

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

BOARD OF DIRECTORS REGULAR MEETING AGENDA

FEBRUARY 27, 2004 (Fourth Friday of Each Month)

* CITY HALL COUNCIL CHAMBERS*

809 CENTER STREET

SANTA CRUZ, CALIFORNIA

9:00 a.m. - Noon

SECTION I: OPEN SESSION - 9:00 a.m.

1. ROLL CALL
2. ORAL AND WRITTEN COMMUNICATION
 - a. Paul Marcelin-Sampson RE: Paratransit/Hwy. 17
 - b. Cliff Tillman/Bonnie Morr, SEIU/UTU RE: ParaCruz In-House
 - c. Bonnie Morr, UTU RE: ParaCruz In-House
3. LABOR ORGANIZATION COMMUNICATIONS
4. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

CONSENT AGENDA

- 5-1. APPROVE REGULAR BOARD MEETING MINUTES OF JANUARY 9 AND JANUARY 23, 2004
Minutes: Attached
- 5-2. ACCEPT AND FILE PRELIMINARILY APPROVED CLAIMS
Report: Attached
- 5-3. ACCEPT AND FILE JANUARY 2004 RIDERSHIP REPORT
Report: Attached
PAGE 1 OF THE RIDERSHIP REPORT WILL BE DISTRIBUTED AT THE FEBRUARY 27, 2004 BOARD MEETING
- 5-4. CONSIDERATION OF TORT CLAIMS: Reject the Claim Entirely of Virginia Amato, Claim #04-0002
Claims: Attached
- 5-5. ACCEPT AND FILE AGENDA FOR THE MASTF COMMITTEE MEETING OF FEBRUARY 19, 2004 AND THE MINUTES OF THE JANUARY 15, 2004 MEETING
Agenda/Minutes: Attached

* Please note: Location of Meeting Place

- 5-6. ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR DECEMBER 2003, AND APPROVAL OF BUDGET TRANSFERS
Staff Report: Attached
- 5-7. ACCEPT AND FILE PARACRUZ STATUS REPORT FOR NOVEMBER 2003
Staff Report: Attached
- 5-8. ACCEPT AND FILE HIGHWAY 17 STATUS REPORT FOR DECEMBER 2003
Staff Report: Attached
- 5-9. ACCEPT AND FILE UNIVERSITY OF CALIFORNIA, SANTA CRUZ SERVICE UPDATE
Staff Report: Attached
REVISED ATTACHMENT A & B ARE INCLUDED IN THE FEBRUARY 27, 2004 BOARD PACKET
- 5-10. CONSIDERATION OF AWARD OF CONTRACT TO BROWN, ARMSTRONG, PAULDEN, MCCOWN, STARBUCK, & KEETER ACCOUNTANCY CORPORATION FOR FINANCIAL AUDIT AND TAX SERVICES
Staff Report: Attached
- 5-11. CONSIDERATION OF AMENDING DAY WIRELESS CONTRACT
Staff Report: Attached
- 5-12. CONSIDERATION OF EXTENDING CONTRACTS WITH VEHICLE MAINTENANCE PROGRAM, INC. FOR HEAVY DUTY BRAKE DRUMS, BATTERIES U.S.A., INC. FOR HEAVY DUTY COACH AND AUTOMOTIVE BATTERIES, AND BAY COUNTIES PITCOCK PETROLEUM, INC. FOR 15W-40 ENGINE OIL
Staff Report: Attached
- 5-13. CONSIDERATION OF ONE-YEAR RENEWAL OF CONTRACTS WITH VEHICLE MAINTENANCE PROGRAM, INC. FOR BUS FILTERS AND TIFCO INDUSTRIES, INC. FOR FASTENERS AND TERMINALS
Staff Report: Attached
- 5-14. ACCEPT AND FILE CALL STOP AUDIT REPORT
Staff Report: Attached
- 5-15. CONSIDERATION OF AMENDING THE ACQUISITION AND RELOCATION ASSISTANCE SERVICES AGREEMENT WITH THE CITY OF SANTA CRUZ TO REFLECT INCREASED RATES FOR LEGAL SERVICES FOR METROBASE PROPERTY ACQUISITION
Staff Report: Attached

- 5-16. ACCEPT AND FILE NOTIFICATION OF ACTIONS TAKEN IN CLOSED SESSION REGARDING THE FOLLOWING CLAIMS ON THE DATES INDICATED:
WORKERS COMPENSATION SETTLEMENT CLAIM OF RICHARD CASTRO
Staff Report: Attached
- 5-17. CONSIDERATION OF AGREEMENT WITH THE SANTA CRUZ SEASIDE COMPANY FOR THE PROVISION OF LATE-NIGHT SERVICE
Staff Report: Attached
(Moved to Consent Agenda at the February 13, 2004 Board Meeting. Staff report retained original numbering as Item #11)
- 5-18. **ACCEPT AND FILE STATUS OF METROBASE PROJECT**
Staff Report: **DOCUMENTATION IS INCLUDED IN THE FEBRUARY 27, 2004 BOARD PACKET**

REGULAR AGENDA

6. CONSIDERATION OF A MEMORANDUM OF UNDERSTANDING (MOU) WITH CALTRANS, THE CAPITAL CORRIDOR JOINT POWERS AUTHORITY, AMTRAK, THE VALLEY TRANSPORTATION AUTHORITY AND SANTA CRUZ METRO FOR THE CONSOLIDATION OF THE HIGHWAY 17 EXPRESS SERVICE AND THE SANTA CRUZ-SAN JOSE AMTRAK CONNECTOR SERVICE
Presented by: Les White, General Manager
Staff Report: Attached
REVISED ATTACHMENTS 6A.a1, 6A.a2 AND 6A.a3 ARE INCLUDED IN THE FEBRUARY 27, 2004 BOARD PACKET
7. CONSIDERATION OF 1ST READING OF AMENDED FARE ORDINANCE TO REVISE HIGHWAY 17 EXPRESS FARES AND THE SCHOOL STUDENT FIELD TRIP RATE
Presented by: Mark Dorfman, Assistant General Manager
Staff Report: Attached
REVISED ATTACHMENT A IS INCLUDED IN THE FEBRUARY 27, 2004 BOARD PACKET
8. CONSIDERATION OF PARACRUZ TRANSITION PLAN TO TAKE OPERATIONS IN-HOUSE FROM COMMUNITY BRIDGES
Presented by: Bryant Baehr, Operations Manager
Staff Report: **REVISED STAFF REPORT AND ATTACHMENTS ARE INCLUDED IN THE FEBRUARY 27, 2004 BOARD PACKET**
9. CONSIDERATION OF AUTHORIZATION TO OPERATE A SHUTTLE FOR THE UNITED TRANSPORTATION UNION (UTU) SENIOR DINNER
Presented by: Bryant Baehr, Operations Manager
Staff Report: Attached

10. **DELETED DUE TO LACK OF FUNDING**
11. **MOVED TO CONSENT AGENDA AS ITEM #5-17**
12. **CONSIDERATION OF STATUS OF CO-MINGLING PROPOSAL SUBMITTED BY COMMUNITY BRIDGES ON NOVEMBER 6, 2003**
Presented by: Mark Dorfman, Assistant General Manager
Staff Report: **DOCUMENTATION IS INCLUDED IN THE FEBRUARY 27, 2004 BOARD PACKET**
13. **CONSIDERATION OF MODIFYING ROUTES 31 AND 32 USING THE SILTANEN PARK PARKING LOT AS A TURNAROUND INSTEAD OF CONTINUED TRAVEL ON VINE HILL SCHOOL ROAD AND APPROVE INDEMNIFICATION AGREEMENT IN FAVOR OF THE CITY OF SCOTTS VALLEY**
Presented by: Bryant Baehr, Operations Manager
Staff Report: **DOCUMENTATION IS INCLUDED IN THE FEBRUARY 27, 2004 BOARD PACKET**
14. **CONSIDERATION OF ACCEPTANCE OF THE IMPLEMENTATION STATUS REPORT FOR THE METRO ADVISORY COMMITTEE (MAC)**
Presented by: Les White, General Manager
Staff Report: **DOCUMENTATION IS INCLUDED IN THE FEBRUARY 27, 2004 BOARD PACKET**
15. **CONSIDERATION OF ADOPTION OF POLICIES AND PROCEDURES FOR PROPERTY ACQUISITION AND RELOCATION**
Presented by: Frank Cheng, Project Manager
Staff Report: **DOCUMENTATION IS INCLUDED IN THE FEBRUARY 27, 2004 BOARD PACKET**
16. **CONSIDERATION OF SOLE SOURCE PROCUREMENT OF TRAPEZE PASS SCHEDULING SOFTWARE, ASSOCIATED SUPPORT EQUIPMENT AND TRAINING**
Presented by: Steve Paulson, Paratransit Administrator
Staff Report: **DOCUMENTATION IS INCLUDED IN THE FEBRUARY 27, 2004 BOARD PACKET**
17. **CONSIDERATION OF RANKING OF PROPOSALS FOR CONSTRUCTION MANAGEMENT FOR THE METROBASE PROJECT**
Presented by: Tom Stickel, Fleet Maintenance Manager
Staff Report: **DOCUMENTATION IS INCLUDED IN THE FEBRUARY 27, 2004 BOARD PACKET**

ADJOURN

NOTICE TO PUBLIC

Members of the public may address the Board of Directors on a topic not on the agenda but within the jurisdiction of the Board of Directors or on the consent agenda by approaching the Board during consideration of Agenda Item #2 "Oral and Written Communications", under Section I. Presentations will be limited in time in accordance with District Resolution 69-2-1.

