



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)
BOARD OF DIRECTORS AGENDA MEETING MINUTES
MAY 13, 2016 – 8:30 AM
SANTA CRUZ CITY CHAMBERS
809 CENTER STREET
SANTA CRUZ, CA 95060**

A regular meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District (METRO) was convened on Friday, May 13, 2016 at the Santa Cruz City Chambers, 809 Center Street, Santa Cruz, CA

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

This document has been created with accessibility in mind. With the exception certain 3rd party and other attachments, it passes the Adobe Acrobat XI Accessibility Full Check. If you have any questions about the accessibility of this document, please email your inquiry to accessibility@scmttd.com

1 **CALL TO ORDER at 8:34 AM by Chair Rotkin.**

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

Director Ed Bottorff	City of Capitola
Director Dene Bustichi	City of Scotts Valley
Director Cynthia Chase	City of Santa Cruz
Director Jimmy Dutra, Vice Chair	City of Watsonville
Director Zach Friend	County of Santa Cruz
Director Norm Hagen	County of Santa Cruz
Director Don Lane	City of Santa Cruz
Director John Leopold	County of Santa Cruz
Director Bruce McPherson	County of Santa Cruz
Director Mike Rotkin, Chair	County of Santa Cruz
Ex-Officio Director Donna Blitzer	UC Santa Cruz

The following Director was absent:	
Director Karina Cervantez	City of Watsonville

STAFF PRESENT:	
Alex Clifford	METRO CEO/General Manager
Leslyn K. Syren	METRO District Counsel

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

Heather Adamson, AMBAG
Erron Alvey, SCMTD
Liseth Guizar, METRO
Debbie Kinslow, SCMTD
Kristina Mihaylova, METRO

Eduardo Montesino, SMART/UTU
Local 23
M.W. Regan, VMU/SEIU
Robyn Slater, SCMTD
April Warnock, METRO ParaCruz
Daniel Zaragoza, SCMTD

SECTION I: OPEN SESSION

3 ANNOUNCEMENTS

Chair Rotkin introduced Carlos Landaverry and his Spanish Language Interpretation services. He announced this meeting is being televised by Community Television of Santa Cruz County on Channel 26. Community Television's technician today is Mike Oliphant.

He then reminded the assembly that there would be two additional meetings in May:

- May 26, 5:00PM Watsonville City Chambers, 275 Main Street, Watsonville
CONTINUING TO
- May 27, 8:30AM Santa Cruz Chambers, 809 Center Street, Santa Cruz

4 BOARD OF DIRECTORS COMMENTS

None.

5 COMMUNICATIONS TO THE BOARD OF DIRECTORS

In response to requests for public comment:

None.

6 WRITTEN COMMUNICATIONS FROM MAC (if applicable)

Having none, the meeting proceeded to the next agenda item.

7 LABOR ORGANIZATION COMMUNICATIONS

Eduardo Montesino, UTU representative, begged to differ with the perception that there are no alternative funding sources to solve the structural deficit. He said even after Congress stripped the earmarks in 2007, and eliminated them totally in 2008, METRO has been successful in locating new funding opportunities; e.g., Prop 1B financed capital projects, PMITSEA and the SLPP programs. He anticipates future cuts and questioned the projections provided. He said the community and the employees want to know METRO's future plans.

Manny Martinez, representing the transit supervisors, has a disabled son who attends Cabrillo. He shared comments he's overheard from Cabrillo students and asked that METRO address their concerns noting this service affects riders throughout the county, not just Cabrillo.

8 ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

Chair Rotkin announced the following items were distributed to Board Members:

- 5 Year Plan

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

- Item 10A, Glossary of Terms, page 10A.26 has been added.
- News Clips: Media articles of interest

CONSENT AGENDA

- 9-01 ACCEPT AND FILE: PRELIMINARY APPROVED CHECK JOURNAL DETAIL FOR THE MONTH OF APRIL 2016
- 9-02 ACCEPT AND FILE: MINUTES OF THE SANTA CRUZ METRO BOARD OF DIRECTORS MEETING OF APRIL 22, 2016
- 9-03 ACCEPT AND FILE: MINUTES OF THE MAC MEETING OF MARCH 16, 2016
- 9-04 APPROVE: CONSIDERATION OF AUTHORIZING THE CEO TO EXECUTE A FOURTH CONTRACT AMENDMENT WITH HILL INTERNATIONAL, INC. TO INCREASE THE CONTRACT TOTAL BY \$285,000 FOR PROJECT MANAGEMENT CONSULTANT SERVICES
- 9-05 APPROVE: CONSIDER ADOPTING A RESOLUTION AUTHORIZING APPLICATIONS TO THE FEDERAL TRANSIT ADMINISTRATION BUS AND BUS FACILITIES PROGRAM AND TO COMMIT FUNDS TO PROVIDE THE LOCAL MATCH FOR THESE GRANTS

Public comment:

Mr. Montesino, commenting on Consent Agenda item 9-05, asked why METRO waited until the deadline to apply.

