



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)
BOARD OF DIRECTORS MEETING MINUTES*
MAY 19, 2023 – 9:00 AM**

A regular meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District (METRO) convened on Friday, May 19, 2023 as a hybrid meeting.

The Board 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 at 9:00 AM by Board Chair Kalantari-Johnson.

2 SAFETY ANNOUNCEMENT

Curtis Moses, METRO’s Safety, Security and Risk Management Director, provided a brief safety announcement, highlighting METRO’s response to a medical emergency and its evacuation plan.

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

Director Kristen Brown	City of Capitola
Director Rebecca Downing	County of Santa Cruz
Direct Jimmy Dutra <i>AR 9:04</i>	City of Watsonville
Director Shebreh Kalantari-Johnson	City of Santa Cruz
Director Manu Koenig	County of Santa Cruz
Director Donna Lind	City of Scotts Valley
Director Bruce McPherson	County of Santa Cruz
Director Scott Newsome	City of Santa Cruz
Director Larry Pageler	County of Santa Cruz
Director Quiroz-Carter	City of Watsonville
Director Mike Rotkin	County of Santa Cruz
Ex-Officio Director Dan Henderson	UC Santa Cruz
Ex-Officio Director Alta Northcutt	Cabrillo College
Michael Tree	CEO/General Manager
Julie Sherman	General Counsel

4 ANNOUNCEMENTS

Today’s meeting is being broadcast by Community Television of Santa Cruz County.

Maria Avila, Language Line Services, provided Spanish language interpretation services.

5 BOARD OF DIRECTORS COMMENTS

Hearing none, Board Chair Kalantari-Johnson moved to the next agenda item.

6 ORAL AND WRITTEN COMMUNICATIONS TO THE BOARD OF DIRECTORS

Hearing none, Board Chair Kalantari-Johnson moved to the next agenda item.

7 LABOR ORGANIZATION COMMUNICATIONS

Hearing none, Board Chair Kalantari-Johnson moved to the next agenda item.

8 ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

Having none, Board Chair Kalantari-Johnson moved to the next agenda item.

CONSENT AGENDA

9.1 ACCEPT AND FILE: PRELIMINARY APPROVED CHECK JOURNAL DETAIL FOR THE MONTH OF APRIL 2023

Chuck Farmer, CFO

9.2 ACCEPT AND FILE MINUTES OF:

A. APRIL 28, 2023 BOARD OF DIRECTORS REGULAR MEETING

B. MAY 12, 2023 FINANCE, BUDGET & AUDIT STANDING COMMITTEE MEETING

Michael Tree, CEO/General Manager

9.3 ACCEPT AND FILE: THE YEAR TO DATE MONTHLY FINANCIAL REPORT AS OF APRIL 30, 2023

Chuck Farmer, CFO

9.4 ACCEPT AND FILE: THE YEAR TO DATE KEY PERFORMANCE INDICATORS (KPI) REPORT FOR THE THIRD QUARTER AS OF MARCH 31, 2023

Chuck Farmer, CFO

9.5 ACCEPT AND FILE: QUARTERLY STATUS REPORT OF GRANT APPLICATIONS, ACTIVE AND PENDING GRANTS FOR THE THIRD QUARTER OF FY23

Wondimu Mengistu, Capital Planning & Grants Program Manager

9.6 ACCEPT AND FILE: THE METRO PARACRUZ OPERATIONS STATUS REPORT FOR JANUARY, FEBRUARY AND MARCH 2023

Daniel Zaragoza, Operations Manager, Paratransit Division

9.7 ACCEPT AND FILE: THE METRO SYSTEM RIDERSHIP REPORTS FOR THE THIRD QUARTER OF FY23

John Urgo, Planning and Development Director

9.8 APPROVE: CONSIDERATION OF ADOPTING A RESOLUTION APPROVING THE FY23 REVISED CAPITAL BUDGET/PORTFOLIO

Kristina Mihaylova, Deputy Finance Director

- 9.9 APPROVE: CONSIDERATION OF AUTHORIZING THE CEO TO EXECUTE A 5TH AMENDMENT EXTENDING THE CONTRACT WITH ALLIED UNIVERSAL D/B/A FIRST ALARM SECURITY & PATROL, INC. FOR SECURITY GUARD SERVICES, INCREASING THE CONTRACT TOTAL BY \$656,686
Curtis Moses, Safety, Security & Risk Management Director
- 9.10 APPROVE: CONSIDERATION OF AUTHORIZING THE USE OF STATE OF CALIFORNIA DEPARTMENT OF GENERAL SERVICES CONTRACT FOR THE PURCHASE OF A 2ND NON-REVENUE EMERGENCY SERVICE TRUCK
Eddie Benson, Maintenance Manager
- 9.11 APPROVE: CONSIDERATION OF AUTHORIZING THE CHIEF EXECUTIVE OFFICER (CEO) TO ENTER INTO MEMORANDA OF AGREEMENTS WITH THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS) FOR THE SALE OF TEN (10) 2013 NEW FLYER 60-FT COMPRESSED NATURAL GAS (CNG) ARTICULATED BUSES
Wondimu Mengistu, Capital Planning & Grants Program Manager

There were no public comments.