When addressing the Board, the individual may, but is not required to, provide his/her name and address in an audible tone for the record.

Members of the public may address the Board of Directors on a topic on the agenda by approaching the Board immediately after presentation of the staff report but before the Board of Directors' deliberation on the topic to be addressed. Presentations will be limited in time in accordance with District Resolution 69-2-1.

The Santa Cruz Metropolitan Transit District does not discriminate on the basis of disability. The City Council Chambers is located in an accessible facility. Any person who requires an accommodation or an auxiliary aid or service to participate in the meeting, please contact Dale Carr at 831-426-6080 as soon as possible in advance of the Board of Directors meeting. Hearing impaired individuals should call 711 for assistance in contacting METRO regarding special requirements to participate in the Board meeting. A Spanish Language Interpreter will be available during "Oral Communications" and for any other agenda item for which these services are needed. This meeting will be broadcast live by Community Television of Santa Cruz on Channel 26.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004

TO: Board of Directors

FROM: Les White, General Manager

SUBJECT: MATERIAL FOR THE FEBRUARY 27, 2004 BOARD MEETING AGENDA

SECTION I:

OPEN SESSION:

CONSENT AGENDA:

ITEM #5-3 ACCEPT AND FILE JANUARY 2004 RIDERSHIP REPORT
(Page One of Ridership Report will be distributed at the February 27, 2004 Board Meeting)

ADD TO ITEM #5-9 ACCEPT AND FILE UNIVERSITY OF CALIFORNIA, SANTA CRUZ
SERVICE UPDATE
(Replace with revised Attachments A & B)

ADD TO ITEM #5-18 ACCEPT AND FILE STATUS OF METROBASE PROJECT
(Add Staff Report and Attachments)

REGULAR AGENDA:

ADD TO ITEM #6 CONSIDERATION OF A MEMORANDUM OF UNDERSTANDING
(MOU) WITH CALTRANS, THE CAPITAL CORRIDOR JOINT POWERS
AUTHORITY, AMTRAK, THE VALLEY TRANSPORTATION
AUTHORITY AND SANTA CRUZ METRO FOR THE CONSOLIDATION
OF THE HIGHWAY 17 EXPRESS SERVICE AND THE SANTA CRUZ-
SAN JOSE AMTRAK CONNECTOR SERVICE
(Replace with revised Attachments 6A.a1, 6A.a2 and 6A.a3)

ADD TO ITEM #7 CONSIDERATION OF 1ST READING OF AMENDED FARE
ORDINANCE TO REVISE HIGHWAY 17 EXPRESS FARES AND THE
SCHOOL STUDENT FIELD TRIP RATE
(Replace with revised Attachment A)

ADD TO ITEM #8 CONSIDERATION OF PARACRUZ TRANSITION PLAN TO TAKE
OPERATIONS IN-HOUSE FROM COMMUNITY BRIDGES
(Replace with revised Staff Report and Attachments)

DELETE ITEM #10 CONSIDERATION OF EXTENSION OF SANTA CRUZ NEEDLE
EXCHANGE PROGRAM FOR TRANSIT CENTERS
(Deleted due to lack of funds)

ADD TO ITEM #12 CONSIDERATION OF STATUS OF CO-MINGLING PROPOSAL
SUBMITTED BY COMMUNITY BRIDGES ON NOVEMBER 6,2003
(Add Staff Report)

- ADD TO ITEM #13** CONSIDERATION OF MODIFYING ROUTES 31 AND 32 USING THE SILTANEN PARK PARKING LOT AS A TURNAROUND INSTEAD OF CONTINUED TRAVEL ON VINE HILL SCHOOL ROAD AND APPROVE INDEMNIFICATION AGREEMENT IN FAVOR OF THE CITY OF SCOTTS VALLEY
(Add Staff Report)
- ADD TO ITEM #14** CONSIDERATION OF ACCEPTANCE OF THE IMPLEMENTATION STATUS REPORT FOR THE METRO ADVISORY COMMITTEE (MAC)
(Add Staff Report)
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(Add Staff Report)
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(Add Staff Report)

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

BOARD OF DIRECTORS REGULAR MEETING AGENDA
FEBRUARY 13, 2004 (Second Friday of Each Month)
*SCMTD ENCINAL CONFERENCE ROOM
370 ENCINAL STREET, SUITE 100
SANTA CRUZ, CALIFORNIA
9:00 a.m. – 11:00 a.m.

SECTION I: OPEN SESSION - 9:00 a.m.

1. ROLL CALL
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 - b. Cliff Tillman/Bonnie Morr, SEIU/UTU RE: ParaCruz In-House
 - c. Bonnie Morr, UTU RE: ParaCruz In-House
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REGULAR AGENDA

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Staff Report: Attached
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Presented by: Bryant Baehr, Operations Manager
Staff Report: Attached
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Presented by: David Konno, Facilities Maintenance Manager
Staff Report: Attached
11. CONSIDERATION OF AGREEMENT WITH THE SANTA CRUZ SEASIDE COMPANY FOR THE PROVISION OF LATE-NIGHT SERVICE
Presented by: Mark Dorfman, Assistant General Manager
Staff Report: Attached
12. REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION: District Counsel
13. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

SECTION II: CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Pursuant to Subdivision (a) of Section 54956.9)

a. Name of Case: Terrie Peters v. Santa Cruz Metropolitan Transit District
(Before the Workers' Compensation Appeals Board)

b. Name of Case: Bonnie Morr v. Santa Cruz Metropolitan Transit District
(Before the Workers' Compensation Appeals Board)

2. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
(Pursuant to Sub-section 54956.9)

a. Number of Cases: One

SECTION III: RECONVENE TO OPEN SESSION

14. REPORT OF CLOSED SESSION

ADJOURN

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To: Santa Cruz Metropolitan Transit District Board of Directors

From: Paul Marcelin-Sampson, Founder, The Metro Riders Union

Date: 2004 February 04

Contents:

