

# Attachment A



MINUTES

November 14, 2014

A regular meeting of the Board of Directors of the Santa Cruz METROpolitan Transit District was convened on Friday, November 14, 2014 at the Watsonville City Council Chambers, located at 275 Main Street, in Watsonville, California.

## SECTION I: OPEN SESSION

### 1. CALL TO ORDER

Chair Bustichi called the meeting to order at 9:08am. Quorum was present.

### 2. ROLL CALL

The following Directors were present:

Director Hilary Bryant	<input checked="" type="checkbox"/>	
Director Dene Bustichi (Chair)	<input checked="" type="checkbox"/>	
Director Karina Cervantez	<input checked="" type="checkbox"/>	
Director Daniel Dodge	<input checked="" type="checkbox"/>	Arrived at 9:10A
Director Zach Friend	<input checked="" type="checkbox"/>	
Director Ron Graves	<input checked="" type="checkbox"/>	
Director Michelle Hinkle	<input checked="" type="checkbox"/>	
Director Deborah Lane	<input checked="" type="checkbox"/>	
Director John Leopold	<input type="checkbox"/>	
Director Bruce McPherson	<input checked="" type="checkbox"/>	
Director Lynn Robinson (Vice-Chair)	<input checked="" type="checkbox"/>	
Ex-Officio Director Donna Blitzer	<input checked="" type="checkbox"/>	

#### STAFF PRESENT

Alex Clifford, CEO

Leslyn K. Syren, District Counsel

#### SANTA CRUZ METRO EMPLOYEES AND MEMBERS OF THE PUBLIC WHO VOLUNTARILY INDICATED THEY WERE PRESENT (in alphabetical order)

Angela Aitken, Santa Cruz METRO  
Ciro Aguirre, Santa Cruz METRO  
Ed Bottorff, Capitola City Council  
Felipa de Leon, Self  
Claire Fliesler, Santa Cruz METRO

Liseth Guizar, Santa Cruz METRO  
Tom Hiltner, Santa Cruz METRO  
Debbie Kinslow, Santa Cruz METRO  
Uriel Mendoza, Santa Cruz METRO  
Daniel Zaragoza, ParaCruz

### 3. ANNOUNCEMENTS

Chair Bustichi announced that the meeting would be broadcast by Community Television of Santa Cruz County whose technicians were Renee and Hannah. Ms. Amy Weiss was not available for Spanish language interpretation today. In her absence Liseth Guizar, Security and Risk Administrator, came to the podium, introduced herself and offered her translation services to the assembly.

Director Lane announced that the Watsonville Community Council of Disabilities would be presenting the "kudos" awards today at 4:00 in the Community Rooms to those who have been of great service to the disabilities community. Director Daniel Dodge is among the recipients. Director Dodge thanked Director Lane

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for her introduction and congratulations. He applauded the ADA community, their local efforts and accomplishments. He looks forward to continuing to work as a community advocate.

Director Robinson announced that her term is ending; as a result, this will be her last METRO meeting. She had filled Emily Riley's position. She said that serving on the METRO Board has been one of her greatest honors and she thanked her colleagues, staff and employees.

Director Bryant added that her term is also ending. She thanked the other Board members, staff and employees.

Director Dodge arrived at 9:10A.

#### **4. COMMUNICATIONS TO THE BOARD OF DIRECTORS**

Chair Bustichi opened the microphone to attendees for announcements.

District Counsel Syren informed the Board of Claire Fliesler's recent completion of the Urban Planning Masters' Program. Board and staff congratulated Claire on her achievement.

CEO Clifford introduced Gina Pye, Executive Assistant, to the Board and provided a brief professional history.

#### **5. LABOR ORGANIZATION COMMUNICATIONS**

Chair Bustichi opened the microphone to labor organization attendees for announcements.

Mr. Eduardo Montecino came to the podium and introduced himself as UTU Bus Operators and Staff Representative. He thanked the resigning Board members for their services and advocating for METRO at the local and federal levels.

Mr. Manny Martinez, SEIU-PSA Representative, came to the podium and thanked the Board members for their services.