Director Leopold, referring to Consent Agenda item 9-04, asked if this would be the last contract amendment from Hill International. CEO Clifford responded unfortunately, there are no guarantees. He added that he and the Board will discuss this item further in today's closed session.

ACTION: MOTION TO ACCEPT THE CONSENT AGENDA AS PRESENTED

MOTION: DIRECTOR LANE

SECOND: DIRECTOR HAGEN

MOTION PASSED WITH 10 AYES (Directors Bottorff, Bustichi, Chase, Dutra, Friend, Hagen, Lane, Leopold, McPherson and Rotkin.) Director Cervantez was absent.

REGULAR AGENDA

- 10 **APPROVE: CONSIDERATION OF SANTA CRUZ METRO'S REVISED FY17 AND FY18 OPERATING BUDGET, FY17 CAPITAL BUDGET AND A RESOLUTION SETTING A PUBLIC HEARING ON JUNE 24, 2016**

Chair Rotkin thanked Angela Aitken, Finance Manager, for the helpful glossary of terms which had been distributed to the assembly (page 10A.26).

Ms. Aitken said no decisions concerning the budget would be made today; she would review:

1. Journey of Fixing the Structural Deficit
2. FY17 and FY18 Operating Budget Changes
3. Projected Reserve Balances
4. FY17 and FY18 Non-Controllable Operating Budget Risks

Today METRO is requesting approval to open the public hearing process. Further budget detail will be presented at the May 26 and 27 Board Meeting.

Director Leopold inquired as to the changing nature of fuel costs. Ms. Aitken responded that METRO has contractual obligations which set the price; CNG pricing has increased but diesel fuel pricing has remained consistent.

Given the audience familiarity with the budget, and subsequent consent, the Board opted to bypass the “journey” portion of the package/presentation.

Chair Rotkin suggested a change in nomenclature from “reserves” to a term that more accurately defines the fund “purpose/use”; e.g., funds used for grant matches may be referred to as match funds.

Chair Rotkin thanked METRO employees for their assistance in reducing the rate of injuries and resultant workers’ compensation claims. Costs have been reduced through a concerted effort of education, safety improvements, etc.

Chair Rotkin asked if METRO could project the anticipated timing of additional revenue. Ms. Aitken responded METRO’s budget will include the following known possible revenue(s):

- Cabrillo: 6 months’ revenue may be incorporated into the FY17 budget, dependent upon the Student Senate process
- UCSC: anticipating 50% in FY17
- VTA: anticipating October 2016 (note: this is a one-time influx of funds)
- SCCRTC Sales Tax Initiative: minimal impact to FY17

CEO Clifford added that the budget presented in June 2016 will contain assumptions about these revenue possibilities once agreements are finalized.

Ms. Aitken noted METRO is on track but will continue to be diligent about the costs we incur and conservative with the anticipated revenues; even with the additional revenue and escalation factors included, METRO will use reserves to balance the budget.

Director Lane requested Ms. Aitken explain the definition and use of the “operations sustainability reserve”. Ms. Aitken explained that this reserve “bucket” is used to cover those expenses which will be replenished by grant funds when METRO is reimbursed at a later date; e.g., buses or equipment purchased with grant monies.

Director Dutra asked if there were opportunities the Board is not yet aware of. Ms. Aitken responded that METRO is re-examining the leases to make the best use of that revenue. Advertising opportunities are being explored. METRO could consider pursuing our own tax initiative if the RTC measure is unsuccessful in November.

CEO Clifford added that METRO is working on additional capital funding. The FASTAct is locked in for 5 years at 2% year-over-year. Senator Beall is pushing for an increase in diesel gas tax which could result in additional STA funding. We continue to work with the Governor and State Assembly to reinstate a new Prop 1B program and try to stimulate a new capital bond program. Locally, we can’t count the sales tax monies until the measure passes; the Cabrillo, VTA and UCSC revenue will be included once the

numbers/agreements are finalized. Advertising may provide some smaller amount of funding. Fare restructuring will most likely occur in year 3.

Chair Rotkin added that any initiative which results in additional cost to the automobile owner alienates the public and has been stagnant since 1993. Although this is a rational idea, everyone he has spoken with in Sacramento is reluctant to bring this to their constituents.

Director McPherson noted that the wording of the November tax initiative ballot will be determined at SCCRTC's meeting next month. We need to be our own supporters as this measure will require a 2/3 vote to pass. It is highly unlikely we will get any additional state or federal assistance.