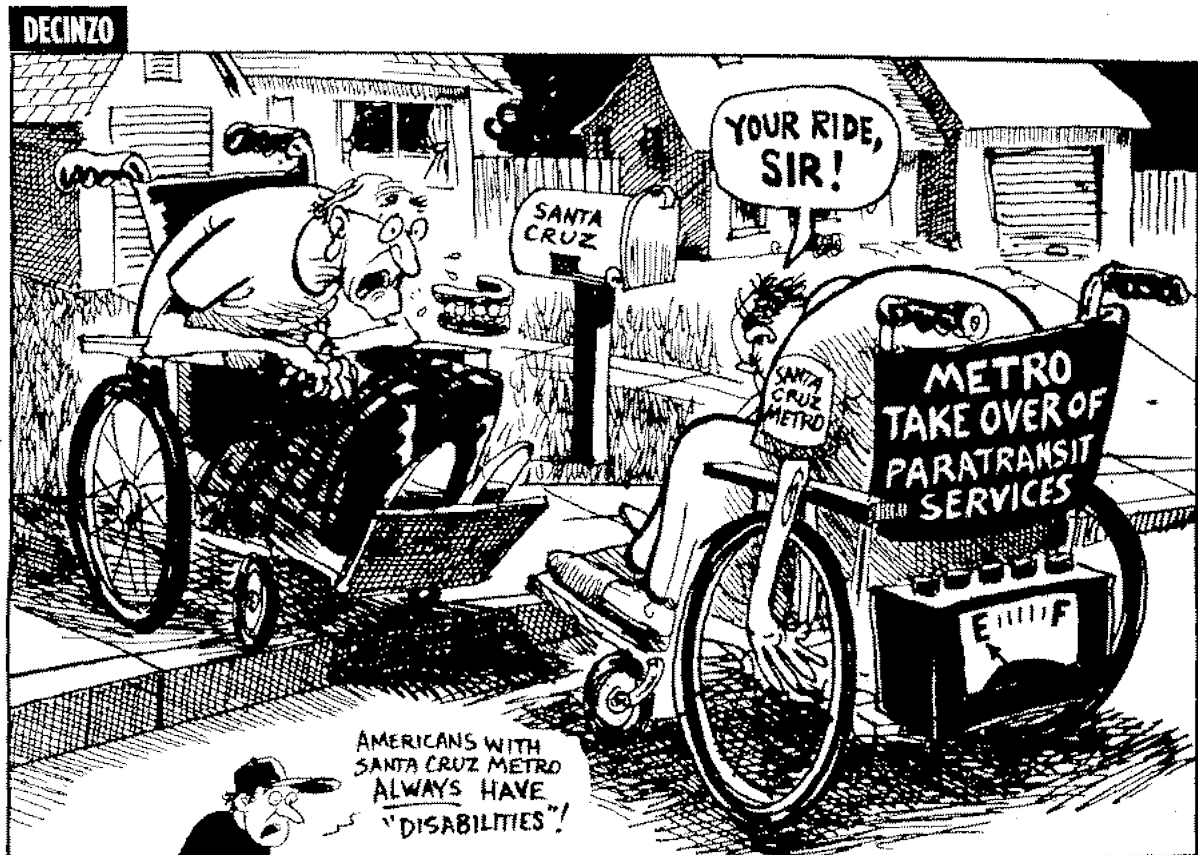
- Press release promoting new Highway 17 fleet

The attached press release was sent to various media outlets and published on the Bay Area Transportation News (BATN) bulletin board, which has 680 subscribers. A link to our on-line photo archive / slide show is included.

- Letter to the editor of *Metro Santa Cruz* re: misleading paratransit cartoon

The attached letter was sent to *Metro Santa Cruz*, an entertainment weekly, in response to their cartoon about the supposed "takeover" of paratransit. We hope that the letter will be published.

WWW.METCRUZ.COM | METRO SANTA CRUZ | JANUARY 26-FEBRUARY 4, 2004 | NEWS & VIEWS 7



R. Paul Marcelin-Sampson

From: "R. Paul Marcelin-Sampson" <rpms@baymoon.com>
To: <msc@metcruz.com>
Sent: 2004 February 04 01:06
Subject: Letter to the editor re: paratransit cartoon

To the editor of Metro Santa Cruz:

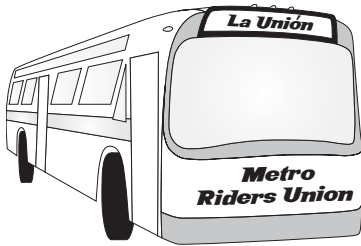
As the founder of the Metro Riders Union, I am not afraid to criticize Metro. Frankly, your January 28th "Metro takeover of paratransit services" cartoon was not fair, not true, and not worth printing.

You portrayed a future paratransit driver as a hunchback wearing a Metro badge. Today, Metro meets its legal obligation to provide Americans with Disabilities Act (ADA) paratransit by contracting with Lift Line (Community Bridges). Lift Line drivers belong to the United Transportation Union -- the same union that represents Metro drivers. For various legal reasons, any operator that wanted to "take over" ADA paratransit would have to recognize the union. Familiar and apparently well-liked drivers are here to stay.

You portrayed a future paratransit vehicle as an electric wheelchair with a dead battery. Metro recently bought 29 dedicated ADA paratransit vans. Many have been parked. Evidently Lift Line is still transporting many of Metro's ADA paratransit clients in generic vehicles that are also used for Lift Line's other paratransit programs (Medi-Cal, etc.). A new arrangement, whether it involved Metro or an external operator, would ensure that Metro's ADA paratransit clients could fully enjoy Metro's brand-new ParaCruz vans.

You quipped that "Americans with Santa Cruz Metro always have 'disabilities'". What an insult! Who wrote the ParaCruz customer guide? Who is currently checking that all clients meet the legal eligibility requirements? Who revised and clarified the appeals policy? Who ordered the 29 new vans? Who is scrutinizing the performance reports and fining Lift Line for every late trip? The people at Metro care about ADA paratransit.

R. Paul Marcelin-Sampson



**La Unión de Los Pasajeros de Metro
The Metro Riders Union**

Media Contact:
Mr. Paul Marcelin-Sampson

Santa Cruz California 95060
media@metroridersunion.org
(831) 421-9031

January 30, 2004
For immediate release

Fancy new Highway 17 buses arrive

Santa Cruz -- The Metro Riders Union congratulates the Santa Cruz Metropolitan Transit District on the arrival of 11 brand-new buses for the San Jose - Scotts Valley - Santa Cruz corridor. HIGHWAY 17 EXPRESS riders appreciate the reclining seats, fold-down tables, footrests and reading lights. Also, twice as many people with mobility devices can now be accommodated.

Emily Reilly, former mayor of Santa Cruz and current chairperson of Metro's board, reports being impressed with the new vehicles. "Check out the buses!" she exclaimed, during a January 28th interview. "It's the first new equipment since 1989, when they inaugurated the service," said Metro General Manager Les White during a special tour on January 26th.

Like other new Metro buses, the Highway 17 vehicles were built for conversion to clean-burning natural gas when a high-capacity fueling station becomes available. The buses have extra "plumbing", according to Mr. White. The Metro Riders Union notes that the fueling station is part of MetroBase -- an excellent reason to back this long-delayed effort to upgrade Metro's support facilities. MetroBase will be in the Harvey West area of Santa Cruz.

The new Highway 17 buses also "pave the way for consolidation with Amtrak," observed Mr. White. If all goes according to plan, the Highway 17 Express will be extended to Downtown Santa Cruz (Metro Center) in April, replacing the Amtrak bus service.

Metro Riders Union founder Paul Marcelin-Sampson has been working since December to make sure that the various partners, including Santa Cruz Metro, the Santa Clara Valley Transportation Authority (VTA), the Amtrak Capitol Corridor, and the Caltrans Rail Program, pay more attention to the needs of riders. "Service will improve overall, so I am compelled to support the consolidation," said Mr. Marcelin-Sampson.

Pictures of the new buses are available at <http://photos.yahoo.com/metroridersunion/>

Highway 17 Express schedules are available at <http://www.scmttd.com/routes/rt17.html>

The Metro Riders Union is an independent group of concerned bus riders. We are not affiliated with the Santa Cruz Metropolitan Transit District.

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February 5, 2004

Board of Directors **of**
Santa Cruz Metropolitan Transit District (METRO)

Re: Consideration of ParaCruz Plan to take operations in-house

SEIU AND UTU are in agreement that the ParaCruz ADA Program should be brought completely in-house to the METRO District.

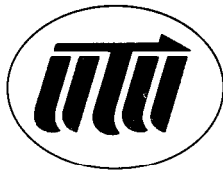
A handwritten signature in cursive script that reads "Cliff Leo Tillman, Jr." with a horizontal line underneath.

Cliff Leo Tillman, Jr.
Executive Director
Service Employees International Union
SEIU Local 415

A handwritten signature in cursive script that reads "Bonnie Morr" with a horizontal line underneath.

Bonnie Morr
Chairperson-Legislative Representative
United Transportation Union
UTU Local 23

CC: Mardi Wormhoudt, Supervisor
Third District, County of Santa Cruz
METRO District



united transportation union



Board of Directors

February 9, 2004

Les White General Manager
Santa Cruz Metropolitan Transit District
370 Encinal St. Ste 100
Santa Cruz, California 95060

Board of Directors,

On February 5th 2004 a public forum was held at the County Supervisors Chambers to address the Paratransit needs of our community. In attendance were the Transit District, Community Bridges, Social Service Program Providers, clients, The United Transportation Union and members, and Representatives from SEIU. Most of the dialogue centered around the needs of the community as it related to certification procedures, and a combined transportation system.

Paratransit as it relates to only the ADA rides (Americans with Disabilities Act) are the primary responsibility of the Transit District. This federally mandated service, must be based on the fixed route system. In order for the Transit District to accomplish this mandated program they must take the full responsibility for operating the service, including all liability issues.

Over the last few years Community Bridges has been in charge of this service. Unfortunately more than half of the Union employees from the **Lifeline** program have been laid off and have been replaced with a private taxi service.

