition of its consent to the repairs, alterations or modifications (hereinafter Alterations) Landlord may impose any requirements that Landlord considers desirable, including a requirement that Tenant provide Landlord with a surety bond, a letter of credit, or other financial assurance that the cost of the Alterations will be paid when due.

B. REASONABLE CONSENT

Landlord shall not unreasonably withhold its consent to proposed Alterations. The Alterations for which Landlord may reasonably withhold consent include those that would or could:

- (1) Affect the structure of the Building or any portion of the Building other than the interior of the Premises;
- (2) Affect the Base Building Systems of the Premises or Building;
- (3) Result in Landlord's being required under Laws and Orders to perform any work that Landlord could otherwise avoid or defer (Additional Required Work);
- (4) Result in an increase in the demand for utilities or services that Landlord is required to provide; or
- (5) Cause an increase in the premiums for hazard or liability insurance carried by Landlord.

"Base Building Systems" means all systems and equipment (including plumbing; heating, ventilation, and air-conditioning; electrical; fire/life-safety; elevator; and security systems) that serve all or part of the Building.

C. COSTS OF REVIEW

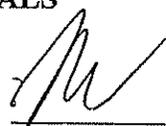
Tenant shall reimburse Landlord for the reasonable fees and costs of any architects, engineers, or other consultants retained by Landlord to review the proposed Alterations.

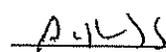
D. MINOR ALTERATIONS

Despite any other provision of this section, but subject to all other provisions of this Article, Tenant shall be permitted to make Alterations to the interior improvements of the Premises without Landlord's prior written consent but only if:

- (1) At least fifteen (15) days before construction is begun, Tenant gives Landlord written notice of the nature and extent of the intended Alterations, specifying the contractor that Tenant intends to use;
- (2) The proposed Alterations do not affect the exterior appearance or structure of the Building or those portions of the Base Building Systems that are located outside the Premises;
- (3) The Proposed Alterations could not result in landlord's being required to perform any Additional Required Work;
- (4) The Proposed Alterations do not involve the installation of stairways, vaults, or other equipment or improvements that would cost more to remove than ordinary improvements for general office use;
- (5) The proposed Alterations do not involve or affect any asbestos or asbestos-containing materials in the Building; and
- (6) The particular Alteration, together with all other Alterations made within twelve (12) months of the particular Alteration, does not cost more than \$5,000.00 in the aggregate.

INITIALS

Landlord: 

Tenant: 

5-19.437

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006
TO: Board of Directors
FROM: Robyn Slater, Human Resources Manager
SUBJECT: PRESENTATION OF EMPLOYEE LONGEVITY AWARDS

I. RECOMMENDED ACTION

Staff recommends that the Board of Directors recognize the anniversaries of those District employees named on the attached list and that the Board Chair present them with awards.

II. SUMMARY OF ISSUES

- None.

III. DISCUSSION

Many employees have provided dedicated and valuable years to the Santa Cruz Metropolitan Transit District. In order to recognize these employees, anniversary awards are presented at five-year increments beginning with the tenth year. In an effort to accommodate those employees that are to be recognized, they will be invited to attend the Board meetings to receive their awards.

IV. FINANCIAL CONSIDERATIONS

None.

V. ATTACHMENTS

Attachment A: Employee Recognition List

6.1

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
EMPLOYEE RECOGNITION**

TEN YEARS

None

FIFTEEN YEARS

None

TWENTY YEARS

None

TWENTY-FIVE YEARS

Maria Granados-Boyce, Bus Operator

THIRTY YEARS

None

6. a 1

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006
TO: Board of Directors
FROM: Tom Stickel, Manager of Maintenance
SUBJECT: CONSIDERATION OF AWARD OF CONTRACT FOR REVENUE AND NON-REVENUE TIRES WITH DIXON & SON INC.

I. RECOMMENDED ACTION

District Staff recommends that the Board of Directors authorize the General Manager to execute a contract for revenue and non-revenue tires with Dixon & Son Inc.

II. SUMMARY OF ISSUES

- A competitive procurement was conducted to solicit bids from qualified firms.
- Two firms submitted bids for the District's review.
- District staff has reviewed all submitted bids.
- District staff is recommending that a contract be established with Dixon & Son Inc. to provide revenue and non-revenue tires.

III. DISCUSSION

The District has a need to provide tires for both revenue and non-revenue vehicles. On November 22, 2005, District Invitation for Bid No. 05-09 was mailed to twenty (20) tire service firms and was legally advertised. On December 21, 2005, bids were received and opened from two firms. District staff reviewed both bids and noted a bid discrepancy with the bid received from Skip's Tire and Auto Centers. This bidder failed to follow procedures for requesting an approved equal status for an alternative remanufactured tire process. District bid specifications require that requests for approved equals must be received by the District's Purchasing Office prior to the bid opening with sufficient specification information for the District to make a determination as to the acceptability of the proposed brand name process. The District's Purchasing office would then process an addendum to all bidders notifying them of the new approved equal in order for all bidders to have the opportunity to bid a more cost effective product. District staff decided to reject all bids received and resubmit a new Invitation for Bid (IFB).

On January 10, 2006, District Invitation for Bid No. 05-13 was mailed to twenty (20) tire service firms and was legally advertised. On February 7, 2006, bids were received and opened from the same two firms that had previously bid. Once again, District staff reviewed both bids and noted a bid discrepancy with the bid received from Skip's Tire and Auto Centers. This bidder again failed to follow procedures for requesting an approved equal status for a remanufactured tire process that their bid was based on. District staff had spoken to this vendor prior to resending the

7.1

IFB and told him of the bid specification regarding procedures and requirements for obtaining an approved equal status for the remanufactured tire this company wanted to bid on.

District staff considered sending this IFB out for a third time but were concerned that the current contractor might not provide a third bid. A price analysis was conducted and the tire prices offered by both bidders for new revenue and non-revenue tires reflected the State of California contract pricing. The only differences in the two bids were the prices offered for remanufactured tires and the labor costs for tire servicing. It should be noted that if Dixon and Son, Inc. had been allowed to quote the less expensive remanufactured tire, that was not approved, their bid would have been the lowest responsive bid received. It is also worth noting that pricing on the second IFB was much more competitive than the first IFB and will be of benefit to the District. The bid received from Skip's Tire and Auto Centers was rejected a second time for not complying with bid specifications for approved equal status on the remanufactured tire.

Dixon & Son, Inc. has been the main tire contractor for the District for over 10 years and has provided good service to the District. District staff is recommending that a contract be established with Dixon & Son, Inc. to provide revenue and non-revenue tires. Contractor will provide all materials and services meeting all District specifications and requirements.

IV. FINANCIAL CONSIDERATIONS

Funding for this contract is contained in the operating budget of Fleet Maintenance

V. ATTACHMENTS

- Attachment A:** List of Bidders submitting a bid
- Attachment B:** Contract with Dixon & Son, Inc.

Note: The IFB along with its Exhibits and any Addendum(s) are available for review at the Administration Office of METRO or online at www.scmtd.com

7.2

**LIST OF BIDDERS RESPONDING TO
DISTRICT INVITATION FOR BID NO. 05-13**

- 1. Dixon and Son, Inc., Watsonville, California**
- 2. Skips Tire and Auto Centers, Scotts Valley, California**

CONTRACT FOR PROCUREMENT OF REVENUE AND NON-REVENUE TIRES (05-13)

THIS CONTRACT is made effective on March 1, 2006 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("District"), and **DIXON AND SON, INC.** ("Contractor").

1. RECITALS

1.01 District's Primary Objective

District is a public entity whose primary objective is providing public transportation and has its principal office at 370 Encinal Street, Suite 100, Santa Cruz, California 95060.

1.02 District's Need for Revenue and Non-Revenue Tires

District requires the purchase of Revenue and Non-Revenue Tires to be used for standard purposes. In order to obtain said Revenue and Non-Revenue Tires, the District issued an Invitation for Bids, dated January 10, 2006 setting forth specifications for such Revenue and Non-Revenue Tires. The Invitation for Bids is attached hereto and incorporated herein by reference as Exhibit A.

1.03 Contractor's Bid Form

Contractor is a supplier of Revenue and Non-Revenue Tires desired by the District and whose principal place of business is 125 Walker Street, Watsonville, California. Pursuant to the Invitation for Bids by the District, Contractor submitted a bid for Provision of said Revenue and Non-Revenue Tires, which is attached hereto and incorporated herein by reference as Exhibit B.

1.04 Selection of Contractor and Intent of Contract

On February 24, 2006 District selected Contractor as the lowest responsive, responsible bidder to provide said equipment. The purpose of this Contract is to set forth the provisions of this procurement.

1.05 Contractor and Supplier Synonymous

For the purposes of this Contract, the terms "contractor" and "supplier" are synonymous.

District and Contractor agree as follows:

2. INCORPORATED DOCUMENTS AND APPLICABLE LAW

2.01 Documents Incorporated in This Contract

The documents below are attached to this Contract and by reference made a part hereof. This is an integrated Contract. This writing constitutes the final expression of the parties' Contract, and it is a complete and exclusive statement of the provisions of that Contract, except for written amendments, if any, made after the date of this Contract in accordance with Section 13.14 of the General Conditions of the Contract.

a) Exhibit A

Santa Cruz Metropolitan Transit District's "Invitation for Bids" dated January 10, 2006.

b) Exhibit B (Bid Form)

Contractor's Bid Form to the District for Item, signed by Contractor and dated February 7, 2006.

2.02 Conflicts

Where in conflict, the provisions of this writing supersede those of the above-referenced documents, Exhibits A and B. Where in conflict, the provisions of Exhibit A supersede Exhibit B.

2.03 Recitals

The Recitals set forth in Article 1 are part of this Contract.

3. TIME OF PERFORMANCE

3.01 General

Contractor shall perform work under this Contract at such times to enable it to meet the time schedules specified in the Specifications Section of the IFB. The Contractor shall not be responsible for delays caused by force majeure events described in Section 2 of the General Conditions of the Contract.

3.02 Term

The term of this Contract commences on the date of execution and shall remain in force for a one (1) year period thereafter. At the option of the District, this contract may be renewed for four (4) additional one (1) year terms under the same conditions with any cost increases not to exceed the annual percentage change of the Consumer Price Index for the San Francisco-Oakland-San Jose Area.. District and Contractor may extend the term of this Contract at any time for any reason upon mutual written consent.

4. COMPENSATION

4.01 Terms of Payment

Upon written acceptance, District agrees to pay Contractor on a monthly basis for materials and services provided at the rates as identified in the Bid Form, Exhibit B, for a total contract amount not to exceed \$170,000. Payment of approved invoices will be made within forty-five (45) days of receipt thereof. Contractor understands and agrees that if he/she exceeds the \$170,000 maximum amount payable under this contract, that it does so at its own risk.

4.02 Invoices

Contractor shall submit invoices with a purchase order number provided by the District on a monthly basis. Contractor's invoices shall include detailed records showing quantities ordered, tire sizes, labor costs and miscellaneous material costs. Said invoice records shall be kept up-to-date at all times and shall be available for inspection by the District (or any grantor of the District, including, without limitation, any State or Federal agency providing project funding or reimbursement) at any time for any reason upon demand for not less than four (4)

years after the date of expiration or termination of the contract. Under penalty of law, Contractor represents that all amounts billed to the District are (1) actually incurred; (2) reasonable in amount; (3) related to this contract; and (4) necessary for performance of the services. The District will pay no expenses unless specifically allowed by this contract.

5. NOTICES

All notices under this Contract shall be deemed duly given upon delivery, if delivered by hand; or three (3) days after posting, if sent by registered mail, receipt requested; to a party hereto at the address hereinunder set forth or to such other address as a party may designate by notice pursuant hereto.

DISTRICT

Santa Cruz Metropolitan Transit District
370 Encinal Street
Suite 100
Santa Cruz, CA 95060

Attention: General Manager

CONTRACTOR

Dixon and Son, Inc.
125 Walker Street
Watsonville, CA 95076

Attention: Owner

6. AUTHORITY

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

Signed on _____

DISTRICT--SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR—DIXON AND SON, INC.

By _____
David H. Dixon
Owner

Approved as to Form:

Margaret Rose Gallagher
District Counsel

EXHIBIT -A-

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

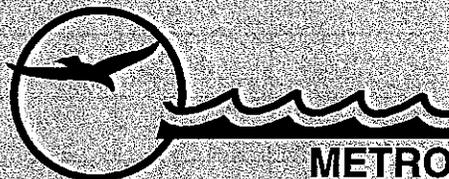
Invitation for Bid (IFB)

For Revenue and Non-Revenue Vehicle Tires

District IFB NO. 05-13

Date Issued: January 10, 2006

Bid Deadline: 2:00 p.m., February 7, 2006



Contents of this IFB

| | |
|------------|-------------------------------------------------|
| Part I. | Bid Form |
| Part II. | Instructions to Bidders |
| Part III. | Specifications |
| Part IV. | General Conditions of the Contract |
| Part V. | Special Conditions of the Contract |
| Part VI. | Contract |
| Part VII. | FTA Requirements for Non-Construction Contracts |
| Part VIII. | Protest Procedures |

PART I

BID FORM

The undersigned ("Bidder"), upon acceptance by the District, agrees to furnish all labor, freight, transportation, materials, equipment, services, supplies and other work in accordance with the Invitation for Bids entitled Item dated January 10, 2006 at the following prices. The unit bid prices should NOT INCLUDE SALES, USE, EXCISE OR ANY OTHER TAX, they are to be shown in the second column if applicable

| Item No. | Item Description | Est. Annual Quantity | Unit Price | Tax (8.25%) | Extended Price |
|-----------------|-----------------------------------------------------------|-----------------------------|-------------------|--------------------|-----------------------|
| A1 | New Transit Tires 275/70R 22 5 highway rated | 200 | | | |
| A2 | New Transit Tires 12R 22.5 highway rated | 200 | | | |
| A3 | New Transit Tires 305/70R22 5 highway rated | 200 | | | |
| A4 | New Transit Tires 255/70R22 5 highway rated (for Trolley) | 6 | | | |
| B1 | 11R x 22 5G | 6 | | | |
| B2 | 8 75R x 16.5H | 4 | | | |
| B3 | L1225/75R16H | 24 | | | |
| B4 | L1235/85R16H | 8 | | | |
| B5 | L1245/75R16H | 12 | | | |
| B6 | P155/80R13H | 4 | | | |
| B7 | P175/65R14H | 4 | | | |
| B8 | P185/70R14 | 4 | | | |
| B9 | P195/75R14H | 4 | | | |
| B10 | P215/70R15 | 120 | | | |
| B11 | P215/70R14H | 4 | | | |
| B12 | P215/75R15H | 4 | | | |
| B13 | P235/70R16 | 12 | | | |
| B14 | P235/75R15H | 8 | | | |
| B15 | P255/70R16H | 4 | | | |

| Item No. | Item Description | Est. Annual Quantity | Unit Price | Tax (8.25%) | Extended Price |
|----------|---------------------------------------------------------------------------------|----------------------|------------|-------------|----------------|
| C1 | Remanufactured Tires - 275/70R 22.5 highway rated - 10.5" cap size | 200 | | | |
| C2 | Remanufactured Tires - 305/70R22 5 highway rated - 10.5" cap size | 200 | | | |
| C3 | Remanufactured Tires - 12R 22 5 highway rated - 9" cap size | 50 | | | |
| D | Pickup and disposal of unusable tires | 200 | | | |
| E | Cost per tire to dismount old tire and mount new Revenue (Bus) tire. | 1056 | | | |
| F | Cost per tire to dismount old tire and mount new Non-Revenue tire. | 222 | | | |
| G | Price for new valve stem for steel wheels. | 1146 | | | |
| H | Price for new valve stem for aluminum wheels. | 132 | | | |
| I | Cost to statically and dynamically balance a new tire on rim. | 828 | | | |
| J | Cost to statically and dynamically balance a remanufactured tire on rim. | 450 | | | |
| K | Cost per tire for pickup and delivery of tires to District facilities. | 1278 | | | |
| | Total | | | | |

The District reserves the right to add or delete tire sizes and quantities.

Payment Terms Offered: _____

The Tire Information Sheet in this section must be completed along with the bid in order to be considered for award.

TIRE INFORMATION SHEET

A1 New Revenue Vehicle Tires - 275/70R 22.5 highway rated

Tire Brand: _____
 Type: _____
 Ply Rating: _____
 Load Range: _____
 Rim Width: _____
 Tread Depth: _____
 Overall Diameter: _____
 Overall Width: _____
 Tread Width: _____
 Tire Load Limit: _____
 Warranty: _____

A2 New Revenue Vehicle Tires - 12R 22 5 highway rated

Tire Brand: _____
Type: _____
Ply Rating: _____
Load Range: _____
Rim Width: _____
Tread Depth: _____
Overall Diameter: _____
Overall Width: _____
Tread Width: _____
Tire Load Limit: _____
Warranty: _____

A3 New Revenue Vehicle Tires - 305/70R 22 5 highway rated

Tire Brand: _____
Type: _____
Ply Rating: _____
Load Range: _____
Rim Width: _____
Tread Depth: _____
Overall Diameter: _____
Overall Width: _____
Tread Width: _____
Tire Load Limit: _____
Warranty: _____

A4 New Revenue Vehicle Tires - 255/70R 22 5 highway rated

Tire Brand: _____
Type: _____
Ply Rating: _____
Load Range: _____
Rim Width: _____
Tread Depth: _____
Overall Diameter: _____
Overall Width: _____
Tread Width: _____
Tire Load Limit: _____
Warranty: _____

B. Non-Revenue Tires - assorted sizes

Tire Brand: _____
Warranty: _____

C 1. Remanufactured Tires - 275/70R 22.5 highway rated – 10 5" cap size

Tire Process: _____
Tread Depth: _____
Base Width: _____
Warranty: _____

C 2. Remanufactured Tires – 305/70R22.5 highway rated – 10 5" cap size

Tire Size: _____
Tire Process: _____
Tread Depth: _____
Base Width: _____
Warranty: _____

C.3. Remanufactured Tires - 12R 22.5 highway rated - 9" cap size

Tire Size: _____
Tire Process: _____
Tread Depth: _____
Base Width: _____
Warranty: _____

The successful bidder obligates him/herself to provide any or all of the bid items at the bid price. District reserves the right to award bid items separately or as a package. District may accept or reject the bid items at its discretion. Award of the bid will be based on totals provided for the Base Items, Options shall not be used in the determination of low bid. The Board of Directors also reserves the right to reject all bids for any reason.

Bidder has examined and is fully familiar with all terms and conditions of the Invitation for Bids and any addenda issued by the District thereto, and Bidder unconditionally submits this bid in strict accordance with said Invitation for Bids. Bidder has carefully checked all words and figures shown on this Bid Form and has carefully reviewed the accuracy of all documents, representations, manufacturer's literature, and statements submitted with this bid.

Bidder understands that this bid constitutes a firm offer to the District that cannot be withdrawn for ninety (90) calendar days from the date of bid opening. If awarded the contract, bidder agrees to deliver to the District executed copies of the final contract and required insurance certificates within ten (10) calendar days of the date of the District Notice of Award. Said Notice of Award shall be deemed duly given to Bidder upon delivery if delivered by hand, or three (3) calendar days after posting if sent by mail to Bidder's address.

Bidder understands that no partial, conditional or qualified bids shall be accepted for any bid item. Bidder further understands the right of the District Board of Directors to accept or reject any or all bids received for any reason. The District reserves the right to waive minor irregularities.

Bidder has included manufacturers' brochures describing the equipment bid under this IFB. Any proposed deviation from any item in the IFB specifications has been delineated on said brochures or on a separate attachment included with the bid. Bidder represents that the equipment and other work bid meets the specifications in all respects unless clearly noted to the contrary in the bid submittal.

The contract, if awarded, will be to the lowest responsive, responsible bidder. Bidder understands that the "lowest responsible bidder" is the lowest bidder whose offer best responds in quality, fitness and capacity to the requirements of the Invitation for Bids. The District reserves the right to award to other than the lowest bidder if the District finds that the lowest bidder is not responsible

Bidder acknowledges receipt of the following addenda to the Invitation for Bids. All cost adjustments or other requirements resulting from said addenda have been taken into consideration by the bidder and included in the bid.

Addenda No.'s _____

Bidder has submitted the following documents with the bid:

1. Exceptions, if any, taken to the specifications or other sections of the IFB. (Warning: Substantive exceptions will be cause for bid rejection.)
2. Copy of any standard warranties in accordance with the Specifications.
3. Manufacturer's specifications, description, promotional material describing the item bid.
4. Fully executed copy of the "Lobbying Certification" listed as Page I-4 of the Bid, if applicable
5. Fully executed copy of the "Buy America Provision Certification" listed as Page I-5 of the Bid, if applicable

Bidder understands that bids shall be placed in a sealed envelope marked as indicated below and delivered to the Purchasing Office of the Santa Cruz Metropolitan Transit District, 110 Vernon Street, Suite B, Santa Cruz, California, 95060 prior to the time of bid opening. Bids postmarked before bid opening but delivered afterward shall be rejected

IFB No. 05-13
"Bid for Purchase of Revenue and Non-Revenue Tires"
Bid Opening 2:00 p.m., February 7, 2006

Listing of major subcontractors proposed (if applicable), their phone numbers, and areas of responsibility (indicate which firms are DBE's):

LOBBYING CERTIFICATION
(Only for Contracts above \$100,000)

Lobbying Certification for Contracts Grants, Loans and Cooperative Agreements (Pursuant to 49 CFR Part 20, Appendix A)

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal Contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal Contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for making lobbying contacts to an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal Contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form--LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions and as amended by "Government wide Guidance for New Restrictions on Lobbying," 61 Fed. Reg. 1413 (1/19/96).
- (3) The undersigned shall require that the language of this certification be included in the award documents for all sub awards at all tiers (including subcontracts, sub grants, and Contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. § 1352 (as amended by the Lobbying Disclosure Act of 1995). Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

The Bidder/Offeror certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Bidder/Offeror understands and agrees that the provisions of 31 U.S.C. A 3801, *et seq.* apply to this certification and disclosure, if any.

Firm Name _____

Signature of Authorized Official _____

Name and Title of Authorized Official _____

Date _____

**BUY AMERICA PROVISION {tc "BUY AMERICA PROVISION " \12}
(Only for Contracts above \$100,000)**

This procurement is subject to the Federal Transit Administration Buy America Requirements in 49 CFR part 661.

A Buy American Certificate, as per attached format, must be completed and submitted with the bid. A bid which does not include the certificate will be considered non-responsive.

A false certification is a criminal act in violation of 18 U.S.C. 1001. Should this procurement be investigated, the successful bidder/proposer has the burden of proof to establish that it is in compliance.

A waiver from the Buy America Provision may be sought by SCMTD if grounds for the waiver exist.

Section 165(a) of the Surface Transportation Act of 1982 permits FTA participation on this contract only if steel and manufactured products used in the contract are produced in the United States.

BUY AMERICA CERTIFICATE

The bidder hereby certifies that it will comply with the requirements of Section 165(a) or (b) (3) of the Surface Transportation Assistance Act of 1982, and the applicable regulations in 49 CFR Part 661.

Date: _____

Signature: _____

Company Name: _____

Title: _____

OR

The bidder hereby certifies that it cannot comply with the requirements of Section 165(a) or (b) (3) of the Surface Transportation Act of 1982, but may qualify for an exception to the requirement pursuant to Section 165(b)(2) or (b)(4) of the Surface Transportation Assistance Act of 1982, as amended, and regulations in 49 CFR 661.7.

Date: _____

Signature: _____

Company Name: _____

Title: _____

BIDDER DBE INFORMATION

BIDDER'S NAME _____
 DBE GOAL FROM CONTRACT _____ %
 FED. NO. _____
 COUNTY _____
 AGENCY _____
 CONTRACT NO. _____
 SOURCE ** _____

BIDDER'S ADDRESS _____

 BID AMOUNT \$ _____
 BID OPENING DATE _____
 DATE OF DBE CERTIFICATON _____

This information must be submitted during the initial negotiations with the District. By submitting a proposal, offeror certifies that he/she is in compliance with the District's policy. Failure to submit the required DBE information by the time specified will be grounds for finding the bid or proposal non-responsive.

| CONTRACT ITEM NO. | ITEM OF WORK AND DESCRIPTION OF WORK OR SERVICES TO BE SUBCONTRACTED OR MATERIALS TO BE PROVIDED * | CERTIFICATION FILE NUMBER | NAME OF DBE | DOLLAR AMOUNT DBE *** | PERCENT DBE |
|----------------------|----------------------------------------------------------------------------------------------------------|------------------------------|-------------|-----------------------------|----------------|
| | | | | | |

TOTAL CLAIMED DBE
 PARTICIPATION \$ _____ %

SIGNATURE OF BIDDER _____
 AREA CODE/TELEPHONE _____
 bid.)

DATE _____
 (Detach from proposal if DBE information is not submitted with

- * If 100% of item is not to be performed or furnished by DBE, describe exact portion, including plan location of work to be performed, of item to be performed or furnished by DBE.
- ** DBE's must be certified on the date bids are opened.
- *** Credit for a DBE supplier who is not a manufacturer is limited to 60% of the amount paid to the supplier.

NOTE: Disadvantaged business must renew their certification annually by submitting certification questionnaires in advance of expiration of current certification. Those not on a current list cannot be considered as certified.

BIDDER DBE INFORMATION

| CONTRACT ITEM NO. | ITEM OF WORK AND DESCRIPTION OF WORK OR SERVICES TO BE SUBCONTRACTED OR MATERIALS TO BE PROVIDED * | CERTIFICATION FILE NUMBER | NAME OF DBE | DOLLAR AMOUNT DBE *** | PERCENT DBE |
|----------------------|----------------------------------------------------------------------------------------------------------|------------------------------|-------------|-----------------------------|----------------|
|----------------------|----------------------------------------------------------------------------------------------------------|------------------------------|-------------|-----------------------------|----------------|

TOTAL CLAIMED DBE
PARTICIPATION \$ _____ %

PART II

INSTRUCTIONS TO BIDDERS

1. **CONTENTS:** This Invitation for Bids (IFB) includes the (I) Bid Form, (II) Instructions to Bidders, (III) Specifications, (IV) General Conditions of the Contract, (V) Special Conditions of the Contract, (VI) Contract, (VII) FTA Requirements for Non-Construction Contracts, and (VIII) Formal Bidding Procedures. The final Contract with the Successful Bidder will be in the form and substance of the Contract (Part VI) included in the IFB.
2. **SUBMISSION OF BID:** Prior to the date and time of bid opening, all bids shall be delivered to the Purchasing Office of the District at 110 Vernon Street, Suite B, Santa Cruz, California, 95060. All bids shall be in a sealed envelope properly endorsed as to name and opening date. No bids received after said time or at any place other than the place as stated in the Notice and Invitation to Bidders will be considered. For example, bids postmarked before bid opening but received after shall be rejected. Telephone or electronic bids will not be accepted.
3. **BIDDER RESPONSIBILITY:** The District has made every attempt to provide all information needed by bidders for a thorough understanding of project terms, conditions and other requirements. It is expressly understood that it is Bidder's responsibility to examine and evaluate the work required under this Invitation for Bids (IFB) and the terms and conditions under which the work is performed. By submitting a bid, Bidder represents that it has investigated and agrees to all the terms and conditions of the IFB.
4. **BID FORM:** The bid shall be made on the Bid Form provided therefore and shall be enclosed in a sealed envelope marked and addressed as required. If the bid is made by a sole proprietor, it shall be signed with his/her full name and his address shall be given; if it is made by a partnership, it shall be signed with the co-partnership name by a member of the firm, who shall also sign his/her own name, and the name and address of each member shall be given; and if it is made by a corporation, it shall be signed by an officer or other individual who has the full and proper authorization to do so.

When the Bid Form is signed by an agent, other than the officer or officers of a corporation authorized to sign Contracts on its behalf, or is signed by an agent other than a partner of a partnership, or by an agent for an individual, a power of attorney must be submitted with the bid; otherwise, the bid will be rejected as irregular and unauthorized.