Director Bustichi suggested that the board work with each local municipality to create a mitigation fee which could be used for capital improvements. It would be based on the impact to METRO's transportation system and tied to future developments. Other municipalities have such a traffic impact fee established.

CEO Clifford will investigate and advise.

Public comment:

Mr. Montesino stated he would reserve his comments for now as the budget is a working document at this time. He asked that the staff be prepared with all documents when they next meet with the Unions.

Jane Gallagher made several suggestions: non-fabric/plastic bus seats would result in lower maintenance costs, increase tenancy at the transit centers and tax the local hospitality industry for revenue.

Director Bustichi agreed that it would be great to have tenants in the Scotts Valley Transit Center; however, even at no cost, we haven't been able to entice tenants. Some of the problem is the traffic is all morning or all evening, very little throughout the day.

Director Bustichi advised the assembly that METRO is still running on earmark funds received prior to the ending of them. We need to come up with good solutions; critical comments without suggestions aren't necessarily helpful. He takes responsibility for some of the decisions that were made historically which, on reflection, may not have been the best choices.

Director Hagen seconded Director Bustichi's comments and said as a transportation district we cannot control everything. He cited the City of Watsonville's inability to fill some of their vacant retail space.

Director Leopold thanked METRO board and staff for their contribution to the success of the Cabrillo measure and stressed remaining involved to ensure the additional success of the sales tax measure. In the face of federal and state funding, we need to get a better return rate on grant submissions. Much work remains to be done; the May and June meetings will be critical to the future of the organization.

Director Lane encouraged a creative mindset; things which were not viable years ago may be so now.

ACTION: MOTION TO APPROVE SANTA CRUZ METRO'S REVISED FY17 AND FY18 OPERATING BUDGET, FY17 CAPITAL BUDGET AND A RESOLUTION SETTING A PUBLIC HEARING ON JUNE 24, 2016 AS PRESENTED

MOTION: DIRECTOR LEOPOLD

SECOND: DIRECTOR LANE

MOTION PASSED WITH 10 AYES (Directors Bottorff, Bustichi, Chase, Dutra, Friend, Hagen, Lane, Leopold, McPherson and Rotkin.) Director Cervantez was absent.

11 APPROVE: CONSIDERATION OF AUTHORIZING THE CEO/GENERAL MANAGER TO EXECUTE REDUCTION IN FORCE NOTICES TO SEIU LOCAL 521 (SEA, VMU AND PSA), UTU LOCAL 23 – PARACRUZ OPERATION, AND UTU LOCAL 23 – FIXED ROUTE OPERATION

CEO Clifford prefaced the discussion by noting how METRO has tried over the past two years to be sensitive to the impacts of changes to the public and our employees. A young bus operator recently expressed his optimism in METRO's ability to impact as few employees as possible and the opportunity presented by the passing of the sales tax measure to allow callbacks.

METRO is taking a school district type of approach as we anticipate changes in service and revenue streams. METRO is asking the board to approve this agenda item such that we can begin the process.

CEO Clifford assured the Board the final decision will be less than the outer limit requested today. We have to determine Cabrillo revenue and sustained service. Whatever amount they provide will save jobs. The Cabrillo, UCSC and VTA discussions will save a number of jobs as will the savings achieved through the retirement/separation incentive. 14 retirees have self-identified to date (not all bus operators); this opens up the opportunity to younger operators to stay with METRO.

In parallel with this, VTA, UCSC and MST have indicated they have or will have operator positions open in the near future.

Chair Rotkin reported that, although there is no firm commitment, UCSC's Chancellor and Vice Chair have indicated they are onboard.

Director Dutra asked how many of the proposed positions are vacant at the current time. Human Resources Manager, Robyn Slater, answered that there are 7 open budgeted fixed route operators, not including those who have expressed their plans to retire. She added that the May 18th Money Management Fair may further entice others to retire.

Director Dutra requested that the staff report be adjusted to indicate the total number of layoffs. Finance Manager Aitken and HR Manager Slater reiterated that METRO is requesting to unfund 43 positions; it isn't currently feasible to specify a layoff number. METRO will meet with the Unions to determine the number of layoff notices.

Various questions and clarifications were exchanged among the board and staff regarding positions and staff nomenclature. CEO Clifford noted that the current budget sustains current service to September 2016. METRO does not want to cut and reinstate employees or service.

Director Leopold asked METRO to elaborate on any efforts underway to assist operators in locating other employment. In addition to the UCSC, VTA and MST possibilities mentioned above, HR Manager Slater has been in contact with the City of Portland and

APTA. As the cuts approach, METRO will work with the local EDD and employees to create a resume, fill out applications, etc.