The Unions are very concerned with this process of sub-contracting. Due to this process The United Transportation Union has filed a grievance on behalf of the Union workers being laid off and replaced with the taxi service. We are requesting that the Transit Board look very closely to what is **occurring** at Community Bridges.

The United Transportation Union has and will always be committed to the highest level of training and service and we expect to continue to be involved and participate in this process.

Respectfully,

Bonnie Morr, General Chairperson

United Transportation Union Local 23

Cc Les White, Jan Beautz, Chair S.C.C.R.T.C., S.C.C.R.T.C. Linda Wilshusen

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Minutes- Board of Directors

January 9, 2004

A Regular Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Friday, January 9, 2004 at the District's Administrative Office, 370 Encinal Street, Santa Cruz, CA.

Vice Chairperson Keogh called the meeting to order at 9:02 a.m.

SECTION 1: OPEN SESSION

1. ROLL CALL:

DIRECTORS PRESENT

Sheryl Ainsworth
Jan Beautz (arrived after roll call)
Michelle Hinkle
Mike Keogh
Emily Reilly
Mike Rotkin
Pat Spence
Marcela Tavantzis
Ex-Officio Wes Scott (arrived after roll call)

DIRECTORS ABSENT

Dennis Norton
Ana Ventura Phares

STAFF PRESENT

Bryant Baehr, Operations Manager	Elisabeth Ross, Finance Manager
Mark Dorfman, Assistant General Manager	Judy Souza, Base Superintendent
Terry Gale, IT Manager	Tom Stickel, Fleet Maint. Manager
Margaret Gallagher, District Counsel	Les White, General Manager
Steve Paulson, Paratransit Administrator	

EMPLOYEES AND MEMBERS OF THE PUBLIC WHO INDICATED THEY WERE PRESENT

Chuck Boxwell, RNL Design	Ian McFadden, SEA
Scott Bugental, Seniors Commission	Patrick McKelvey, RNL Design
Ceil Cirillo, County of Santa Cruz	Jeff North, UTU
Pat Dellin, SCCRTC	Will Regan, VMU
Kate Diamond, RNL Design	Celia Scott, Consultant
Gary Klemz, SEIU	Link Spooner, Lift Line
Jeff LeBlanc, MASTF	Jim Taylor, UTU
Paul Marcelin-Sampson, Bus Riders Union	Bob Yount, MASTF
Manny Martinez, PSA	

2. ORAL AND WRITTEN COMMUNICATION

Written:

- a. Michael Molesky, E&D TAC RE: Paratransit Summit
- b. Camille Pierce RE: MASTF

Oral:

Director Rotkin informed the Board that he and Director Reilly approached several businesses to solicit donations to pay for bus passes for First Night Santa Cruz volunteers. Businesses that donated the \$600 necessary were: Bookshop Santa Cruz, Logo's Books, Artisan's, Data Distributing, and Emily's Bakery.

Paul Marcelin-Sampson asked several questions regarding the Highway 17 Express service as it relates to merging with Amtrak service. Les White responded that a staff report would go to the Board in February addressing this issue. He added that there is another meeting on January 22, 2004 to address the Capitol Corridor JPA. Mr. White will provide information to Mr. Marcelin-Sampson on the contact at Caltrans who does the scheduling. Margaret Gallagher is drafting a Memorandum of Understanding (MOU) with regard to purchasing of service with Amtrak. Ex Officio Director Wes Scott expressed his interest in assisting Mr. White with on-campus marketing of the connector service since he is always being asked for better connectivity between Santa Cruz and the Bay area.

3. LABOR ORGANIZATION COMMUNICATIONS

None

4. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

A letter from Mardi Wormhoudt to the Board of Supervisors regarding Paratransit Services in Santa Cruz County; MetroBase Project Status Update materials, and MetroBase Capacity Enhancement Feasibility Study. Vice Chairperson Keogh also mentioned the receipt of Director Ana Ventura Phares' letter of resignation from the METRO Board and a letter from Mark Stone to the Board of Supervisors requesting appointment to the METRO Board. Also distributed was a Community Traffic Safety Coalition regarding bike rider characteristics study provided to METRO. Director Rotkin directed staff to respond to the paratransit letter from Mardi Wormhoudt and to make sure METRO is involved early in the process. A paratransit meeting to solicit public input is scheduled for February 5, 2004 at 4:00 p.m. at the County Board of Supervisors Chambers.

CONSENT AGENDA

5-1. APPROVE REGULAR BOARD MEETING MINUTES OF DECEMBER 12 AND DECEMBER 19, 2003

Director Rotkin inquired about the attachments to the December 12th Minutes and was informed these were from Josh Shaw's presentation on state lobbyist issues.

5-2. ACCEPT AND FILE PRELIMINARILY APPROVED CLAIMS

No questions or comments.

**5-3. ACCEPT AND FILE DECEMBER 2003 RIDERSHIP REPORT
PAGE 1 OF THE RIDERSHIP REPORT WILL BE PRESENTED FOR
CONSIDERATION AT THE JANUARY 23, 2004 BOARD MEETING**

No questions or comments.

**5-4. CONSIDERATION OF TORT CLAIMS: Brian Neal Patrovsky, Claim #03-0032;
Ramona Diaz, Claim #03-0031**

No questions or comments.

**5-5. ACCEPT AND FILE AGENDA FOR THE MASTF COMMITTEE MEETING OF
JANUARY 15, 2004 AND THE MINUTES OF THE DECEMBER 18, 2003 MEETING
DOCUMENTATION WILL BE PRESENTED FOR CONSIDERATION AT THE
JANUARY 23, 2004 BOARD MEETING**

No questions or comments.

**5-6. ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR NOVEMBER 2003,
AND APPROVAL OF BUDGET TRANSFERS**

No questions or comments.

5-7. ACCEPT AND FILE PARACRUZ STATUS REPORT FOR OCTOBER 2003

Director Tavantzis found the paratransit numbers for October to be completely unacceptable. There was discussion regarding the financial sanctions that are levied against Community Bridges for lack of performance and that either fines or contract termination are options that are on the table and part of the discussions METRO will have. Director Reilly asked staff to think about who would be giving the presentation on ADA requirements that METRO must comply with at the February 5th meeting.

Margaret Gallagher advised the Board that if it wished to add an item to the agenda regarding the ParaCruz Summit and METRO's participation, it would have to determine that the issue came to the attention of the Board after the posting of the agenda and there is a need to take action to make the necessary findings to determine METRO's response and how METRO would participate in the February 5th meeting.

ACTION: MOTION: DIRECTOR REILLY SECOND: DIRECTOR ROTKIN

To add the issue to the Board's agenda that the matter of the ParaCruz Summit and METRO's response came to the attention of the Board after the posting of the agenda and there is a need to take action before the next Board meeting to add the item of

METRO's participation in the February 5th meeting of the Regional Transportation Commission regarding paratransit to today's agenda.

Motion passed unanimously with Directors Norton and Phares being absent.

Vice Chairperson Keogh made this new item #13a on the Regular Agenda. Director Tavantzis asked staff to have Community Bridges submit a letter for the next Board meeting as to what happened to make the October figures so bad.

ITEM #6 WAS TAKEN OUT OF ORDER AT THIS TIME.

6. PRESENTATION OF RESOLUTION OF APPRECIATION FOR THE SERVICE OF JEFF ALMQUIST AS A MEMBER OF THE BOARD OF DIRECTORS

Summary:

Chairperson Reilly read the Resolution of Appreciation and presented it to Jeff Almquist.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR REILLY

Moved passage of the Resolution of Appreciation for the services of Jeff Almquist as a member of the METRO's Board of Directors by unanimous voice vote in lieu of a roll call.

Motion passed unanimously with Directors Norton and Phares being absent.

Judge Almquist stated that he is proud and honored to have been a part of the METRO organization. Mr. White presented Judge Almquist with a bag of METRO memorabilia at this time.

5-8. ACCEPT AND FILE HIGHWAY 17 STATUS REPORT FOR NOVEMBER 2003

No questions or comments.

5-9. ACCEPT AND FILE UNIVERSITY OF CALIFORNIA, SANTA CRUZ SERVICE UPDATE

No questions or comments.

5-10. ACCEPT AND FILE NOTIFICATION OF ACTIONS TAKEN IN CLOSED SESSION REGARDING THE FOLLOWING CLAIMS ON THE DATES INDICATED: CLAIMS OF FRANK COUSINS, GARY BRIERLY, NEIL BAILEY AND ROBERT GOUVEIA

No questions or comments.