Blank spaces in the Bid Form shall be properly filled. The phraseology of the Bid Form must not be changed, and no additions shall be made to the items mentioned therein. Alterations by erasure or interlineation must be explained or noted in the bid over the signature of the Bidder. If the unit price and the total amount named by a Bidder for any item do not agree, the unit price alone will be considered as representing the Bidder's intention.

Submission of alternative bid or bids, except as specifically called for in the IFB, will render it informal and may cause its rejection.

5. **COMPETITIVE BIDDING:** If more than one bid is offered by any individual, firm, partnership, corporation, association, or any combination thereof, under the same or different names, all such bids may be rejected. A party who has quoted prices on materials or work to a Bidder is not thereby disqualified from quoting prices to other Bidders, or from submitting a bid directly for the materials or work if otherwise qualified to do so.

All Bidders are put on notice that any collusive agreement fixing the prices to be bid so as to control or affect the awarding of this Contract is in violation of the District's competitive bidding requirements and may render void any Contract let under such circumstances.

6. **EXPENSES TO BE INCLUDED IN BID PRICE:** Unless otherwise specified in the IFB, the bid price shall include all expenses necessary that go into making the items procured under the IFB complete and ready for immediate use by the District without additional expense. Bid price shall include, without limitation, all costs for labor, services, equipment, materials, supplies, transportation, installation, overhead, packing, cartage, insurance, license, fees, taxes, permits, bonds, inspection, and other expenses necessary to satisfy the provisions of the IFB, expressed and implied.

Unless bidder is specifically instructed to do otherwise in the Specifications section of this IFB, sales taxes shall be included in the bid price in the amount of 8.25 % of the total bid price. Federal Excise Tax, from which the District is exempt, should not be included in the bid price. A Federal Excise Tax Exemption certificate will be furnished to the successful Bidder.

Samples of items, when required, must be furnished free of expense to the District and, if not destroyed by tests may, upon request made at the time the samples are furnished, be returned at Bidder's expense.

7. **WITHDRAWAL OF BID:** Bidder may withdraw the bid before the expiration of the time during which bids may be submitted, without prejudice, by submitting a written request for its withdrawal to the District Secretary/General Manager.
8. **TIME OF DELIVERY:** Time of delivery is part of the bid and must be strictly adhered to by the Bidder. Bidder obligates itself to complete the work within the number of days specified in the Contract.
9. **CANVASS OF BID:** At the hour specified in the Notice of Invitation to Bidders, the District, in open session, will open, examine and publicly declare all bids received and shall announce each bidder's price. The remaining content of the bids shall not be made public until after an award is made by the Board of Directors or District Staff as appropriate. Bidders, their representatives and others interested, are invited to be present at the opening of bids. Award will be made or bids rejected by the District within the time period specified in the Bid, if none is specified, within sixty (60) days after the date of bid opening.
10. **RIGHT TO REJECT BIDS:** The District may reject any and all bids at its discretion, and may reject the bid of any party who has been delinquent or unfaithful in any former contract with the District. The right is reserved to reject any or all bids and to waive technical defects, as the interest of the District may require. The District may reject bids from Bidders who cannot satisfactorily prove the experience and qualifications outlined in the Instructions to Bidders.
11. **SINGLE BID:** If only one bid is received in response to the IFB, Bidder may be required to submit to District within five (5) days of District demand, a detailed cost proposal. The District may conduct a cost or price analysis of the cost proposal to determine if the bid price(s) are fair and reasonable. Bidder shall cooperate with District in compiling and submitting detailed information for the cost and price analysis.
12. **EXPERIENCE AND QUALIFICATIONS:** The Bidder may be required upon request of the District to prove to the District's satisfaction that the Bidder is responsible. Criteria used by the District to determine Bidder responsibility includes, without limitation, whether Bidder and its proposed contractors have the skill, experience, necessary facilities and financial resources to perform the Contract in a satisfactory manner and within the required time. Other criteria include whether the original equipment manufacturer of the items bid (1) has in operation, or has the capability to have in operation, a manufacturing plant adequate to assure delivery of all equipment within the time specified under the Contract and (2) has adequate engineering and service personnel, or has the capability to have such personnel, to satisfy any engineering or service problems that may arise during the warranty period and the useful life of all items bid. To help the District assess Bidder's responsibility and ability to provide continued parts, service, and engineering support for the useful life of all items bid, Bidder may be required to submit, at its own cost, its latest Dunn & Bradstreet report and its latest independently audited financial statements.
13. **APPROVED EQUALS:** In order to establish a basis of quality, certain items or processes may be specified by description or brand name. Unless otherwise specified, it is not the intent of the IFB to exclude other items or processes of equal value, utility or merit.

Bids for equivalent items meeting the standards of quality thereby indicated will be considered provided they are received by no later than fourteen calendar days before the date of bid opening. Any such bid shall include adequate information and samples, including technical data, test results, performance characteristics, life-cycle costs, and other salient characteristics to clearly describe the item or process offered and how it equals or exceeds the characteristics of the referenced brand or process.

Unless the Bidder clearly indicates otherwise in the bid, it is understood that he/she is offering a referenced brand or process as specified herein. The District reserves the right to determine whether a substitute offer is equivalent to, and meets the standards of, quality indicated by the brand name or process referenced.

14. **AWARD OF CONTRACT:** The award of the Contract, if awarded, will be to the responsive, responsible Bidder whose bid complies with the IFB in all respects, and whose ADJUSTED BID PRICE is the lowest of all qualified bids received. The methodology for determining the adjusted bid price is described in the Bid Form (Part I of the IFB). If the lowest responsive, responsible Bidder refuses or fails to execute the Contract, the District may award the Contract to the next lowest responsive, responsible Bidder or solicit new bids.
15. **EXECUTION OF CONTRACT:** The Contract shall be provided by the District in substantially the same form as provided in Part VI and shall be executed by the successful Bidder and returned to the District Purchasing Office (110 Vernon Street, Suite B, Santa Cruz, CA 95060) no later than ten (10) calendar days after the date of receipt of the Notice of Award. Successful Bidder shall submit the required insurance certificate(s) no later than ten (10) days after receipt of Notice of Award. Successful Bidder's execution and delivery of the insurance certificate(s) specified in the IFB is a condition precedent to the finalization of the Contract. In no event shall the successful Bidder commence work until it has received the signed Contract and notification from the District that the required insurance certificate(s) have been approved.
16. **ERRORS AND ADDENDA:** If omissions, discrepancies, or apparent errors are found in the IFB prior to the date of bid opening, the Bidder shall request a clarification from the District which, if substantiated, will be given in the form of addenda to all Bidders.
17. **NON-DISCRIMINATION:** The Santa Cruz Metropolitan Transit District will not discriminate with regard to race, color, ancestry, national origin, religion, sex, sexual orientation, marital status, age, medical condition or disability in the consideration for an award.
18. **DISADVANTAGED AND BUSINESS ENTERPRISES:** The Board of Directors of the Santa Cruz Metropolitan Transit District has adopted a Disadvantaged Business Enterprise Policy to promote the participation of disadvantaged business enterprises (DBE) in all areas of District contracting to the maximum extent practicable. Consistent with the DBE Policy, the Bidder shall take all necessary and reasonable steps to ensure that DBE firms have the maximum practicable opportunity to participate in the performance of this project and any subcontracting opportunities thereof.
19. **INQUIRIES AND CORRESPONDENCE DURING BIDDING PERIOD:** Questions pertaining to the Specifications and the Bid Documents during the bidding period shall be directed to the District Buyer at (831) 426-0199.

PART III

SPECIFICATIONS FOR REVENUE AND NON-REVENUE VEHICLE TIRES

1. General Description

The specifications described below set forth the minimum requirements for the quantity and quality of work to be provided hereunder. The tires shall meet or exceed the specifications provided below. As used herein, the term "work" refers to the articles, equipment, materials, supplies and labor as specified, designated or otherwise required by the Invitation for Bids (IFB). Additional terms, conditions and requirements pertaining to the methods and manner of performing the work are described elsewhere in the IFB.

Tires that are furnished shall provide safe, reliable use and service, free from excessive noise and vibration, and free from defects in materials. Manufacturing processes and craftsmanship shall be of the highest industry standards. All tires shall comply with all applicable OSHA, state and federal regulations. Brand Names for items described below are used to indicate representative levels of quality. Approved equals requests must be made seven (7) days in advance of the bid date.

2. Term of Contract

The term of this Contract commences on the date of execution and shall remain in force for a one (1) year period thereafter. All prices offered shall remain firm through this effective period. At the option of the District, this contract may be renewed for four (4) additional one (1) year terms under the same conditions with any cost increases not to exceed the annual percentage change of the Consumer Price Index for the San Francisco-Oakland-San Jose Area. District and Contractor may extend the term of this Contract at any time for any reason upon mutual written consent.

3. Tire Specifications

A. New Revenue Vehicle Tires

The following tire sizes are provided as **new revenue** tires with estimated annual quantity provided. **Tires must have a minimum highway speed rating of 65 mph**

1. Tire size: 275/70R 22.5 highway rated, load range H, new tread depth to be a minimum of 17/32", Goodyear G169 Unisteel or approved equal (estimated annual quantity 200)
2. Tire size: 12R 22.5 highway rated, load range H, new tread depth to be a minimum of 20/32", Goodyear G159 Unisteel or approved equal (estimated annual quantity 200)
3. Tire size: 305/70R 22.5 highway rated, load range L, new tread depth to be a minimum of 22/32", Michelin or approved equal (estimated annual quantity 200).
4. Tire size: 255/70R 22.5 highway rated, load range H, new tread depth to be a minimum of 17/32", Goodyear G169 Unisteel or approved equal (estimated annual quantity 6)
5. The contractor is required to mount all new tires. Contractor shall statically and dynamically balance all new tires mounted on rims and provide a new valve stem.
6. New tires are to be branded with a SCMTD supplied numbering sequence. It is the contractor's responsibility to supply the tire branding device.

B. New Non-Revenue Vehicle Tires

The following tire sizes are provided as **new non-revenue** tires with estimated annual quantity provided.

1. Tire size: 11R x 22.5G (estimated annual quantity 6)
2. Tire size: 8.75R x 16 5H (estimated annual quantity 4).
3. Tire size: L1225/75R16H (estimated annual quantity 24).
4. Tire size: L1235/85R16H (estimated annual quantity 8)
5. Tire size: L1245/75R16H (estimated annual quantity 12)
6. Tire size: P155/80R13H (estimated annual quantity 4).
7. Tire size: P175/65R14H (estimated annual quantity 4).
8. Tire size: P185/70R14 (estimated annual quantity 4).
9. Tire size: P195/75R14H (estimated annual quantity 4).
10. Tire size: P215/70R15H (estimated annual quantity 120)
11. Tire size: P215/70R14H (estimated annual quantity 4).
12. Tire size: P215/75R15H (estimated annual quantity 4).
13. Tire size: P235/70R16H (estimated annual quantity 12).
14. Tire size: P235/75R15H (estimated annual quantity 8)
15. Tire size: P255/70R16H (estimated annual quantity 4).
16. The contractor is required to mount all new non-revenue tires. Contractor shall statically and dynamically balance all new non-revenue tires mounted on rims and provide a new valve stem.

C. Remanufactured Revenue Tires

The following tire sizes are provided as **remanufactured revenue** tires with estimated annual quantity provided

1. Tire size: 275/70R 22.5 highway rated, load range H, recap tread depth to be a minimum of 20/32", 10.5" cap size (estimated annual quantity 200).
2. Tire size: 305/70R22.5 highway rated, load range L, recap tread depth to be a minimum of 20/32", 10.5" cap size (estimated annual quantity 200).
3. Tire size: 12R 22.5 highway rated, load range H, recap tread depth to be a minimum of 20/32", 9" cap size (estimated annual quantity 50).
4. The contractor is required to mount all recapped tires. Contractor shall statically and dynamically balance all recapped tires mounted on rims and provide a new valve stem.
5. The contractor shall inspect all District owned tire casings to verify that the casings are in good, serviceable condition before recapping the casing.

6. If recapped casings do not have a SCMTD numerical brand, then the recapped tire must be branded with a SCMTD supplied numbering sequence.
7. Tires over 4 years old may not be recapped. Tires may not be recapped more than one (1) time. Tires with a "B" rating may not be recapped.
8. Acceptable remanufactured tires processes are Bandag, Omnibus, Hercules or other approved equal. Should other than the above products be offered, approval must be requested seven (7) days in advance of bid opening.

D. Disposal of Non-retreadable Tires (Estimated quantity: 200 per year)

This item is for the disposal of tires that are damaged and not recappable. Contractor shall comply with all State and Federal laws for the proper disposal of non-retreadable tires.

E. Wheels

Labor requirements for wheel preparation and remounting of either new or recapped tires: each and every wheel needs to be inspected to insure that the wheel is not bent, the lug nut holes are not enlarged or egg shaped. Lug nut holes on Revenue vehicle wheels will be checked with a "go no-go" gauge. The integrity of the bead area is to be inspected and cleaned to insure a clean remount, balance, and no leakage.

F. Air Pressure

After the tire is mounted, the air pressure must be set to a District specified pressure to insure expedient mounting of the tire on the vehicle by District staff. Revenue vehicle tires are to be inflated to 110 psi.

G. Receiving Requirements

Deliveries must be on time and in accordance with the time and date specified by the District. Receiving hours are strictly enforced. Contractor staff is required to put the tires away in their assigned storage container identified by District Staff. Contractor must pick up all "take-off/used/flat tires" at the time of specified delivery. Current District receiving hours are Monday through Friday, 8:00 am to 12:00 pm, and 1:00 pm to 2:30 pm.

I. Service Location

Present service location and current number of District vehicles are provided below. The District reserves the right to change the number of vehicles to be serviced and to change the number and location of the service facilities.

Address: 138 Golf Club Drive, Santa Cruz, California
Number of Revenue Vehicles: 114
Number of Non-Revenue Vehicles: 44

H. Stocking Requirements

Contractor shall supply the District with minimum stocking requirements, as determined by the District Parts Department Staff, at no longer than seven (7) day intervals.

PART IV

GENERAL CONDITIONS TO THE CONTRACT

I. GENERAL PROVISIONS

1.01 Governing Law & Compliance with All Laws

This Contract is governed by and construed in accordance with the laws of California. Each party will perform its obligations hereunder in accordance with all applicable laws, rules, and regulations now or hereafter in effect.

1.02 Right to Modify Contract

District may extend the term of this Contract, expand the Scope of Work, or otherwise amend the Contract. Any such extension, expansion or amendment shall be effective only upon written agreement of the parties in accordance with Section 13.14.

2. TERMINATION

2.01 Termination for Convenience

2.01.01 The performance of Work under this Contract may be terminated by the District upon fifteen (15) days' notice at any time without cause for any reason in whole or in part, whenever the District determines that such termination is in the District's best interest.

2.01.02 Upon receipt of a notice of termination, and except as otherwise directed by the District, the Contractor shall: (1) stop work under the Contract on the date and to the extent specified in the notice of termination; (2) place no further orders or subcontracts for materials, services, or facilities, except as may be necessary for completion of such portion of the Work under the Contract as is not terminated; (3) terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the notice of termination; (4) assign to the District in the manner, at the time, and to the extent directed by the District all of the rights, title, and interest of the Contractor under the orders and subcontracts so terminated, in which case the District shall have the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts; (5) settle all outstanding liabilities and claims arising out of such termination or orders and subcontracts, with the approval or ratification of the District, to the extent the District may require, which approval or ratification shall be final for all the purposes of this clause; (6) transfer title to the District and deliver in the manner, at the time, and to the extent, if any, directed by District the fabricated or unfabricated parts, work in progress, completed work, supplies and other material produced as a part of, or acquired in connection with the performance of, the work terminated and the completed or partially completed plans, drawings, information and other property which, if the Contract had been completed, would have been required to be furnished to the District; (7) use its best efforts to sell, in the manner, at the time, to the extent, and at the price(s) directed or authorized by the District, any property of the types referred to above provided, however, that the Contractor shall not be required to extend credit to any purchaser, and may acquire any such property under the conditions prescribed by and at a price(s) approved by the District, and provided further, that the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made to the District to the Contractor under this Contract or shall otherwise be credited to the price or cost of the Work covered by this Contract or paid in such other manner as the District may direct; (8) complete performance of such part of the Work as shall not have been terminated by the notice of termination; and (9)

take such action as may be necessary, or as the District may direct, for the protection or preservation of the property related to this Contract which is in the possession of the Contractor and in which the District has or may acquire an interest

2 02 Termination for Default

- 2 02 01 The District may, upon written notice of default to the Contractor, terminate the whole or any part of this Contract if the Contractor: (1) fails to complete the Scope of Work within time period stated in the Specifications section of the IFB; (2) fails to perform any of the other provisions of the Contract; or (3) fails to make progress as to endanger performance of this Contract in accordance with its provisions.
- 2 02 02 If the Contract is terminated in whole or in part for default, the District may procure, upon such terms and in such manner as the District may deem appropriate, supplies or services similar to those so terminated. Without limitation to any other remedy available to the District, the Contractor shall be liable to the District for any excess costs for such similar supplies or services, and shall continue the performance of this Contract to the extent not terminated under the provisions of this clause.
- 2 02 03 If, after notice of termination of this Contract under the provisions of this clause, it is determined for any reason that the Contractor was not in default under the provisions of this clause, or that the default was excusable under the provisions of this clause, the rights and obligations of Contractor and District shall be considered to have been terminated pursuant to termination for convenience of the District pursuant to Article 2 01 from the date of Notification of Default.

2 03 No Limitation

The rights and remedies of the District provided in this Article 2 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

3 FORCE MAJEURE

3 01 General

Neither party hereto shall be deemed to be in default of any provision of this Contract, or for any failure in performance, resulting from acts or events beyond the reasonable control of such party. For purposes of this Contract, such acts shall include, but not be limited to, acts of God, civil or military authority, civil disturbance, war, strikes, fires, other catastrophes, or other "force majeure" events beyond the parties' reasonable control; provided, however, that the provisions of this Section 3 shall not preclude District from canceling or terminating this Contract (or any order for any product included herein), as otherwise permitted hereunder, regardless of any force majeure event occurring to Contractor.

3 2 Notification by Contractor

Contractor shall notify District in writing as soon as Contractor knows, or should reasonably know, that a force majeure event (as defined in Section 3.01) has occurred that will delay completion of the Scope of Work. Said notification shall include reasonable proofs required by the District to evaluate any Contractor request for relief under this Article 3. District shall examine Contractor's notification and determine if the Contractor is entitled to relief. The District shall notify the Contractor of its decision in writing. The District's decision regarding whether or not the Contractor is entitled to force majeure relief shall be final and binding on the parties.

3 03 Losses

Contractor is not entitled to damages, compensation, or reimbursement from the District for losses resulting from any "force majeure" event

4. PROFESSIONAL STANDARDS

Contractor shall at all times during the term of this Contract possess the technical ability, experience, financial ability, overall expertise, and all other skills, licenses, and resources necessary to perform and complete the scope of work in a timely, professional manner so as to meet or exceed the provisions of this Contract

5. PROFESSIONAL RELATIONS

5.01 Independent Contractor

No relationship of employer and employee is created by this Contract. In the performance of its work and duties, Contractor is at all times acting and performing as an independent contractor in the practice of its profession. District shall neither have nor exercise control or direction over the methods by which Contractor performs services pursuant to this Contract (including, without limitation, its officers, shareholders, and employees); provided, however, that Contractor agrees that all work performed pursuant to this Contract shall be in strict accordance with currently approved methods and practices in its profession, and in accordance with this Contract. The sole interest of District is to ensure that such services are performed and rendered in a competent and cost effective manner.

5.02 Benefits

Contractor (including, without limitation, its officers, shareholders, subcontractors and employees) has no claim under this Contract or otherwise against the District for social security benefits, workers' compensation benefits, disability benefits, unemployment benefits, vacation pay, sick leave, or any other employee benefit of any kind

6. INDEMNIFICATION FOR DAMAGES, TAXES AND CONTRIBUTIONS

6.01 Scope

Contractor shall exonerate, indemnify, defend, and hold harmless District (which for the purpose of Articles 6 and 7 shall include, without limitation, its officers, agents, employees and volunteers) from and against:

6.01.01 Any and all claims, demands, losses, damages, defense costs, or liability of any kind or nature which District may sustain or incur or which may be imposed upon it for injury to or death of persons, or damage to property as a result of, or arising out of, or in any manner connected with the Contractor's performance under the provisions of this Contract. Such indemnification includes any damage to the person(s) or property(ies) of Contractor and third persons.

6.01.02 Any and all Federal, state and local taxes, charges, fees, or contributions required to be paid with respect to Contractor, Contractor's officers, employees and agents engaged in the performance of this Contract (including, without limitation, unemployment insurance, social security, and payroll tax withholding)

7. INSURANCE

7.01 General

Contractor, at its sole cost and expense, for the full term of this Contract (and any extensions thereof), shall obtain and maintain at minimum all of the following insurance coverage. Such insurance

coverage shall be primary coverage as respects District and any insurance or self-insurance maintained by District shall be excess of Contractor's insurance coverage and shall not contribute to it.

7.02 Types of Insurance and Minimum Limits

Contractor shall obtain and maintain during the term of this Contract:

- (1) Worker's Compensation and Employer's Liability Insurance in conformance with the laws of the State of California (not required for Contractor's subcontractors having no employees).
- (2) Contractor's vehicles used in the performance of this Contract, including owned, non-owned (e.g. owned by Contractor's employees), leased or hired vehicles, shall each be covered with Automobile Liability Insurance in the minimum amount of \$1,000,000.00 combined single limit per accident for bodily injury and property damage.
- (3) Contractor shall obtain and maintain Comprehensive General Liability Insurance coverage in the minimum amount of \$1,000,000.00 combined single limit, including bodily injury, personal injury, and property damage. Such insurance coverage shall include, without limitation:
 - (a) Contractual liability coverage adequate to meet the Contractor's indemnification obligations under this contract.
 - (b) Full Personal Injury coverage.
 - (c) Broad form Property Damage coverage.
 - (d) A cross-liability clause in favor of the District.

7.03 Other Insurance Provisions

- (1) As to all insurance coverage required herein, any deductible or self-insured retention exceeding \$5,000.00 shall be disclosed to and be subject to written approval by District.
- (2) If any insurance coverage required hereunder is provided on a "claims made" rather than "occurrence" form, Contractor shall maintain such insurance coverage for three (3) years after expiration of the term (and any extensions) of this Contract.
- (3) All required Automobile Liability Insurance and Comprehensive or Commercial General Liability Insurance shall contain the following endorsement as a part of each policy: "The Santa Cruz Metropolitan Transit District is hereby added as an additional insured as respects the operations of the named insured."
- (4) All the insurance required herein shall contain the following clause: "It is agreed that this insurance shall not be canceled until thirty (30) days after the District shall have been given written notice of such cancellation or reduction."
- (5) Contractor shall notify District in writing at least thirty (30) days in advance of any reduction in any insurance policy required under this Contract.
- (6) Contractor agrees to provide District at or before the effective date of this Contract with a certificate of insurance of the coverage required.

8. RESERVED

9. NO DISCRIMINATION

In connection with the performance of services provided under this Contract, Contractor or subcontractor shall not discriminate on the basis of race, color, creed, ancestry, national origin, religion, sex, sexual orientation, marital status, age, medical condition or disability discriminate or permit discrimination against any person or group of persons in any manner prohibited by Federal, State, or local laws

10 DISADVANTAGED BUSINESS ENTERPRISES

The Board of Directors of the Santa Cruz Metropolitan Transit District has adopted a Disadvantaged Business Enterprise Policy to promote the participation of disadvantaged business enterprises (DBE's) in all areas of District contracting to the maximum extent practicable. Consistent with the DBE Policy, the Contractor shall take all necessary and reasonable steps to ensure that DBE firms have the maximum practicable opportunity to participate in the performance of this project and any subcontracting opportunities thereof

11 PROMPT PAYMENT

The prime contractor agrees to pay each subcontractor under this prime contract for satisfactory performance of its contract no later than 30 days from the receipt of each payment the prime contractor receives from District. The prime contractor agrees further to return retainage payments to each subcontractor within 30 days after the subcontractor's work is satisfactorily completed. Any delay or postponement of payment from the above referenced time frame may occur only for good cause following written approval of the District. This applies to both DBE and non-DBE subcontractors

Prime subcontractors must include the prompt payment language of paragraph 1 in all subcontracts, regardless of subcontractor's DBE status. Failure of a prime contractor to uphold prompt payment requirements for subcontractors will result in District withholding reimbursement for completed work.

12 RESERVED

13. MISCELLANEOUS PROVISIONS

13 01 Successors and Assigns

The Contract shall inure to the benefit of, and be binding upon, the respective successors and assigns, if any, of the parties hereto, except that nothing contained in this Article shall be construed to permit any attempted assignment which would be unauthorized or void pursuant to any other provision of this Contract.

13.02 Survival of Rights and Obligations

In the event of termination, the rights and obligations of the parties which by their nature survive termination of the services covered by this Contract shall remain in full force and effect after termination. Compensation and revenues due from one party to the other under this Contract shall be paid; loaned equipment and material shall be returned to their respective owners; the duty to maintain and allow inspection of books, accounts, records and data shall be extended as provided in Section 13 15; and the hold harmless agreement contained in Article 6 shall survive.

13 03 Limitation on District Liability

The District's liability is, in the aggregate, limited to the total amount payable under this Contract.

13 04 Drug and Alcohol Policy

Contractor shall comply with Federal Transit Administration's (FTA) drug and alcohol testing regulations, 49 CFR Parts 653 and 654. Contractor shall not use, possess, manufacture, or distribute

alcohol or illegal drugs during the performance of the Contract or while on District premises or distribute same to District employees.

13 05 Publicity

Contractor agrees to submit to District all advertising, sales promotion, and other public matter relating to any service furnished by Contractor wherein the District's name is mentioned or language used from which the connection of District's name therewith may, within reason, be inferred or implied. Contractor further agrees not to publish or use any such advertising, sales promotion or publicity matter without the prior written consent of District.

13 06 Consent to Breach Not Waiver

No provision hereof shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether express or implied, shall not constitute a consent to, waiver of, or excuse for any other different or subsequent breach.

13 07 Attorneys' Fees

In the event that suit is brought to enforce or interpret any part of this Contract, the prevailing party shall be entitled to recover as an element of its costs of suit, and not as damages, a reasonable attorney's fee to be fixed by the court. The "prevailing party" shall be the party who is entitled to recover its costs of suit, whether or not the suit proceeds to final judgment. A party not entitled to recover its costs shall not recover attorney's fees. No sum for attorney's fees shall be counted in calculating the amount of a judgment for purposes of determining whether a party is entitled to recover its costs or attorney's fees.

13.08 No Conflict of Interest

Contractor represents that it currently has no interest, and shall not have any interest, direct or indirect, that would conflict in any manner with the performance of services required under this Contract.

13 09 Prohibition of Discrimination against Qualified Handicapped Persons

Contractor shall comply with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended, pertaining to the prohibition of discrimination against qualified handicapped persons in federally-assisted programs.

13 10 Cal OSHA/Hazardous Substances

13 10 01 Contractor shall comply with California Administrative Code Title 8, Section 5194, and shall directly (1) inform its employees of the hazardous substances they may be exposed to while performing their work on District property, (2) ensure that its employees take appropriate protective measures, and (3) provide the District's Manager of Facility Maintenance with a Material Safety Data Sheet (MSDS) for all hazardous substances to be used on District property.

13 10 02 Contractor shall comply with Cal OSHA regulations and the Hazardous Substance Training and Information Act. Further, said parties shall indemnify the District against any and all damage, loss, and injury resulting from non-compliance with this Article.

13.10.03 Contractor will comply with the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65) California Health and Safety Code Section 25249.5 - 25249.13. Contractor will ensure that clear and reasonable warnings are made to persons exposed to those chemicals listed by the State of California as being known to cause cancer or reproductive toxicity.

13.10.04 Contractor shall be solely responsible for any hazardous material, substance or chemical released or threatened release caused or contributed to by Contractor. Contractor shall be solely responsible for all clean-up efforts and costs.

13.11 Non-Assignment of Contract

The Contractor shall not assign, transfer, convey, sublet, or otherwise dispose of the Contract or Contractor's right, title or interest in or to the same or any part thereof without previous written consent by the District; and any such action by Contractor without District's previous written consent shall be void.