Ms. Carolyn Derwing, SEIU-SEA President, came to the podium and introduced herself. She noted it is sad to see familiar Board members leave as she will miss their energy and knowledge. She extended her best wishes to them in their future endeavors.

#### **6. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS**

Last minute additions/revisions distributed at the meeting included:

- Chair Bustichi announced a revision to Item #13, Consideration of Adoption of the First Amendment to the Employment Agreement with District Counsel, had been distributed and placed at each Board position.

Agenda Modifications:

- Director Dodge requested time to comment on Item 7.10, Consideration of Issuing a Formal Invitation for Bids for Construction to Complete Bus Stop Improvements at Green Valley Road and Airport Boulevard in Watsonville.
  - Director Dodge was pleased to see this as an agenda item and thanked staff for their efforts. Green Valley is a high travel region, serving many, and he feels this improvement will assist the ADA community as well as the general public.
- Director Lane requested moving Item 7.15, Consider Approval of Human Resources Generalist Class Specification and Wage Scale, to Item 9A on the Regular Agenda.

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### CONSENT AGENDA

- 7-1. RECOMMENDED ACTION ON TORT CLAIMS
- 7-2. CONSIDERATION OF DENIAL OF LEAVE TO PRESENT A LATE CLAIM FOR THE CLAIM OF FARMERS INSURANCE SUBROGATING FOR HOWARD LOGAN
- 7-3. ACCEPT AND FILE PRELIMINARY APPROVED CHECKS JOURNAL DETAIL FOR THE MONTH OF JUNE 2014
- 7-4. ACCEPT AND FILE PRELIMINARY APPROVED CHECKS JOURNAL DETAIL FOR THE MONTH OF JULY 2014
- 7-5. ACCEPT AND FILE MINUTES OF BOARD OF DIRECTORS MEETING OF OCTOBER 24, 2014
- 7-6. ACCEPT AND FILE METRO PARACRUZ OPERATIONS STATUS REPORT FOR SEPTEMBER 2014
- 7-7. ACCEPT AND FILE SANTA CRUZ METRO SYSTEM RIDERSHIP REPORT FOR SEPTEMBER 2014
- 7-8. STATUS REPORT FOR ACTIVE GRANTS AND SUBMITTED GRANT PROPOSALS FOR NOVEMBER 2014
- 7-9. ACCEPT AND FILE QUARTERLY ACCESSIBLE SERVICES REPORT FOR JULY, AUGUST AND SEPTEMBER 2014
- 7-10. CONSIDERATION OF ISSUING A FORMAL INVITATION FOR BIDS FOR CONSTRUCTION TO COMPLETE BUS STOP IMPROVEMENTS AT GREEN VALLEY ROAD AND AIRPORT BOULEVARD IN WATSONVILLE
- 7-11. CONSIDERATION OF ISSUING A FORMAL REQUEST FOR PROPOSALS FOR RADIO SYSTEM MAINTENANCE AND REPAIR SERVICES
- 7-12. CONSIDERATION OF REJECTION OF BID RECEIVED FROM WAREHOUSE DIRECT INTERIORS, INC. AND AWARD OF CONTRACT WITH CINDERELLA CARPET ONE FOR CARPET REPLACEMENT AT PACIFIC STATION IN AN AMOUNT NOT TO EXCEED \$14,534
- 7-13. CONSIDERATION OF AUTHORIZING THE CEO TO EXECUTE A CONTRACT AMENDMENT WITH GIRO, INC. FOR HASTUS SOFTWARE
- 7-14. CONSIDERATION OF A RESOLUTION TO SET A PUBLIC HEARING TO DISCUSS POSSIBLE REROUTE OF THE ROUTE 68

**ACTION: MOTION TO APPROVE THE CONSENT AGENDA.**

**MOTION: DIRECTOR GRAVES           SECONDED: DIRECTOR DODGE**

**MOTION PASSED UNANIMOUSLY WITH DIRECTOR LEOPOLD ABSENT.**

### REGULAR AGENDA

- 8. **PRESENTATION OF EMPLOYEE LONGEVITY AWARDS**  
Chair Bustichi presented Certificates of Appreciation to the below METRO employees for their respective years of service. He thanked them for their individual and collective contributions and years of service. CEO Clifford noted that Mr. Scargill's efforts in the Parts Department have resulted in one of the most organized and clean Parts Rooms he has seen in his professional experience. Director Dodge thanked the recipients for proving that

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METRO is a place for employees to remain in the community and provide a good life for themselves and their families.