REGULAR AGENDA

7. CONSIDERATION OF ELECTION OF DIRECTORS TO SERVE AS BOARD OFFICERS FOR THE YEAR 2004 AND ON THE TRANSPORTATION COMMISSION

Discussion:

Director Spence recommended that Director Tavantzis be moved up to the #1 Alternate position, however, no action was taken on this by the other Board members.

8. CONSIDERATION OF PROVISION OF SUPPORT SERVICES TO THE METRO ACCESSIBLE SERVICES TRANSIT FORUM (MASTF)

Discussion:

Director Spence asked that the attachments mentioned in the MASTF Minutes be included in with the Minutes for the Board packet, subject to someone's approval. Jeff LeBlanc stated that in the past MASTF had been scolded for including too many attachments to the Board and that now the committee seriously considers which items to attach. He added that MASTF would like to hear from the Board as to what they would like to see as attachments. Director Spence also asked that #7 on the "Metro Support Services for MASTF" attachment to the staff report reflect the hours that the conference room would be open.

It was confirmed that this item will be re-clarified only and not re-discussed at the January 23rd Board Meeting.

ITEM #13A. WAS TAKEN OUT OF ORDER AT THIS TIME.

13a. CONSIDERATION OF REPRESENTATION AT THE REGIONAL TRANSPORTATION COMMISSION (RTC) PARATRANSIT SUMMIT

Discussion:

Director Keogh asked what METRO's representation would be at the February 5th meeting of the RTC.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR REILLY

Direct the General Manager to send a letter to the RTC to communicate METRO's desire to have a fifteen-minute presentation early in the process so people understand METRO's concerns about the ADA and the overall impact.

Director Ainsworth wants METRO's financial situation to be accurately represented and she suggested that handing out visual materials might be useful to the presentation.

Motion passed unanimously with Directors Norton and Phares being absent.

VICE CHAIRPERSON KEOGH ADJOURNED TO CLOSED SESSION AT THIS TIME.

16. REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION: District Counsel

Margaret Gallagher stated that the Board would discuss the Workers Compensation case of James Holodnick and the Encroachment Permit for the property at 1200 River Street.

17. ORAL AND WRITTEN COMMUNICATIONS REGARDING CLOSED SESSION

None

SECTION II: CLOSED SESSION

Vice Chairperson Keogh adjourned to Closed Session at 9:56 a.m. and reconvened to Open Session at 10:21 a.m.

SECTION III: RECONVENE TO OPEN SESSION

23. REPORT OF CLOSED SESSION

Margaret Gallagher had nothing to report at this time.

SECTION III: RECONVENE TO OPEN SESSION

9. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A THREE-YEAR LEASE FOR KIOSK #5 AT THE WATSONVILLE TRANSIT CENTER TO LETICIA LEDESMA AND TOMAS SANCHEZ FOR A ONE-CHAIR BEAUTY SALON TO BEGIN FEBRUARY 1, 2004

ACTION: MOTION: DIRECTOR REILLY SECOND: DIRECTOR BEAUTZ

Move Item #9 to the Consent Agenda for the January 23, 2004 Board Meeting.

Motion passed unanimously with Directors Norton and Phares being absent.

10. CONSIDERATION OF PRESENTATION BY RNL DESIGN REGARDING THE STATUS OF THE METROBASE PROJECT

Summary:

Patrick McKelvey and Chuck Boxwell of RNL Design were present to give a presentation on the status of the MetroBase project and on the Capacity Enhancement Feasibility Study. Space requirements for both Phase I and Phase 2 were discussed. Construction should begin by December 1, 2004 and end by the end of 2006 and into 2007.

DIRECTOR REILLY LEFT THE MEETING.

Discussion:

Mr. White stated that the total project cost will be approximately \$26 million of which METRO has funding for \$21+ million.

11. CONSIDERATION OF ACCEPTANCE OF THE FINANCIAL FEASIBILITY AND IMPACT REPORT FOR POTENTIAL PROPERTIES TO BE USED FOR A PHASE 2 METROBASE PROJECT

Summary:

Mark Dorfman reported that RNL Design was hired to conduct a review of the potential properties for Phase 2. Phase 2 would allow for a larger number of buses to be in the fleet.

ACTION: MOTION: DIRECTOR TAVANTZIS SECOND: DIRECTOR ROTKIN

Extend meeting past 11:00 a.m.

Motion passed with Directors Norton, Phares and Reilly being absent.

Discussion:

There was discussion regarding part of the water company site that the City currently owns that METRO might be interested in for parking. This site would be essential if the City does not do a joint parking facility with METRO. For the record, Director Rotkin stated that Phase 2 of the MetroBase project might never happen and that no funds have been identified for this phase of the project. Celia Scott added that the Environmental Impact Report (EIR) specifically provided for a possibility of a Phase 2 but there would have to be an environmental review at that time.

DIRECTOR TAVANTZIS LEFT THE MEETING.

Les White informed the Board that the RNL Design team has been very responsive and cooperative and thanked them on behalf of staff for their approach to this project.

12. CONSIDERATION OF REQUESTING THAT THE CITY OF SANTA CRUZ SUBSTITUTE 25 YEARS FOR THE CURRENT 30 DAYS IN THE REVOCATION SECTION OF THE ENCROACHMENT PERMIT FOR THE PROPERTY LOCATED AT 1200 RIVER STREET

Les White reported that based on discussions with Real Property Negotiators in Closed Session, it was recommended that this item be deleted until staff has an agreement to bring back to the Board.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR AINSWORTH

Delete this item.

Motion passed with Directors Norton, Phares, Reilly and Tavantzis being absent.

13. CONSIDERATION OF PARACRUZ TRANSITION PLAN TO TAKE OPERATIONS IN-HOUSE FROM COMMUNITY BRIDGES

DOCUMENTATION WILL BE PRESENTED FOR CONSIDERATION AT THE
JANUARY 23, 2004 BOARD MEETING

14. **CONSIDERATION OF APPROVAL OF THE REVISED FORMATION AGREEMENT
FOR THE HIGHWAY 1 WIDENING/HOV HCA/JOINT POWERS AUTHORITY**

Summary:

Les White reported that the Board approved an agreement for METRO to participate in the Highway 1 Widening/HOV HCA/Joint Powers Authority in 2003. The agreement that was approved showed participation from the County, four cities and METRO. The agreement is now modified to delete the City of Santa Cruz as a participant. The agreement needs to be re-approved to reflect that the City of Santa Cruz is not involved. There is no financial impact to METRO resulting from the deletion of the City of Santa Cruz; METRO's portion is still 10%.

15. **PUBLIC HEARING FOR CONSIDERATION OF AUTHORIZING THE APPLICATION
AND EXECUTION OF AN FTA GRANT FOR URBANIZED AREA FORMULA FUNDS
FOR FY 2004**
PUBLIC HEARING WILL BE HELD AT 9:00 A.M. ON JANUARY 23, 2004

DOCUMENTATION WILL BE PRESENTED FOR CONSIDERATION AT THE
JANUARY 23, 2004 BOARD MEETING

ADJOURN

There being no further business, Vice Chairperson Keogh adjourned the meeting at 11:24 a.m.

Respectfully submitted.

Dale Carr
Administrative Services Coordinator

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Minutes- Board of Directors

January 23, 2004

A Regular Meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District met on Friday, January 23, 2004 at the Santa Cruz City Council Chambers, 809 Center Street, Santa Cruz, CA.

Chairperson Reilly called the meeting to order at 9:02 a.m.

SECTION 1: OPEN SESSION

1. ROLL CALL:

DIRECTORS PRESENT

Sheryl Ainsworth
Jan Beautz
Michelle Hinkle
Mike Keogh
Dennis Norton
Emily Reilly

Mike Rotkin
Dale Skillicorn
Ex-Officio Wes Scott
Pat Spence
Mark Stone
Marcela Tavantzis

STAFF PRESENT

Bryant Baehr, Operations Manager
Mark Dorfman, Assistant General Manager
Margaret Gallagher, District Counsel

Steve Paulson, Paratransit Administrator
Elisabeth Ross, Finance Manager
Tom Stickel, Fleet Maint. Manager
Les White, General Manager

EMPLOYEES AND MEMBERS OF THE PUBLIC WHO INDICATED THEY WERE PRESENT

Sharon Barbour, MASTF
Michael Bradshaw, CCCIL
Scott Bugental, Seniors Commission
Bart Cavallaro, Bus Rider
Marlene Connor, Urbitran
Kasandra Fox, MASTF
Chris Hrones, Urbitran
Kathleen Johnson, Ombudsman Advocate
Gary Klemz, SEIU
Jeff LeBlanc, MASTF
Paul Marcelin-Sampson, Metro Riders
Union

Manny Martinez, PSA
Ian McFadden, SEA
Bonnie Morr, UTU
Brad Neily, Calif. For Disability Rights
Jeff North, UTU
Larry Paegler, UCSC
Karena Pushnik, SCCRTC
Link Spooner, Lift Line
Sam Storey, Community Bridges
Will Regan, VMU
Candace Ward, UCSC
Bob Yount, MASTF

2. ORAL AND WRITTEN COMMUNICATION

Written:

- | | | |
|----|-------------------------------------|--------------------------------------|
| a. | Michael Molesky, E&D TAC | RE: Paratransit Summit |
| b. | Camille Pierce | RE: MASTF |
| c. | <u>B. Jefferson LeBlanc</u> | <u>RE: MASTF Support</u> |
| d. | <u>Sharon Barbour, MASTF</u> | <u>RE: MASTF</u> |
| e. | <u>Jukka Naukkarinen</u> | <u>RE: Talking Bus/ADA</u> |
| f. | <u>Beau Kayser</u> | <u>RE: Operations Manager</u> |

Oral:

Paul Marcelin-Sampson of the Bus Riders Union offered thanks to Tom Hiltner, Mark Dorfman and Les White for the acquisition of funding for the new Highway 17 buses that are being unveiled today. He stated that this represents a new kind of service that is the future of transit agencies.