13.12 No Subcontract

Contractor shall not subcontract or permit anyone other than Contractor or its authorized staff and subcontractors to perform any of the scope of work, services or other performance required of Contractor under this Contract without the prior written consent of the District. Any such action by Contractor without District's previous consent shall be void.

13.13 Severability

If any provision of this Contract is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force and effect, and shall in no way be affected, impaired or invalidated.

13.14 All Amendments in Writing

No amendment to this Contract shall be effective unless it is in writing and signed by duly authorized representatives of both parties.

13.15 Audit

This Contract is subject to audit by Federal, State, or District personnel or their representatives at no cost for a period of four (4) years after the date of expiration or termination of the Contract. Requests for audits shall be made in writing, and Contractor shall respond with all information requested within ten (10) calendar days of the date of the request. During the four-year period that the Contract is subject to audit, Contractor shall maintain detailed records substantiating all costs and expenses billed against the Contract.

13.16 Smoking Prohibited

Contractor, its employees and agents shall not smoke in any enclosed area on District premises or in a District vehicle.

13.17 Responsibility for Equipment

13.17.01 District shall not be responsible nor held liable for any damage to person or property consequent upon the use, or misuse, or failure of any equipment used by Contractor, or any of its employees, even though such equipment be furnished, rented or loaned to Contractor by District.

13.17.02 Contractor is responsible to return to the District in good condition any equipment, including keys, issued to it by the District pursuant to this Agreement. If the contractor fails or refuses to return District-issued equipment within five days of the conclusion of the contract work the District shall deduct the actual costs to repair or replace the equipment not returned from the

final payment owed to contractor or take other appropriate legal action at the discretion of the District.

13.18 Grant Contracts

13.18.01 Contractor shall ensure throughout the terms of this Agreement that all federal, state and local laws and requirements are met including any requirements District is obligated to perform because of receipt of grant funding. Contractor shall also be required to fulfill its obligation as a federal and/or state and/or local sub-recipient of grant funding.

13.19 Time of the Essence

Time is of the essence in this Contract.

PART V

SPECIAL CONDITIONS OF THE CONTRACT

1. BASIC SCOPE OF WORK

1.01 Basic Scope of Work

Contractor shall, without limitation, furnish and deliver equipment in accordance with the "Specifications" section of the Invitation for Bids, dated January 10, 2006

2. DEFINITIONS

2.01 General

The terms (or pronouns in place of them) have the following meaning in the Contract.

2.01 01 ACCEPTANCE DATE - The date on which delivery is deemed to be complete in accordance with the provisions of the Contract and accepted in writing by the District

2.01 02 CONTRACT - The Contract consists of this document, the attachments incorporated herein in accordance with Article 2 of Part VI - "Contract for ITEM," and any written amendments made in accordance with Article 13.14 of Part IV - "General Conditions of the Contract"

2.01 03 CONTRACTOR - Synonymous with Bidder

2.01 04 DAYS - Calendar Days

2.01 05 PROVISION - Any term, agreement, covenant, condition, clause, qualification, restriction, reservation, or other stipulation in the Contract that defines or otherwise controls, establishes, or limits the performance required or permitted by either party.

2.01 06 SCOPE OF WORK (OR "WORK") - The entire obligation under the Contract, including, without limitation, all labor, equipment, materials, supplies, transportation, services, and other work products and expenses, express or implied, in the Contract.

3. BUY AMERICA CERTIFICATE

Contractor shall comply with the requirements of Section 165(a) of the Surface Transportation Assistance Act of 1982 and the applicable regulations in 49 Code of Federal Register Part 661. As evidence of Contractor's knowledge and understanding and certification of intention of compliance, Contractor has executed a Buy America Certificate, which is included as part of the "Bid Form" and incorporated herein by reference. If steel and manufactured products are needed by Contractor for its performance under the provisions of the Contract, Contractor shall only use steel and manufactured products that were produced in the United States.

4. LIQUIDATED DAMAGES

If the work is not completed within the time required, damage will be sustained by the District. It is, and will be impracticable and extremely difficult to ascertain and determine the actual damage which the District will sustain by reason of such delay; and it is therefore agreed that the Contractor shall pay to the District fifty dollars (\$50.00) for each and every day's delay in finishing the Work beyond the time prescribed. If the Contractor fails to pay such liquidated damages, the District may deduct the amount thereof from any money due or that may become due the Contractor under the Contract.

The Work shall be regarded as completed upon the date the District has accepted the same in writing

5. STATE CONTRACT PROVISIONS

- 5.01 In the performance of work under these provisions, Contractor and its subcontractors will not discriminate against any employee or applicant for employment because of race, religious creed, medical condition, color, marital status, ancestry, sex, age, national origin, or physical handicap (Government Code Section 12940 et seq). Contractor and all its subcontractors will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, religious creed, medical condition, color, marital status, ancestry, sex, age, national origin, or physical handicap such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship Contractor and its subcontractors shall post in conspicuous places, available to employees and applicants for employment, notice to be provided by STATE setting for the provisions of this section
- 5.02 Contractor and its subcontractors will permit access to all records of employment, employment advertisements, application forms, and other pertinent data and records by the State Fair Employment Practices and Housing Commission, or any other agency of the State of California designated by STATE, for the purpose of investigation to ascertain compliance with Section 1 of this Article.
- 5.03 Contractor shall establish and maintain an accounting system and records that properly accumulate and segregate incurred costs by line item for the project. Contractor's accounting system shall conform to generally accepted accounting principles (GAAP), enable to determination of incurred costs at interim points of completion, and provide support for reimbursement payment vouchers or invoices. All accounting records and other supporting papers of Contractor connected with performance under this Agreement shall be maintained for a minimum of three years from the date of final payment to District under these provisions and shall be held open to inspection and audit by representatives of STATE and the Auditor General of the State and copies thereof will be furnished upon request
- 5.04 Contractor agrees that contract cost principles at least as restrictive as 48 CFR, Federal Acquisition Regulation System, Chapter 1 Part 31, shall be used to determine the allowability of individual items of costs. Contractor also agrees to comply with Federal procedures as set forth in 49 CFR, Part 18, Uniform Administrative Requirements for Grants-in-Aid to State and Local Governments
- 5.05 For the purpose of determining compliance with Public Contract Code Section 10115, et seq., Military and Veterans Code Sections 999 et seq and Title 2, California Code of Regulations, Section 1896.60 et seq., when applicable, and other matters connected with the performance of District's contracts with third parties pursuant to Government code Section 10532, Contractors and subcontractors shall maintain all books, documents, papers, accounting records, and other evidence pertaining to the performance of such contracts, including but not limited to, the costs of administering the various contracts. Contractor and its subcontractors shall make such materials available at their respective offices at all reasonable times during the contract period and for three years from the date of final payment under such contract. STATE, the State Auditor General, the Federal Highway Administration, or any duly authorized representative of the Federal Government shall have access to any books, records and documents that are pertinent to the Agreement for audits, examinations, excerpts, and transactions and copies thereof shall be furnished if requested.

6. LABOR HARMONY REQUIREMENT

The construction manager/general and sub-contractor(s) at all tiers must be able to furnish labor that can work in harmony with all other elements employed or to be employed in conjunction with the construction work on the site Without limiting the generality of the foregoing, 'labor harmony' shall include a provision of labor that will not cause, cause to be threatened, engage in, or give rise to, either directly or indirectly, any work disruption, slowdowns

or stoppages, or any violence or harm to any persons or property while performing any work or activities affecting the project in any way, including but not limited to: (1) traveling to and from the work site; (2) loading, transporting and off-loading of equipment and materials on the construction site; (3) delivery, receipt and unloading of material or equipment, or the provision or receipt of any construction-related services at any designated storage area, or the work site; (4) the performing of the work of the contract at the work site; and on non-working time associated with the above while employees are on site (e.g. lunch hours, breaks, queuing for transportation, etc.)

If a contractor causes any work disruption, slowdowns or work stoppages as a result of its inability to ensure labor harmony, that contractor shall pay to District the sum of \$100 per day as liquidated damages while such work disruption, slowdown or work stoppage is underway. As an independent and further remedy, District reserves the right to order the offending contractor to cease work on the project until such time as the work disruption, slowdown or stoppage is resolved and, if the work disruption, slowdown or stoppage is not resolved in District's opinion, within a reasonable period of time, District reserves the right to withdraw the contract from the contractor and to put such contract or remainder of such contract out for re-bid.

If District claims that this provision has been violated, the contractor(s) must agree to submit the issue to emergency arbitration for final and binding resolution. The permanent arbitrator over such disputes shall be the Honorable Nat Agliano, retired or, if he is unavailable, the Honorable Richard Silver, retired. If they decline to serve and the parties are unable to agree on an acceptable alternative, the arbitrator will be selected by petition to the Superior Court for the County of Santa Cruz. The Arbitrator's authority shall be limited to a determination of whether the Labor Harmony requirement has been violated and, if so, what shall be the remedy.

PART VI

CONTRACT FOR PROCUREMENT OF REVENUE AND NON-REVENUE TIRES (05-13)

THIS CONTRACT is made effective on _____, 2006 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("District"), and _____ ("Contractor").

1 RECITALS

1.01 District's Primary Objective

District is a public entity whose primary objective is providing public transportation and has its principal office at 370 Encinal Street, Suite 100, Santa Cruz, California 95060

1.02 District's Need for Revenue and Non-Revenue Tires

District requires the purchase of Revenue and Non-Revenue Tires to be used for standard purposes. In order to obtain said Revenue and Non-Revenue Tires, the District issued an Invitation for Bids, dated January 10, 2006 setting forth specifications for such Revenue and Non-Revenue Tires. The Invitation for Bids is attached hereto and incorporated herein by reference as Exhibit A.

1.03 Contractor's Bid Form

Contractor is a supplier of Revenue and Non-Revenue Tires desired by the District and whose principal place of business is _____

Pursuant to the Invitation for Bids by the District, Contractor submitted a bid for Provision of said Revenue and Non-Revenue Tires, which is attached hereto and incorporated herein by reference as Exhibit B.

1.04 Selection of Contractor and Intent of Contract

On _____, District selected Contractor as the lowest responsive, responsible bidder to provide said equipment. The purpose of this Contract is to set forth the provisions of this procurement.

1.05 Contractor and Supplier Synonymous

For the purposes of this Contract, the terms "contractor" and "supplier" are synonymous

District and Contractor agree as follows:

2 INCORPORATED DOCUMENTS AND APPLICABLE LAW

2.01 Documents Incorporated in This Contract

The documents below are attached to this Contract and by reference made a part hereof. This is an integrated Contract. This writing constitutes the final expression of the parties' Contract, and it is a complete and exclusive statement of the provisions of that Contract, except for written amendments, if any, made after the date of this Contract in accordance with Section 13.14 of the General Conditions of the Contract.

a) Exhibit A

Santa Cruz Metropolitan Transit District's "Invitation for Bids" dated January 10, 2006

b) Exhibit B (Bid Form)

Contractor's Bid Form to the District for Item, signed by Contractor and dated February 7, 2006

2.02 Conflicts

Where in conflict, the provisions of this writing supersede those of the above-referenced documents, Exhibits A and B. Where in conflict, the provisions of Exhibit A supersede Exhibit B

2.03 Recitals

The Recitals set forth in Article 1 are part of this Contract

3 TIME OF PERFORMANCE

3.01 General

Contractor shall perform work under this Contract at such times to enable it to meet the time schedules specified in the Specifications Section of the IFB. The Contractor shall not be responsible for delays caused by force majeure events described in Section 2 of the General Conditions of the Contract.

3.02 Term

The term of this Contract commences on the date of execution and shall remain in force for a one (1) year period thereafter. At the option of the District, this contract may be renewed for four (4) additional one (1) year terms under the same conditions and prices. District and Contractor may extend the term of this Contract at any time for any reason upon mutual written consent.

4. COMPENSATION

4.01 Terms of Payment

Upon written acceptance, District agrees to pay Contractor _____ as identified in the Bid Form, Exhibit B, not to exceed \$ _____, for satisfactory completion of all work under the terms and provisions of this Contract within forty-five (45) days thereof. Contractor understands and agrees that if he/she exceeds the \$ _____ maximum amount payable under this contract, that it does so at its own risk

4.02 Invoices

Contractor shall submit invoices with a purchase order number provided by the District on a monthly basis. Contractor's invoices shall include detailed records showing quantities ordered, tire sizes, labor costs and miscellaneous material costs

Said invoice records shall be kept up-to-date at all times and shall be available for inspection by the District (or any grantor of the District, including, without limitation, any State or Federal agency providing project funding or reimbursement) at any time for any reason upon demand for not less than four (4) years after the date of expiration or termination of the contract. Under penalty of law, Contractor represents that all amounts billed to the District are (1) actually incurred; (2) reasonable in amount; (3) related to this contract; and (4) necessary for performance of the services. The District will pay no expenses unless specifically allowed by this contract.

5. NOTICES

All notices under this Contract shall be deemed duly given upon delivery, if delivered by hand; or three (3) days after posting, if sent by registered mail, receipt requested; to a party hereto at the address hereinunder set forth or to such other address as a party may designate by notice pursuant hereto.

DISTRICT

Santa Cruz Metropolitan Transit District
370 Encinal Street
Suite 100
Santa Cruz, CA 95060

Attention: General Manager

CONTRACTOR

Attention: _____

6 AUTHORITY

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

Signed on _____

DISTRICT--SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR-- _____

By _____

Approved as to Form:

Margaret Rose Gallagher
District Counsel

PART VII

FEDERAL TRANSIT ADMINISTRATION REQUIREMENTS FOR NON-CONSTRUCTION CONTRACTS

1.0 GENERAL

This Contract is subject to the terms of a financial assistance contract between the Santa Cruz Metropolitan Transit District and the Federal Transit Administration (FTA) of the United States Department of Transportation.

2.0 INTEREST TO MEMBERS OF OR DELEGATES TO CONGRESS

In accordance with 18 U.S.C. 431, no member of, nor delegates to, the Congress of the United States shall be admitted to a share or part of this Contract or to any benefit arising therefrom.

3.0 INELIGIBLE CONTRACTORS

Neither Contractor, nor any officer or controlling interest holder of Contractor, is currently, or has been previously, on any debarred bidders list maintained by the United States Government.

4.0 EQUAL EMPLOYMENT OPPORTUNITY (Not applicable to contracts for standard commercial supplies and raw materials)

In connection with the execution of this Contract, the Contractor shall not discriminate against any employee or application for employment because of race, religion, color, sex, age (40 or over), national origin, pregnancy, ancestry, marital status, medical condition, physical handicap, sexual orientation, or citizenship status. The Contractor shall take affirmative action to insure that applicants employed and that employees are treated during their employment, without regard to their race, religion, color, sex, national origin, etc. Such actions shall include, but not be limited to the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and, selection for training including apprenticeship. Contractor further agrees to insert a similar provision in all subcontracts, except subcontracts for standard commercial supplies or raw materials.

5.0 TITLE VI CIVIL RIGHTS ACT OF 1964

During the performance of this Contract, the Contractor, for itself, its assignees and successors in interest (hereinafter referred to as the "Contractor"), agrees as follows:

5.1 Compliance with Regulations

The Contractor shall comply with the Regulations relative to nondiscrimination in federally assisted programs of the Department of Transportation (hereinafter "DOT") Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time (hereinafter referred to as the "Regulations"), which are herein incorporated by reference and made a part of this Contract.

5.2 Nondiscrimination

The Contractor, with regard to the work performed by it during the Contract, shall not discriminate on the grounds of race, religion, color, sex, age or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment.

The Contractor shall not participate either directly or indirectly in the discrimination prohibited in Section 21.5 of the Regulations, including employment practices when the Contract covers a program set forth in Appendix B of the regulations

5.3 Solicitations for Subcontracts, Including Procurements of Materials and Equipment

In all solicitations either by competitive bidding or negotiation made by the Contractor for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the Contractor of the Contractor's obligations under this Contract and the Regulations relative to nondiscrimination on the grounds of race, religion, color, sex, age or national origin.

5.4 Information and Reports

The Contractor shall provide all information and reports required by the Regulations or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the District or the Federal Transit Administration (FTA) to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information is required or a Contractor is in the exclusive possession of another who fails or refuses to furnish this information, the Contractor shall so certify to the District, or the Federal Transit Administration, as appropriate, and shall set forth what efforts it has made to obtain the information.

5.5 Sanctions for Noncompliance

In the event of the Contractor's noncompliance with the nondiscrimination provisions of this Contract, the District shall impose such contract sanctions as it or the Federal Transit Administration may determine to be appropriate, including, but not limited to:

- (a) Withholding of payments to the Contractor under the Contract until the Contractor complies; and/or,
- (b) Cancellation, termination or suspension of the Contract, in whole or in part.

5.6 Incorporation of Provisions

The Contractor shall include the provisions of Paragraphs (1) through (6) of this section in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Regulations or directives issued pursuant thereto. The Contractor shall take such action with respect to any subcontract or procurement as the District or the Federal Transit Administration may direct as a means of enforcing such provisions, including sanctions for noncompliance; provided, however, that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the Contractor may require the District to enter into such litigation to protect the interests of the District, and, in addition, the Contractor may request the services of the Attorney General in such litigation to protect the interests of the United States.

6.0 CLEAN AIR AND FEDERAL WATER POLLUTION CONTROL ACTS (Applicable only to contracts in excess of \$100,000)

Contractor shall comply with all applicable standards, orders or requirements issued under Section 306 of the Clean Air Act (42 USC 1857[h]), Section 508 of the Clean Water Act (33 USC 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR, Part 15), which prohibit the use under non-exempt Federal contracts, grants or loans of facilities included on the EPA List of Violating Facilities. Contractor shall report all violations to FTA and to the USEPA Assistant Administrator for Enforcement (EN0329).

7.0 CONSERVATION

Contractor shall recognize mandatory standards and policies relating to energy efficiency, which are contained in the State energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 USC Section 6321, et seq.).

8.0 AUDIT AND INSPECTION OF RECORDS (Applicable only to sole source or negotiated contracts in excess of \$10,000)

Contractor agrees that the District, the Comptroller General of the United States, or any of their duly authorized representatives shall, for the purpose of audit and examination, be permitted to inspect all work, materials, payrolls and other data and records with regard to the project, and to audit the books, records and accounts with regard to the project. Further, Contractor agrees to maintain all required records for at least three years after District makes final payments and all other pending matters are closed

9.0 LABOR PROVISIONS (Applicable only to contracts of \$2,500.00 or more that involve the employment of mechanics or laborers)

9.1 Overtime Requirements

No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any work week in which he or she is employed on such work to work in excess of eight (8) hours in any calendar day or in excess of forty (40) hours in such work week unless such laborer or mechanic receives compensation at a rate not less than one and one-half (1 1/2) times the basic rate of pay for all hours worked in excess of eight (8) hours in any calendar day or in excess of forty (40) hours in such work week, whichever is greater

9.2 Violation; Liability for Unpaid Wages; Liquidated Damages

In the event of any violation of the clause set forth in subparagraph (b)(1) of 29 CFR Section 5.5, the Contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such district or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in subparagraph (b)(1) of which such individual was required or permitted to work in excess of eight (8) hours in excess of the standard work week of forty (40) hours without payment of the overtime wages required by the clause set forth in subparagraph (b)(1) of 29 CFR Section 5.5.

9.3 Withholding for Unpaid Wages and Liquidated Damages

DOI or the District shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any monies payable on account of work performed by the Contractor or subcontractor under any such contract or any other Federal contract with the same prime Contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime Contractor, such sums as may be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b)(2) of 29 CFR Section 5.5.

9.4 Nonconstruction Grants

The Contractor or subcontractor shall maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three (3) years from the completion of the Contract for all laborers and mechanics, including guards and watchmen, working on the Contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made and actual wages paid. Further, the District shall require the contracting officer to insert in any such contract a clause providing that the records to be maintained under this paragraph shall be made available by the Contractor or subcontractor for inspection, copying or transcription by authorized representatives of DOI and the Department of Labor, and the Contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

9.5 Subcontracts

The Contractor or subcontractor shall insert in any subcontracts the clauses set forth in subparagraph (1) through (5) of this paragraph and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in subparagraphs (1) through (5) of this paragraph.

10.0 CARGO PREFERENCE (Applicable only to Contracts under which equipment, materials or commodities may be transported by ocean vehicle in carrying out the project)

The Contractor agrees:

- 10.1 To utilize privately owned United States-flag commercial vessels to ship at least fifty percent (50%) of the gross tonnage (computed separately for dry bulk carriers, dry cargo liners and tankers) involved, whenever shipping any equipment, materials or commodities pursuant to this section, to the extent such vessels are available at fair and reasonable rates for United States-flag commercial vessels.
- 10.2 To furnish within 30 days following the date of loading for shipments originating within the United States, or within thirty (30) working days following the date of loading for shipment originating outside the United States, a legible copy of a rated, "on-board" commercial ocean bill-of-lading in English for each shipment of cargo described in paragraph (1) above, to the District (through the prime Contractor in the case of subcontractor bills-of-lading) and to the Division of National Cargo, Office of Market Development, Maritime Administration, 400 Seventh Street, S W, Washington D. C. 20590, marked with appropriate identification of the project.
- 10.3 To insert the substance of the provisions of this clause in all subcontracts issued pursuant to this Contract.

11.0 BUY AMERICA PROVISION

This procurement is subject to the Federal Transportation Administration Buy America Requirements in 49 CFR 661. A Buy America Certificate, if required format (see Form of Proposal or Bid Form) must be completed and submitted with the bid. A bid that does not include the certificate shall be considered non-responsive. A waiver from the Buy America Provision may be sought by the District if grounds for the waiver exist. Section 165a of the Surface Transportation Act of 1982 permits FTA participation on this Contract only if steel and manufactured products used in the Contract are produced in the United States. In order for rolling stock to qualify as a domestic end product, the cost of components produced in the United States must exceed sixty percent (60%) of the cost of all components, and final assembly must take place in the United States.

12.0 DISADVANTAGED BUSINESS ENTERPRISE (DBE) PARTICIPATION

12.1 Policy

It is the policy of the U.S. Department of Transportation that Disadvantaged Business Enterprises as defined in 49 CFR Part 23 shall have the maximum opportunity to participate in the performance of contracts financed in whole or in part with Federal funds under this Agreement. Consequently, the DBE requirements of 49 CFR Part 23 apply to this Agreement.

12.2 DBE Obligation

District and Contractor agree to insure that Disadvantaged Business Enterprises as defined in 49 CFR Part 23 have the maximum opportunity to participate in the performance of contracts and subcontracts under this Agreement. In this regard, District and Contractor shall take all necessary and reasonable steps in accordance with 49 CFR Part 23 to insure that Disadvantaged Business Enterprises have the maximum opportunity to compete for and perform Contracts. District and Contractor shall not discriminate on the basis of race, creed, color, national origin, age or sex in the award and performance of DOT-assisted Contracts.

12.3 Transit Vehicle Manufacturers

Transit vehicle manufacturers must certify compliance with DBE regulations

13.0 CONFLICT OF INTEREST

No employee, officer or agent of the District shall participate in selection, or in the award or administration of a contract if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when (1) the employee, officer or agent; (2) any member of his or her immediate family; (3) his or her partner; or (4) an organization that employs, or is about to employ, has a financial or other interest in the firm selected for award. The District's officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from Contractors, potential Contractors or parties of sub agreements.

14.0 MOTOR VEHICLE EMISSION REQUIREMENTS (Applicable only to Contracts involving the purchase of new motor vehicles)

The Contractor must provide a certification that:

- (a) The horsepower of the vehicle is adequate for the speed, range, and terrain in which it will be required and also to meet the demands of all auxiliary equipment.
- (b) All gases and vapors emanating from the crankcase of a spark-ignition engine are controlled to minimize their escape into the atmosphere.
- (c) Visible emission from the exhaust will not exceed No. 1 on the Ringlemann Scale when measured six inches (6") from the tail pipe with the vehicle in steady operation.
- (d) When the vehicle has been idled for three (3) minutes and then accelerated to eighty percent (80%) of rated speed under load, the opacity of the exhaust will not exceed No. 2 on the Ringlemann Scale for more than five (5) seconds, and not more than No. 1 on the Ringlemann Scale thereafter.

15.0 MOTOR VEHICLE SAFETY STANDARDS (Applicable only to contracts involving the purchase of new motor vehicles)

The Contractor will assure that the motor vehicles purchased under this contract will comply with the Motor Vehicle Safety Standards as established by the Department of Transportation at 49 CFR Parts 390 and 571

16.0 DEBARRED BIDDERS

The Contractor, including any of its officers or holders of a controlling interest, is obligated to inform the District whether or not it is or has been on any debarred bidders' list maintained by the United States Government. Should the Contractor be included on such a list during the performance of this project, Contractor shall so inform the District.

17.0 PRIVACY (Applicable only to Contracts involving the administration of any system of records as defined by the Privacy Act of 1974, on behalf of the Federal Government)

17.1 General

The District and Contractor agree:

- (a) To comply with the Privacy Act of 1974, 5 U.S.C. 552a (the Act) and the rules and regulations issued pursuant to the Act when performance under the Contract involves the design, development or operation of any system of records on individuals to be operated by the District, its contractors or employees to accomplish a Government function.
- (b) To notify the Government when the District or Contractor anticipates operating a system of records on behalf of the Government in order to accomplish the requirements of this Agreement, if such system contains information about individuals which information will be retrieved by the individual's name or other identifier assigned to the individual. A system of records subject to the Act may not be employed in the performance of this Agreement until the necessary approval and publication requirements applicable to the system have been carried out. The District or Contractor, as appropriate, agrees to correct, maintain, disseminate, and use such records in accordance with the requirements of the Act, and to comply with all applicable requirements of the Act.
- (c) To include the Privacy Act Notification contained in this Agreement in every subcontract solicitation and in every subcontract when the performance of Work under the proposed subcontract may involve the design, development or operation of a system of records on individuals that is to be operated under the Contract to accomplish a Government function; and
- (d) To include this clause, including this paragraph in all in subcontracts under which Work for this Agreement is performed or which is awarded pursuant to this Agreement or which may involve the design, development, or operation of such a system of records on behalf of the Government

17.2 Applicability

For purposes of the Privacy Act, when the Agreement involves the operation of a system of records on individuals to accomplish a Government function, the District, third party contractors and any of their employees are considered to be employees of the Government with respect to the Government function and the requirements of the Act, including the civil and criminal penalties for violations of the Act, are applicable except that the criminal penalties shall not apply with regard to contracts effective prior to September 27, 1975. In addition, failure to comply with the provisions of the Act or of this clause will make this Agreement subject to termination.

17.3 Definitions

The terms used in this clause have the following meanings:

- (a) "Operation of a system of records" means performance of any of the activities associated with maintaining the system of records on behalf of the Government including the collection, use and dissemination of records.
- (b) "Records" means any item, collection or grouping of information about an individual that is maintained by the District or Contractor on behalf of the Government, including, but not limited to, his education, financial transactions, medical history, and criminal or employment history and that contains his name, or the identifying number, symbol or other identifying particular assigned to the individual, such as a finger or voice print or a photograph
- (c) "System of records" on individuals means a group of any records under the control of the District or Contractor on behalf of the Government from which information is retrieved by the name of the individual or by some identifying number, symbol or other identifying particular assigned to the individual.

18.0 PATENT RIGHTS (Applicable only to research and development contracts) If any invention, improvement or discovery of the District or contractors or subcontractors is conceived or first actually reduced to practice in the course of or under this project which invention, improvement, or discovery may be patentable under the Patent Laws of the United States of America or any foreign country, the District (with appropriate assistance of any contractor or subcontractor involved) shall immediately notify the Government (FTA) and provide a detailed report. The rights and responsibilities of the District, third party contractors and subcontractors and the Government with respect to such invention will be determined in accordance with applicable Federal laws, regulations, policies and any waivers thereof.

19.0 RIGHTS IN DATA (Applicable only to research and development contracts)

The term "subject data" as used herein means recorded information, whether or not copyrighted, that is delivered or specified to be delivered under this Contract. The term includes graphic or pictorial delineation in media such as drawings or photographs; text in specifications or related performance or design-type documents, machine forms such as punched cards, magnetic tape or computer memory printouts; and information retained in computer memory. Examples include, but are not limited to, engineering drawings and associated lists, specifications, standards, process sheets, manuals, technical reports, catalog item identifications and related information. The term does not include financial reports, cost analyses and similar information incidental to contract administration.