#### **10 Years - October 24<sup>th</sup> Employee Longevity Recipients – Recognized at November Board of Directors Meeting**

- Louise Keller, Dispatcher/Scheduler

#### **15 Years - November Employee Longevity Recipients**

- Martin Gilbert, Bus Operator
- Marc Krovetz, Bus Operator
- Steven Marcus, Bus Operator
- Uriel Mendoza, Bus Operator

#### **30 Years - November Employee Longevity Recipients**

- Gilberto Limas, Bus Operator
- Raymond F. Scargill, Supervisor of Parts & Materials - Fleet Maintenance

The recipients, in turn, spoke to the assembly and thanked the Board. A few of their comments are below: Ms. Keller said she has enjoyed her years and has been happy to provide the service and independence to the community she serves. Mr. Gilbert and Mr. Krovetz thanked the METRO for the opportunities over the years and their fellow participants. Mr. Marcus thanked those who came before him: drivers, Union reps, etc. Mr. Mendoza thanked everyone and said it was through patience and tolerance that he has persevered; he hopes to return in 30 years! Mr. Scargill thanked the management team and noted that November 12<sup>th</sup> marks 32 years of service.

Israel Zaragoza, Van Operator, was not present.

#### **9A. CONSIDER APPROVAL OF HUMAN RESOURCES GENERALIST CLASS SPECIFICATION AND WAGE SCALE – Former Item 7-15.** As referenced above, this item has been renumbered to 9A in the Regular Agenda at the request of Director Lane.

Chair Bustichi asked CEO Clifford to speak on this item. CEO Clifford noted that the resignation of Shirley Cruser provided METRO with the opportunity to create an HR Generalist position with a broader ability to work across multiple disciplines. This type of position is common across the industry. The Leadership team and Union have jointly developed a job description and pay grade. Director Lane thanked CEO Clifford for his explanation.

Chair Bustichi opened this item for Public Comment.

#### **Public Comment:**

Eduardo Montecino asked why the salary scales for the former Personnel Technician and the new HR Generalist positions are different. CEO Clifford did not have this information available. However, Robyn Slater, HR Manager, said the differences have been reviewed by Finance Manager, Angela Aitken, and will be absorbed without increase into the budget under the favorable variance category this fiscal year.

**ACTION: MOTION TO APPROVE THE HUMAN RESOURCES GENERALIST CLASS SPECIFICATION AND WAGE SCALE**

**MOTION: DIRECTOR GRAVES**

**SECONDED: DIRECTOR McPHERSON**

**MOTION PASSED UNANIMOUSLY WITH DIRECTOR LEOPOLD ABSENT.**

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#### 9. **CONSIDERATION OF A RESOLUTION OF APPRECIATION FOR SHIRLEY CRUSER**

Vice Chair Robinson read the proposed Resolution aloud to the assembly. Chair Bustichi expressed his appreciation for Shirley's contributions and service. At the podium Robyn Slater provided brief background regarding Shirley's tenure and dedication; she was an exemplary employee. Due to Shirley's absence, Robyn will present the plaque to her in a separate presentation.

**ACTION: MOTION TO APPROVE THE RESOLUTION OF APPRECIATION FOR SHIRLEY CRUSER**

**MOTION: DIRECTOR GRAVES**

**SECONDED: DIRECTORS BRYANT & HINKLE**

**MOTION PASSED UNANIMOUSLY WITH DIRECTOR LEOPOLD ABSENT.**

#### 10. **DISCUSS EVENING BOARD OF DIRECTOR MEETINGS**

Chair Bustichi had requested this item be added to the agenda as he is aware of a few public officials who may be interested in serving but whose current full time jobs/schedules do not allow them to do so. Others had expressed their concern that our customers may be unable to attend due to their work/school schedules.