Michael Posner who rides the bus twice a week spoke regarding trains and bus service. He stated that he hopes the Board will take a leadership role in the train and bus systems so they will eventually mesh together.

Sharon Barbour, Chair of MASTF, read the letter submitted under Written Communications as Item 2-d regarding Cam Pierce.

3. LABOR ORGANIZATION COMMUNICATIONS

Bonnie Morr, Chair of UTU Local 23 welcomed the new Board members. She talked about the bus stops that were discussed several months ago around the university area, specifically, Empire Grade Road and High Street. She asked for information on when these stops would be improved. She also asked for assistance from the Board and from UCSC regarding getting some gates moved back to better facilitate UCSC and METRO buses getting through. Les White responded that counts are being taken of these stops that might require work from UCSC in the form of gravel in order to be usable or whether or not they should be decommissioned. He added that the Board would hear recommendations from the consultants who conducted the UCSC traffic study and that he and Ms. Morr would meet on Monday to further discuss this.

CHAIRPERSON REILLY INTRODUCED NEW BOARD MEMBERS DALE SKILLICORN AND MARK STONE.

**DIRECTOR SPENCE ASKED THAT ITEM #16 BE DISCUSSED AFTER ITEM #7.
CHAIRPERSON REILLY ADDED THAT ITEM #20 WOULD BE TAKEN AS THE FIRST ITEM ON THE REGULAR AGENDA AND THAT ITEMS #10 AND 11 WOULD BE MOVED TO THE CONSENT AGENDA.**

4. ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

SECTION I:

OPEN SESSION:

ADD TO ITEM #2 ORAL AND WRITTEN COMMUNICATION
c. B. Jefferson LeBlanc RE: MASTF Support
d. Sharon Barbour, MASTF RE: MASTF
e. Jukka Naukkarinen RE: Talking Bus/ADA
f. Beau Kayser RE: Operations Manager
(Add new Written Communication)

CONSENT AGENDA:
ADD TO ITEM #5-3

ACCEPT AND FILE DECEMBER 2003 RIDERSHIP REPORT
(Insert Page One of Ridership Report)

ADD TO ITEM #5-5

ACCEPT AND FILE AGENDA FOR THE MASTF COMMITTEE MEETING OF JANUARY 15, 2004 AND THE MINUTES OF THE DECEMBER 18, 2003 MEETING
(Add Agenda and Minutes)

REGULAR AGENDA:
DELETE ITEM #9

PRESENTATION OF RESOLUTION OF APPRECIATION FOR THE SERVICE OF JEFF ALMQUIST AS A MEMBER OF THE BOARD OF DIRECTORS

(Action taken at the January 9, 2004 Board Meeting)

DELETE ITEM #12

CONSIDERATION OF REQUESTING THAT THE CITY OF SANTA CRUZ SUBSTITUTE 25 YEARS FOR THE CURRENT 30 DAYS IN THE REVOCATION SECTION OF THE ENCROACHMENT PERMIT FOR THE PROPERTY LOCATED AT 1200 RIVER STREET
(Deleted pending further information)

ADD TO ITEM #13

CONSIDERATION OF PARACRUZ TRANSITION PLAN TO TAKE OPERATIONS IN-HOUSE FROM COMMUNITY BRIDGES
(Add Staff Report and Supplemental Information from Link Spooner requested at the January 9, 2004 Board Meeting)

ADD TO ITEM #15

PUBLIC HEARING FOR CONSIDERATION OF AUTHORIZING THE APPLICATION AND EXECUTION OF AN FTA GRANT FOR URBANIZED AREA FORMULA FUNDS FOR FY 2004
(Add Staff Report)

ADD TO ITEM #16

CONSIDERATION OF ACCEPTANCE OF THE IMPLEMENTATION STATUS REPORT FOR THE METRO ADVISORY COMMITTEE (MAC)
(Add Staff Report)

ADD TO ITEM #17

CONSIDERATION OF LOWERING THE COST TO OPERATE THE CITY OF WATSONVILLE'S "FREE SHOPPER SHUTTLE" BY \$396.00
(Add Staff Report)

ADD TO ITEM #18

CONSIDERATION AND APPROVAL OF CONTRACT WITH EVERGREEN OIL, INC. TO PROVIDE TRANSPORTATION AND DISPOSAL SERVICES OF DISTRICT'S HAZARDOUS WASTE
(Add Staff Report)

ADD TO ITEM #19

CONSIDERATION OF CALL STOP REPORT
(Add Staff Report)

ADD TO ITEM #20

CONSIDERATION OF REPORT ON UCSC COMPREHENSIVE TRANSIT STUDY BY URBITRAN ASSOCIATES, INC.
(Add Staff Report)

- ADD TO ITEM #21** CONSIDERATION OF AMENDING THE POLICY ON FREE BUS PASSES TO PROVIDE FOR ANNUAL PASSES UPON REQUEST FOR BOARD MEMBERS HAVING SERVED FOUR YEARS, RETIREES AND THEIR SPOUSES/SURVIVORS, AND THE SURVIVORS OF BOARD MEMBERS AND EMPLOYEES WHO DIE WHILE IN ACTIVE SERVICE AT METRO AND FOR THOSE INJURED ON THE BUSES, WHEN IT IS IN METRO'S BEST INTERESTS
(Add Staff Report)

Additional handouts were: A letter from Bill Comfort supporting Director Spence's reappointment to the Regional Transportation Commission and a letter from Gail Stevens of E&D TAC regarding Les White, General Manager, and the paratransit issue. Copies of these letters are attached to the Minutes.

CONSENT AGENDA

- 5-1. APPROVE REGULAR BOARD MEETING MINUTES OF DECEMBER 12 AND DECEMBER 19, 2003
- 5-2. ACCEPT AND FILE PRELIMINARILY APPROVED CLAIMS
- 5-3. ACCEPT AND FILE DECEMBER 2003 RIDERSHIP REPORT
- 5-4. CONSIDERATION OF TORT CLAIMS: Brian Neal Patrovsky, Claim #03-0032; Ramona Diaz, Claim #03-0031
- 5-5. ACCEPT AND FILE AGENDA FOR THE MASTF COMMITTEE MEETING OF JANUARY 15, 2004 AND THE MINUTES OF THE DECEMBER 18, 2003 MEETING
- 5-6. ACCEPT AND FILE MONTHLY BUDGET STATUS REPORT FOR NOVEMBER 2003, AND APPROVAL OF BUDGET TRANSFERS
- 5-7. ACCEPT AND FILE PARACRUZ STATUS REPORT FOR OCTOBER 2003
- 5-8. ACCEPT AND FILE HIGHWAY 17 STATUS REPORT FOR NOVEMBER 2003
- 5-10. ACCEPT AND FILE UNIVERSITY OF CALIFORNIA, SANTA CRUZ SERVICE UPDATE
- 5-12. ACCEPT AND FILE NOTIFICATION OF ACTIONS TAKEN IN CLOSED SESSION REGARDING THE FOLLOWING CLAIMS ON THE DATES INDICATED: CLAIMS OF FRANK COUSINS, GARY BRIERLY, NEIL BAILEY AND ROBERT GOUVEIA
- 5-13. CONSIDERATION OF AUTHORIZING THE GENERAL MANAGER TO EXECUTE A THREE-YEAR LEASE FOR KIOSK #5 AT THE WATSONVILLE TRANSIT CENTER TO LETICIA LEDESMA AND TOMAS SANCHEZ FOR A ONE-CHAIR BEAUTY SALON TO BEGIN FEBRUARY 1, 2004
(Moved to Consent Agenda at the January 9, 2004 Board Meeting. Staff report retained original numbering as Item #9)
- 10. CONSIDERATION OF PRESENTATION BY RNL DESIGN REGARDING THE STATUS OF THE METROBASE PROJECT
- 11. CONSIDERATION OF ACCEPTANCE OF THE FINANCIAL FEASIBILITY AND IMPACT REPORT FOR POTENTIAL PROPERTIES TO BE USED FOR A PHASE 2 METROBASE PROJECT

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR REILLY

Approve the Consent Agenda.