All "subject data" first produced in the performance of this Agreement shall be the sole property of the Government. The District and Contractor agree not to assert any rights at common law or equity and not to establish any claim to statutory copyright in such data. Except for its own internal use, the District and Contractor shall not publish or reproduce such data in whole or in part, or in any manner or form, nor authorize others to do so, without the written consent of the Government until such time as the Government may have released such data to the public. This restriction, however, does not apply to Agreements with academic institutions.

The District and Contractor agree to grant and do hereby grant to the Government and to its officers, agents, and employees acting within the scope of their official duties, a royalty-free, non-exclusive and irrevocable license throughout the world:

- (a) To publish, translate, reproduce, deliver, perform, use and dispose of, in any manner, any and all data not first produced or composed in the performance of this Contract but which is incorporated in the work furnished under this Contract; and

- (b) To authorize others so to do.

District and Contractor shall indemnify and save and hold harmless the Government, its officers, agents, and employees acting within the scope of their official duties against any liability, including costs and expenses, resulting from any willful or intentional violation by the District and Contractor of proprietary rights, copyrights or rights of privacy, arising out of the publication, translation, reproduction, delivery, performance, use, or disposition of any data furnished under this Contract.

Nothing contained in this clause shall imply a license to the Government under any patent or be construed as affecting the scope of any license or other right otherwise granted to the Government under any patent

The third and fourth paragraphs under Section 19 0 above are not applicable to material furnished to the District or Contractor by the Government and incorporated in the work furnished under the Contract, provided that such incorporated material is identified by the District or Contractor at the time of delivery of such work.

In the event that the project, which is the subject of this Agreement, is not completed, for any reason whatsoever, all data generated under that project shall become subject data as defined in the Rights in Data clause in this Contract and shall be delivered as the Government may direct. This clause shall be included in all subcontracts under this Contract

20.0 NEW RESTRICTIONS ON LOBBYING

20.1 Prohibition

- (a) Section 1352 of Title 31, U.S. Code, provides in part that no appropriated funds may be expended by the recipient of a Federal contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement
- (b) The prohibition does not apply as follows:
- (i) Agency and legislative liaison by Own Employees.
 - (ii) Professional and technical services by Own Employees.
 - (iii) Reporting for Own Employees.
 - (iv) Professional and technical services by Other than Own Employees.

20.2 Disclosure

- (a) Each person who requests or receives from an agency a Federal contract shall file with that agency a certification, included in Form of Proposal or Bid Forms, that the person has not made, and will not make, any payment prohibited by Section 20.1 of this clause.
- (b) Each person who requests or receives from an agency a Federal contract shall file with that agency a disclosure form, Standard Form-LLL, "Disclosure of Lobbying Activities," if such person has made or has agreed to make any payment using non-appropriated funds (to include profits from any covered Federal action), which would be prohibited under Section 20.1 of this clause if paid for with appropriated funds.

- (c) Each person shall file a disclosure form at the end of each calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any disclosure form previously filed by such person under paragraph (c)(2) of this section. An event that materially affects the accuracy of the information reported includes:
 - (i) a cumulative increase of \$25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered Federal action; or
 - (ii) a change in the person(s) or individual(s) influencing or attempting to influence a covered Federal action; or
 - (iii) a change in the officer(s), employee(s), or Member(s) contacted to influence or attempt to influence a covered Federal action.
- (d) Any person who requests or receives from a person referred to in paragraph (c)(i) of this section a subcontract exceeding \$100,000 at any tier under a Federal contract shall file a certification, and a disclosure form, if required, to the next tier above.
- (e) All disclosure forms, but not certifications, shall be forwarded from tier to tier until received by the person referred to in paragraph (c)(i) of this section. That person shall forward all disclosure forms to the agency.

20.3 Agreement

In accepting any contract resulting from this solicitation, the person submitting the offer agrees not to make any payment prohibited by this clause.

20.4 Penalties.

- (a) Any person who makes an expenditure prohibited under Section 20.1 of this clause shall be subject to a civil penalty of not less than \$10,000 for each such expenditure.
- (b) Any person who fails to file or amend the disclosure form to be filed or amended if required by this clause, shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.
- (c) Contractors may rely without liability on the representations made by their sub-contractors in the certification and disclosure form.

20.5 Cost allowability

Nothing in this clause is to be interpreted to make allowable or reasonable any costs which would be unallowable or unreasonable in accordance with Part 31 of the Federal Acquisition Regulation. Conversely, costs made specifically unallowable by the requirements in this clause will not be made allowable under any of the provisions of Part 31 of the Federal Acquisition Regulation.

PART VIII

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT PROTEST PROCEDURE

PROCUREMENT PROTESTS

All protests shall be filed, handled and resolved in a manner consistent with the requirements of Federal Transit Administration (FTA) Circular 4220.1E Third Party Contracting Guidelines dated June 19, 2003 and the Santa Cruz Metropolitan Transit District's (District) Protest Procedures which are on file and available upon request.

Current FTA Policy states that: "Reviews of protests by FTA will be limited to:

- (1) a grantee's failure to have or follow its protest procedures, or its failure to review a complaint or protest; or
- (2) violation of Federal law or regulation.

An appeal to FTA must be received by the cognizant FTA regional or Headquarters Office within five (5) working days of the date the protester learned or should have learned of an adverse decision by the grantee or other basis of appeal to FTA" (FTA Circular 4220.1E, Section 7, paragraph 1., Written Protest Procedures)

Protests relating to the content of this Invitation for Bid (IFB) package must be filed within ten (10) calendar days after the date the IFB is first advertised. Protests relating to a recommendation for award solicited by this IFB must be filed by an interested party within five (5) calendar days after the staff's written recommendation and notice of intent to award is issued to the bidders. The date of filing shall be the date of receipt of protests or appeals by the DISTRICT.

All Protests shall be filed in writing with the Assistant General Manager, Santa Cruz Metropolitan Transit District, 370 Encinal Street, Suite 100, Santa Cruz, CA 95060. **No other location shall be acceptable.** The DISTRICT will respond in detail to each substantive issue raised in the protest. The Assistant General Manager shall make a determination on the protest normally within ten (10) working days from receipt of protest. Any decision rendered by the Assistant General Manager may be appealed to the Board of Directors. The Protester has the right within five (5) working days of receipt of determination to file an appeal restating the basis of the protest and the grounds of the appeal. In the appeal, the Protester shall only be permitted to raise factual information previously provided in the protest or discovered subsequent to the Assistant General Manager's decision and directly related to the grounds of the protest. The Board of Directors has the authority to make a final determination and the Board of Director's decision shall constitute the DISTRICT's final administrative remedy.

In the event the protestor is not satisfied with the DISTRICT's final administrative determination, they may proceed within 90 days of the final decision to State Court for judicial relief. The Superior Court of the State of California for the County of Santa Cruz is the appropriate judicial authority having jurisdiction over Bid Protest(s) and Appeal(s). Bid includes the term "offer" or "proposal" as used in the context of negotiated procurements.

The Bidder may withdraw its protest or appeal at any time before the DISTRICT issues a final decision.

Should the DISTRICT postpone the date of bid submission owing to a protest or appeal of the solicitation specifications, addenda, dates or any other issue relating to this procurement, the DISTRICT shall notify, via addendum, all parties who are on record as having obtained a copy of the solicitation documents that an appeal/protest had been filed, and the due date for bid submission shall be postponed until the DISTRICT has issued its final decision.

A letter of protest must set forth the grounds for protest and shall be fully supported with technical data, test results, or other pertinent information related to the subject being protested. The Protestor is responsible for adhering to the DISTRICT's protest procedures.

A Bidder may seek FTA review of the DISTRICT's decision. A protest appeal to the FTA must be filed in accordance with the provisions of FTA circular 4220.1E. Any appeal to the FTA shall be made not later than five (5) working days after a final decision is rendered under the DISTRICT's protest procedure. Protest appeals should be filed with:

Federal Transit Administration
Regional Administrator Region IX
201 Mission Street, Suite 2210
San Francisco, CA 94105-1839

EXHIBIT - B

PART I

BID FORM

The undersigned ("Bidder"), upon acceptance by the District, agrees to furnish all labor, freight, transportation, materials, equipment, services, supplies and other work in accordance with the Invitation for Bids entitled Item dated January 10, 2006 at the following prices. The unit bid prices should NOT INCLUDE SALES, USE, EXCISE OR ANY OTHER TAX, they are to be shown in the second column if applicable.

| Item No. | Item Description | Est. Annual Quantity | Unit Price | Tax (8.25%) | Extended Price |
|----------|-----------------------------------------------------------|----------------------|-------------------|------------------|----------------------|
| A1 | New Transit Tires 275/70R 22.5 highway rated | 200 | 190 ⁸⁰ | 15 ⁷⁴ | 41,308 ²⁰ |
| A2 | New Transit Tires 12R 22.5 highway rated | 200 | 198 ⁰⁴ | 16 ³⁴ | 42,875 ⁶⁶ |
| A3 | New Transit Tires 305/70R22.5 highway rated | 200 | 287 ⁹¹ | 23 ⁷⁵ | 62,332 ⁵² |
| A4 | New Transit Tires 255/70R22.5 highway rated (for Trolley) | 6 | 167 ⁶⁷ | 13 ⁸³ | 1,089 ⁰² |
| B1 | 11R x 22.5G | 6 | 185 ⁸⁶ | 15 ³³ | 1,206 ⁷⁷ |
| B2 | 8.75R x 16.5H | 4 | 112 ³¹ | 9 ²⁷ | 486 ³⁰ |
| B3 | LT225/75R16H | 24 | 67 ²⁸ | 5 ⁵⁵ | 1,747 ⁹³ |
| B4 | LT235/85R16H | 8 | 74 ⁷³ | 6 ¹⁷ | 647 ¹⁶ |
| B5 | LT245/75R16H | 12 | 82 ⁰⁶ | 6 ⁷⁷ | 1,065 ¹⁸ |
| B6 | P155/80R13H | 4 | 24 ³³ | 2 ⁰¹ | 105 ³⁵ |
| B7 | P175/65R14H | 4 | 25 ⁸⁴ | 2 ¹³ | 111 ⁸⁹ |
| B8 | P185/70R14 | 4 | 29 ⁰² | 2 ³⁹ | 125 ⁶⁶ |
| B9 | P195/75R14H | 4 | 31 ⁹⁶ | 2 ⁶⁴ | 138 ³⁹ |
| B10 | P215/70R15 | 120 | 32 ⁶⁴ | 2 ⁶⁹ | 4,239 ⁹⁴ |
| B11 | P215/70R14H | 4 | 40 ¹² | 3 ³¹ | 173 ⁷² |
| B12 | P215/75R15H | 4 | 43 ⁵² | 3 ⁵⁹ | 188 ⁴⁴ |
| B13 | P235/70R16 | 12 | 53 ⁷⁶ | 4 ⁴³ | 697 ⁵⁶ |
| B14 | P235/75R15H | 8 | 44 ⁵⁵ | 3 ⁶⁸ | 385 ⁸⁶ |
| B15 | P255/70R16H | 4 | 61 ⁶² | 5 ⁰⁸ | 266 ⁸¹ |

| Item No. | Item Description | Est. Annual Quantity | Unit Price | Tax (8.25%) | Extended Price |
|----------|--------------------------------------------------------------------------|----------------------|-------------------|-----------------|-----------------------|
| C1 | Remanufactured Tires - 275/70R 22.5 highway rated - 10.5" cap size | 200 | 138 ¹⁴ | 8 ⁵⁴ | 29,336 ⁰⁰ |
| C2 | Remanufactured Tires - 305/70R22.5 highway rated - 10.5" cap size | 200 | 143 ⁹⁸ | 8 ⁹¹ | 30,578 ⁰⁰ |
| C3 | Remanufactured Tires - 12R 22.5 highway rated - 9" cap size | 50 | 142 ¹² | 8 ⁸⁰ | 7,546 ⁰⁰ |
| D | Pickup and disposal of unusable tires | 200 | 9 ⁰⁰ | | 1,800 ⁰⁰ |
| E | Cost per tire to dismount old tire and mount new Revenue (Bus) tire. | 1056 | 22 ⁰⁰ | | 23,232 ⁰⁰ |
| F | Cost per tire to dismount old tire and mount new Non-Revenue tire. | 222 | 0 | | 0 |
| G | Price for new valve stem for steel wheels. | 1146 | 3 ⁷⁵ | | 4,652 ⁷⁶ |
| H | Price for new valve stem for aluminum wheels. | 132 | 6 ⁵⁰ | | 929 ²⁸ |
| I | Cost to statically and dynamically balance a new tire on rim. | 828 | 15 ⁰⁰ | | 12,420 ⁰⁰ |
| J | Cost to statically and dynamically balance a remanufactured tire on rim. | 450 | 15 ⁰⁰ | | 6,750 ⁰⁰ |
| K | Cost per tire for pickup and delivery of tires to District facilities. | 1278 | 0 | | 0 |
| | Total | | | | 276,436 ⁴⁰ |

The District reserves the right to add or delete tire sizes and quantities.

Payment Terms Offered: NET 10 TH

The Tire Information Sheet in this section must be completed along with the bid in order to be considered for award.

TIRE INFORMATION SHEET

A1 New Revenue Vehicle Tires - 275/70R 22.5 highway rated

Tire Brand: GDR
Type: G169
Ply Rating: 16
Load Range: H
Rim Width: 8.25
Tread Depth: 17
Overall Diameter: 37.8
Overall Width: 10.8
Tread Width: 7.2
Tire Load Limit: 6615
Warranty: YES

A2. New Revenue Vehicle Tires - 12R 22.5 highway rated

Tire Brand: GDYR
Type: G149
Ply Rating: 16
Load Range: H
Rim Width: 8.25
Tread Depth: 20
Overall Diameter: 42.5
Overall Width: 11.7
Tread Width: 8.1
Tire Load Limit: 7200
Warranty: YES

A3. New Revenue Vehicle Tires - 305/70R 22.5 highway rated

Tire Brand: MICH
Type: X2U
Ply Rating: 18
Load Range: L
Rim Width: 8.25
Tread Depth: 22
Overall Diameter: 39.4
Overall Width: 11.9
Tread Width: 9.0
Tire Load Limit: 7830
Warranty: YES

A4. New Revenue Vehicle Tires - 255/70R 22.5 highway rated

Tire Brand: 2 GDYR
Type: G169
Ply Rating: 16
Load Range: H
Rim Width: 8.25
Tread Depth: 17
Overall Diameter: 36.7
Overall Width: 10.0
Tread Width: 7.6
Tire Load Limit: 5510
Warranty: YES

B. Non-Revenue Tires - assorted sizes

Tire Brand: GOYR
Warranty: YES

C.1. Remanufactured Tires - 275/70R 22.5 highway rated - 10.5" cap size

275-70R-22.5
Tire Process: BANDAG PRECURE
Tread Depth: 20
Base Width: 10.5
Warranty: YES

C.2. Remanufactured Tires - 305/70R22.5 highway rated - 10.5" cap size

Tire Size: 305/70R-22.5
Tire Process: BANDAG PRECURE
Tread Depth: 20
Base Width: 10.5
Warranty: YES

C.3. Remanufactured Tires - 12R 22.5 highway rated - 9" cap size

Tire Size: 12R-22.5
Tire Process: BANDAG PRECURE
Tread Depth: 20
Base Width: 8.9
Warranty: YES

The successful bidder obligates him/herself to provide any or all of the bid items at the bid price. District reserves the right to award bid items separately or as a package. District may accept or reject the bid items at its discretion. Award of the bid will be based on totals provided for the Base Items, Options shall not be used in the determination of low bid. The Board of Directors also reserves the right to reject all bids for any reason.

Bidder has examined and is fully familiar with all terms and conditions of the Invitation for Bids and any addenda issued by the District thereto, and Bidder unconditionally submits this bid in strict accordance with said Invitation for Bids. Bidder has carefully checked all words and figures shown on this Bid Form and has carefully reviewed the accuracy of all documents, representations, manufacturer's literature, and statements submitted with this bid.

Bidder understands that this bid constitutes a firm offer to the District that cannot be withdrawn for ninety (90) calendar days from the date of bid opening. If awarded the contract, bidder agrees to deliver to the District executed copies of the final contract and required insurance certificates within ten (10) calendar days of the date of the District Notice of Award. Said Notice of Award shall be deemed duly given to Bidder upon delivery if delivered by hand, or three (3) calendar days after posting if sent by mail to Bidder's address.

Bidder understands that no partial, conditional or qualified bids shall be accepted for any bid item. Bidder further understands the right of the District Board of Directors to accept or reject any or all bids received for any reason. The District reserves the right to waive minor irregularities.

Bidder has included manufacturers' brochures describing the equipment bid under this IFB. Any proposed deviation from any item in the IFB specifications has been delineated on said brochures or on a separate attachment included with the bid. Bidder represents that the equipment and other work bid meets the specifications in all respects unless clearly noted to the contrary in the bid submittal.

The contract, if awarded, will be to the lowest responsive, responsible bidder. Bidder understands that the "lowest responsible bidder" is the lowest bidder whose offer best responds in quality, fitness and capacity to the requirements of the Invitation for Bids. The District reserves the right to award to other than the lowest bidder if the District finds that the lowest bidder is not responsible.

Bidder acknowledges receipt of the following addenda to the Invitation for Bids. All cost adjustments or other requirements resulting from said addenda have been taken into consideration by the bidder and included in the bid.

Addenda No.'s _____

Bidder has submitted the following documents with the bid:

1. Exceptions, if any, taken to the specifications or other sections of the IFB. (Warning: Substantive exceptions will be cause for bid rejection.)
2. Copy of any standard warranties in accordance with the Specifications.
3. Manufacturer's specifications, description, promotional material describing the item bid.
4. Fully executed copy of the "Lobbying Certification" listed as Page I-4 of the Bid, if applicable.
5. Fully executed copy of the "Buy America Provision Certification" listed as Page I-5 of the Bid, if applicable.

Bidder understands that bids shall be placed in a sealed envelope marked as indicated below and delivered to the Purchasing Office of the Santa Cruz Metropolitan Transit District, 110 Vernon Street, Suite B, Santa Cruz, California, 95060 prior to the time of bid opening. Bids postmarked before bid opening but delivered afterward shall be rejected.

IFB No. 05-13
"Bid for Purchase of Revenue and Non-Revenue Tires"
Bid Opening 2:00 p.m., February 7, 2006

Bidder has full power and authority to enter into and perform the work described in the Invitation for Bids on behalf of the company noted below.

DIXON & SON INC.

Company Name

Indicate:

Sole Proprietorship

Partnership

Corporation

Joint Venture with E-BAY

125 WALISER ST

Street Address

WATSONVILLE CA 95076

City, State, Zip Code

Dave H Dixon

Signature of authorized company official

DAVE H DIXON

Typewritten name of above and title

DAVE DIXON

Name, title, and email address of person to whom correspondence should be directed

831-722-4197

Telephone Number

831-722-4180

FAX Number

02-07-06

Date

94-2274184

Federal Tax ID No.

The Santa Cruz Metropolitan Transit District is a special purpose District and is a subdivision of the State of California.

Listing of major subcontractors proposed (if applicable), their phone numbers, and areas of responsibility (indicate which firms are DBE's):

LOBBYING CERTIFICATION
(Only for Contracts above \$100,000)

Lobbying Certification for Contracts Grants, Loans and Cooperative Agreements (Pursuant to 49 CFR Part 20, Appendix A)

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal Contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal Contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for making lobbying contacts to an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal Contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form--LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions and as amended by "Government wide Guidance for New Restrictions on Lobbying," 61 Fed. Reg 1413 (1/19/96).
- (3) The undersigned shall require that the language of this certification be included in the award documents for all sub awards at all tiers (including subcontracts, sub grants, and Contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. § 1352 (as amended by the Lobbying Disclosure Act of 1995). Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

The Bidder/Offeror certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Bidder/Offeror understands and agrees that the provisions of 31 U.S.C. A 3801, et seq. apply to this certification and disclosure, if any.

Firm Name DIXON & SON INC
Signature of Authorized Official Dave H Dixon
Name and Title of Authorized Official DAVE H DIXON OWNER
Date 02-07-06

**BUY AMERICA PROVISION {tc "BUY AMERICA PROVISION " \12}
(Only for Contracts above \$100,000)**

This procurement is subject to the Federal Transit Administration Buy America Requirements in 49 CFR part 661.

A Buy American Certificate, as per attached format, must be completed and submitted with the bid. A bid which does not include the certificate will be considered non-responsive.

A false certification is a criminal act in violation of 18 U.S.C. 1001. Should this procurement be investigated, the successful bidder/proposer has the burden of proof to establish that it is in compliance.

A waiver from the Buy America Provision may be sought by SCMTD if grounds for the waiver exist.

Section 165(a) of the Surface Transportation Act of 1982 permits FTA participation on this contract only if steel and manufactured products used in the contract are produced in the United States.

BUY AMERICA CERTIFICATE

The bidder hereby certifies that it will comply with the requirements of Section 165(a) or (b) (3) of the Surface Transportation Assistance Act of 1982, and the applicable regulations in 49 CFR Part 661.

Date: 02-07-06
Signature: *[Handwritten Signature]*
Company Name: DIXON & SON INC
Title: OWNER

OR

The bidder hereby certifies that it cannot comply with the requirements of Section 165(a) or (b) (3) of the Surface Transportation Act of 1982, but may qualify for an exception to the requirement pursuant to Section 165(b)(2) or (b)(4) of the Surface Transportation Assistance Act of 1982, as amended, and regulations in 49 CFR 661.7.

Date: _____
Signature: _____
Company Name: _____
Title: _____

BIDDER DBE INFORMATION

BIDDER'S NAME Dixon & Son Inc
 DBE GOAL FROM CONTRACT _____
 FED. NO. 94-2274184 100 %
 COUNTY SANTA CRUZ
 AGENCY CALIF STATE ENTERPRIZE ZONE
 CONTRACT NO. _____
 SOURCE ** CITY OF WATSONVILLE, STATE OF CALIF

BIDDER'S ADDRESS 125 WALKER ST
WATSONVILLE CA 95076
 BID AMOUNT \$ 276,436.40
 BID OPENING DATE 02-07-06
 DATE OF DBE CERTIFICATION NOV 1998

This information must be submitted during the initial negotiations with the District. By submitting a proposal, offeror certifies that he/she is in compliance with the District's policy. Failure to submit the required DBE information by the time specified will be grounds for finding the bid or proposal non-responsive.

| CONTRACT ITEM NO. | ITEM OF WORK AND DESCRIPTION OF WORK OR SERVICES TO BE SUBCONTRACTED OR MATERIALS TO BE PROVIDED * | CERTIFICATION FILE NUMBER | NAME OF DBE | DOLLAR AMOUNT DBE *** | PERCENT DBE |
|-------------------|----------------------------------------------------------------------------------------------------|---------------------------|-------------|-----------------------|-------------|
| | FEDERAL RURAL ENTERPRIZE ZONE CALIF STATE ENTERPRIZE ZONE | PROGRAM 1994 | DIXON & SON | | |

TOTAL CLAIMED DBE PARTICIPATION \$ 276,436.40 100 %


 SIGNATURE OF BIDDER

02-07-06
 DATE

AREA CODE/TELEPHONE 831-722-4197
 bid.)

(Detach from proposal if DBE information is not submitted with

- * If 100% of item is not to be performed or furnished by DBE, describe exact portion, including plan location of work to be performed, of item to be performed or furnished by DBE.
- ** DBE's must be certified on the date bids are opened.
- *** Credit for a DBE supplier who is not a manufacturer is limited to 60% of the amount paid to the supplier.

NOTE: Disadvantaged business must renew their certification annually by submitting certification questionnaires in advance of expiration of current certification. Those not on a current list cannot be considered as certified.

BIDDER DBE INFORMATION

| CONTRACT ITEM NO. | ITEM OF WORK AND DESCRIPTION OF WORK OR SERVICES TO BE SUBCONTRACTED OR MATERIALS TO BE PROVIDED * | CERTIFICATION FILE NUMBER | NAME OF DBE | DOLLAR AMOUNT DBE *** | PERCENT DBE |
|----------------------|----------------------------------------------------------------------------------------------------------|------------------------------|-------------|-----------------------------|----------------|
|----------------------|----------------------------------------------------------------------------------------------------------|------------------------------|-------------|-----------------------------|----------------|

TOTAL CLAIMED DBE
PARTICIPATION \$ _____ %

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

STAFF REPORT - SUPPLEMENTAL

DATE: February 24, 2006

TO: Board of Directors

FROM: Margaret Gallagher, District Counsel

SUBJECT: REVISE SANTA CRUZ METRO'S BYLAWS TO INCORPORATE MODIFICATIONS REQUIRED BY NEW LEGISLATION (AB 1234) WHICH BECAME EFFECTIVE JANUARY 1, 2006, REGARDING DIRECTORS' COMPENSATION AND ETHICS REQUIREMENTS INCLUDING TRAINING

I. RECOMMENDED ACTION

Consideration of revisions to METRO's Bylaws and Regulations No. 1004, Director's Code of Ethics (Attachment A) which incorporates proposed modifications as required by AB 1234 regarding Director's Compensation and Ethics Requirements including Training

II. SUMMARY OF ISSUES

- On October 7, 2005, Governor Schwarzenegger signed AB 1234 into law, clarifying the rules pertaining to compensation and reimbursements to officials of a local public agency, and establishing provisions for ethics training for local government officials and designated employees.
- At the December 9, 2005 regular meeting the Board of Directors discussed the issues raised by AB 1234. Many of the directors indicated that they thought it inappropriate to compensate Directors for attending ethics training.
- The Board of Directors indicated that it wished to see proposed modifications to the Bylaws and the Ethics Code which is set forth in the Attachments to this staff report.
- Public Utilities Code Section 98105 authorizes the Board of Directors to make its own rules of procedure. Public Utilities Code Section 98132 requires that the Board of Directors establish rules for its proceedings and Board members shall be allowed necessary traveling and personal expenses incurred in performance of duties authorized by the board.

III. DISCUSSION

On October 7, 2005, Governor Schwarzenegger signed AB 1234 into law, which clarifies the rules pertaining to compensation and reimbursements to members of a local public agency, and establishes provisions for ethics training for local government officials and designated employees. This legislation became effective on January 1, 2006.

At the December 9, 2005 regular meeting the Board of Directors discussed the issues raised by AB 1234. Many of the directors indicated that they thought it inappropriate to compensate Directors for attending ethics training. The Board of Directors indicated that it wished to see proposed modified language incorporated into the Santa Cruz METRO Bylaws and Director's Code of Ethics. Attachment A contains the proposed modifications to the Bylaws in the Resolution as well as the Director's Code of Ethics. Attachment B sets forth the current language in the Bylaws for Section 5.05 and 5.06 side by side with the proposed modified language for this section. Attachment C contains the modified language that addresses the ethics training issues. Attachment D set forth the names and titles of the designated employees who would also be required to attend the ethics training required by AB1234.

IV. FINANCIAL CONSIDERATIONS

Financial considerations are unknown at this time. It is anticipated that expenses will be incurred related to the training courses.

