



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)
FINANCE, BUDGET, AND AUDIT STANDING COMMITTEE
MEETING MINUTES*
OCTOBER 13, 2023 – 8:00 AM**

A regular meeting of the Finance, Budget, and Audit Standing Committee of the Santa Cruz Metropolitan Transit District (METRO) was convened on Friday, October 13, 2023.

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 Kalantari-Johnson at 8:06 AM.
- 2 **ROLL CALL:** The following Directors were **present** via teleconference, representing a quorum:

Director Shebreh Kalantari-Johnson	City of Santa Cruz
Director Manu Koenig	County of Santa Cruz
Director Donna Lind	City of Scotts Valley
Director Mike Rotkin	County of Santa Cruz
Michael Tree	METRO CEO/General Manager
Nicole Witt	METRO General Counsel

- 3 **ORAL AND WRITTEN COMMUNICATIONS TO THE FINANCE, BUDGET AND AUDIT STANDING COMMITTEE**
Having none, Director Kalantari-Johnson moved to the next agenda item.
- 4 **ADDITIONS OR DELETIONS FROM AGENDA/ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS**
The Item 6 presentation was emailed to all Board Members on October 12, 2023 (attached).
- 5 **YEAR TO DATE MONTHLY FINANCIAL REPORT AS OF SEPTEMBER 30, 2023**
Chuck Farmer, CFO, spoke to the presentation. He provided an overview of the year to date FY24 operating surplus/deficit, actual vs. budget and highlighted the factors that are affecting operating revenues/expenses. He also provided a brief summary of the capital budget and said he will be revising it in November because this does not reflect the new buses coming in.

Discussions followed on:

- METRO's expansion and recovery versus other agencies
- Non-personnel costs not included in the original budget (e.g., increase in fuel and inventory costs)

Staff responded to all concerns.

There were no public comments.

Hearing nothing further, Director Kalantari-Johnson moved to the next agenda item.

6 FY24 BUDGET AND 5 YEAR PLAN UPDATE AS OF OCTOBER 13, 2023

Chuck Farmer, CFO, spoke to the presentation and reviewed METRO's three strategic goals and the financial impacts to the base budget versus the adopted budget from June 2023, covering the changes in expenses and non-operating revenues. He moved onto the items that METRO wants to include in the budget moving forward—Phase 1 and 2 of Reimagine METRO and free ridership. All of these would be on trial through December 2026, encompassing a period of 36 months. He reviewed the benefits, challenges and financial impacts associated with these items and how METRO plans to pay for them. It was emphasized that all of these trials will be continually monitored and adjusted as needed.

Mr. Farmer continued with the five-year plan projections. He provided revenue and expense assumptions regarding METRO's cash deficit and how the collection of a half-cent sales tax, if passed as a ballot measure, will keep METRO financially sound through 2034.

Discussion continued on:

- Being successful in receiving federal grants
- Why METRO is recovering quicker than other agencies since the pandemic
- Request for a Pacific Station update at the October 27, 2023 Board Meeting
- Potential contribution from the University of California, Santa Cruz (UCSC) on the Reimagine METRO plans
- TAPS (Transportation and Parking Services) drivers at UCSC
- Perception associated with free fares and if it makes financial sense
- Continued student fees at UCSC and the extra service hours METRO will provide for those fees
- Consider a low-income student fare program after the trial period ends
- Timing of placing a half-cent sales tax on the ballot and ballot measures from other jurisdictions impacting METRO's bid for a ballot measure
- Funding from ARCHES (Alliance for Renewable Clean Hydrogen Energy Systems) and how that can change the dynamics of the budget
- Investing the TIRCP (Transit and Intercity Rail Capital Program) funds

Staff responded to all concerns.

Director Kalantari-Johnson requested Brandon Freeman, Chairperson of SMART Local 0023, to provide input from the union. Mr. Freeman responded that METRO

has the union's full support, and we will work through the operational changes and help with the outreach to the community.

The Directors thanked staff for the presentation and ongoing dedication to the agency.

Hearing nothing further, Director Kalantari-Johnson moved to the next agenda item.

7 ADJOURNMENT

Director Kalantari-Johnson adjourned the meeting at 9:22 AM.

Respectfully submitted,

Donna Bauer
Executive Assistant