



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)  
FINANCE, BUDGET AND AUDIT STANDING COMMITTEE MEETING MINUTES\*  
AUGUST 13, 2021 – 8:00AM  
MEETING HELD VIA TELECONFERENCE**

A regular meeting of the Finance, Budget and Audit Standing Committee of the Santa Cruz Metropolitan Transit District (METRO) was convened on Friday, August 13, 2021, via teleconference.

The Committee Meeting Agenda Packet can be found online at [www.SCMTD.com](http://www.SCMTD.com). \*Minutes are “summary” minutes, not verbatim minutes. Audio recordings of Board meeting open sessions are available to the public upon request.

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1 **CALL TO ORDER** at 8:03 AM by Chair Lind

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

|   |                              |
|---|------------------------------|
| <b>Director Shebreh Kalantari-Johnson</b> | <b>City of Santa Cruz</b>    |
| <b>Director Manu Koenig</b>               | <b>County of Santa Cruz</b>  |
| <b>Board Chair Donna Lind</b>             | <b>City of Scotts Valley</b> |
| <b>Director Mike Rotkin</b>               | <b>County of Santa Cruz</b>  |

Alex Clifford  
Julie Sherman

METRO CEO/General Manager  
METRO General Counsel

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

Chuck Farmer  
Kristina Mihaylova

METRO CFO  
METRO Finance Deputy Director

3 **ORAL AND WRITTEN COMMUNICATIONS TO THE FINANCE, BUDGET AND AUDIT STANDING COMMITTEE**

Hearing none, Director Lind moved to the next agenda item.

4 **ADDITIONS OR DELETIONS FROM AGENDA/ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS**

Having none, Director Lind moved to the next agenda item.

5 **MONTHLY FINANCIAL UPDATE**

Chuck Farmer, CFO, added commentary to the presentation.

In response to Director Rotkin’s question regarding METRO’s readiness to serve UCSC once open for in-person instruction in the fall, John Urgo, Planning and Development Director, replied METRO does not currently have the Operators needed to reinstate the pre-COVID level of service to UCSC; we plan to provide 70%. To mitigate overcrowding, we will ask the Board at the August 27 meeting for approval to

lease four large(r) articulated buses to handle the anticipated capacity. UCSC has advised METRO that fewer than 100% of the classes will be in-person. Additionally, our data indicates 80% of UCSC's enrolled students reside in Santa Cruz County.

CEO Clifford added the Operator shortage is not unique to METRO; it is nationwide. METRO is recruiting as quickly as possible to fill the 19 vacant Operator positions. The last recruitment netted three new hires who began training this week. METRO's Operator pay ranks among one of the top ten agencies in the nation. A new Operator receives a starting wage of \$19.97, an increase to \$23.75 after a 4-month probation and \$25.26 after the first year.

A suggestion was put forth to pay a premium or differential for those working hours outside of a normal 8-5 weekday position, similar to that negotiated by the Scotts Valley Police Department for nighttime differential pay. General Counsel Sherman to research and advise on this issue.

CFO Farmer informed the Committee that going forward "pre-close" data will be presented to provide a more timely view into METRO's financial condition. Any significant differences in the "final closed" results will be explained the following month.

There were no public comments.

## **6 KEY PERFORMANCE INDICATORS (KPI) REPORT FOR 4<sup>TH</sup> QUARTER THROUGH JUNE 30, 2021**

Kristina Mihaylova, Finance Deputy Director, spoke to the presentation.

Referencing the "Productivity, Local Ridership" slide, Director Kalantari-Johnson asked how METRO plans to increase our Operator numbers to coincide with the increase in ridership. Mr. Urgo answered METRO is trying to hire and train as quickly as possible. Our first strategy during the pandemic was to replace all local service. Without cancelling local service, we are focusing on providing 70% of the UCSC and 50% weekday/100% weekend Highway 17 service. UCSC on-campus rider flow is being mitigated to avoid losing students.

CEO Clifford reminded the assembly that federal funding allowed METRO to have as much service in place as possible when the riders are ready to return as opposed to waiting for ridership to recover and then put the service back into place.

There were no public comments

## **7 PENSION AND OPEB DISCUSSION**

Chuck Farmer, CFO, stressed the informative intent of today's presentation, answer committee questions and return with a recommendation in September. Bottom line: METRO is attempting to minimize risk and reduce interest on pension payments.

CEO Clifford assured the Board that they would be involved in a long term investment policy. An investment committee will be established to review all options such as stocks versus mutual funds. METRO is looking for a long term rather than a short term fix.

METRO will work with a partner to administer the program, taking into account socially conscious investments and the local constituency. There was some discussion regarding other transit agencies, socially conscious investing and the conservativeness of CalPERS' investments as a result of their socially conscious investments.

CFO Farmer to provide the Committee members with a CalPERS versus similar index funds analysis over the last 10-20 years. Initial indications are CalPERS investments have consistently underperformed the market.

There were no public comments.

**8 CEO ORAL REPORT / COVID-19 UPDATE**

Alex Clifford, CEO/General Manager, provided a brief update on the following:

A fully vaccinated METRO employee tested positive for COVID-19 recently; the first positive test since March 15<sup>th</sup>.

METRO is adhering to the CDC face covering recommendation; the unvaccinated must wear a mask at all times while indoor METRO facilities, including buses.

A mandatory COVID testing and/or mandatory vaccination policy, similar to that in San Francisco, is currently under review and will be brought to the full Board for feedback in the near future.

METRO anticipates meeting with the FTA in the next couple of weeks to discuss the modification of a \$4M 2016 grant that was intended to buy electric buses for use on Highway 17. Unfortunately, the BYD OTR coaches initially identified were not capable of meeting our needs. The Proterra 660s appear to have more functionality and meet our specifications.

There were no public comments:

**9 ADJOURNMENT**

Director Lind adjourned the meeting at 10:10AM.

Respectfully submitted,

Gina Pye

Executive Assistant