V. ATTACHMENTS

- Attachment A:** Proposed Bylaws Resolution with a) New language for Sections 5.05 and 5.06; b) Director's Code of Ethics; and c) New Exhibit B
- Attachment B** Current and proposed Language for Section 5.05 and 5.06 of the Bylaws
- Attachment C:** Proposed language for incorporation into Director's Code of Ethics related to ethics training
- Attachment D-1:** Current Exhibit B to Bylaws Resolution
- Attachment D-2:** Proposed New Exhibit B to Bylaws Resolution (with dollar amounts included)
- Attachment E:** List of proposed designated employees

Attachment A

RESOLUTION NO. 69-2-1
Amended 1-21-83, 6-16-89, 8-21-92,
4-15-94, 4-21-95, 4-27-97, 9-18-98,
4-16-99, 11-19-99, 6-16-00, 6-08-01,
6-15-01, 9-21-01, 02-15-02, 06-21-02,
09-27-02, 10-10-03, 12-19-03, 09-24-04,
and 12-17-04;
On the Motion of Director:
Duly Seconded by Director:
Is Hereby Amended: 02-24-06

A RESOLUTION OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT BOARD OF DIRECTORS ESTABLISHING RULES, REGULATIONS, AND PROCEDURES FOR, AND THE TIME AND PLACE OF MEETINGS OF THE BOARD; AND CREATION OF OTHER OFFICES

I. REGULAR MEETINGS

1.01 Regular Meetings; Time

- (a) Regular meetings of the Board of Directors shall be held on the second Friday of each month from 9:00 a.m. to not later than 11:00 a.m. and on the fourth Friday of each month from 9:00 a.m. to not later than noon. The Board of Directors may extend the meeting times as necessary through Board action. Notwithstanding the foregoing, if a regular meeting falls within 5 working days of a recognized District holiday, i.e., Thanksgiving, Christmas or New Year's Day, the Board of Directors shall reschedule the meeting to a more convenient date. The regular meeting schedule shall be published for the upcoming year and approved by the Board of Directors during October of each year.
- (b) The regular meeting on the second Friday of the month shall primarily be in a workshop format to review matters that may be agendaized for the Regular Board Meeting scheduled for the fourth Friday of the month. However, the Board of Directors may take action at either regular Board meeting pursuant to the agenda prepared in accordance with California law and these Bylaws.

1.02 Regular Meetings; Place

- (a) The Regular meeting of the Board of Directors on the second Friday of the month shall be convened in the Encinal Conference Room at Santa

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Cruz Metropolitan Transit District, 370 Encinal Street, Suite 100, Santa Cruz, CA 95060. The Regular meetings of the Board of Directors on the fourth Friday of the month shall be convened in the Santa Cruz City Council Chambers, City Hall, 809 Center Street, Santa Cruz, California, except that in the following months the meetings will be held at the specified locations: May: Capitola City Council Chambers located at 420 Capitola Avenue, Capitola, California; November: Watsonville City Council Chambers located at 250 Union Street, Watsonville, California.

- (b) If, by reason of fire, flood, earthquake or other emergency, it shall be unsafe to meet in the place designated above, the meeting shall be held for the duration of the emergency or unsafe condition at the place designated by the Chair of the Board of Directors in a notice to the local media that have requested notice in writing, by the most rapid means of communication available at the time. A notification advising the public of the changed meeting location during the emergency or unsafe condition shall be posted on the door of the regular meeting room by the Secretary/General Manager, unless circumstances prevent her/him from doing so.
- (c) The Board of Directors shall not conduct any meeting in any facility that prohibits the admittance of any person, or persons, on the basis of race, religious creed, color, national origin, ancestry, sex, age, marital status, sexual orientation, veteran status, or which is inaccessible to disabled persons, or where members of the public may not be present without making a payment or purchase.

1.03 Regular Meetings; Open to the Public

- (a) Meetings of the Board of Directors shall be open and public and all persons shall be permitted to attend except as otherwise allowed by law or when a closed session is authorized pursuant to applicable state law and properly noticed in accordance therewith.
- (b) A Spanish-bilingual interpreter shall be present and available for translations at the Regular Board Meeting held on the fourth Friday of the month.

1.04 Closed Sessions: State Reasons and Legal Authority; Scope of Coverage; Notice; Reporting Out

- (a) Prior to holding any closed session, the Board of Directors shall disclose,

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in an open meeting, the item or items to be discussed in the closed session. The disclosures may take the form of a reference to the item or items as they are listed by number or letter on the agenda. In the closed session, the Board of Directors may consider only those matters covered in its statement. Nothing in this section shall require or authorize a disclosure of information prohibited by state or federal law.

- (b) After any closed session, the Board of Directors shall convene into open session prior to adjournment and shall make any disclosures required by state law of action taken in the closed session.

II. AGENDA

2.01 Agenda; Notification and Posting

- (a) In order to facilitate the orderly conduct of the business of the Board of Directors, all reports, communications, resolutions, or other matters to be submitted to the Board of Directors shall be submitted to the Secretary/General Manager not later than 12:00 noon on the Friday two weeks prior to the date of the regular Board of Director's meeting scheduled for the second Friday of the month.
- (b) The Chair, in consultation with the Secretary/General Manager, shall arrange the agenda and shall furnish a copy of it to each member of the Board, to the District Counsel, to the County Administrative Officer, and to the City Manager of Santa Cruz, Capitola, Watsonville and Scotts Valley not later than the Tuesday in the week of a Regular Board meeting; the agenda shall be posted on the Official Bulletin Board for the public at the Administrative Office of the Santa Cruz Metropolitan Transit District at least 72 hours preceding each regular Board meeting.
- (c) The agenda shall contain a brief description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. The agenda shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to members of the public.

2.02 Agenda; Public Input

Every agenda for regular open meetings shall provide an opportunity for members of the public to directly address the Board of Directors on items of interest to the public, before or during the Board's consideration of the item, that

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is within the subject matter jurisdiction of Santa Cruz Metropolitan Transit District, provided that no action shall be taken on any item not appearing on the agenda unless the Board complies with Section 2.03 below.

2.03 Agenda; Action Taken Not on Agenda

- (a) No action or discussion shall be taken on any item not appearing on the posted agenda except that members of the Board of Directors present at the meeting or District staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights. In addition, on their own initiative, or in response to questions posed by the public, Directors or District staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities. Furthermore, a Director or the Board itself may, subject to the District's rules and regulations, provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or, take action to direct staff to place a matter of business on a future agenda.
- (b) Notwithstanding subdivision (a) above, the Board of Directors may take action on items of business not appearing on the posted agenda under any of the conditions stated below. Prior to discussing any item pursuant to this section, the Chair of the Board of Directors shall publicly identify the item.
 - (i) Upon a determination by a majority vote of the Board of Directors that an emergency situation exists, as defined in Section 4.01(b) herein;
 - (ii) Upon a determination by a two-thirds vote of the Directors present at the meeting, or, if less than two-thirds of the members present at the meeting, a unanimous vote of those member present, that there is a need to take immediate action and that the need for action came to the attention of the District subsequent to the agenda being posted; or
 - (iii) The item was posted pursuant to a prior meeting of the Board of Directors occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

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2.04 Agenda; Other Distributed Writings

- (a) Agendas and any other writings when distributed to all or a majority of all, the members of the Board of Directors by any person in connection with a matter subject to discussion or consideration at a public meeting are public records and shall be made available without delay unless the writing is exempt from disclosure pursuant to the Public Records Act.
- (b) Writings which are public records as set forth above and which are distributed during a public meeting shall be made available for public inspection at the meeting if prepared by the District or a Director or after the meeting if prepared by some other person.

III. SPECIAL MEETINGS

3.01 Special Meetings; Notice and Purpose

- (a) A special meeting may be called at any time by the Chair or by a majority of the members of the Board of Directors, by delivering personally or by any other means, at least 24 hours in advance, written notice to each member of the Board of Directors, and to each local newspaper of general circulation, radio or television station requesting notice in writing. The call and written notice shall specify the time and place of the special meeting and the business to be transacted and discussed.
- (b) No other business shall be considered at the special meeting. The call and notice shall be posted at least 24 hours prior to the special meeting in a location that is freely accessible to members of the public.
- (c) Every notice for a special meeting at which action is proposed to be taken on an item shall provide an opportunity for members of the public to directly address the Board of Directors concerning that item prior to action on that item.

The written notice may be dispensed with by any member of the Board of Directors, who at or prior to the time of the meeting convenes, files with the Secretary/General Manager a written waiver of notice. The waiver may be given by telegram. Written notice may also be dispensed with as to any member who is actually present at the meeting at the time it convenes. Notice shall be required pursuant to this section regardless of whether any action is taken at the special meeting.

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IV. EMERGENCY MEETINGS

4.01 Emergency Meetings; Notice and Purpose

- (a) In the case of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities, the Board of Directors may hold an emergency open meeting without complying with either the 24-hour notice requirement or the 24-hour posting requirement of Section 3.01 herein.
- (b) For purposes of this section, "emergency situation" means any of the following:
 - (i) An Emergency means a work stoppage, crippling disaster or other activity, which severely impairs public health, safety, or both, as determined by a majority of the members of the Board of Directors.
 - (ii) A dire emergency means a crippling disaster, mass destruction, terrorist act, or threatened terrorist activity that poses peril so immediate and significant that requiring the Board of Directors to provide one-hour notice before holding an emergency meeting may endanger the public health, safety, or both, as determined by a majority of the members of the Board of Directors.
- (c) Although no notice to the public is required, each local newspaper of general circulation and radio or television station which has requested notice of special meetings shall be notified by the presiding Chair of the Board of Directors, or designee thereof, one hour prior to the emergency meeting by telephone or in the case of a dire emergency, at or near the time that the Chair or designee notifies the directors of the emergency meeting. All telephone numbers provided in the most recent request of such newspaper or station for notification of special meetings shall be exhausted. In the event that telephone services are not functioning, the notice requirements of this section shall be deemed waived, and the Chairperson of the Board of Directors, or designee thereof, shall notify those newspapers, radio stations, or television stations of the fact of the holding of the emergency meeting, the purpose of the meeting and any action taken at the meeting as soon after the meeting as possible.

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4.02 Emergency Meetings; Open to the Public

Emergency meetings are always open meetings regardless of the subject matter except that if agreed to by a two-third vote of the Directors present or if less than two-thirds of the Directors are present, by a unanimous vote of those present, the Board of Directors may hold a closed session with the Attorney General, District Attorney, District Counsel or Chief of Police or their respective deputies, or a security consultant or a security operation manager on matters posing a threat to the security of public buildings, a threat to the security of essential public services, or a threat to the public's right of access to public service or public facilities.

4.03 Emergency Meetings; Requirements

All special meetings requirements, as prescribed in Section 3.01 herein, shall be applicable to a meeting called pursuant to this section, with the exception of the 24-hour notice requirement.

4.04 Emergency Meetings; Minutes

The minutes of a meeting called pursuant to this section, a list of persons who the presiding chair of the Board of Directors, or its designee notified or attempted to notify, a copy of the roll call vote and any actions taken at the meeting shall be posted for a minimum of 10 days in a public place as soon after the meeting as possible.

V. DIRECTORS

5.01 The Board of Directors

The District shall be governed by a Board of Directors of eleven members because such membership is necessary to insure adequate representation to all of the areas in the County of Santa Cruz.

5.02 Appointment

The membership of the Board of Directors shall be composed of one member appointed by each City Council of Santa Cruz, Capitola, Scotts Valley, Watsonville and any other incorporated area of the District to represent the incorporated area and one member appointed by the Board of Supervisors of the County of Santa Cruz to represent the unincorporated area. Other appointments shall be made in accordance with the proportionate population within the District. The apportionment shall be based upon the population

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distribution within the District and the Board shall reapportion its membership whenever any part of the District is excluded or new territory is added or unincorporated territory within the District incorporates and as a result of the exclusion, annexation, or incorporation, representation on the Board no longer reflects the population distribution within the District. The Board shall also reapportion whenever the County Clerk advises the Board that the latest official census indicates a need for reapportionment.

5.03 Term of Office

- (a) The term of office for each Director shall be four years.
- (b) If the appointee of any legislative body is one of its own members the appointee may serve only as long as the appointee is a member of the legislative body.
- (c) An appointment to fill a vacancy on the Board or an appointment made after the expiration of the preceding term shall be for the unexpired portion of the term.
- (d) The failure of a Board member to attend three consecutive meetings of the Board without good cause shall create a vacancy in the office of the Board member.

5.04 Directors' Code of Ethics

A Directors' Code of Ethics is attached as Exhibit A to these Bylaws and shall serve as a guideline for the Directors in the work that they perform on behalf of the District.

5.05 Director Compensation and Reimbursement

- (a) Each Director shall receive compensation of \$50, up to a maximum of \$100 per month and their actual and necessary expenses, for performance of official District duties which shall include the following activities:
 - i) Attendance at meetings of the Board of Directors;
 - ii) Attendance at meetings, as a District committee member, of a committee appointed by the Chair of the Board or the Board itself;
 - iii) Attendance at meetings, as a District Board member, of a District Advisory Committee;
 - iv) Attendance at meetings, as a District Board Member, of the

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- v) American Public Transit Association; and
Attendance at meetings, as a District Board Member, of the California Transit Association.
- (b) In addition to the meetings set forth above, each Director may receive reimbursement for the actual and necessary expenses incurred for the following District Official Duties:
 - i) Attendance at meetings with State and Federal legislators and/or government officials re District business;
 - ii) Attendance at meetings with official District visitors and/or perspective District employees; and/or
 - iii) Participation at required educational and training meetings or seminars.
- (c) Each Director shall be reimbursed for actual and necessary expenses incurred in the performance of official District duties. Reimbursement rates for travel, meals, and other actual and necessary expenses shall be in accordance with the reasonable reimbursement rates set forth in Exhibit B. Notwithstanding the foregoing, Directors shall not receive reimbursement for any costs incurred for lodging accommodations or for airline flights as those expenses shall only be booked and directly paid by the District's Administrative Services Coordinator.
- (d) The Board of Directors in a public meeting shall approve all expenses that do not fall within the reimbursable rates set forth in Exhibit B before the expense is incurred.

5.06 Reimbursement Process and Expense Report Form

- (a) The District's Administrative Services Coordinator shall schedule all conferences, lodging accommodations and transportation (including the scheduling of a District vehicle for in-state travel) for a Director and will obtain the best rate available at the time of booking. In no event shall the lodging costs exceed the maximum group rate published by the conference or activity sponsor provided that lodging at the group rate is available to the Director at the time of booking. If the group rate is not available, the Administrator Services Coordinator shall use comparable lodging that is consistent with those rates.
- (b) Directors shall utilize District vehicles in the performance of official District duties in state when possible. If a District vehicle is available but

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the Director prefers to utilize his/her own vehicle, no mileage reimbursement shall be allowed.

- (c) The Administrative Services Coordinator shall provide each Director with an Expense Report form to be filed with the District for reimbursement of the actual and necessary expenses incurred on behalf of the District in the performance of official duties or at a Director's request. The expense reports shall document that expenses meet the existing policy for expenditure of public resources. Directors shall submit expense reports within a reasonable time after incurring the expense but in no event later than four weeks after the expense has been incurred. The receipts documenting each expense shall accompany all reports. The Chair of the Board shall review the reports and insure compliance. Under no circumstances shall expenses be paid or reimbursed to a Director that are not allowed including any expenditures for spouses, friends, or others not specifically authorized by this policy to incur reimbursable expenses.
- (d) Directors shall provide brief reports about the meetings attended at the expense of the District at the next regular meeting of the Board of Directors.
- (e) All documents related to reimbursable agency expenditures are public record subject to disclosure under the California Public Records Act.

VI. PRESIDING OFFICERS

6.01 Election

- (a) The Directors shall at the first meeting in January nominate members of the Board of Directors to serve as Chair and as Vice-Chair. Nominations may be received until final selections occur. The Board of Directors shall, at its second regular meeting in January (generally televised) of each year, choose one of its members to serve as Chair and one of its members to serve as Vice-Chair to serve for the balance of the calendar year or until the selection of their successors. The officer election shall be agendized at the second meeting immediately following the roll call and shall not be paired with any other item.
- (b) Should the office of the Chair become vacant during the calendar year, the Vice-Chair shall assume the office of Chair. Should the office of

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Vice-Chair become vacant, the nomination and selection of Vice-Chair shall be agendized and acted upon by the Board of Directors.

- (c) In the event of a vacancy of both the Chair and Vice-Chair positions, the Directors shall meet in order to nominate members of the Board of Directors for the vacant positions and make final selections.

6.02 Chair to Preside

The Chair shall preside at all meetings of the Board of Directors. The Chair shall have authority to preserve order at all meetings and to remove or cause the removal of any person from any meeting of the Board of Directors for disorderly conduct, to enforce the rules of the Board of Directors and to determine the order of business under the rules of the Board of Directors.

6.03 Absence of Chair

If the Chair is absent or unable to act, the Vice-Chair shall serve until the Chair returns or is able to act. The Vice-Chair has all of the powers and duties of the Chair while acting as Chair. In the absence of both the Chair and the Vice-Chair, the Directors shall nominate and elect a director to serve as chair pro tempore during such absences.

VII. CONDUCT OF MEETING

7.01 Call to Order

The Chair shall at the hour appointed for the meeting, immediately call the Board of Directors to order when a quorum is present. The Chair shall preserve strict decorum at all meetings. She/he shall state every question coming before the Board of Directors, call for the vote, announce the decisions of the Board of Directors, and decide all questions of order, subject, however, to an appeal to the Board of Directors, in which a majority vote of the Board of Directors shall govern and conclusively determine such question of order.

7.02 Rights of Chair

The Chair, or such other member of the Board as may be presiding, may second and debate, subject only to such limitation of debates as are by these rules imposed on all members; the Chair shall not be deprived of any of the rights and privileges of a Director by reason of holding the position of Chair.

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7.03 Rules of Debate

- (a) Every Director desiring to speak shall address the Chair, and upon recognition by the presiding officer, shall be confined to the question under debate, avoiding all references to personalities and indecorous language.
- (b) A Director, once recognized, shall not be interrupted when speaking unless it is to call her/him to order. If a Director, while speaking, is called to order, she/he shall cease speaking until a question of order is determined and, if in order, she/he shall be permitted to proceed.
- (c) A Director may request, through the presiding officer, the privilege of having an abstract of her/his statement on any subject under consideration by the Board of Directors entered into the minutes. If the Board of Directors consents thereto, such statement shall be entered; provided, however, that any Director, without the Board's consent, shall have the right to have the reasons for her/his dissent from, or protest against, any action of the Board of Directors entered into the minutes.
- (d) The Secretary/General Manager may be directed by the Chair, with the consent of the Board, to enter in the minutes a synopsis of the discussion of any question coming properly before the Board of Directors.

7.04 Rules of Procedure

Rules of Procedure, which are attached hereto as Exhibit C and incorporated herein by reference shall be followed by the Board of Directors. A complete copy of the Bylaws shall be included in each Director's Board packet and made available for members of the public at Board of Directors' meetings.

7.05 Disruption of Meeting; Clearing Room

In the event that any meeting is willfully interrupted by a group or groups of persons so as to render the orderly conduct of such meeting unfeasible and order cannot be restored by the removal of individuals who are willfully interrupting the meeting, the members of the Board of Directors conducting the meeting may order the meeting room cleared and continue in session. Only matters appearing on the agenda may be considered in such a session. Representatives of the press or other news media, except those participating in the disturbance, shall be allowed to attend any session held pursuant to this

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section. In order to readmit individuals who were not disruptive, the following procedure shall be used:

- (a) When a meeting is disrupted to the point that it cannot be continued, the Chair shall order those persons causing the disruption to leave the meeting.
- (b) If those causing the disruption fail or refuse to leave the meeting, the Chair shall recess the meeting, order the meeting room cleared and summon law enforcement.
- (c) Upon the arrival of law enforcement, the Chair shall reconvene the meeting.
- (d) District Staff shall be directed to readmit those members of the public who did not engage in the disorderly conduct on an individual and intermittent basis.
- (e) If the meeting is again disrupted, the Chair shall cause the meeting room to be cleared and the meeting will continue with only the press in attendance if they have not engaged in any disruption.

VIII. QUORUM

8.01 Transaction of Business; Quorum

A six-member majority of the regular members of the Board of Directors shall constitute a quorum for the transaction of business.

IX. ADJOURNMENT/CONTINUANCES

9.01 Adjournment of Meeting

- (a) The Board of Directors may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment.
- (b) Less than a quorum may adjourn any meeting.
- (c) In the absence of all Directors from any meeting, the Secretary/General Manager may declare the meeting adjourned to a stated day and hour. If she/he does, she/he shall then cause written notice of the adjournment

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to be given in the same manner as provided for Special Meetings set forth herein.

- (d) A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the regularly adjourned regular, special, or adjourned special meeting was held within 24 hours after the time of adjournment.
- (e) When a regular or adjourned regular meeting is adjourned as provided herein, the resulting adjourned meeting is a regular meeting for all purposes.
- (f) When an order of adjournment of any meeting fails to state the hour that the adjourned meeting is to be held, it shall be held at the hour specified for regular meetings of the Board of Directors.
- (g) Any hearing being held, or noticed or ordered to be held, by the Board of Directors at any meeting may by order or notice of continuance be continued or recontinued to any subsequent meeting of the Board of Directors in the same manner and to the same extent set forth above for the adjournment of meetings; provided that, if the hearing is continued to a time less than 24 hours after the time specified in the order or notice of hearing, a copy of the order or notice of continuance of hearing shall be posted immediately following the meeting at which the order or declaration of continuance was adopted or made.

X. MINUTES

10.01 Minute Book Record of Open Sessions

- (a) The Secretary/General Manager, or her/his designee, shall attend all open meetings of the Board of Directors and record and maintain a full and true record of all of the proceedings of the Board of Directors in books that shall bear appropriate titles and be devoted to such purpose. Such books shall have a general index sufficiently comprehensive to enable a person readily to ascertain matters contained therein.
- (b) Unless the reading of the minutes of a Board of Directors meeting is requested by the Board of Directors by a majority vote, such minutes may be approved without reading if the Secretary/General Manager has previously furnished each member with a synopsis thereof.

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10.02 Minute Book Record of Closed Sessions

The Secretary/General Manager shall attend each closed session of the Board of Directors unless otherwise directed by the Board of Directors and shall keep and enter in a minute book a record of topics discussed and decisions made at the meeting. The closed session minute book is not a public record and shall be kept confidential. This minute book shall be available only to members of the Board of Directors of Santa Cruz Metropolitan Transit District or, if a violation of the Ralph M. Brown Act is alleged to have occurred at a closed session, to a court of general jurisdiction.

10.03 Protests and Dissents by Directors Entered in Minutes

Any Director shall have the right to have the reasons for the Director's dissent from, or protest against any action of the Board entered in the minutes.

XI. PUBLIC'S ROLE IN MEETINGS/PUBLIC HEARINGS

11.01 Public Addressing the Board

- a. Every agenda for regular meeting shall provide an opportunity for members of the public to directly address the Board of Directors on any item of interest to the public, before or during the Board's consideration of the item, that is within the subject matter jurisdiction of District. Every notice for a special meeting shall provide an opportunity for members of the public to directly address the Board of Directors concerning any item that has been described in the notice for the meeting before or during consideration of that item.
- b. The Chair of the Board of Directors may, depending on the circumstances, limit the total amount of time allocated for public testimony on particular issues and/or for each individual speaker. However, any restrictions placed on public testimony shall be reasonable and not an effort to suppress expression merely because of the content of the speaker's view.
- c. All remarks shall be addressed to the Board of Directors as a body and not to any member thereof. No person, other than the Chair and the person having the floor, shall be permitted to enter into any discussion, either directly or through a member of the Board, without permission of the Chair. Additionally, any person may submit written materials to the Board of Directors for its consideration.

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11.02 Public Hearings

- a) Requests for public hearings shall be in writing and shall be submitted to the Administrative Services Coordinator no later than five (5) days before the last day permitted for announcing the public hearing. All public hearings shall be noticed in local newspaper(s) of general circulation by the Administrative Services Coordinator at the direction of the Secretary/General Manager.
- b) The department manager requesting the public hearing shall investigate all applicable requirements for posting of public hearing notices and shall communicate such requests to the Administrative Services Coordinator to ensure that all public hearings are noticed sufficiently in advance of the date of consideration by the Board of Directors.
- c) A public hearing will be held before the Board of Directors when required by federal, state, or local laws or regulations or when it is asked to take action on any of the following projects:
 - (i) A change in 25% or more to the service mileage of any route.
 - (ii) A change in District fares.
 - (iii) Adoption of a Resolution authorizing application for federal funds, state or local funds when required by the funding source.
 - (iv) Adoption of any action taken relating to the adoption of any plan, environmental document, property acquisition, resolution, condemnation resolution or other action relating to a project or property where such public hearing is required by state, federal or local law.
 - (v) Adoption of the Annual Budget.
 - (vi) Adoption of the Short Range Transit Plan.
 - (vii) Adoption of an Ordinance.

XII. RESOLUTIONS, ORDINANCES AND MOTIONS

12.01 Acts of Board

The acts of the Board of Directors shall be expressed by Motion, Resolution or Ordinance. No Ordinance, Resolution or Motion shall have any validity or effect unless passed by the affirmative votes of six directors. The Board of Directors shall not take action by secret ballot, whether preliminary or final in an open or closed session.

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12.02 Resolution

No resolution shall be adopted by the Board unless it is presented before the Board in writing or read aloud. Where copies of the resolution have been presented to each Director, the reading of the resolution is automatically waived unless a Director specifically requests that it be read. Resolutions must be adopted by a roll call vote; however, routine resolutions may be placed on the consent agenda. In the event that a Director wishes to dissent or abstain, the resolution will be removed from the consent agenda and be placed on the Regular Agenda. Resolutions may also be passed by unanimous voice vote.

12.03 Ordinance

- (a) No ordinance shall be passed until a public hearing has been held on it, which hearing shall be advertised in a newspaper of general circulation or posted in at least three public places at least 15 days prior to the hearing. No ordinance shall be adopted by the Board of Directors on the day of introduction. Ordinances must be adopted by a roll call vote.
- (b) All ordinances shall be printed after passage, and maintained in the District Administrative Offices.
- (c) The enacting clause of all ordinances shall be as follows:

"Be it enacted by the Board of Directors of the Santa Cruz Metropolitan Transit District:..."
- (d) All ordinances shall be signed by the Chair of the Board or Vice-Chair and attested by the Secretary/General Manager.

XIII. METHOD OF VOTING

13.01 Voice Vote

Unless a roll call vote is specifically requested by a Director, all matters, except the voting on Resolutions and Ordinances, shall be decided by voice vote. All actions of the Board of Directors shall be approved by affirmative vote of a minimum of six voting members of the Board of Directors unless otherwise specifically required.

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13.02 Silence Recorded as Affirmative Vote

A member's silence shall be recorded as an affirmative vote.

13.03 Duty to Vote

Each Director has a duty to vote when present at a meeting on matters coming before the Board of Directors or a Board Committee unless he/she has notified the Board of Directors of a legal conflict of interest in accordance with California state law and has made a full public disclosure regarding such conflict of interest. If a conflict of interest is disclosed, the Director shall abstain from voting, unless otherwise required by law to vote.

13.04 Unanimous Voice Votes in Lieu of Roll Call for Resolutions

A Director can move the passage of a Resolution by a unanimous voice vote in lieu of a roll call. If a dissent is registered then a roll call vote shall be taken.

XIV. COMMITTEES AND APPOINTMENTS

14.01 Creation of Committees

- (a) The Board of Directors may establish committees for a stated purpose. If required by California Law, committees and their members shall comply with the Ralph M. Brown Open Meeting Act. Committees are required to comply with these Rules and Regulations. The Secretary/General Manager shall provide adequate staffing to assist the committees in doing their work. Directors who are not committee members may attend committee meetings as long as they attend only as observers when a majority of the Board of Directors is in attendance at the committee meeting. Appointees to committees serve at the pleasure of the Board of Directors, except that no appointee will be removed from office for an illegal reason including the exercise of his/her right to speak about matters of public concern. The committees shall include the following:
 - (i) Working committees or subcommittees of the Board of Directors analyze, review, and make recommendations to the Board of Directors on items to be presented to the full Board. The Chair of the Board shall appoint members of the Board to such committees or subcommittees and shall also appoint a Board member to chair the committees or subcommittees. If a vacancy occurs, the Board Chair shall appoint a Director to fill the vacancy. Minutes shall be

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taken at each committee and shall be prepared and distributed to the Directors at least two days prior to the regular Board meeting.