Motion passed with Directors Skillicorn and Stone abstaining from approval of the Minutes.

REGULAR AGENDA

6. DELETED – ACTION TAKEN AT THE JANUARY 9, 2004 BOARD MEETING

ITEM #20 WAS TAKEN OUT OF ORDER AT THIS TIME.

20. CONSIDERATION OF REPORT ON UCSC COMPREHENSIVE TRANSIT STUDY BY URBITRAN ASSOCIATES, INC.

Summary:

Mark Dorfman introduced Marlene Connor and Christopher Hrones of Urbitran who presented the UCSC Comprehensive Transit Study Final Report. The presentation involved a series of recommendations on how to move people better around the UC campus. Mr. Hrones stated that both short-term and long-term recommendations were made and some regarding capital, given the nature of the growth being predicted by the university. A copy of the slide presentation is attached to these Minutes.

Discussion:

Questions were answered regarding why specific routing was recommended, whether the growth in students has been considered, capacity for bikes on buses, UCSC shuttles, and express routes from Aptos to campus. Michael Posner commented that the increased cost of operating cars and the congestion were not included in the study. Paul Marcelin-Sampson stated that the university service comes close to paying for itself. He went on to cite the revenues received per ride from the general public, from UCSC and from Cabrillo students.

Les White expressed appreciation to Wes Scott and the UC staff for working closely with METRO staff on this study and for allowing METRO staff to participate in the study. He also stated that that the study was excellent and visionary and thanked the Urbitran representatives.

ITEMS 18 AND 21 WERE TAKEN OUT OF ORDER AT THIS TIME.

18. CONSIDERATION AND APPROVAL OF CONTRACT WITH EVERGREEN OIL, INC. TO PROVIDE TRANSPORTATION AND DISPOSAL SERVICES OF DISTRICT'S HAZARDOUS WASTE

21. CONSIDERATION OF AMENDING THE POLICY ON FREE BUS PASSES TO PROVIDE FOR ANNUAL PASSES UPON REQUEST FOR BOARD MEMBERS HAVING SERVED FOUR YEARS, RETIREES AND THEIR SPOUSES/SURVIVORS, AND THE SURVIVORS OF BOARD MEMBERS AND EMPLOYEES WHO DIE WHILE IN ACTIVE SERVICE AT METRO AND FOR THOSE INJURED ON THE BUSES, WHEN IT IS IN METRO'S BEST INTERESTS

ACTION: MOTION: DIRECTOR SPENCE SECOND: DIRECTOR HINKLE

Approve Items 18 and 21 without discussion.

#18 – Authorize the General Manager to execute a one-year contract for transportation and disposal services of District’s hazardous waste with Evergreen Oil, Inc. for an amount not to exceed 12,000.

#21 – Amend the current policy regarding free bus passes to provide for annual passes upon request for former Board Members having served four years, retirees and their spouses/survivors, and the survivors of Board Members and employees who die while in active service at METRO and for those injured on buses, when it is in the METRO’s best interest.

Director Rotkin asked what the fundamental change was to Item #21. Les White informed him that it has always been an administrative policy on the bus passes and never adopted by the Board. The current policy indicates that lifetime bus passes for Board members would be given after a Director completes one full term of office. The change would convert the time frame to four years of accumulated service on the Board rather than one full term.

DIRECTOR KEOGH LEFT THE MEETING.

Motion passed unanimously with Director Keogh being out of the room.

7. CONSIDERATION OF ELECTION OF DIRECTORS TO SERVE AS BOARD OFFICERS FOR THE YEAR 2004 AND ON THE TRANSPORTATION COMMISSION

Summary:

In December the directors, in accordance with the bylaws, nominated Chairperson Reilly to continue as Chair and Vice Chair Michael Keogh to continue in this position. The bylaws state that the Chair of the Board nominates directors for the appointments of representatives and alternates to the Regional Transportation Commission. Chairperson Reilly indicated how she would present two slates of candidates.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR SKILLICORN

Re-elect Emily Reilly as Chair; Re-elect Mike Keogh as Vice Chair.

DIRECTOR KEOGH RETURNED TO THE MEETING.

Motion passed unanimously.

Chairperson Reilly presented two slates of nominees for the RTC representatives and the three alternates:

Directors Keogh, Reilly and Spence as RTC representatives.
Directors Tavantzis as 1st alternate, Rotkin as 2nd and Hinkle as 3rd alternates

If the first slate did not garner six affirmative votes, the second slate would be the following: Directors Keogh, Spence, Tavantzis with Directors Reilly as 1st alternate, Rotkin as 2nd and Hinkle as 3rd alternate.

Discussion:

Director Beautz directed staff to add a Consent Agenda item to the Board agendas which would inform the Board as to how the METRO representatives to the RTC vote at each meeting and would include a sentence or two about the item and why the appointee voted the way they did. This would inform the Board as to how METRO is being represented by its appointees.

Director Norton stated that he felt that the appointees to the RTC should be elected officials since they have accountability to the Board and public; Director Beautz disagreed and stated that at large appointees represent METRO in a different way and bring a broader view. Director Keogh stated that he would support a South County representative on the RTC next year. Director Tavantzis stated her case for being appointed to the RTC and gave a brief history of her background and why she would be valuable as the Board's appointee to the RTC.

Public input included Ian McFadden of SEA stating that he would like the RTC budget discussions to take place at the METRO Board meeting so union representatives have input.

Michael Posner representing the Campaign for Sensible Transportation and several other groups also spoke and stated that he would like to see how the appointees vote since he doesn't think the voting always represents the ridership of METRO. He stated that he is concerned about "at large" appointees being manipulated by elected officials and that it is an integrity issue of METRO to have as many elected members as possible. Director Keogh took exception to these comments. Mr. Posner added that the issue of the Highway 1 widening is something that he is not sure the bus riders want but that he would do a poll in the community.

Paul Marcelin-Sampson stated his support for Director Tavantzis being an appointee to the RTC since she is from Watsonville and has an appreciation of issues related to the Watsonville-Santa Cruz corridor. He added that on the Highway 1 widening issue the benefits to the bus rider should to be looked at to validate a measure to raise taxes. Director Rotkin wanted to reiterate that the City of Santa Cruz never took a position on the widening of Highway 1. The City had views on the particular committee that was being created but took a clear position that residents had the right to vote on the widening. Director Skillicorn stated that he supports Director Tavantzis being appointed to the RTC. He added that if only elected officials were considered then Director Spence would not be on the RTC.

ACTION: VOTE ON APPOINTMENTS TO THE REGIONAL TRANSPORTATION COMMISSION (RTC)

Appoint Directors Keogh, Reilly and Spence to the RTC with Directors Tavantzis, Rotkin and Hinkle as 1st, 2nd and 3rd alternates, respectively.

Appointments were approved by a vote of 7 ayes and 4 noes.

ACTION: MOTION: DIRECTOR BEAUTZ SECOND: DIRECTOR ROTKIN

Put abbreviated report on the Consent Agenda each month on how the members voted at the RTC meetings.

ACTION: MOTION: DIRECTOR SPENCE SECOND: DIRECTOR ROTKIN

Direct staff to submit a report on funds from the RTC that are available to METRO.

Motion passed unanimously.

ITEM #16 WAS TAKEN OUT OF ORDER AT THIS TIME.

16. CONSIDERATION OF ACCEPTANCE OF THE IMPLEMENTATION STATUS REPORT FOR THE METRO ADVISORY COMMITTEE (MAC)

Summary:

Les White reported that the staff report reflects the status of implementing the Metro Advisory Committee (MAC). He added that signs soliciting applications were placed on all buses in addition to sending out information to MASTF and MUG participants and other community groups. Once a number of applications are received, staff would solicit input from the Board members. Applications will be sent to the Directors in February for consideration in making their appointments. The initial meeting of MAC will take place in March.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR SKILLICORN

Accept the implementation status report on MAC.

