



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)
FINANCE, BUDGET, AND AUDIT STANDING COMMITTEE MEETING MINUTES*
SEPTEMBER 9, 2022 – 8:00 AM**

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, September 9, 2022, via teleconference.

The Committee Meeting Agenda Packet can be found online at 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 CALLED TO ORDER by Director Koenig at 8:08 AM.

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

Director Shebreh Kalantari-Johnson

Director Manu Koenig

Director Donna Lind

Director Mike Rotkin

Michael Tree

Julie Sherman

City of Santa Cruz

County of Santa Cruz

City of Scotts Valley

County of Santa Cruz

METRO CEO/General Manager

METRO District Counsel

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

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

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

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

5 YEAR TO DATE FINANCIAL REPORT AS OF JUNE 30, 2022

Kristina Mihaylova, Finance Deputy Director, spoke to the presentation emphasizing these are FY22 pre-audit financials. In reviewing the Operating Revenue and Expenses, there was one major change in revenue from the previous month--passenger fares had a strong recovery. On the expense side, labor and fringe benefits showed a significant savings primarily due to our vacant positions. On the non-personnel side, we are over budget due to inflationary costs of fuel and parts. She reviewed the capital budget spends and their funding sources.

All of the reserve buckets are fully funded. There are no minimum balances required for the Bus Replacement Fund, UAL & OPEB, COVID Recovery Fund and Operating & Capital Reserve Fund, but we continue to add to those funds to be in alignment with commitments we made to the Board.

Director Koenig requested clarification of the funds in the COVID Recovery Fund and asked if the \$13.5 million of COVID Relief Grants was included in the \$29.7 million in the COVID Recovery Fund. Chuck Farmer, CFO, explained that we have drawn the \$13.5 million from the federal

government and it is included in our operating surplus figure of \$19.6 million. We moved \$2.9 million to the Bus Replacement Fund and \$7.1 million to the COVID Recovery Fund, and the residual amount of \$9.5 million was distributed to the other reserve funds. So effectively, the COVID Recovery Fund got topped off with \$7.1 million.

Director Kalantari-Johnson expressed concern over the use of overtime and the inability to bring in a new work force quicker. She asked how is this impacting our current Bus Operators. Margo Ross, COO, responded it is taking a toll on the work force. Bus Operators have the ability to accept or refuse overtime (METRO does not force overtime). When they burn out, they refuse the overtime and this results in a higher cancellation rate in overtime assignments. We have to make adjustments to the schedule so that our passengers are not stranded.

Discussion continued on how METRO compares with other communities (state and nationwide) in terms of the work force and the recruiting challenges faced not only by METRO but other agencies.

6 YEAR TO DATE MONTHLY FINANCIAL REPORT AS OF AUGUST 31, 2022

Kristina Mihaylova, Finance Deputy Director, spoke to the presentation and provided an overview of service, financials, capital and personnel.

Director Koenig asked if the decreased revenues in the Cabrillo College contract are due to lower student enrollment. Ms. Mihaylova explained that the contract has been negotiated down over the years due to enrollment and COVID and is currently around \$500,000. John Urgo, Planning and Development Director, added that Cabrillo's enrollment is about 33% less than pre-COVID and is affecting revenues.

Director Kalantari-Johnson heard that classes were still being held virtually. Mr. Urgo confirmed that and said Cabrillo is targeting the next school year to come back in person.

James Sandoval, General Chairperson for SMART Local 23, asked if Ms. Mihaylova knew the amount of COVID relief money expected at the end of September. Ms. Mihaylova said we do not know that at this time. Discussion continued on the operating budget surplus and how it is distributed.

Mr. Sandoval asked for an update on the Biden Administration freezing funds for transportation over the PEPRA and Classic fight. Julie Sherman, District Counsel, responded that nothing was actually frozen. District Counsel provided an update on the PEPRA litigation and said she will keep everyone apprised if there are any new developments.

Hearing nothing further, Director Koenig went to the next agenda item.

7 ADJOURNMENT

Director Koenig adjourned the meeting at 8:35 AM.

Respectfully submitted,

Donna Bauer
Executive Assistant