ACTION: MOTION TO APPROVE THE CONSENT AGENDA AS PRESENTED

MOTION: DIRECTOR PAGELER

SECOND: DIRECTOR KOENIG

MOTION PASSED WITH 9 AYES (Directors Downing, Dutra, Kalantari-Johnson, Koenig, Lind, McPherson, Newsome, Pageler, and Quiroz-Carter). Directors Brown and Rotkin were absent.

REGULAR AGENDA

- 10 **PRESENTATION OF EMPLOYEE LONGEVITY AWARD: (10 YEARS) EFRAIN ARELLANO, JOSEFINA CRUZ, JOSE ESCOBAR, DAVID HORVATH, MANUEL PEREZ AND (15 YEARS) MITCHELL DOUKAS**
Board Chair Kalantari-Johnson acknowledged all recipients for their years of service. David Horvath received his certificate in person and spoke briefly to his years of service at METRO.
- 11 **RETIREE RESOLUTION OF APPRECIATION FOR: DELEE BRUBECK**
Board Chair Kalantari-Johnson read the resolution of appreciation and thanked Ms. Brubeck for her years of service.

ACTION: MOTION TO APPROVE THE RETIREE RESOLUTION OF APPRECIATION FOR DELEE BRUBECK

MOTION: DIRECTOR PAGELER

SECOND: DIRECTOR MCPHERSON

MOTION PASSED WITH 9 AYES (Directors Downing, Dutra, Kalantari-Johnson, Koenig, Lind, McPherson, Newsome, Pageler, and Quiroz-Carter). Directors Brown and Rotkin were absent.

12 APPROVE: CONSIDERATION OF SANTA CRUZ METRO'S DRAFT FY24 AND FY25 OPERATING BUDGETS, FY24 CAPITAL BUDGET, AND A RESOLUTION SETTING A PUBLIC HEARING ON JUNE 23, 2023

Chuck Farmer, CFO, spoke to the presentation and asked the Board to set the public hearing at the next Board meeting on June 23, 2023 for the final adoption of the FY24 and FY25 operating budgets and FY24 capital budget.

CFO Farmer highlighted the changes since March 2023 when the preliminary budgets were presented to the Board. He reviewed the changes in revenue and expenses, full-time equivalent (FTE) employee changes, risks, capital budget and the how the recent TIRCP funds received will be applied to these projects, and the operating reserves.

Director Dutra commented that it's nice to see the operating reserve buckets fully funded since that has not always been the case. He continued by asking what it costs to run a bus every day, month or year with hydrogen versus CNG (compressed natural gas). CFO Farmer said he didn't have a breakdown of those costs but initially, as we switch over to new buses, the costs will be more because the new buses and fuel are more expensive. But as time goes by, METRO will see the benefits of the hydrogen buses and the costs will go down. Director Dutra asked when the COVID Recovery Fund will be depleted. CFO Farmer responded that it will be depleted at the end of FY29 and we are already looking at alternative funding sources for the future. Director Dutra requested an update on the ParaCruz facility and if funding is holding the project back. CEO Tree responded that the preliminary design and engineering are under development on this project. METRO is still working on the gap funding.

Director Lind added that the sales tax measure could be one of those funding options. CFO Farmer agreed.

Director Pageler asked if we have any knowledge from the transit industry on possible maintenance cost savings as METRO switches to hydrogen buses. Margo Ross, COO, responded that there will be savings in maintenance costs and we will analyze those figures as they become available.

Director McPherson asked how the projected ridership is playing into this. CFO Farmer responded that ridership is improving every year. We are also looking at the free fares program and the possible impacts that can have on the agency.

Brandon Freeman, Senior Vice Chairperson, SMART Local 0023, thanked CFO Farmer and staff for reviewing the budget with the unions, especially reviewing the FTEs. The unions are in agreement with what is being presented today.

Tate Baugh, member of the public, expressed that he received an email on Reimagine METRO and was in favor of examining the existing routes. He hopes that hiring more Bus Operators will provide better service and fewer cancellations.

ACTION: MOTION TO APPROVE SANTA CRUZ METRO'S DRAFT FY24 AND FY25 OPERATING BUDGETS, FY24 CAPITAL BUDGET, AND A RESOLUTION SETTING A PUBLIC HEARING ON JUNE 23, 2023

MOTION: DIRECTOR DUTRA SECOND: DIRECTOR QUIROZ-CARTER

MOTION PASSED WITH 9 AYES (Directors Downing, Dutra, Kalantari-Johnson, Koenig, Lind, McPherson, Newsome, Pageler, and Quiroz-Carter). Directors Brown and Rotkin were absent.

13 PUBLIC HEARING: ADOPTION OF CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT ORDINANCE TO PROVIDE INFORMAL BIDDING PROCEDURES FOR PUBLIC PROJECTS

PUBLIC HEARING OPENED AT 9:37 AM.