- (ii) The Board of Directors may from time to time create advisory committees who shall be charged with giving advice to the Board of Directors regarding an issue relevant to the Transit District's business. Appointments to advisory committees may be made by the Chair, or the Board of Directors. Directors, employees or members of the public may sit on an advisory committee. The following are permanent advisory committees of the Board of Directors:
 - (iii) The Metro Advisory Committee (MAC) is the official advisory committee of the Santa Cruz Metropolitan Transit District. Its purpose is to advise the Board of Directors on matters of METRO policy and operations referred to the committee by the Board or the Secretary/General Manager and to perform such additional duties as assigned. The committee may also address issues which committee members or the public raise with respect to the quantity and quality of services provided by METRO. MAC shall be composed of 11 members appointed by the Board of Directors. Each director shall nominate one individual to serve as members of the MAC. The Board of Directors shall approve bylaws to be followed by MAC.
- (b) Metro Accessible Services Transit Forum (MASTF)
- (i) The Metro Accessible Services Transit Forum (MASTF) is an independent volunteer organization that provides advice to the Santa Cruz Metropolitan Transit District Board of Directors and District management and staff regarding the best methods and resources for providing accessible transportation services to the public. MASTF reviews Metro programs for compliance with §504 of the Vocational Rehabilitation Act of 1973, Americans with Disabilities Act of 1990 and all other appropriate local, state and federal laws and regulations.
 - (ii) The District shall regularly send one staff member to the MASTF meetings and this person shall share information from the District and gather concerns from MASTF. The District shall help in the preparation and distribution of meeting notices and agendas. Information on MASTF will remain in the Headways publication.

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14.02 Appointment to Santa Cruz County Regional Transportation Commission

- (a) The Board of Directors shall each year in January appoint three representatives and three alternates (in order of priority) to the Santa Cruz County Regional Transportation Commission (SCCRTC) who must be members of the Board of Directors. The Board Chair shall submit nominations of three representatives and three alternates for the first Board meeting in January. At that first meeting in January, the Chair shall entertain other nominations for SCCRTC representatives and alternates from the Directors. Nominations may be received until final selections occur. Thereafter at the second meeting in January, the Board of Directors shall vote on the nominations via a motion and a second. To be appointed a nomination shall receive at least six affirmative votes. A Director may move a slate of three representatives or a slate of three alternates for appointment.
- (b) The Board of Directors may provide its SCCRTC representatives with guidance on issues coming before the Commission to assist the director/commissioner in serving the best interests of the Transit District.

XV. OFFICIAL BULLETIN BOARD

15.01 Posting of Notices

- (a) For purposes of posting official notices of the Board of Directors, notices of public hearings, and any other official papers of the Santa Cruz Metropolitan Transit District where posting is required by the law, the Official Bulletin Board of the Santa Cruz Metropolitan Transit District shall be the bulletin board at the entrance of the District Administrative Office. Should the Board of Directors hold a public hearing at any location other than its regular place of meeting, then, in addition to the posting of the notice on the Official Bulletin Board above listed, posting shall also be made upon or near the door of the place of meeting.
- (b) All advisory committees created by the Board of Directors are required to post any and all official notices including those notices required by law at the official bulletin board so designated for that purpose at the Santa Cruz Metro Center, 920 Pacific Avenue, Santa Cruz, CA 95060.

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XVI. OTHER OFFICES

16.01 General Manager; Powers and Duties

In addition to the powers, duties and obligations of the General Manager, as set forth above, and the applicable Public Utilities Code pertaining to the Santa Cruz Metropolitan Transit District, the powers and duties of the General Manager shall include the following:

- (a) To have charge, subject to the direction and control of the Board of Directors, of the acquisition, construction, maintenance, and operation of the facilities of the District.
- (b) To have charge, subject to the direction and control of the Board of Directors, of the administration of the business affairs of the District.
- (c) To insure that all ordinances of the District are enforced.
- (d) To administer the personnel system and collective bargaining agreements adopted by the Board of Directors and, except for officers appointed by the Board, to appoint, discipline or remove all officers and employees subject to the rules and regulations adopted by the Board, and the applicable provisions of any adopted collective bargaining agreement.
- (e) To prepare and submit or cause to be prepared and submitted to the Board of Directors within 90 days after the end of each fiscal year a complete report of the finances and the administrative activities of the District for the preceding year, and the financial status of the District on the last day thereof.
- (f) To keep the Board of Directors advised as to the needs of the District.
- (g) To formulate and present to the Board of Directors all plans and specifications for the construction of the works of the District and the means to finance them.
- (h) To have no business interest which interferes with his/her duties and responsibilities to the District.
- (h) To cause to be installed and maintained a system of auditing and accounting which shall completely and at all times show the financial

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condition of the District.

- (j) Attend meetings of the Board of Directors as directed by the Board, and act as Secretary to the Board.
- (k) To perform such other and additional duties as the Board may require.

16.02 General Manager; Qualifications and Experience

The General Manager shall be chosen on the basis of his/her qualifications with special reference to his/her actual experience in or knowledge of accepted practices and respect to the duties of his/her office as herein above set forth.

16.03 General Manager; Pro Tempore Appointments

The Board of Directors may appoint a General Manager pro tempore during any absence or disability of the General Manager.

16.04 General Manager; Resident Requirement

The General Manager need not be a resident of this State at the time of his/her appointment, however /he/she shall establish a California residency within 30 days of the commencement of his or her duties with the Transit District.

16.05 District Counsel; Appointment, Powers and Duties

The District Counsel shall be admitted to the practice of law in all courts of this State. The District Counsel shall have the power and be required to:

- (a) Represent and advise, if authorized and directed by the Board of Directors, the Board of Directors and all District officers, committees or departments in all matters pertaining to their office.
- (b) Represent and appear, if authorized and directed by the Board of Directors, for the District and any officer or employee, in any and all actions and proceedings in which the District or any officer or employee, in or by reason of their official capacity, is concerned or is a party; however, the Board of Directors shall have control of all legal business and proceedings and may employ other attorneys to take charge of any litigation or matter, or to assist the District Counsel therein.

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- (c) Attend all meetings of the Board of Directors as directed by the Board of Directors and give legal advice or opinions in writing whenever requested to do so by the Board of Directors, or by any of the committees or officers of the District.
- (d) Review all contracts to be made by the District and provide the Board of Directors, its officers and staff with legal advice regarding same.
- (e) Prepare any and all proposed ordinances or resolutions for the District and amendments thereto.
- (f) Perform such other acts relating to the office as the Board of Directors shall require; and
- (g) On vacating the office, surrender all books, papers, files, and documents pertaining to the District's affairs.

PASSED AND ADOPTED this 24th day of February 2006, by the following vote:

AYES: Directors -

NOES: Directors -

ABSTAIN: Directors -

ABSENT: Directors -

APPROVED _____

MIKE ROTKIN
Chairperson

ATTEST _____

LESLIE R. WHITE
General Manager

APPROVED AS TO FORM:

MARGARET GALLAGHER, District Counsel

8. a 23

Regulation Number: 1004

Computer Title: Director's Code of Ethics

Effective Date: April 16, 1999

Pages: 6

TITLE: Santa Cruz Metropolitan Transit District Director's Code of Ethics

| REVISION DATE | SUMMARY OF REVISION | APPROVED |
|-------------------------------------|--------------------------------------------------------|----------|
| April 16, 1999 February 24, 2006 | Policy Implemented Section IX Ethics Training Added | J.B. |

I. POLICY

1.01 District Directors are public servants and, as such, are expected to be impartial and responsible in fulfilling the public trust placed in them. The public expects the highest standard of ethical conduct from all those in public service. District Directors are expected to demonstrate personal integrity, honesty, and truthfulness in all their public activities in order to inspire public confidence and trust in the District.

II. APPLICABILITY

2.01 This policy is applicable to all District Directors.

2.02 Notwithstanding any provision of this Code every District Director shall comply with applicable Federal, State and local laws.

III. RESPONSIBILITIES OF PUBLIC SERVICE

3.01 District Directors are bound to discharge faithfully the duties of their offices, recognizing that the lives, safety, health, and welfare of the general public must be their primary concern. Their conduct in their official and private affairs should be above reproach to assure that their public office is not used for personal gain.

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IV. CONFLICT OF INTEREST

- 4.01 District Directors are prohibited from making, participating in, or in any way attempting to use their District offices to influence a District decision in which they know or have reason to know they have a financial interest.
- 4.02 District Directors shall not engage in outside employment, activities, or enterprises for compensation that are inconsistent with, incompatible to, or in conflict with their duties as District Directors. The outside employment, activities or enterprises inconsistent with, incompatible to, or in conflict with an Director's District duties include those which:
- (1) involve the use for private gain or advantage of (a) a Director's District work, District facilities, District equipment and District supplies; or (b) the influence or prestige of his or her position with the District; or
 - (2) involve receipt or acceptance by a District Director of any money or other consideration from anyone other than the District for the performance of an act which the Director would be required or expected to render in the regular course of his or her District obligations as a Director; or
 - (3) involve the performance of an act in other than his or her capacity as a District Director which act may later be subject directly or indirectly to control, inspection, review, audit, or enforcement by the District.
- 4.03 No District Director shall solicit or accept gratuities, favors or anything of monetary value including personal loans, from contractors, subcontractors, consultants, potential contractors, potential consultants, or potential subcontractors, except an unsolicited gift of nominal intrinsic value. "Nominal intrinsic value" for purposes of this section shall mean a value of less than \$250, within a twelve-month period from a single source.
- 4.04 No current or former District Director shall disclose, permit disclosure or otherwise use confidential information acquired by virtue of his or her position with the District for his or her or another person's private gain or for any purpose except in the performance of his/her official duties and

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responsibilities for the District or as may be required by law. No District Director shall reveal information received in a lawful closed session of the District's Board of Directors unless such information is required by law to be disclosed. No District Director shall take any action or provide any information for or on behalf of any prospective contractor or vendor that interferes with free and open competition for District contracts.

4.05 No District Director shall engage in or permit the unauthorized use of District-owned property, including but not limited to facilities, vehicles, materials, equipment, licensed software and information. Use of District property for purposes other than District business shall be considered an unauthorized use unless a Director has received prior approval for such use by the Board of Directors. Use of District property for non-District business will only be authorized when the Board of Directors determines it is in the best interest of the District to do so.

4.06 District Directors shall immediately report to the Board of Directors the existence of a conflict of interest, including a financial interest in making or participating in making of any governmental decision, so that appropriate action be taken.

V. POLITICAL ACTIVITY

5.01 Except as herein otherwise provided, or as necessary to meet requirements of federal or state law, no restriction shall be placed on the political activities of any District Director.

5.02 No District Director who holds, or who is seeking election or appointment to, any office or employment in a state or local agency shall, directly or indirectly, use, promise, threaten or attempt to use any office, authority, or influence, whether then possessed or merely anticipated, to confer upon or secure for any person, or to aid, obstruct, or to prevent any person from securing, any position, nomination, confirmation, promotion, or change in compensation or position within the District.

5.03 No District Director shall directly or indirectly solicit a political contribution from a District employee, except if such solicitation is part of a solicitation made to a significant segment of the public, which may include District employees.

5.04 No District Director who holds, or is seeking election or appointment to,

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any office shall offer or arrange for any increase in compensation or salary for a District employee in exchange for, or promise of, a contribution or loan for the person who holds, or who is seeking election or appointment to such office.

- 5.05 No District Director shall engage in political activity while acting in his/her capacity as a Director for the District.

VI. NONDISCRIMINATION

- 6.01 District Directors shall not, in the performance of their District responsibilities, engage in unlawful discrimination of any sort under any applicable federal, state, county or municipal law or ordinance, including without limitation discrimination against any person on the basis of race, sex, color, national origin, religion, disability, age, marital status, sexual orientation, or veteran status, and they shall make good faith efforts to support and comply with the District's equal opportunity and affirmative action goals and objectives.

VII. STATEMENTS OF ECONOMIC INTEREST

- 7.01 Directors shall file assuming office statements, annual statements and leaving office statements of economic interests with the District as required by state law. Assuming office statements for Directors shall include disclosure of investments and interests in real property and business but also income, gifts and loans income received during the 12 months prior to the date of assuming office. Upon receipt of these statements the District shall make and retain a copy and forward the original of these statements to the appropriate public agency.

VIII. REPORTING OF IMPROPER GOVERNMENT ACTIVITIES

- 8.01 District Directors are encouraged to serve the public interest by disclosing to the Board of Directors to the extent not in conflict with the attorney-client privilege or the physician-patient privilege, information concerning District activities where the Director has reasonable cause to believe that the information discloses a violation of state or federal statute, or violation or noncompliance with state or federal regulation. No Director of the District shall use or attempt to use his or her authority to interfere with such disclosure made by another Director or a District employee or to retaliate against a Director or District employee for such disclosure.

IX. ETHICS TRAINING

9.01 Each Director shall receive at least two hours of training in general ethics principles and ethics laws relevant to his/her public service every two years.

9.02 Ethics laws include but are not limited to the following:

- (a) Laws relating to personal financial gain by public servants, including but not limited to, laws prohibiting bribery and conflict-of-interest laws;
- (b) Laws relating to claiming prerequisites of office, including but not limited to gift and travel restrictions, prohibitions against the use of public resources for personal or political purposes, prohibitions against gifts of public funds, mass mailing restrictions, and prohibitions against acceptance of free or discounted transportation by transportation companies;
- (c) Government transparency laws, including, but not limited to financial interest disclosure requirements and open government laws;
- (d) Laws relating to fair processes, including but not limited to common law bias prohibitions, due process requirements, incompatible offices, competitive bidding requirements for public contracts, and disqualification from participating in decisions affecting family members.

9.03 The District's Administrative Services Coordinator shall provide information on training available to meet the requirements of this section to the directors at least once annually.

9.04 Each Director in office as of January 1, 2006 except for officials whose terms of office ends before January 1, 2007, shall receive the training required herein before January 1, 2007. Thereafter, each local agency official shall receive such training at least once every two years.

9.05 A Director who serves more than one local agency shall satisfy the training requirements once every two years without regard to the number of local agencies with which he/she serves.

9.06 The Administrative Services Coordinator shall maintain training records as required herein for at least 5 years which indicate both of the following:

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EXHIBIT A

- (a) The dates that the Directors satisfied these training requirements.
- (b) The entity that provided the training.

9.07 All ethics training records prepared and/or maintained in accordance with this section are subject to disclosure under the California Public Records Act.

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| Reimbursable | Rates |
|---------------------------------------------------------------|---------|
| Transportation: | |
| Airporter (e.g. shuttle) | \$40.00 |
| Bridge tolls | \$7.00 |
| Cab, per person, per trip | \$20.00 |
| Parking at airport, per day | \$25.00 |
| Parking at hotel, conference center, per day | \$50.00 |
| Personal vehicle mileage to/from airport/conference, per mile | \$0.445 |
| Public transportation (e.g. bus, subway), per trip/Daypass | \$15.00 |
| Rental Car (includes insurance) per day | \$75.00 |
| Meals: | |
| Breakfast | \$20.00 |
| Lunch | \$25.00 |
| Dinner | \$50.00 |
| Tips for meals (15% maximum) | |
| Personal Items: | |
| Personal calls, one call per day | \$10.00 |
| Not Reimbursable | |
| Transportation: | |
| Baggage Claims | |
| Cab (personal) | |
| Tips to cabs | |
| Tips for luggage handling | |
| Meals: | |
| Alcoholic Beverages | |
| Meals for others (e.g. spouses, personal guests) | |
| Meals upon return to Santa Cruz County | |
| Snacks | |
| Personal Items: | |
| Housekeep+A7ing tips | |
| Clothes cleaning | |
| Clothing | |
| Entertainment (e.g. in-room pay movies, video rentals) | |
| Hair care | |
| Personal items (e.g. toothpaste) | |
| Shoeshine | |
| Souvenirs/Gifts | |
| Trip Insurance | |
| Lodging: | |
| Other than self (e.g. spouse, personal guests) | |

METRO's Rules of Procedure for Meetings

A. Motions

1. A motion is the means used by a Director to present a substantive proposal to the Board of Directors for consideration and action. It is the basic means for the transaction of business. Only one subject can be considered by the Board of Directors at one time, therefore, a motion can be proposed only when no other motion is before the Board. A motion must be introduced by the words, "I move..."
2. A motion should be concise and clear. If a motion is confusing, unnecessarily long or involved, the Chair should ask the proposer to rephrase the motion and, if necessary, should assist the Director in doing so. The Chair can rephrase the motion only in wording that is approved by its proposer. The Chair can require that any motion be submitted in writing.
3. A motion requires a second, which means that another director indicates a desire to have the proposal considered. The Director who seconds the motion does not have to be in support of the motion.
4. When a motion has been moved and seconded, the Chair opens the matter for debate. When any Director wishes to speak in debate, he/she shall so indicate to the chair.
5. The motion may be decided by a vote approving or defeating it or it may be disposed of by some other motion such as referral to a committee. No motion may simply be ignored; definite action must be taken on it. A motion passes if at least six affirmative votes are recorded.

B. Motion to Amend

1. The purpose of a motion to amend is to modify a motion that is being considered by the Board of Directors so that it will express more satisfactorily the will of the directors. There is no limit to the number of amendments that can be considered to modify a motion.
2. A Motion to Amend requires a second, is debatable, cannot be amended, and takes precedence over the main motion. However, if an amendment is offered as a "friendly amendment" and is accepted by the proposer of the main motion then a second is not required to incorporate the amendment into the main motion.

3. Amendments are voted on in the reverse order of their proposal. The vote then shall be taken on the amendment to the motion and, finally on the motion.

C. Debate

1. The purpose of a legislative body is to secure the collective judgment of the group on proposals submitted to it for decision. This purpose is best served by the free interchange of thought through discussion and debate. The right of every director to participate in the discussion of any matter of business that comes before the Board of Directors is one of the fundamental principles of parliamentary law. Therefore, every director is guaranteed a reasonable and equal opportunity to be heard.
2. Usually the first director who indicates to the chair a desire to speak will be recognized for that purpose. When more than one director indicates a desire to speak, the following rules will apply:
 - a.) The proposer of the Motion or the author of a Report will be recognized first;
 - b.) A director who has not had the opportunity to speak will be recognized over one who has already spoken on the issue. Similarly one who seldom speaks should be recognized over one who speaks more frequently;
 - c.) The Chair should alternate between the supporters and opponents of an issue.
3. When it appears to the Chair that all the directors who wish to speak have been recognized, he/she may call for a vote.
4. A Motion to Close Debate (Calling the Question) will prevent or stop debate on the motion (or motions) to which it is applied and bring it (them) to an immediate vote. The Motion to Close Debate may be proposed at any time after the motion to which it applies has been stated to the Board of Directors. Once a Motion to Close Debate is offered, the Chair shall decide whether or not Debate should be closed considering whether there are other Directors who wish to debate the issue and whether the debate will be productive. The Board of Directors with a minimum of six affirmative votes may overrule the decision of the Chair.
5. A Motion to Postpone Temporarily (To Lay on the Table, or to Table) is a motion to set aside temporarily a pending motion in such a way that, if the Board of Directors wishes, the postponed motion can be taken up again for consideration at any time during the current meeting by a motion to resume its consideration. A Motion to Postpone Temporarily requires a second, is not debatable and cannot be amended and requires at least six

affirmative votes for passage or two-thirds when used to suppress a motion without further debate.

D. Motion To Reconsider

1. A Motion to Reconsider is to enable the Board of Directors to set aside a vote on a motion taken at the same meeting and to consider the motion again as though no vote had been taken on it because of a misunderstanding or because action was taken without adequate information or because later events cause the Board of Directors to change its mind.
2. A Motion to Reconsider is a restorative motion and can be offered at any time during a meeting. It is unusual in that, unlike an ordinary motion, it may be proposed even if other business is under consideration, and if necessary, it may interrupt a speaker. When a Motion to Reconsider is proposed and seconded while other business is pending, the Chair directs the secretary to record its proposal; but the Motion to Reconsider is not considered until the pending business has been handled. It is then considered and decided immediately.
3. Any Director may offer the Motion to Reconsider when it appears justified, as when new facts have come to light or when an error needs to be corrected, or when a hasty decision appears to have been made. If the Chair considers the motion dilatory, it can be ruled out of order. If there is disagreement about whether the Motion is dilatory, the decision of the Chair can be appealed, in which case the ultimate decision is made by the Board of Directors.
4. A Motion for Reconsideration requires a second, debate is restricted to the reasons for reconsideration, it cannot be amended and requires at least six affirmative votes.

E. Points of Order

1. A Point of Order calls the attention of the Board of Directors and of the Chair to a violation of the rules, an omission, a mistake or an error in procedure and to secure a ruling from the Chair on the question raised.
2. A Point of Order must be raised immediately after the mistake, error, or omission occurs. It cannot be brought up later unless the error involves a violation of law, or of the bylaws, or the accuracy of the minutes.
3. As soon as the Director has stated a point of order, the Chair must rule on it, declaring that the point is "well taken" or "not well taken". The Chair may state the reasons for the decision, if desired. If the Chair is in doubt

as to the correct decision, the ruling may be delayed briefly. Meanwhile, action on the matter affected by the point of order is deferred. When the Chair refers a point of order to the Board of Directors for decision, discussion is not in order unless the Chair invites it. No appeal may be taken from a decision by the Board of Directors on a point of order. A Director wishing to challenge a decision of the Chair on a point of order must appeal to the Board of Directors. A minimum of six affirmative votes by the Board of Directors is required to overrule the Chair.

4. The highest Point of Order is the request for Personal Privilege, which takes precedence over all other matters. This request enables a Director to secure an immediate decision and action by the Chair on a request that concerns the comfort, convenience, rights or privileges of the Board or of the Director himself/herself. It may be used when a Director believes that he/she has been insulted and wants to respond. It should be used sparingly and may never be used to raise a substantive point.

F. Procedures Not Addressed

If there are any procedural matters that arise during a meeting of the Board of Directors that are not covered in these Rules of Procedure or in the Santa Cruz METRO Bylaws, the Chair shall decide how to proceed. The Board of Directors with at least six affirmative votes, however, may overrule the Chair.

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CURRENT LANGUAGE

PROPOSED LANGUAGE

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| <p>5.05 <u>Director Compensation</u></p> <p>Each Director shall receive \$50 for attendance at a meeting of the Board of Directors, attendance as a committee member at a committee meeting of the Board of Directors, attendance as a Board member at an Advisory Committee, attendance at an American Public Transit Association meeting, attendance at a California Transit Association meeting or when performing District business in lieu of attendance at any of the above-stated meetings, up to a maximum of \$100 per month.</p> | <p>5.05 <u>Director Compensation and Reimbursement</u></p> <p>a. Each Director shall receive compensation of \$50, up to a maximum of \$100 per month and their actual and necessary expenses, for performance of official District duties which shall include the following activities:</p> <ol style="list-style-type: none">1. Attendance at meetings of the Board of Directors;2. Attendance at meetings, as a District committee member, of a committee appointed by the Chair of the Board or the Board itself;3. Attendance at meetings, as a District Board member, of a District Advisory Committee;4. Attendance at meetings, as a District Board Member, of the American Public Transit Association; and5. Attendance at meetings, as a District Board Member, of the California Transit Association. <p>b. In addition to the meetings set forth above, each Director may receive reimbursement for the actual and necessary expenses incurred for the following District Official Duties:</p> <ol style="list-style-type: none">1. Attendance at meetings with State and Federal legislators and/or government officials re District business;2. Attendance at meetings with official District visitors and/or perspective District employees; and/or3. Participation at required educational and training |
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| <p>5.06 <u>District Travel And Personal Expenditures</u></p> <p>(a) A District Director shall obtain Board authorization to perform or participate in District business prior to actual attendance if such involves the expenditure of District funds. A Director shall receive reimbursement for meals, transportation and other expenses incurred on behalf of the District in accordance with the District's expense list, which is attached hereto as Exhibit B.</p> <p>(b) Invoices shall be submitted to the Chair of the Board of Directors for approval. After approval is obtained from the Chair the reimbursement request shall be</p> | <p>meetings or seminars.</p> <p>c. Each Director shall be reimbursed for actual and necessary expenses incurred in the performance of official District duties. Reimbursement rates for travel, meals, and other actual and necessary expenses shall be in accordance with the reasonable reimbursement rates set forth in Exhibit B. Notwithstanding the foregoing, Directors shall not receive reimbursement for any costs incurred for lodging accommodations or for airline flights as those expenses shall only be booked and directly paid by the District's Administrative Services Coordinator.</p> <p>d. The Board of Directors in a public meeting shall approve all expenses that do not fall within the reimbursable rates set forth in Exhibit B before the expense is incurred.</p> <p>5.06 <u>Reimbursement Process and Expense Report Form</u></p> <p>a. The District's Administrative Services Coordinator shall schedule all conferences, lodging accommodations and transportation (including the scheduling of a District vehicle for in-state travel) for a Director and will obtain the best rate available at the time of booking. In no event shall the lodging costs exceed the maximum group rate published by the conference or activity sponsor provided that lodging at the group rate is available to the Director at the time of booking. If the group rate is not available, the Administrator Services Coordinator shall use comparable lodging that is consistent with those rates.</p> |
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| <p>forwarded to the Finance Department for reimbursement. Reimbursement shall not be necessary when a District staff member pays directly for a Director's expenses.</p> <p>(c) Advances based on internal revenue service rates will be made upon a director's request, however, receipts of expenditures must be provided to the Chair of the Board of Directors for approval. All advanced funds shall be returned to the Administrative Services Coordinator if the trip is cancelled or the funds are not used.</p> <p>(d) A complete report of all expenses incurred by the Director while engaging in District business shall be submitted by the Director to the Board of Directors for review. Such report may be prepared by District staff upon request.</p> <p>(e) District Directors shall not include any expenditure for spouses, friends, or others as a District expense.</p> <p>(f) The District's Administrative Services Coordinator shall schedule all conferences, hotel accommodations and transportation for a Director.</p> | <p>b. Directors shall utilize District vehicles in the performance of official District duties in state when possible. If a District vehicle is available but the Director prefers to utilize his/her own vehicle, no mileage reimbursement shall be allowed.</p> <p>c. The Administrative Services Coordinator shall provide each Director with an Expense Report form to be filed with the District for reimbursement of the actual and necessary expenses incurred on behalf of the District in the performance of official duties or at a Director's request. The expense reports shall document that expenses meet the existing policy for expenditure of public resources. Directors shall submit expense reports within a reasonable time after incurring the expense but in no event later than four weeks after the expense has been incurred. The receipts documenting each expense shall accompany all reports. The Chair of the Board shall review the reports and insure compliance. Under no circumstances shall expenses be paid or reimbursed to a Director that are not allowed including any expenditures for spouses, friends, or others not specifically authorized by this policy to incur reimbursable expenses.</p> <p>d. Directors shall provide brief reports about the meetings attended at the expense of the District at the next regular meeting of the Board of Directors.</p> <p>e. All documents related to reimbursable agency expenditures are public record subject to disclosure under the California Public Records Act.</p> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

8. b3

Addition to Director's Code of Ethics in Compliance with AB 1234

IX. Ethics Training

- 9.01 Each Director shall receive at least two hours of training in general ethics principles and ethics laws relevant to his/her public service every two years.
- 9.02 Ethics laws include but are not limited to the following:
- a. Laws relating to personal financial gain by public servants, including but not limited to, laws prohibiting bribery and conflict-of-interest laws;
 - b. Laws relating to claiming prerequisites of office, including but not limited to gift and travel restrictions, prohibitions against the use of public resources for personal or political purposes, prohibitions against gifts of public funds, mass mailing restrictions, and prohibitions against acceptance of free or discounted transportation by transportation companies;
 - c. Government transparency laws, including, but not limited to financial interest disclosure requirements and open government laws;
 - d. Laws relating to fair processes, including but not limited to common law bias prohibitions, due process requirements, incompatible offices, competitive bidding requirements for public contracts, and disqualification from participating in decisions affecting family members.
- 9.03 The District's Administrative Services Coordinator shall provide information on training available to meet the requirements of this section to the directors at least once annually.
- 9.04 Each Director in office as of January 1, 2006 except for officials whose terms of office ends before January 1, 2007, shall receive the training required herein before January 1, 2007. Thereafter, each local agency official shall receive such training at least once every two years.
- 9.05 A Director who serves more than one local agency shall satisfy the training requirements once every two years without regard to the number of local agencies with which he/she serves.
- 9.06 The Administrative Services Coordinator shall maintain training records as required herein for at least 5 years which indicate both of the following:
- a. The dates that the Directors satisfied these training requirements.
 - b. The entity that provided the training.
- 9.07 All ethics training records prepared and/or maintained in accordance with this section are subject to disclosure under the California Public Records Act.