Public comment:

In response to Ms. Jane Gallagher's math calculations concerning possible layoffs, Chair Rotkin volunteered to meet with her offline to clarify. He reiterated that today's decision is not intended to determine the number of layoff notices to be issued.

Mr. Montesino cautioned against squabbles if we are not accurate.

Mr. Martinez advised being specific in discussions with Cabrillo such that METRO can maintain a level of credibility.

CEO Clifford added that a conservative approach indicates potential savings of up to \$550K from UCSC and up to \$1M from Cabrillo. Cabrillo's Student Senate is meeting with METRO's planning department in the near future to discuss the use of the funds received from the self-imposed fee. Chair Rotkin added that we don't yet know Cabrillo's fiscal commitment; it is based on a commitment of \$40 per student. We want the students to celebrate the passing of the initiative and what it means to them.

Directors Leopold and Lane suggested advertising the positive impact in the "Cabrillo Voice" and stressing METRO's appreciation for their support/vote.

Barrow Emerson, Planning and Development Manager, informed the assembly that a small survey will be issued to all Cabrillo students next week soliciting their feedback to various service options.

ACTION: MOTION TO APPROVE THE BUDGET ACTION OF AUTHORIZING THE CEO/GENERAL MANAGER TO BEGIN THE PROCESS OF EXECUTING REDUCTION IN FORCE NOTICES TO SEIU LOCAL 521 (SEA, VMU AND PSA), UTU LOCAL 23 – PARACRUZ OPERATION, AND UTU LOCAL 23 – FIXED ROUTE OPERATION AS PRESENTED and present a definitive answer regarding cuts by the budget decision in June.

MOTION: DIRECTOR LANE

SECOND: DIRECTOR BOTTORFF

MOTION PASSED WITH 10 AYES (Directors Bottorff, Bustichi, Chase, Dutra, Friend, Hagen, Lane, Leopold, McPherson and Rotkin.) Director Cervantez was absent.

12 CEO TO GIVE ORAL REPORT

CEO Clifford had nothing further to report.

13 ORAL REPORT FROM DISTRICT COUNSEL ON PEPRA AND 13c ISSUES

Leslyn K. Syren, District Counsel, provided verbal updates to the 13c and PEPRA issues. The litigation between the State of California and the Department of Labor is now before the court; oral arguments will be heard in May, with a decision anticipated in July.

METRO submitted an agreement to the Department of Labor to adhere to 13c as well as comply with all California state laws. District Counsel Syren will keep the Board informed of any communications and how this may affect METRO's ability to obtain grant funding.

Assemblyman Stone's proposed legislation to permanently exempt the gap employees from PEPRA has passed the California assembly and is enroute to the Senate. Once a hearing date has been set, the Unions and CEO may elect to lobby in support of this particular legislation. Chair Rotkin suggested engaging the local cities and county in lobbying support.

14 REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION

Leslyn K. Syren, District Counsel, announced the following items to be discussed in closed session:

- Conference with Legal Counsel – potential litigation (Government Code Section 54956.9(d)) – one case
- Personnel matter - CEO/General Manager Performance Review (Government Code Section 54957(b))
- Conference with Labor Negotiators (SEIU and UTU) (Government Code Section 54957.6)

District Counsel Syren did not anticipate an announcement after the closed session.

Public comment:

Mr. Montesino said the SEIU expressed a vote of no confidence through their non-attendance at the recent All Hands Meetings. METRO is a small organization. He accepts partial blame for the lack of communication and would like to work collaboratively. When he hears talk of laying off bus operators, it becomes personal. He cautioned CEO Clifford to widen his outreach beyond the "inner circle".

Mauricio _____, Cabrillo student, said the students do not feel it is their responsibility to support METRO.

Ms. Jane Gallagher is encouraged by the changes to the service proposals since March.

Roberto Atilano would like to see some information promoting advertising on the buses or at the transit centers. It may save some positions.

Ernestina Saldana expressed concern for herself, her son and others and is going from stop to stop informing the public. Service cuts will affect her access to various locations.

15 ANNOUNCEMENT OF NEXT MEETING: THURSDAY, MAY 26, 2016 AT 5:00PM, WATSONVILLE CITY COUNCIL CHAMBERS, 275 MAIN STREET, WATSONVILLE CONTINUING TO FRIDAY, MAY 27, 2016 AT 8:30AM, SANTA CRUZ CITY COUNCIL, 809 CENTER STREET, SANTA CRUZ

Chair Mike Rotkin announced the next meeting as above.

Chair Rotkin adjourned to the closed session at 10:26AM.

Respectfully submitted,

Gina Pye
Executive Assistant