Chair Bustichi opened this agenda item for discussion. Is there a consensus to change to evening meetings or leave as is? Which meetings would this affect; e.g., only the televised meetings or all? Director Graves noted that it may be more beneficial to wait until the new Board members are seated. Directors Dodge and Robinson concurred with this suggestion but noted that all options should be carefully considered.

Director Robinson added that staff opinions need to be considered. Chair Bustichi added that staff schedules may need to be adjusted to accommodate evening meetings. Director McPherson would like to see a report on staff impact as well as how many potential Board members have expressed an interest but are not available due to job constraints. Chair Bustichi clarified that he is aware of two candidates who have mentioned their interest and this restriction.

Chair Bustichi opened this item for Public Comment:

None

Hearing no public comment, Chair Bustichi recommended this item be shelved until the new Board members are seated at which time this item can be brought back noting the: Cost, Logistics, Issues and Needs.

#### 11. **CONSIDERATION OF AUTHORIZING THE CEO TO EXECUTE A CONTRACT AMENDMENT WITH FIRST ALARM SECURITY & PATROL, INC.**

Liseth Guizar provided background and explanation for the \$300,000 requested increase of the above referenced contract. She noted that it had proven difficult to attract and retain trained security personnel at the original contract wages and that the higher wages were not factored into the contract terms when originally negotiated. The FY15 and FY16 operating budget has appropriated the required funds.

Chair Bustichi opened this item for Public Comment.

##### **Public Comment:**

Eduardo Montecino spoke from the podium and applauded the current security staff. He supports paying them a living wage as their presence has resulted in a safer environment for all. He cautioned the Board to consider the future safety of our customers and provided several historic scenarios supporting the positive impact of more experienced security staff.

Director Dodge said he had worked with Senator Monning to pass SB1236 to make transit centers safer and more pleasant for customers. He supports a living wage and recommends approval.

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Director Lane added that she agrees with Director Dodge and Mr. Montecino; however, she is concerned that we are running out of funds seven months earlier than anticipated and that the District is teetering on the verge of insolvency. She asked which, if any, funds are being pulled from future budget years to meet this expense. She expressed her belief that Mr. Ciro Aguirre had overstepped his authority in approving increased wages rather than requesting an emergency Board meeting to address. Mr. Aguirre answered that security staff pay scales had been adjusted to provide a more stable environment. CEO Clifford informed Director Lane that he had carefully reviewed the strategy to ensure the safety of our customers and staff while reducing attrition and retaining employees. Further, Mr. Aguirre had acted as directed by management at the time.

Director Lane responded that she cannot support this request.

Chair Bustichi reminded members that the Board's purpose today was to examine the request, not to dwell on past actions. Director Lane stated that, given the current leadership, she was comfortable with their assurance(s) that any repeated actions such as this would be avoided. Director Graves noted there are not a lot of security agencies in Santa Cruz County from which to select.

Angela Aitken, Finance Manager, assured the Board that the requested \$300,000 is in the FY15 and FY16 budgets which were approved in June. In response to Director Dodge's question, she referred him and the other Directors to the Professional Services item within the Security Risk Department. General Counsel verified that grant funds are specifically allocated to security. Chair Bustichi noted that security contract wage increases had been discussed at the Board level earlier this year.

**ACTION: MOTION TO APPROVE AUTHORIZING THE CEO TO EXECUTE A CONTRACT AMENDMENT WITH FIRST ALARM SECURITY & PATROL, INC.**

**MOTION: DIRECTOR ROBINSON**

**SECONDED: DIRECTOR GRAVES**

**MOTION PASSED UNANIMOUSLY WITH DIRECTOR LEOPOLD ABSENT AND DIRECTOR LANE OPPOSED.**

Chair Bustichi addressed Director Lane's comment that the District is "teetering on the verge of insolvency" above and noted that METRO, like many other transit districts, is experiencing funding challenges but is not on the edge of insolvency.

#### **12. PRESENTATION ON THE YEAR TO DATE MONTHLY FINANCIAL REPORT AS OF JULY 31, 2014**

Prior to Ms. Aitken's presentation, CEO Clifford reminded the Board that the recurring monthly financial agenda item had been moved from the Consent Agenda and placed in the Regular Agenda. He welcomes any suggestions or further agenda adjustments.