Authorized**Attachment D1****Transportation:**

Airporter (e.g. shuttle)

Bridge tolls

Cab (to/from hotel)

Cab (to/from meetings & meals)

Parking at airport

Parking at hotel, conference center

Personal vehicle mileage to/from airport

Public transportation (e.g. bus, subway)

Rental Car with prior approval by General Manager

Transportation tickets (e.g. airline, train)

Meals:

Coffee break expenses

Meal beverages (non-alcoholic)

Reasonable cost meals for self

Tips for meals (15% maximum)

Personal Sundries:

Daily newspaper

Personal telephone calls (reasonable and customary, one per day)

Required seminar materials

Telephone calls (SCMTD business)

Traveler's check fee on travel advance

Lodging:

Self

Not Authorized**Transportation:**

Baggage Claims

Cab (personal)

Tips to cabs

Tips for luggage handling

Meals:

Bar expenses

Meals for others (e.g. spouses, personal guests)

Meals upon return to Santa Cruz County

Snacks

Meals prior to departure

Personal Sundries:

Housekeeping tips

Clothes cleaning

Clothing

Entertainment (e.g. in room pay per view, movies, video rentals)

Hair care

Personal items (e.g. toothpaste)

Shoeshine

Souvenirs/Gifts

Trip Insurance

Lodging:

Other than self (e.g. spouse, personal guests)

8.d-1

Reimbursable

Attachment

D2

| Rates | |
|---------------------------------------------------------------|---------|
| Transportation: | |
| Airporter (e.g. shuttle) | \$40.00 |
| Bridge tolls | \$7.00 |
| Cab, per person, per trip | \$20.00 |
| Parking at airport, per day | \$25.00 |
| Parking at hotel, conference center, per day | \$50.00 |
| Personal vehicle mileage to/from airport/conference, per mile | \$0.445 |
| Public transportation (e.g. bus, subway), per trip/Daypass | \$15.00 |
| Rental Car (includes insurance) per day | \$75.00 |
| Meals: | |
| Breakfast | \$20.00 |
| Lunch | \$25.00 |
| Dinner | \$50.00 |
| Tips for meals (15% maximum) | |
| Personal Items: | |
| Personal calls, one call per day | \$10.00 |
| Not Reimbursable | |
| Transportation: | |
| Baggage Claims | |
| Cab (personal) | |
| Tips to cabs | |
| Tips for luggage handling | |
| Meals: | |
| Alcoholic Beverages | |
| Meals for others (e.g. spouses, personal guests) | |
| Meals upon return to Santa Cruz County | |
| Snacks | |
| Personal Items: | |
| Housekeep+ATing tips | |
| Clothes cleaning | |
| Clothing | |
| Entertainment (e.g. in-room pay movies, video rentals) | |
| Hair care | |
| Personal items (e.g. toothpaste) | |
| Shoeshine | |
| Souvenirs/Gifts | |
| Trip Insurance | |
| Lodging: | |
| Other than self (e.g. spouse, personal guests) | |

8.d-2

LIST OF DESIGNATED EMPLOYEES FOR ETHICS TRAINING

1. General Manager
2. Assistant General Manager
3. District Counsel
4. Finance Manager
5. Assistant Finance Manager
6. Human Resources Manager
7. Assistant Human Resources Manager
8. Information Technology Manager
9. Senior Database Administrator
10. Maintenance Manager
11. Operations Manager
12. Base Superintendent
13. ParaCruz Administrator
14. ParaCruz Superintendent

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006
TO: Board of Directors
FROM: Mark Dorfman, Assistant General Manager
SUBJECT: CONSIDERATION OF A RESOLUTION AUTHORIZING AN AMENDED STA CLAIM FOR FY2006.

I. RECOMMENDED ACTION

Adopt a resolution authorizing staff to submit an amended claim to the Santa Cruz County Regional Transportation Commission for FY2006 State Transit Assistance funds.

II. SUMMARY OF ISSUES

- In March, 2005, METRO staff submitted a claim to the Santa Cruz County Regional Transportation Commission (SCCRTC) for \$1,100,894 in STA funds based upon SCCRTC's estimate of STA revenue during the coming year.
- In December, 2005, the SCCRTC increased the amount of STA funds available in its proposed FY2006 Budget based upon the State Controller's revised amount for Santa Cruz County.
- Adopting the attached Resolution will authorize METRO staff to submit an amended claim to the SCCRTC for the increased amount of STA funds available to the District.

III. DISCUSSION

State Transit Assistance funds are derived from a portion of the ¼ cent sales tax on motor fuel by formula as defined by the Transportation Development Act. Each spring, the State Controller appraises the Santa Cruz County Regional Transportation Commission (SCCRTC) of the revenue amount projected to be allocated to the County during the coming year. In March, 2005, the District submitted a claim to the SCCRTC for \$1,100,894.00 in STA funds forecast to be allocated to the County in FY 2006.

In December, 2005, the SCCRTC adopted an amended FY2006 budget which increased the amount of STA funds available to the District by \$441,957 based on the State Controller's revision for Santa Cruz County STA funding allocation.

Adopting the attached resolution (Attachment A) will authorize staff to submit an amended claim (Attachment B) for the increased amount of STA funds available in FY2006.

9.1

IV. FINANCIAL CONSIDERATIONS

The amended STA claim will increase the amount STA revenue in the District's FY2006 Capital Program Funding by \$441,957.

V. ATTACHMENTS

Attachment A: Resolution Authorizing Submittal of Amended FY2006 STA Claim

Attachment B: Amended FY2006 TDA/STA Claim

9.2

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:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
AUTHORIZING AN AMENDED CLAIM TO THE
SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
FOR STATE TRANSIT ASSISTANCE FUNDS**

WHEREAS, the State Controller is authorized under Section 99313 of the Public Utilities Code to allocate State Transit Assistance (STA) funds to regional transportation planning agencies and county transportation commissions; and

WHEREAS, in accordance with the Sections 99313 and 99314 et al of the Public Utilities Code, the Santa Cruz Metropolitan Transit District is authorized to submit a claim for STA operating funds to the Santa Cruz County Regional Transportation Commission; and

WHEREAS, the Santa Cruz Metropolitan Transit District's proposed expenditures are in conformity with the Regional Transportation Plan; and

WHEREAS, the level of passenger fares and charges is sufficient to enable the Santa Cruz Metropolitan Transit District to meet the fare revenue requirements of Public Utilities Code Section 99268.2(b); and

WHEREAS, the Santa Cruz Metropolitan Transit District is not precluded by any contract entered into on or after June 28, 1979, from employing part-time drivers or from contracting with common carriers of persons operating under a franchise or license; and

WHEREAS, the sum of the Santa Cruz Metropolitan Transit District's allocations from the State Transit Assistance fund and from the Local Transportation Fund does not exceed the amount the Santa Cruz Metropolitan Transit District is eligible to receive during fiscal year 2004. Such funding, however, shall not relieve the Santa Cruz Metropolitan Transit District of its responsibility pursuant to Section 6735 of the California Code of Regulations, Title 21, Chapter 3; and

WHEREAS, the Santa Cruz Metropolitan Transit District has made a reasonable effort to implement the productivity improvements recommended pursuant to Public Utilities Code Section 99244; and

9.21

WHEREAS, the Santa Cruz Metropolitan Transit District is making full use of federal funds available under the Intermodal Transportation Efficiency Act of the 21st Century, as amended:

NOW, THEREFORE, BE IT RESOLVED, that the General Manager of the Santa Cruz Metropolitan Transit District is authorized to submit a claim of \$1,542,851 in State Transit Assistance funds for FY 2006.

PASSED AND ADOPTED this 24th day of February, 2006 by the following vote:

AYES: Directors -

NOES: Directors -

ABSTAIN: Directors -

ABSENT: Directors -

APPROVED _____
MIKE ROTKIN
Board Chair

ATTEST _____
LESLIE R. WHITE
General Manager

APPROVED AS TO FORM:

MARGARET GALLAGHER
District Counsel

9.02

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006

TO: Executive Director, SCCRTC

FROM: General Manager, SCMTD

**SUBJECT: AMENDED FY 2006 PUBLIC TRANSPORTATION CLAIM
DISBURSEMENT REQUEST**

Disbursement of the Santa Cruz Metropolitan Transit District's FY 2006 claim for an amended amount of \$5,740,612.00 in TDA funds and 1,542,851.00 in STA funds is requested as follows:

1. TDA FUNDING FOR FY 2006

| <u>Disbursement Schedule</u> | <u>Operating Funds</u> | <u>Total Disbursement</u> |
|------------------------------|------------------------|---------------------------|
| First Quarter (PAID) | \$1,419,421.50 | \$1,419,421.50 |
| Second Quarter(PAID) | \$1,419,421.50 | \$1,419,421.50 |
| Third Quarter | \$1,450,884.50 | \$1,450,884.50 |
| Fourth Quarter | \$1,450,884.50 | \$1,450,884.50 |
| | \$5,740,612.00 | \$5,740,612.00 |

2. STA FUNDING FOR FY 2006

| <u>Disbursement Schedule</u> | <u>Capital Funds</u> | <u>Total Disbursement</u> |
|------------------------------|-----------------------|---------------------------|
| First Quarter (PAID) | \$385,728.00 | \$385,728.00 |
| Second Quarter (PAID) | \$385,727.00 | \$385,727.00 |
| Third Quarter | \$385,698.00 | \$385,698.00 |
| Fourth Quarter | \$385,698.00 | \$385,698.00 |
| | \$1,542,851.00 | \$1,542,851.00 |

TDA funds will be used for capital and operating expenses. The STA funds will be used to fund transit projects included in the District's Capital Improvement Program.

9. 61

**PUBLIC TRANSPORTATION CLAIM
FISCAL YEAR 2006**

TO: SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
1523 Pacific Avenue
Santa Cruz, CA 95060

FROM: SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
370 Encinal Street, Suite 100
Santa Cruz, CA 95060

This applicant, the Santa Cruz Metropolitan Transit District, qualified pursuant to Section 99203 of the Public Utilities Code, hereby requests in accordance with Article 4, Section 6630 of the California Code of Regulations that its claim for Local Transit Funds be approved in the amount of:

TDA Funding:

Five million, seven hundred forty thousand, six hundred twelve dollars (\$5,740,612.00).

STA Funding:

One million, five hundred forty-two thousand, eight hundred fifty-one dollars (\$1,542,851.00).

For Fiscal Year 2006 to be drawn from the local transportation trust fund of the following respective county in the following respective amount:

| <u>COUNTY</u> | <u>PURPOSE</u> | <u>AMOUNT</u> |
|---------------|--------------------------------|------------------------|
| Santa Cruz | Transportation Development Act | \$5,740,612.00 |
| Santa Cruz | State Transit Assistance Funds | <u>\$1,542,851.00</u> |
| | | \$ 7,283,463.00 |

When approved, please transmit this claim for payment. Approval of the claim and payment by the County Auditor to this operator is subject to such monies being on hand and available for distribution, and to the provisions that such monies shall be used only in accordance with the terms of the approved annual financial plan.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

BY: _____
LESLIE R. WHITE
General Manager

DATE: _____ February 24, 2006 _____

9. b2

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006
TO: Board of Directors
FROM: Mark J. Dorfman, Assistant General Manager
SUBJECT: CONSIDERATION OF A RESOLUTION AUTHORIZING AN APPLICATION TO CALTRANS FOR FY2006 RURAL OPERATING ASSISTANCE

I. RECOMMENDED ACTION

Adopt a resolution authorizing the General Manager to submit a grant application to the California Department of Transportation to assist funding public transit operations in the non-urbanized part of Santa Cruz County.

II. SUMMARY OF ISSUES

- Each year, the Federal Transit Administration apportions federal funds through the state to assist public transit operators in non-urbanized areas.
- This year, Caltrans apportioned \$168,582 to Santa Cruz County.
- To receive these funds, the District must define operating projects for public transit service in the non-urbanized portion of the County and submit an application to the Caltrans District 05 office.
- The attached resolution authorizes the General Manager to coordinate with public transit providers, submit an application and execute a grant agreement for financial assistance for public transit operation in rural Santa Cruz County.

III. DISCUSSION

Under Chapter 49, United States Code Section 5311, the Federal Transit Administration grants financial aid to the states to support intercity public transit in non-urbanized areas. The State of California apportions the FTA Section 5311 funds each year to the counties. Caltrans apportioned \$168,582 to Santa Cruz County for FY 2006. This is an increase of more than \$100,000 over last year's apportionment resulting from higher authorization levels in the new Surface Transportation Act, carryover of unobligated funds from last year and a one-time discretionary allocation of \$21,595 from Caltrans.

The Section 5311 funds are available only for public transit in non-urbanized areas, those areas within a county that lie beyond a designated urban area with over 50,000 population. As part of the grant application, the District develops a program of projects identifying the public transit service to be provided in the non-urbanized areas of Santa Cruz County. The Program of

10.1

Projects is included as Attachment A. The District will make reasonable efforts to coordinate this project with social service agencies and other transit providers within the service area, although no public hearing is required.

Adopting the attached resolution will authorize the General Manager to submit an application to the Caltrans District 5 Office for FTA §5311 funds. The Santa Cruz County Regional Transportation Commission will adopt the program of projects for inclusion in the Regional Transportation Improvement Plan to be incorporated into the State Transportation Improvement Plan as required by the Section 5311 program.

IV. FINANCIAL CONSIDERATIONS

This grant will provide \$168,582 in operating revenue to the District. The District will contribute \$1,023,706 in local matching funds from the FY 2006 operating budget to fully fund the project.

V. ATTACHMENTS

- Attachment A:** Section 5311 Program of Projects
Attachment B: Resolution Authorizing FTA Section 5311 application

10.2

County/Region: Santa Cruz District: 05
 Original Submission Date: 02/06/06 Revision No. _____ Revision Submission Date: _____

GRANT 24
Section 5311 Program of Projects (POP)

(A) Available Funding:

| | | |
|----------------------------------------|---------------------|--------|
| Carryover: | \$3,076.00 | FY2006 |
| Discretionary: (+) | \$21,595.00 | |
| Estimated Apportionment [FFY 2006] (+) | \$143,911.00 | |
| (A) TOTAL FUNDS AVAILABLE: = | \$168,582.00 | |

(B) Programming (POP): Complete Parts I and II on page 3

| | | |
|-------------------------------------------|---------------------|----------------------|
| | | <i>Federal Share</i> |
| Part I. Operating Assistance - Total: (+) | \$168,582.00 | |
| Part II. Capital - Total: (+) | | |
| (B) Total [Programmed]: (=) | \$168,582.00 | |

(C) Balance

| | | |
|--------------------------------|---------------|----------------------|
| | | <i>Federal Share</i> |
| (A) Total Funds Available: (+) | \$168,582.00 | |
| (B) Total [Programmed]: (-) | \$168,582.00 | |
| * Balance: (=) | \$0.00 | |

*** Balance Options – Regional Apportionment Funds ONLY (check one):**

- a. Not applicable; there is no balance remaining.
- b. Balance of _____ to be carried over into next grant cycle.
- c. OTHER

Justification:

(D) Flexible Funds: Complete Part III on page 3

| | | |
|-----------------------------------------|---------------|----------------------|
| | | <i>Federal Share</i> |
| (D) Part III. Flex Fund - Total: | \$0.00 | |

FUNDING SUMMARY

| | | |
|----------------------------------------------------|---------------------|----------------------|
| | | <i>Federal Share</i> |
| (B) Regional Apportioned - Total [Programmed]: (+) | \$168,582.00 | |
| (D) Flex Fund - Total: (+) | \$0.00 | |
| GRAND TOTAL [Programmed]: (=) | \$168,582.00 | |

Contact Person/Title: Thomas Hiltner/Grants Analyst Date: 02/03/2006
 Phone Number: (831) 426-6080

10.21

| PART I. Regional Apportionment - Operating Assistance | | | | | |
|-------------------------------------------------------|------------------|------|------------------------------|------------------|---------------------|
| | SUBRECIPIENT | FY | OPERATING TIME PERIOD | NET PROJECT COST | FEDERAL SHARE |
| 1. | Santa Cruz METRO | 2006 | July 1, 2005 - June 30, 2006 | \$1,192,288.00 | \$168,582.00 |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| Operating Assistance – TOTAL: | | | | | \$168,582.00 |

| PART II. Regional Apportionment - Capital | | | | | |
|-------------------------------------------|--------------|---------------------|---------------------------|------------------|---------------|
| | SUBRECIPIENT | PROJECT DESCRIPTION | ESTIMATED COMPLETION DATE | NET PROJECT COST | FEDERAL SHARE |
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| Capital – TOTAL: | | | | | |

For Flex Fund Projects - a complete application MUST be submitted with the POP:

| Part III. FLEX FUNDS [i.e. CMAQ, STP, or Federalized STIP*] if applicable | | | | | |
|---------------------------------------------------------------------------|--------------|---------------------|----------------------------------------|------------------|---------------|
| | SUBRECIPIENT | PROJECT DESCRIPTION | a. Fund Type b. FTIP Page Attached? | Net Project Cost | FEDERAL SHARE |
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| Flex Fund – TOTAL: | | | | | |

***Federalized STIP projects must complete CTC allocation process by February 2006.**

10.02

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:

**A RESOLUTION
AUTHORIZING AN APPLICATION
TO THE CALIFORNIA DEPARTMENT OF TRANSPORTATION
FOR
FTA SECTION 5311 FY2006 RURAL OPERATING ASSISTANCE**

WHEREAS, the Federal Transit Act authorizes financial assistance to public transit operators in non-urbanized areas as directed by 49 CFR 5311; and

WHEREAS, the California Department of Transportation administers the Section 5311 program in California and allocates federal funds by formula to each county with intercity public transit between urban areas including more than 50,000 persons; and

WHEREAS, the Santa Cruz Metropolitan Transit District operates intercity public transit in Santa Cruz County and is the only public transit operator designated to receive federal financial assistance from the Section 5311 program; and

WHEREAS, all applications for financial assistance impose certain obligations upon the applicant, including the provision of local share costs of the project.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT:

1. That the General Manager is authorized to submit an application to the State of California Department of Transportation on behalf of the Santa Cruz Metropolitan Transit District for financial assistance to operate public transit service in non-urbanized portion of Santa Cruz County.
2. That the General Manager is authorized to submit and file with this application all assurances and all supplemental information as required by the California Department of Transportation.
3. That the General Manager is designated to execute standard grant agreements with the California Department of Transportation on behalf of the Santa Cruz Metropolitan Transit District to obtain \$168,582 in FTA Section 5311 funds for Fiscal Year 2006 to assist with public transit operations in the non-urbanized portion of Santa Cruz County.

10. b1

4. That the District has committed \$1,023,706 in local matching funds to the project.
5. That the Santa Cruz Metropolitan Transit District has, to the extent feasible, coordinated this project with other transportation providers and users in the region, including social service agencies capable of purchasing public transit.

PASSED AND ADOPTED this 24^h day of February, 2006 by the following vote:

AYES: Directors -

NOES: Directors -

ABSTAIN: Directors -

ABSENT: Directors -

APPROVED _____
Mike Rotkin
Board Chair

ATTEST _____
LESLIE R. WHITE
General Manager

APPROVED AS TO FORM:

MARGARET GALLAGHER
District Counsel

10. b2

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006
TO: Board of Directors
FROM: Elisabeth Ross, Finance Manager
**SUBJECT: RESPONSE TO LETTER OF BONNIE MORR, UTU, LOCAL 23,
REGARDING AUDITED FINANCIAL STATEMENTS**

I. RECOMMENDED ACTION

There is no staff recommendation on this matter.

II. SUMMARY OF ISSUES

- A letter was presented to the Board of Directors at the meeting of January 27, 2006, from Bonnie Morr, Chairperson, UTU Local 23, regarding the District's financial statements (Attachment A).
- Ms. Morr's letter states that the Financial Audit is dated August 18, 2005 (Attachment B). In fact, August 18th is the date that the auditors concluded their site visit and review of documents at the District. It is not the publication date of the audit.
- The letter states that year end financial information was not available during the negotiations of UTU Local 23 and the District. Because the audit was still underway during the strike and the UTU requested audited financial information, District staff provided UTU Local 23 with the draft balance sheets showing the District's assets and liabilities, along with the note regarding the District's reserve account balances, as soon as they were available from the auditors in October.
- The audit, in addition to the balance sheets, contains extensive notes, compliance analyses, internal audit recommendations, and management discussion and analysis. It takes several months to complete the entire audit. There is no "preliminary audit" but the draft financial statements were made available to UTU Local 23 in October. Normally the audit is presented to the Board in November or December, but it was not completed this year until January (see Attachment C).

III. DISCUSSION

Every year, independent auditors review the District's financial documents and procedures in order to prepare an independent auditor's report. Representatives of the audit firm normally make two site visits, one in May or June prior to the end of the fiscal year (June 30th) and one in August or September following the completion of the fiscal year. The purpose of the site visits is to review various documents, policies and procedures, and perform physical inspections of cash

11.1

receipts and expenditures. When the audit is published months later, the date that the auditors left the property is the date used on the report. For example, the dates of the last five audits were as follows:

| <u>Audit for Year Ending</u> | <u>Date of Audit Report</u> | <u>Date Audit Accepted by Board of Directors</u> |
|----------------------------------|---------------------------------|------------------------------------------------------|
| June 30, 2005 | August 18, 2005 | January 27, 2006 |
| June 30, 2004 | August 19, 2004 | November 19, 2004 |
| June 30, 2003 | August 13, 2003 | December 19, 2003 |
| June 30, 2002 | August 15, 2002 | November 22, 2002 |
| June 30, 2001 | September 20, 2001 | December 14, 2001 |

In addition to the financial statements, the audit contains a number of reports and schedules based on analyses by the auditors, and statistical and historical information presented by management. Due to the strike, much of the statistical information required to be included was not compiled until November. The audit also depends on verification of information from outside sources including CalPERS and CalTIP. One piece of information required from CalPERS was not received by the auditors until mid-December. Further, the lead auditor for our account left Brown Armstrong during this period.

The audited financial statements are not presented to the Board of Directors until they are final and complete, including all required reports and schedules. Unlike the budget, they are not published in any "preliminary" format. Therefore, staff could not provide UTU Local 23 with the audit until it was completed, which was in January 2006. Because UTU Local 23 was so insistent on receiving audited financial information, staff did provide UTU Local 23 with draft balance sheets showing the District's financial position at June 30, 2005, as soon as we knew those numbers were final. We also provided the "note" addressing available net assets since the UTU was interested in the reserve balances and those numbers were also final. This information was provided to UTU Local 23 in October during state mediation sessions.

The audit is always presented to the Board of Directors at the earliest regular Board meeting following completion. This year, the audit was included in the Board packet for the meeting of January 13, 2006, using an email version, even though one of the required reports was not ready by the packet deadline of January 6, 2006. The completed audit was mailed to the District by Brown Armstrong on January 9, 2006.

After Bonnie Morr presented her letter to the Board on January 27, 2006, I asked her why she did not contact me with these concerns. First, she said she did not call me because she was waiting

11.2

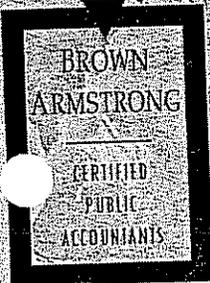
for me to schedule the "audit meeting" with the Unions so she could bring up these questions at the meeting. We conduct a budget workshop with the Union representatives every year, but have never conducted an "audit meeting." Then she said she thought it was a question for the Board rather than staff.

IV. FINANCIAL CONSIDERATIONS

None.

V. ATTACHMENTS

- Attachment A:** Letter of Bonnie Morr, UTU Local 23, dated January 27, 2006.
Attachment B: Report of Brown Armstrong included in audit.
Attachment C: Letter of Brown Armstrong dated January 9, 2006.



**BROWN ARMSTRONG
PAULDEN McCOWN STARBUCK & KEETER**
CERTIFIED PUBLIC ACCOUNTANTS

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- Peter C. Brown, CPA
- Burton H. Armstrong, CPA, MST
- Andrew J. Paulden, CPA
- Harvey J. McCown, MBA, CPA
- Steven R. Starbuck, CPA
- Aileen K. Keeter, CPA
- Chris M. Thornburgh, CPA

Attachment B

INDEPENDENT AUDITOR'S REPORT

- Eric H. Xin, MBA, CPA
- Lynn R. Krausse, CPA, MST
- Bradley M. Hankins, CPA
- Rosalva Flores, CPA
- Connie M. Perez, CPA
- Sharon Jones, CPA, MST
- Diana Branthoover, CPA
- atthew Gilligan, CPA
- Dominic Brown, CPA
- Ryan Johnson, CPA

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

We have audited the accompanying basic financial statements of the Santa Cruz Metropolitan Transit District (the District), as of June 30, 2005 and 2004, as listed in the table of contents. These basic financial statements are the responsibility of the Santa Cruz Metropolitan Transit District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Santa Cruz Metropolitan Transit District, as of June 30, 2005 and 2004, and the results of its operations and the cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, in 2005 the County adopted the provisions of GASB Statement No. 40, Deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2005 on our consideration of the Santa Cruz Metropolitan Transit District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

11.61

The Management's Discussion and Analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Santa Cruz Metropolitan Transit District, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the financial statements. The accompanying statements of operating expenses by function are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK & KEETER
ACCOUNTANCY CORPORATION



Bakersfield, California
August 18, 2005

**BROWN ARMSTRONG
PAULDEN McCOWN STARBUCK & KEETER**
CERTIFIED PUBLIC ACCOUNTANTS

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Sharon Jones, CPA, MST
Diana Branthoover, CPA
Matthew Gilligan, CPA
Dominic Brown, CPA
Ryan Johnson, CPA

January 9, 2006

Attachment 

Ms. Marilyn Fenn
Santa Cruz Metropolitan Transit District
370 Encinal Street, Suite 100
Santa Cruz, California 95060

Dear Ms. Fenn:

Enclosed are the following reports for the Santa Cruz Metropolitan Transit District for the year ended June 30, 2005.

1. Twenty (20) bound copies of the Financial Statements,
2. One (1) clipped copy of the Financial Statements,
3. Form SF-SAC, Data Collection Form,
4. Five (5) copies of our Communication to the Audit Committee, and
5. One (1) copy of our Agreed Upon Conditions Report.

The Data Collection Form has been electronically submitted to the Federal Audit Clearinghouse (FAC). Please sign and date the enclosed Auditee Certification Statement and mail it along with a copy of the financial statements in the enclosed envelope. The Data Collection Form will not be processed until the FAC receives the reporting package.

Please call if you have any questions.

Sincerely,

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK & KEETER
ACCOUNTANCY CORPORATION



By: Steven R. Starbuck

SRS:klm
Enclosures
I:\174043\Audit2005\Transmittal.doc

11.01

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006
TO: Board of Directors
FROM: Frank L. Cheng, Project Manager
SUBJECT: CONSIDERATION OF AN AMENDMENT TO THE CONTRACT WITH RNL DESIGN, INC. IN THE AMOUNT OF \$104,189.00 FOR THE SERVICES OF COTTON, SHIRES & ASSOCIATES TO PROVIDE GEOTECHNICAL CONSTRUCTION OBSERVATION AND TESTING FOR THE SERVICE AND FUELING BUILDING CONSTRUCTION OF THE METROBASE PROJECT.

I. RECOMMENDED ACTION

That the Board of Directors authorize the General Manager to execute an amendment to the contract with RNL Design, Inc. in the amount of \$104,189.00 to provide geotechnical construction observation and testing services for the Service and Fueling Building Construction of the MetroBase Project.

II. SUMMARY OF ISSUES

- On January 9, 2006, METRO began construction on the Service & Fueling Building.
- METRO requested RNL Design, Inc. a quote for inspection services for the anticipated pile foundation construction.
- On January 23, 2006, RNL Design, Inc. received a quote in the amount of \$104,189.00 from Cotton, Shires & Associates for construction observation and geotechnical services.

III. DISCUSSION

On January 9, 2006, METRO began construction on the Service & Fueling Building for the MetroBase Project. METRO requested RNL Design, Inc. solicit quotes for inspection services for the anticipated pile foundation construction. Cotton, Shires & Associates performed the soils work for RNL Design team and have provided a preliminary budget estimate for geotechnical construction observation and testing services for METRO.