Board Chair Kalantari-Johnson opened the public hearing on adoption of the California Public Construction Cost Accounting Act (CUPCCAA) Ordinance to provide informal bidding procedures for the public projects. Julie Sherman, General Counsel, stated this is a continuation of the process started last month when the Board had its first reading of the ordinance and adopted a resolution to opt into the CUPCCAA program. She gave a brief review of the benefits of implementing the program.

There were no public comments.

PUBLIC HEARING CLOSED AT 9:39 AM.

14 APPROVE: WAIVE THE SECOND READING AND ADOPT AN ORDINANCE TO PROVIDE INFORMAL BIDDING PROCEDURES FOR PUBLIC PROJECTS; ADOPT A RESOLUTION TO AMEND TITLE II OF THE ADMINISTRATIVE CODE—PROCUREMENT POLICY

Director Downing asked if the agency has any procedures in place to hire locally to keep these tax dollars in Santa Cruz County. General Counsel Sherman responded that it depends on the funding. If you are using FTA (Federal Transit Administration) funding, you are not allowed to have a geographic preference, except in certain limited circumstances. If the Board is inclined, it can request staff to look into this outside of a federally funded context. It may or may not have success because in this area it can be hard to get local bids on these projects, but legally it is something you could do in certain circumstances.

There were no public comments.

ACTION: MOTION TO WAIVE THE SECOND READING AND ADOPT AN ORDINANCE TO PROVIDE INFORMAL BIDDING PROCEDURES FOR PUBLIC PROJECTS AND ADOPT A RESOLUTION TO AMEND TITLE II OF THE ADMINISTRATIVE CODE—PROCUREMENT POLICY

MOTION: DIRECTOR KOENIG SECOND: DIRECTOR PAGELER

MOTION PASSED WITH 9 AYES (Directors Downing, Dutra, Kalantari-Johnson, Koenig, Lind, McPherson, Newsome, Pageler, and Quiroz-Carter). Directors Brown and Rotkin were absent.

15 CEO ORAL REPORT

Michael Tree, CEO/General Manager, discussed the following topics:

- Bus Operators – Five have been released into service, 14 are in the current classroom, and 72 applications have been received for the next class.
- Articulated Buses – The Board approved this purchase today.
- Commendation of Travis Havens – He is a Bus Operator who went above and beyond his duties. He noticed a young female slumped over at a bus stop. He pulled over to see if she was okay. She had a weak pulse so he called the paramedics and they were able to revive her.
- ARCHES (Alliance for Renewable Clean Hydrogen Energy Systems) – A consortium made up of 20 transit agencies in California who are partnering with other vendors and experts on hydrogen to apply for federal funding to build a hydrogen plant and keep the price of hydrogen fuel down.
- South County Facility – still negotiating the lease on that property. A lot of people own that property and are weighing in on the lease price. We continue to work with the broker to close the deal.
- TIRCP Grant – still working on solidifying a celebration in Watsonville regarding the TIRCP grant.
- Save the Date - July 22, 2023 – Agency Roadeo and Picnic at Judy K. Souza Operations Facility.

Board Chair Kalantari-Johnson asked if METRO has NARCAN on the buses and if that is something we could explore. CEO Tree said we are discussing it with our insurance company regarding the liability issues.

There were no public comments.

16 RECESSED TO CLOSED SESSION AT 9:53 AM.

General Counsel Sherman announced there are two closed sessions. The first is the public employee performance evaluation for the CEO position and the second is an update with labor negotiators on all three labor unions.

There were no public comments.

Scott Newsome left at 10:10 AM.

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957(B)(1); CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO GOVERNMENT CODE SECTION 54957.6

Agency Designated Representative: Shebreh Kalantari-Johnson, Board Chair
Title/Unrepresented Employee: Michael Tree, CEO/General Manager

Following the Closed Session, the Board may consider potential actions to amend the Employment Agreement of the CEO/General Manager and to adopt a revised Salary Schedule.

B. CONFERENCE WITH LABOR NEGOTIATORS (GOVERNMENT CODE SECTION 54957.6)

Agency Negotiators: Michael Tree, CEO/General Manager
Patrick Glenn, Legal Counsel

Employee Organizations: SMART, Local 23 - Fixed Route
SMART, Local 23 - ParaCruz
SEIU, Local 521

RECONVENED TO OPEN SESSION AT 10:55 AM

17 REPORT OF CLOSED SESSION ITEMS

Julie Sherman, General Counsel, said there was no reportable action from either of the closed sessions.

18 ANNOUNCEMENT OF NEXT MEETING

Board Chair Kalantari-Johnson announced the next regular Board Meeting will be held on Friday, June 23, 2023 at 9:00 AM at the METRO Admin Office, 110 Vernon Street, Santa Cruz.

19 ADJOURNMENT

Board Chair Kalantari-Johnson adjourned the meeting at 10:57 AM.

Respectfully submitted,

Donna Bauer
Executive Assistant