Angela Aitken, Finance Manager, presented her staff report and welcomed feedback to the new format.

Director McPherson commended staff for their efforts to operate within the budget and appreciates the condensed format. He would like to see revenue make up the sales tax shortfall. In response to his question regarding the 15 open positions, Ms. Aitken will include more detail in August. Ms. Slater noted that 50% of the open positions are bus operators who will be hired in January.

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### 13. CONSIDERATION OF ADOPTION OF THE FIRST AMENDMENT TO THE EMPLOYMENT AGREEMENT WITH DISTRICT COUNSEL

Chair Bustichi noted that the Board held a closed session to discuss the above referenced employment contract wherein they examined wage scales, etc. Chair Bustichi and the Board recognized the efforts and contributions during the management transition period and apologized on the Board's behalf for overlooking this review during General Counsel's first year. The Board feels Ms. Syren is doing a good job and recommends an increase commiserate to the wage scale and her abilities.

**ACTION: MOTION TO ACCEPT AND APPROVE THE FIRST AMENDMENT TO THE EMPLOYMENT AGREEMENT WITH DISTRICT COUNSEL.**

**MOTION: DIRECTOR DODGE**

**SECONDED: DIRECTOR MCPHERSON**

**MOTION PASSED UNANIMOUSLY WITH DIRECTOR LEOPOLD ABSENT AND DIRECTOR LANE OPPOSED.**

Chair Bustichi opened this item for Public Comment.

#### **Public Comment:**

Bonnie Moore, SEIU-UTU, thanked the METRO for their services and asked that District Counsel not take any of her comments personally; she recognizes Ms. Syren's efforts during the transition. However, she expressed concerns regarding the wage increase from Step 3 to Step 6 in a short period of time.

Carolyn Derwing, as an SEIU Union Rep, spoke favorably of District Counsel's efforts and requests that the Board keep an open mind in the future.

### 14. APPROVE SEVERAL MINOR ORGANIZATIONAL CHANGES

CEO Clifford expressed his appreciation to the Board for the time he's been extended to review the organization and its positions. He continues to build a matrixed organization to operate more efficiently, meet State and Federal guidelines and pass audits. Working with the other members of the leadership team, their priorities are:

- a. Safety: Steps must be taken to ensure METRO continues in this direction.
- b. Succession Planning
- c. Increasing Revenue: Can be achieved by bringing on a Marketing Manager
- d. Fleet Dependability: METRO is working with Cummins and John Deere corporations to address continued problems with CNG technology. Research has revealed that one FTE Electronic Technician would be more beneficial than another Mechanic. One example of updated job responsibilities would be fare box maintenance on a recurring basis.

To meet the priorities outlined above, METRO is proposing the conversion of the AGM position to a COO position. This new position will allow the CEO to focus on the Administration and the (new) COO to focus on the Operations aspects of the organization. To this end, and if this conversion is approved, Mr. Ciro Aguirre will be appointed as Acting COO.

Addressing the requested position, Director McPherson agreed with the proposed update and conversion of the AGM to a COO position. He also agrees that Mr. Aguirre is a good candidate, given his experience as outlined by CEO Clifford. The fact is METRO has no marketing currently and a Marketing and Communications position could have some impact. The Electronic Technician is a good idea in the 21<sup>st</sup> century. He recommends approval of these positions.

Director Lane requested that METRO hold off on these positions until the finances have stabilized.

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CEO Clifford will do what the Board wishes; however, he does believe that these positions need to be added and added soon. These represent conversions of current positions.

Director Friend noted that these may seem counter-intuitive, but the Board did request CEO Clifford to examine the organization holistically. Therefore, he recommends support of these requests.

Director Robinson understands and appreciates the financial questions. She believes CEO Clifford has examined all aspects and reiterated the Board request to CEO Clifford to examine the organization. She recommends approval.

Director Dodge questioned the inclusion of the DataBase Administrator (DBA) position under Management. CEO Clifford noted that IT security is an area of extreme vulnerability and it is difficult for public agencies to attract and retain DBAs. Referring to page 14.9, table 2, he noted that he is proposing two management positions and three Union positions.