The estimate was created with the following variables:

- 1) driving indicator and production piles
- 2) backfilling around piles and pile caps
- 3) site and pad grading
- 4) preparing slab-on-grade subgrade
- 5) placing capillary break material
- 6) preparing pavement (concrete and AC) subgrade

12.1

- 7) placing and compacting Class 2 Aggregate Baserock
- 8) backfilling utility trenches
- 9) excavating grade beams
- 10) excavating wall foundations
- 11) installing retaining wall backdrains and backfilling retaining walls

A chart describing the items above with the cost associated to them is provided in attachment A. The estimate of \$104,189.00 is based on intermittent inspection for all geotechnical-related contractor scheduled tasks. Only the actual hours spent on the tasks above will be invoiced.

Staff has analyzed the Cotton, Shires & Associates proposal and recommends that the Board of Directors approve the cost associated with geotechnical construction observation and testing services.

IV. FINANCIAL CONSIDERATIONS

The approval of the contract amendment will require the obligation of \$104,189.00 in funds from the MetroBase Project budget which are available for this purpose.

V. ATTACHMENTS

Attachment A: Cotton, Shires & Associates Scope of Services

12.2

Service To Be Performed by Cotton, Shires & Associates

| Task | Estimated Hours | Hourly Rate | Cost |
|-----------------------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------|
| Meetings | 6 | 155 | \$930 |
| Pile Driving Indicator Piles | 90 | 85 | \$7,650 |
| -Observation | 6 | 155 | \$930 |
| Pile Driving Production Piles | 270 | 85 | \$22,950 |
| -Observation | 6 | 155 | \$930 |
| Backfilling around Piles and Pile Caps - Observation and Testing | 24 | 85 | \$2,040 |
| Site and Pad Grading - Observation and Testing | 32 | 85 | \$2,720 |
| Preparing Slab-on-Grade Subgrade - Observation and Testing | 32 | 85 | \$2,720 |
| Placing Capillary Break Material - Observation | 4 | 85 | \$340 |
| Preparing Pavement Subgrade - Observation and Testing | 16 | 85 | \$1,360 |
| Placing and Compacting Class 2 AB - Observation and Testing | 40 | 85 | \$3,400 |
| Backfilling Underground Utilities - Observation and Testing | 80 | 85 | \$6,800 |
| Excavating Grade Beams Observation | 10 | 85 | \$850 |
| Excavating Wall Foundation - Observation | 24 | 85 | \$2,040 |
| Installing Retaining Wall Backdrain Observation | 10 | 85 | \$850 |
| Installing Retaining Wall Backfill - Observation and Testing | 24 | 85 | \$2,040 |
| Installing Subdrains and Trench Drains - Observation | 16 | 85 | \$1,360 |
| Vehicle and Nuclear Gauge Charges | | | \$2,760 |
| | | Subtotal Field | \$62,670 |
| Office Support - Review Submittals(RFI), Supervision, QA/QC Progress Letters, Consultation, Construction Report | | 33% of Field | \$20,681 |
| | | Estimated Total | \$83,351 |
| Contingency | | 25% | \$20,838 |
| | | Estimated Total | \$104,189 |

12.91

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006
TO: Board of Directors
FROM: Robyn D. Slater, Human Resources Manager
SUBJECT: CONSIDERATION OF APPROVAL OF CALPERS RESOLUTIONS TO FIX THE DISTRICT'S MEDICAL PREMIUM CONTRIBUTION RATES

I. RECOMMENDED ACTION

It is recommended that the Board of Directors approve the attached Resolutions to revise the fixed contribution toward medical coverage for the Service Employees International Union, Local 23 and the United Transportation Union, Local 23 (fixed route) under the California Public Employees' Retirement System (CalPERS) medical insurance program.

II. SUMMARY OF ISSUES

- METRO contracts with CalPERS to provide employee/retiree medical insurance coverage.
- In September 2004 METRO passed a resolution as required by CalPERS to establish the maximum monthly premium contributions that METRO would pay for the Service Employees International Union (SEIU) Local 415. A separate resolution for the United Transportation Union (UTU) local 23 (fixed route) establishing maximum monthly premium contribution rates was passed in October 2000.
- The current Labor Agreements with SEIU Local 415 and UTU Local 23 (fixed route) includes language that specifies the amount METRO will contribute towards medical premiums.
- The proposed resolutions reflect the contribution rates set by the current labor agreements.

III. DISCUSSION

The California Public Employees' Medical and Hospital Care Act requires local public agencies contracting with CalPERS for employee medical insurance to fix the amount of the employer's contribution(s). METRO established fixed maximum monthly contributions with CalPERS effective January 1, 2005 for SEIU Local 415 and January 1, 2001 for UTU Local 23 (fixed route). Based on new language in the recently signed Labor Agreements with each Union the resolutions in effect with CalPERS must be changed to reflect the new maximum monthly premium contributions for SEIU Local 415 and UTU Local 23 (fixed route). In order to revise the maximum monthly contributions, the attached Resolutions must be approved by the Board of Directors and submitted to CalPERS. The resolutions will be effective for April 2006 premiums.

13.1

IV. FINANCIAL CONSIDERATIONS

The increased cost is being addressed in the budget revision.

V. ATTACHMENTS

Attachment A: Resolution to CalPERS for the SEIU Local 415 employee group

Attachment B: Resolution to CalPERS for the UTU Local 23, fixed route employee group

13.2

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:

**A RESOLUTION OF THE
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
FIXING THE CONTRIBUTION UNDER THE PUBLIC EMPLOYEES' MEDICAL AND
HOSPITAL CARE ACT FOR THE SERVICE EMPLOYEES INTERNATIONAL UNION
LOCAL 415**

WHEREAS, Government Code Section 22825.6 provides that a local agency contracting under the Public Employees' Medical and Hospital Care Act shall fix the amount of the employer's contribution at an amount not less than the amount required under Section 22825 of the Act: and

WHEREAS, Santa Cruz Metropolitan Transit District, hereinafter referred to as Public Agency, is a local agency contracting under the Act for participation by members represented by the Service Employees International Union Local 415 who are employees and annuitants of the agency;

NOW, THEREFORE, BE IT RESOLVED, that the employer's contribution for each employee or annuitant of the Service Employees International Union Local 415 shall be the amount necessary to pay a portion or full cost of his/her enrollment, including the enrollment of his/her eligible family members, in a health benefits plan up to a maximum of \$404.23 per month with respect to an employee/annuitant enrolled for self alone, \$808.45 per month with respect to an employee/annuitant and one eligible family member, and \$1050.99 per month with respect to an employee/annuitant enrolled for self and two or more eligible family members; plus administrative fees and Contingency Reserve Fund Assessments.

BE IT FURTHER RESOLVED AND ORDERED, that the Board of Directors appoint and direct, and it does hereby appoint and direct the Human Resources Manager to file with the Board of Administration of the Public Employees' Retirement System a verified copy of this Resolution, and to perform on behalf of said public Agency all functions required of it under the Act and Regulation of the Board of Administration; and

BE IF FURTHER RESOLVED AND ORDERED, that the maximum employer contribution for coverage under the Act shall be effective beginning April 1, 2006, for employees in and annuitants from the Service Employees International Union Local 415.

13. a 1

PASSED AND ADOPTED this 24th day of February 2006, by the following vote:

AYES: Directors -

NOES: Directors -

ABSTAIN: Directors -

ABSENT: Directors -

APPROVED _____

MICHAEL ROTKIN
Board Chair

ATTEST _____

LESLIE WHITE
Secretary/General Manager

APPROVED AS TO FORM:

MARGARET GALLAGHER
District Counsel

13. a2

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

Attachment B

Resolution No. _____

On the Motion of Director: _____

Duly Seconded by Director: _____

The Following Resolution is Adopted:

**A RESOLUTION OF THE
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
FIXING THE CONTRIBUTION UNDER THE PUBLIC EMPLOYEES' MEDICAL AND
HOSPITAL CARE ACT FOR THE UNITED TRANSPORTATION UNION LOCAL 23**

WHEREAS, Government Code Section 22825.6 provides that a local agency contracting under the Public Employees' Medical and Hospital Care Act shall fix the amount of the employer's contribution at an amount not less than the amount required under Section 22825 of the Act: and

WHEREAS, Santa Cruz Metropolitan Transit District, hereinafter referred to as Public Agency, is a local agency contracting under the Act for participation by members represented by the United Transportation Union, Local 23 who are employees and annuitants of the agency;

NOW, THEREFORE, BE IT RESOLVED, that the employer's contribution for each employee or annuitant of the United Transportation Union, Local 23 shall be the amount necessary to pay a portion or full cost of his/her enrollment, including the enrollment of his/her eligible family members, in a health benefits plan up to a maximum of \$384.44 per month with respect to an employee/annuitant enrolled for self alone, \$769.89 per month with respect to an employee/annuitant and one eligible family member, and \$999.55 per month with respect to an employee/annuitant enrolled for self and two or more eligible family members; plus administrative fees and Contingency Reserve Fund Assessments.

BE IT FURTHER RESOLVED AND ORDERED, that the Board of Directors appoint and direct, and it does hereby appoint and direct the Human Resources Manager to file with the Board of Administration of the Public Employees' Retirement System a verified copy of this Resolution, and to perform on behalf of said public Agency all functions required of it under the Act and Regulation of the Board of Administration; and

BE IF FURTHER RESOLVED AND ORDERED, that the maximum employer contribution for coverage under the Act shall be effective beginning April 1, 2006, for employees in and annuitants from the United Transportation Union, Local 23.

13. b1

PASSED AND ADOPTED this 24th day of February 2006, by the following vote:

AYES: Directors -

NOES: Directors -

ABSTAIN: Directors -

ABSENT: Directors -

APPROVED _____

MICHAEL ROTKIN
Board Chair

ATTEST _____

LESLIE WHITE
Secretary/General Manager

APPROVED AS TO FORM:

MARGARET GALLAGHER
District Counsel

13.62

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 24, 2006
TO: Board of Directors
FROM: Leslie R. White, General Manager
**SUBJECT: CONSIDERATION OF THE 2005/2006 MANAGEMENT
COMPENSATION PLAN**

I. RECOMMENDED ACTION

That the Board of Directors approve changes to the Management Compensation Plan for Fiscal Year 2005/2006.

II. SUMMARY OF ISSUES

- The Management Positions at METRO are supported through a Management Compensation Plan that is approved by the Board of Directors.
- The Management Compensation Plan contains the financial provisions and operating policies that govern management personnel.
- Typically, the Board of Directors considers revisions to the Management Compensation Plan after labor negotiations are concluded, in those years when Union Agreements expire.
- The last Management Compensation Plan that was approved by the Board of Directors expired on June 30, 2005.
- Labor negotiations with the Service Employees International Union Local 415, and the United Transportation Union Local 23 concluded in late 2005.
- The proposed Management Compensation Plan applies a similar financial authority to the managers that was used for the negotiations with the two Unions.
- The proposed Management Compensation Plan includes a salary increase effective July 1, 2005 of 1.72% with an accompanying one-time payment of \$330 per Manager.
- The proposed Management Compensation Plan uses \$970 that would have been proposed to be paid to each Manager as a one-time payment to fund costs necessary to maintain a 100% of CalPERS HMO premiums through June 30, 2006.
- The proposed Management Compensation Plan includes the continuation of Life insurance into retirement up to the age of 65 for Managers as currently provided for in the Union Labor Agreements.

14.1

- The proposed Management Compensation Plan includes an increase in the amount reimbursed to Managers using their personal cellular phones for METRO purposes, from \$12/\$24 per pay period to \$25 per pay period to reflect increased costs.
- The total annual recurring cost of the proposed changes in the Management compensation Plan is \$45,560. The cost of the one-time payment is \$4,300.

III. DISCUSSION

The Management Positions at METRO are supported through a Management Compensation Plan that is approved by the Board of Directors. The Management Compensation Plan contains the policies, salaries, and benefits that are provided to managers at METRO. Typically, the Board of Directors considers revisions to the Management Compensation Plan after labor negotiations are concluded, in those years when Union Agreements expire. The last Management Compensation Plan approved by the Board of Directors expired on June 30, 2005. The Labor negotiations with the Service Employees International Union Local 415 and the United Transportation Union Local 23 were concluded in late 2005.

The proposed Management Compensation Plan applies a similar financial authority to the managers that was used for the negotiations with the two Unions. The proposed Management Compensation Plan includes a salary increase effective July 1, 2005 of 1.72% with an accompanying one-time payment of \$330 per Manager. The last time that the salary levels for management personnel were increased was July 2003. The proposed Management Compensation Plan uses \$970 that would have been proposed to be paid to each Manager as a one-time payment to fund costs necessary to maintain a 100% of CalPERS HMO premiums through June 30, 2006 as well as the continuation of Life insurance for Managers into retirement up to the age of 65 as is currently provided in the Union Labor Agreements. The proposed Management Compensation Plan also includes an increase in the amount reimbursed to Managers using their personal cellular phones for METRO purposes, from \$12/\$24 per pay period to \$25 per pay period to reflect increased costs.

IV. FINANCIAL CONSIDERATIONS

The total annual recurring cost of the proposed changes in the Management compensation Plan is \$45,560. The cost of the one-time payment is \$4,300.

V. ATTACHMENTS

Attachment A: Proposed Changes to the METRO Management Compensation Plan

Attachment B: Revised Management Compensation Plan

14.2

ATTACHMENT A

Proposed Changes to Management Compensation Program 2005/2006

- Adjust Salary Steps upward by 1.72% effective July 1, 2005. Cost \$29,000.
- Issue "one-time" payment of \$330 (not to be included in salary schedules) per Manager effective the first pay period following adoption of changes by the Board of Directors. Cost \$4,300.
- Continue payment of 100% of the cost of the monthly premium for the CalPERS HMO through June 30, 2006. Cost \$12,500.
- Adjust the communications allowance from \$12/\$24 per Manager per pay period to \$25 per pay period. Cost \$3,500.
- Continue Life insurance for managers up to age 65 with provisions commensurate with those that are provided in the Labor Agreements. Cost \$560.

Total Annual Cost 2005/2006 \$49,860

Footnote

The amount necessary to maintain the 100% cost of the CalPERS HMO has been deducted from the amount that would have otherwise been included in the one-time payment to each Manager. If the deduction were not taken, the one-time payment amount would have been \$1,300 per Manager.

14.91

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

MANAGEMENT COMPENSATION PLAN

JULY 2005 – JUNE 2006

14. b1

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I. MANAGEMENT POSITIONS

An employee in a regular budgeted management position identified in Exhibit A is engaged in developing, implementing or recommending policy and in affecting employer-employee relations, and shall receive salary and benefits as provided in this plan.

II. PROBATIONARY STATUS

An employee shall serve a probationary period for twelve (12) months following the date of appointment or promotion to a regular budgeted management position.

III. SALARY PLAN

A. Management salary schedules are listed in Exhibit A.

B. Longevity

The District shall compensate an employee with longevity increments as follows:

- 5.0% of the base salary after ten years continuous service.
- An additional 5.0% of the base salary after fifteen years continuous service.

C. One-Time Payment – A one-time payment of \$330 (not part of the salary schedule) will be paid to each Manager effective the first pay period following the adoption of this Management Compensation Plan.

IV. HEALTH & WELFARE BENEFITS

A. Medical Insurance

The District shall provide medical insurance coverage for an employee, retiree and eligible dependents under the provisions of CalPERS. Beginning January 1, 2001, the District contribution toward monthly medical insurance premiums shall not exceed: \$296 for Employee/Retiree Only; \$592 for Employee/Retiree Plus One Dependent; and \$770 for Employee/Retiree Plus Two or More Dependents in addition to administrative fees and contingency reserve fund assessments. The District shall continue to pay premiums at a level sufficient to cover the cost of the basic monthly medical insurance premiums for HMO plans offered in Santa Cruz County by the CalPERS medical program should they exceed the above District contribution amounts. The District will continue to offer the H-Care Plan (IRC Section 125 pre-tax medical reimbursement plan) as allowed by the County of Santa Cruz.

An employee who declines participation in the District's medical insurance program and produces satisfactory evidence of other medical insurance coverage shall be paid \$300 for each full three calendar month quarter beginning January 1 of each year while in active service and in which District paid coverage would have been provided had the District's medical program been elected.

B. Dental Insurance

The District shall provide paid dental insurance coverage for an employee and eligible dependents.

C. Vision Insurance

The District shall provide paid vision insurance coverage for an employee and eligible dependents.

D. Life and AD&D Insurance

An employee shall be entitled to a \$50,000 term life and AD&D insurance policy paid by the District plus \$150,000 in optional supplementary life and AD&D insurance paid by the employee.

E. Survivor's Benefits

Upon the death of a covered employee, who is on the District's payroll and has dependents covered under the District's medical, vision and dental plans, the District's share of coverage of the eligible dependents shall continue for twenty-six (26) consecutive pay periods.

F. Retirement Benefits

An employee shall be enrolled in the Public Employees Retirement System (PERS) including the third level 1959 Survivors benefit as allowed by PERS. The District shall pay the "employee share" of PERS up to a maximum of seven percent. An employee shall have a payroll deduction for an equivalent amount exceeding

14. b3

3.235% of the "employer share" (determined by PERS). The employee's contribution of up to seven percent will be applied toward the "employee share".

Dental, vision, and life insurance plan coverage shall be provided by the District for an employee retired under the provisions of PERS and the employee's dependents until the retired employee reaches age 65. To qualify for this benefit, the retired employee shall have been an employee of the District for the equivalent of ten (10) full-time years immediately prior to the date of retirement and has reached the age of 50 years.

G. State Disability Insurance

The District shall provide paid coverage for an employee for State Disability Insurance.

H. Long Term Disability Insurance

The District shall provide for a long term disability insurance plan. The plan shall provide for monthly payments to an eligible employee of up to \$5,000 per month. The plan shall start LTD one year and one month after month of hire.

I. Deferred Compensation Plan

The District shall provide a deferred compensation plan to an employee.

J. Industrial Injury

An employee shall be entitled to workers compensation insurance to be provided by the District.

K. Continuation of Insurance During an Unpaid Leave of Absence

An employee who is on an unpaid leave of absence exceeding one hundred eighty (180) calendar days must pay the total monthly premiums in advance to continue medical, dental and vision insurance coverage. Failure of an employee to make advance payments for insurance coverage shall result in the employee and any dependent(s) being dropped from the plans.

L. Principal Domestic Partner Coverages

District medical, dental and vision insurance coverages may be extended to an employee's principal domestic partner (PDP) while the employee's own coverages are being paid by the District. In the absence of the PERS Medical Program allowing for PDP coverage, reimbursement of monthly premiums may be made to an individual medical plan to a maximum of \$185.

V. HOLIDAYS

An employee shall be entitled to the following holidays with pay:

- Thanksgiving Day
- Christmas Day
- New Year's Day

In addition to the above specified days, an employee may choose any eleven additional days as floating holidays or when working a partial year, a prorated number of days as determined by the General Manager. An employee shall be compensated for any unused floating holiday time at the end of the fiscal year at the employee's regular rate of pay.

An employee shall be entitled to receive any special non-recurring holiday designated as an official State holiday by the Governor of the State of California or as an official national holiday by the President of the United States, subject to the approval of the Board of Directors.

Upon departure from the District for any reason, an employee shall be compensated for any unused holiday time at the employee's hourly rate.

VI. PAID LEAVES

A. Annual Leave

An employee shall accrue annual leave at the following rates:

- a. for the first five years of employment: two weeks/year
- b. between five and nine years of employment: three weeks/year
- c. after nine years of employment: four weeks/year

Upon approval of the General Manager an employee shall be permitted to take a minimum of two weeks annual

14.64

leave each calendar year.

An employee shall accrue the pro-rata portion of annual leave for which he/she is entitled for each pay period or major fraction thereof, for which he/she is in paid status. An employee may not carryover into the next fiscal year more than three times the annual allotted time. An employee may be compensated at his/her regular rate of pay for annual leave accrued in excess of two times the annual allotted time on a quarterly basis as determined by the Finance Manager.

Upon departure from the District for any reason, an employee shall be compensated for any unused annual leave at the employee's regular rate.

B. Sick Leave

An employee shall be entitled to sick leave with pay at the rate of one day for each month of employment. An employee who has accumulated sick leave above 120 days (960 hours) may elect to receive a cash payment of 25% of the accrued sick leave above 120 days in lieu of retaining excess sick leave credits. Sick leave shall mean personal illness or physical incapacity caused by factors over which the employee has no reasonable immediate control, or the illness of a member of the immediate family of such employee which illness requires his/her personal care and attention. Immediate family shall include the parent, spouse, and children, brother, or sister of the employee. Any sick leave accrued beyond a balance of 96 hours may, at the option of the employee, be converted to annual leave. All unused sick leave accrued shall be paid to an employee who retires immediately upon leaving the District under the provisions of PERS.

C. Administrative Leave

An employee shall be entitled to eighty (80) hours of administrative leave each year in lieu of overtime or when working a partial year, a prorated amount as determined by the General Manager. Upon approval of the General Manager, time worked in excess of eighty hours in a pay period may be saved and taken as time off in another pay period when the extra hours are earned through participation in unusual, lengthy activities which require the presence of the employee in meetings, hearings, or negotiations. Administrative leave not taken during the fiscal year is lost.

D. Personal Leave

An employee shall be entitled to use 40 hours per year of personal leave, chargeable to accumulated sick leave.

E. Bereavement Leave

An employee shall be granted a leave with pay in the event of the death of any member of the employee's family. The leave shall be for a period of three (3) working days, five (5) working days if travel is required in excess of 350 miles. The family member is defined as spouse, parent, grandparent, sister, brother, child, grandchild, foster parent, stepparent, foster child, stepchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, nieces, nephews, aunt, uncle, or any person living in the immediate household of the employee.

F. Hospice and Critical Care Leave

An employee shall be granted necessary leaves up to four (4) months for the care of a critically ill family member with appropriate verification. An employee shall be paid for these absences from his/her sick leave or annual leave accruals.

G. Paid Birth/Adoptive Leave

An employee is entitled to forty hours leave with pay at or about the time of the birth of the employee's child or at the time of adopting a child. The paid leave shall be within two months of the birth or adoption or at the employee's option at the expiration of state disability insurance payments.

H. Jury Duty

An employee required to report for jury duty (except for Grand jury) or to answer a subpoena, as a witness shall be granted leave with full pay until released by the court. An employee shall have court-paid per diems deducted from his/her daily pay during jury duty assignment.

I. Paid Military Leave

An employee in permanent status who is required to attend summer military training exercises as part of his/her military reserve obligation, shall be granted paid military leave not to exceed thirty (30) working days annually.

14. b5

VII. UNPAID LEAVES OF ABSENCE

A. Maternity/Childcare Leave

Maternity/childcare leave shall be granted for a maximum period of twelve (12) months. If an employee does not have a sufficient paid leave balance to cover the period of absence, an unpaid leave of absence shall be granted.

B. FMLA / CFRA

The District will comply with the Family Medical Leave Act and the California Family Rights Act, as amended. Generally these Acts provide for up to twelve weeks leave for a serious health condition of the employee or an eligible family member and the employee has worked 1,250 hours in the twelve month period preceding the leave. Accrued sick leave must be used before any unpaid leave. This FMLA/CFRA leave will run concurrently with any other absence due to an employee's serious health condition.

VIII. EXEMPT MANAGEMENT PROVISION

An employee who has exhausted all leave accruals shall not have his/her salary reduced by being absent from work on an authorized absence of less than one full day.

IX. OTHER BENEFITS

A. Training

An employee shall be authorized to attend transit seminars and workshops, and to visit other properties as part of his/her ongoing job duties, and shall be compensated for receipted expenses incurred in so doing.

An employee may request release time and reimbursement of expenses for course work relevant to the employee's duties and area of responsibility. Expenses, which may be reimbursed, include tuition, meals and books. For courses which require an overnight stay out-of-town, the employee may receive a pro-rata meal allowance of \$20 per diem at the discretion of the General Manager. Reimbursement will not be made for academic or professional credentials for degrees, but might cover classes within a credential or degree program only as they relate to the specific job tasks and areas of responsibility of the employee. Approval of release time and reimbursement of expenses is at the discretion of the General Manager, and subject to the demonstrated cost-benefit ratio of the training and the current workload of the employee.

B. Mileage reimbursement

If the District requires an employee to use the employee's private insured automobile to conduct District business, the employee shall be reimbursed for automobile expenses at the rate established annually by the IRS.

C. On Call duty

If an employee is required to be on call, they shall be offered access to a District vehicle in order to provide for home to work transportation. "On call" shall be defined as the requirement for the employee to report to work after or before normal duty hours to perform the functions which cannot otherwise be performed during regular duty hours. When an employee is assigned such duties on a regular basis, he/she may be assigned a car for home to work transportation on a regular basis. If such work is assigned on a periodic or occasional basis, the assignment of a car for home to work transportation shall be on an as-needed basis only, as approved by the General Manager. The staff car assigned on an on-call basis to an employee shall be used to provide transportation only between the home and the work place. It shall not be used to make intermediate stops or for any other personal use. During normal duty hours, staff cars are similarly restricted for use only for official business of the District or for transportation between the facilities of the District.

D. Communication Allowance

When approved by the General Manager, an employee may receive a communication allowance of \$25 each two-week pay period when in possession of a cellular telephone and furnishing the District with the cellular telephone number that may be used by other District management to reach the employee. An employee on approved District travel with the General Manager's approval, may be reimbursed for eligible roaming and long distance charges.

14. b6

X. LAYOFF

A. Insurance

An employee separated from District service as a result of layoff shall have his/her insurance benefits paid by the District at the same level while employed for a period of ninety (90) days from the date of separation.

B. Severance Pay

An employee laid off shall be given a severance payment equal to eight (8) hours at the base hourly rate for each 2,080 hours of active service up to a maximum of eighty (80) hours severance pay.

14.67

Exhibit A

Effective 7/05

MANAGEMENT
MONTHLY SALARY SCHEDULE

| <u>Title</u> | <u>Step 1</u> | <u>Step 2</u> | <u>Step 3</u> | <u>Step 4</u> | <u>Step 5</u> | <u>Step 6</u> |
|--------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Secretary/General Manger | 9,997 | 10,489 | 11,025 | 11,575 | 12,155 | 12,762 |
| District Counsel | 9,077 | 9,523 | 9,997 | 10,489 | 11,025 | 11,575 |
| Assistant General Manager | 7,858 | 8,251 | 8,655 | 9,087 | 9,546 | 10,022 |
| Operations Manager | 7,144 | 7,500 | 7,869 | 8,260 | 8,673 | 9,105 |
| Maintenance Manager | 7,144 | 7,500 | 7,869 | 8,260 | 8,673 | 9,105 |
| Finance Manager | 6,434 | 6,751 | 7,081 | 7,433 | 7,798 | 8,188 |
| Human Resources Manager | 6,434 | 6,751 | 7,081 | 7,433 | 7,798 | 8,188 |
| Information Technology Manager | 6,434 | 6,751 | 7,081 | 7,433 | 7,798 | 8,188 |
| Planning & Marketing Manager | 6,434 | 6,751 | 7,081 | 7,433 | 7,798 | 8,188 |
| Senior Database Administrator | 5,753 | 6,039 | 6,344 | 6,659 | 6,993 | 7,342 |
| Assistant Finance Manager | 5,376 | 5,640 | 5,919 | 6,211 | 6,516 | 6,841 |
| Assistant HR Manager | 5,376 | 5,640 | 5,919 | 6,211 | 6,516 | 6,841 |
| Base Superintendent | 5,376 | 5,640 | 5,919 | 6,211 | 6,516 | 6,841 |
| Paratransit Administrator | 5,376 | 5,640 | 5,919 | 6,211 | 6,516 | 6,841 |
| Project Manager | 5,376 | 5,640 | 5,919 | 6,211 | 6,516 | 6,841 |
| Facilities Maintenance Manager | 5,224 | 5,483 | 5,751 | 6,032 | 6,328 | 6,645 |
| Database Administrator (alternately staffed/Sr. Db Admin) | 4,970 | 5,217 | 5,480 | 5,753 | 6,039 | 6,344 |
| Paratransit Superintendent | 3,722 | 3,909 | 4,105 | 4,309 | 4,524 | 4,752 |

14.68