Director Cervantez questioned the "out of class" comment and the budget impact of converting the AGM to a COO position. CEO Clifford responded that it means we will follow existing procedures to move personnel from one position to another. The pay grade will remain the same as the AGM. If the Board recommends, recruitment will not begin until a job description and pay grade are in place.

Director Cervantez commented that METRO should recruit and nurture our internal talent. CEO Clifford agreed; all positions have the option to recruit internally. The challenge is with succession planning. How do we prepare our employees? We need to value a training budget.

Director Cervantez wanted to know how many Bus Operators METRO plans to hire in the coming year. Robyn Slater answered that 5-7 are planned to come on Board in January. Mr. Aguirre and Ms. Slater review the headcount requirement quarterly.

Director Lane would like to see this decision delayed until the new Board is seated. She recommends moving forward with the Electronic Technician only at the current time. Additionally, she would prefer that outside recruitment be undertaken for the COO/AGM position to affect change in the METRO environment.

CEO Clifford and Chair Bustichi clarified that the hiring decision rests with the CEO.

CEO Clifford believes that it would be financially prudent, saving funds and time, to put Mr. Aguirre into the COO position.

Director Dodge asked what occurs with Mr. Aguirre's former position upon his advancement to COO. CEO Clifford noted that he is proposing the former position be converted to Assistant Superintendent. This change would result in cost savings, strengthen the fixed route aspect and matches the current ParaCruz structure.

Chair Bustichi opened this item for Public Comment.

#### **Public Comment:**

Donald Hagen, speaking from the podium, said he believes the position is needed. He requests that the Board act on the advice of the CEO. He also thanked Alex and supports his recommendations and changes.

Eduardo Montecino believes these are not minor changes; they are big changes. He noted that ParaCruz needs a Dispatcher. He expressed concerns regarding reclassifications. Employees, except Bus Operators, are

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receiving pay increases through reclassifications. The bus operators only receive increases through contract negotiations. He asked that the Board remember these actions when contract negotiations occur.

Bonnie Moore, SEIU-UTU, appreciated the clarification provided by the Board. She is happy to see an internal career ladder. SCMTD needs a song and/or marketing efforts. She also asked that the Board remember these actions going forward and recommended serious consideration be provided to internal candidates.

Manny Martinez, representing the supervisors at METRO, recommends the changes. He has worked with 7 Operations Managers through his tenure and agrees with Mr. Aguirre's evaluation and promotion to COO.

Carolyn Derwing, SEIU-SEA, supported the recommended changes and added that the Marketing position has been needed for some time. She looks forward to future changes.

Liseth Guizar supports the changes; specifically the Marketing Manager. She agreed that Mr. Aguirre is a good candidate for COO.

Ray Scargill spoke of his 32 years with METRO and stated he feels it is imperative to move forward today on these position changes. In his experience, maintenance management has been difficult to deal with historically. Mr. Aguirre has been most helpful in the supply aspect; he understands procurement and has been a great mentor.

Chair Bustichi added a historical perspective and reminded the attendees that the loss of an AGM has created deficiencies. A decision on this position had been postponed to allow CEO Clifford an opportunity to review and make appropriate recommendations. Chair Bustichi recommends moving forward.

Director Robinson recognized that an internal recruitment would save money over external recruiting expenses.

**ACTION: MOTION TO APPROVE SEVERAL MINOR ORGANIZATIONAL CHANGES**

**MOTION: DIRECTOR FRIEND                      SECONDED: DIRECTOR GRAVES**

**MOTION PASSED UNANIMOUSLY WITH THE ABSENCE OF DIRECTOR LEOPOLD AND THE OPPOSITION OF DIRECTOR LANE.**

CEO Clifford thanked the Board for their support.

CEO Clifford asked Maria Grandados-Boyce to stand up so she and her team can be recognized for their marketing efforts and contributions.

Chair Bustichi requested a five minute break.

**Directors Friend, McPherson and Dodge left at 11:25A**

#### **15. BUDGET WORKSHOP IV OF VIII**

CEO Clifford, Finance Manager, Angela Aitken, Assistant Finance Manager, Debbie Kinslow, and Grants/Legislative Analyst, Tom Hiltner, presented and provided commentary to the Budget Workshop presentation.

Various questions were asked and answered regarding GASB #10. CEO Clifford noted that this has the potential to become an audit red flag if errors are made or data mis-represented. Director Bryant requested the pension

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target be reflected for Board clarification. Debbie Kinslow will include this information when available from CalPERS.

Director Robinson noted that Workers' Compensation suggested guidelines are 63% currently and asked about SCMTD's goal? Ms. Kinslow answered that staff recommends funding at target levels.

Director Graves asked how SCMTD determines targets. Ms. Kinslow answered that Santa Cruz METRO uses an actuarial to analyze all Workers' Compensation claims who then provides a estimate for the next year. The liabilities are analyzed internally.

#### Ops Reserves

CEO Clifford requested Board input regarding the Ops Reserve ("rainy day fund"); i.e., do they believe that a two month reserve is adequate? CEO Clifford offered to present additional ideas at next month's meeting; perhaps crafting various projects to address varying situations.

Director Graves would like information related to what other agencies did in 2008. Ms. Kinslow will survey other agencies and provide that information at the next Structural Deficit Workshop.

Chair Bustichi agrees with the two month reserve.

Director Bryant recommends the Board address these provisions.

#### Average Cash Flow Reserves

Chair Bustichi noted that capital needs fluctuate from year to year and asked staff if this "bucket" could then fluctuate as well. Ms. Kinslow answered yes, definitely, and added that this could also be affected by grant cycles which need to be reevaluated as we receive new capital grants.

CEO Clifford noted this would happen on an annual basis and be brought to the Board at midyear as grant funding programs change.

Director Lane supports the concept. She agreed to hold her question regarding a change in balance when advised it would be answered later in the presentation.

#### Capital Reserves

Director Lane requested that staff continue to address this issue.

#### Recurring Capital Eligible Funds – STA

Chair Bustichi noted that this waiver was done as an emergency measure and anticipates that it can potentially expire. What is METRO's plan? CEO Clifford responded that METRO is lobbying with other agencies to continue the waiver. Tom Hiltner noted that he is working with the CTA subcommittee on this waiver. The current plan is to ask for a one-year continuation then revamp and make the waiver permanent. CEO Clifford added that if we go beyond an isolated waiver, there could be unintended changes in legislature.

Chair Bustichi recommends METRO look at a five year plan to wean SCMTD from this waiver.

**Director Graves departed at 12:02P.**

#### Capital Projects

Tom Hiltner presented and provided commentary.

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CEO Clifford will prioritize the list but noted that State and Federal funds are required to fund. He would like to allocate the STA State STIC monies in and for the Capital Program. He will work on developing a five year plan to be ready for any new programs and/or grants to address expenses.

Tom Hiltner defined Director Cervantez' question regarding STA and STIC funds:

- STA funds are capital and in the capital budget
- STIC funds in the operating budget

### Carryover

Chair Bustichi asked why this exists and why in significant amounts? What created this fund? CEO Clifford suggested that the team be held accountable for large funds carried over, justify and demonstrate savings. The bottom line is good analysis and zero based budgeting concepts can result in a close bottom line at the end of the year.

Director Bustichi noted that labor organizations ask questions when money is leftover. Perhaps it should be pushed back into Operations? CEO Clifford noted that the general rule is one time dollars for one time expenses.

Director Bryant noted METRO should try to meet the reserve targets.

Director Robinson added that the Board should examine annually and continue to be flexible.

Director Bryant thanked everyone for their contributions and recommends providing this information to the new Board members to bring them up to speed.

### **16. CEO TO GIVE ORAL REPORT**

In the consideration of time, this item was bypassed.

### **17. ANNOUNCEMENT OF NEXT MEETING: FRIDAY, DECEMBER 12, 2014 AT 9:00 AM AT THE SANTA CRUZ CITY COUNCIL CHAMBERS, 809 CENTER ST, SANTA CRUZA, CA**

Chair Dene Bustichi announced the next Board of Directors meeting.

### **18. ADJOURNMENT**

Meeting adjourned at 12:15pm.

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