Michael Bradshaw of CCCIL asked if a certain percentage of the MAC membership would be comprised of seniors and disabled members as discussed a few months ago. He was informed that there is a 1/3 requirement for people with disabilities to be on MAC but no stipulation as to seniors. Director Spence mentioned the appointment to the ParaCruz Appeals Panel and Mr. White informed her that this appointment would be made from MASTF. She requested a copy of the minutes where this was approved. Director Spence asked that there be a future agenda item to discuss the possibility of having alternates on MAC.

Motion passed unanimously.

8. CONSIDERATION OF PROVISION OF SUPPORT SERVICES TO THE METRO ACCESSIBLE SERVICES TRANSIT FORUM (MASTF)

Summary:

Mr. White reported that this item is to clarify issues after action was taken on October 24, 2003. As a result of the Board actions, new responsibilities would take affect in April. The issues of a secretary to take MASTF minutes and the assignment of staff were brought back due to

interpretation questions from either MASTF or staff. Attached to the staff report are Mr. White's understanding of the Board actions.

Discussion:

Discussions included the keys to the file cabinet for MASTF and it was noted that MASTF would have control of the keys. Director Spence asked that the following wording be included in the District Bylaws pertaining to MASTF: 14.01 (ii) (b) "The District shall help in the preparation, distribution, and posting of meeting notices and agendas." 14.01 (ii) (a) "The MASTF is an independent volunteer organization that advises provides advice to the SCMTD Board of Directors...." She further recommended that the Administrative Services Coordinator be given the authority to determine which attachments should be included with the MASTF agenda packet.

Sharon Barbour was authorized by MASTF to submit a letter to the Board stating her concerns about recent Board actions. A copy of this letter is attached to these minutes. Ms. Barbour read the following motions that were made at MASTF's January meeting:

- 1) MASTF requests that METRO provide copies of the MASTF packet.
- 2) That the Accessible Services Coordinator continue in the traditional role/relationship with MASTF.
- 3) That the Accessible Services Coordinator remain the telephone liaison for MASTF.

Kasandra Fox read a letter to the Board protesting any changes in the status, management and financing of MASTF. A copy of this letter is attached to these minutes.

Jeff LeBlanc read his letter to the Board which is a part of the agenda packet as Item #2-c.

Scott Bugental of E&D TAC and the Seniors Council is in favor of continued support by METRO for MASTF in the form of photocopying MASTF's agenda packet and retaining the Accessible Services Coordinator's (ASC) role in MASTF.

Michael Bradshaw of CCCIL expressed concern about the seven support services that METRO would provide to MASTF. He urged the Board to retain the ASC's role with MASTF.

Brad Neily, Californians for Disability Rights, questioned fair treatment between MAC and MASTF. He stated that the level of support should be equal between the two entities. He added that there is no need to restrict access to MASTF's records since these are public documents. He stated that MASTF's independent status is misunderstood and is meant to preserve its objectivity. He added that the ASC's role should continue with MASTF.

Paul Marcelin-Sampson of Metro Riders Union supports METRO staff's intended action regarding MASTF. He outlined the cost savings measures his union takes on photocopying, postage, etc.

Director Rotkin ended this discussion by reiterating that MASTF has complete control of its bylaws with no input by the METRO Board. Any funds given to MASTF would be a "gift of public funds".

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR BEAUTZ

Accept Les White’s interpretation of the Board’s earlier actions. If there is some way METRO could provide reproduction of the agenda packet at a cheaper rate, staff could help accommodate the reproduction by allowing MASTF staff to utilize METRO’s copying facilities and MASTF would be billed by METRO at the cheaper reproduction rate. It is within the General Manager’s authority to determine which staff member will attend MASTF meetings.

Director Spence confirmed with Les White that since the creation of the ASC position in 1988, there has not been any reference to being the MASTF support person in this job description.

Motion passed unanimously.

9. MOVED TO CONSENT AGENDA AS ITEM #5-11

12. DELETED – PENDING FURTHER INFORMATION

ITEM #17 WAS TAKEN OUT OF ORDER AT THIS TIME.

17. CONSIDERATION OF LOWERING THE COST TO OPERATE THE CITY OF WATSONVILLE’S “FREE SHOPPER SHUTTLE” BY \$396.00

Discussion:

Director Rotkin stated that when the City of Santa Cruz was short of funds for the First Night volunteers’ bus passes, City representatives went out to raise funds for this service. He asked if it was a misunderstanding that was mutual as far as the shortfall of funds for Watsonville’s Free Shopper Shuttle. Mr. Baehr responded that the misunderstanding was, in fact, mutual.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR AINSWORTH

Approve request of the City of Watsonville to lower the bill for the provision of the “Free Watsonville Shopper Shuttle” by \$396.00

Motion passed unanimously.

ITEM #19 WAS TAKEN OUT OF ORDER AT THIS TIME.

19. CONSIDERATION OF CALL STOP AUDIT REPORT

ACTION: MOTION: DIRECTOR KEOGH SECOND: ROTKIN

Move this item to the February 13, 2004 Board meeting. Extend today’s meeting beyond 12:00 noon. Take Item #15 next and take immediate action.

Motion passed unanimously.

ITEM #15 WAS TAKEN OUT OF ORDER AT THIS TIME.

15. **PUBLIC HEARING FOR CONSIDERATION OF AUTHORIZING THE APPLICATION AND EXECUTION OF AN FTA GRANT FOR URBANIZED AREA FORMULA FUNDS FOR FY 2004**
PUBLIC HEARING WILL BE HELD AT 9:00 A.M.

Discussion:

The Chair opened the public hearing and invited the public to address the Board on this issue. There was no public input on this item.

The public hearing was closed.

ACTION: MOTION: DIRECTOR BEAUTZ SECOND: DIRECTOR ROTKIN

Adopt the Program of Projects and authorize an application for Federal Transit Administration Urbanized Area Formula Funds.

Motion passed unanimously.

DIRECTOR SPENCE LEFT THE MEETING.

ITEM #14 WAS TAKEN OUT OF ORDER AT THIS TIME.

14. **CONSIDERATION OF APPROVAL OF THE REVISED FORMATION AGREEMENT FOR THE HIGHWAY 1 WIDENING/HOV HCA/JOINT POWERS AUTHORITY**

Summary:

Director Beautz reiterated that the only changes in the agreement are the amount of funds from other jurisdictions. Otherwise, it is the exact same agreement the Board approved in the past with no participation from the City of Santa Cruz.

ACTION: MOTION: DIRECTOR BEAUTZ SECOND: DIRECTOR AINSWORTH

Approve the revised Formation Agreement for the Highway 1 Widening/HOV HCA/Joint Powers Authority.

Discussion:

Director Rotkin stated that he would be voting no on this agreement since it is an inappropriate time for such a committee.

Motion passed with Director Rotkin voting no and Director Spence being absent.

ITEM #13 WAS TAKEN OUT OF ORDER AT THIS TIME.

13. CONSIDERATION OF PARACRUZ TRANSITION PLAN TO TAKE OPERATIONS IN-HOUSE FROM COMMUNITY BRIDGES

Summary:

Bryant Baehr gave a brief history of this issue and a slide presentation. He cited the following costs of the three scenarios for the paratransit service: Staying with Community Bridges at the current rate - \$2,636,204; bringing the service in-house - \$2,720,760; and blended operations - \$2,504,000. He proceeded to give the breakdown of in-house costs.

DIRECTOR SPENCE RETURNED TO THE MEETING.

He clarified that the blended operations would be 80% METRO and 20% sub-contracted out. This blended service would add on 13 new positions at METRO.

DIRECTOR SKILLICORN LEFT THE MEETING.

Mr. Baehr showed a slide on the Community Bridges percentage of revenues and stated that METRO's contribution is approximately 17% to Community Bridges. If the service was brought in-house, the only change to the customer would be a phone number. He referred to the Task 14 from the MultiSystems report done in FY 99/00 and stated that since that report, certain criteria have changed.

Discussion:

Discussion involved whether current METRO employees would be given priority for the 13 new positions, whether non-union subcontractors would be utilized, and the advantages and limitations of brokering out the service vs. having it in-house. Mr. Baehr stated that the brokerage model would provide maximum flexibility. Director Rotkin asked if staff looked at capacity for taking over the other Community Bridges operations and was informed that METRO is already doing 48% of it and it would be up to the Board as to whether METRO took over the balance of the services.

DIRECTOR KEOGH LEFT THE MEETING.

The MediCal cuts of 40% were discussed and Director Beutz mentioned that now any MediCal rides needs to be verified prior to authorization. The Stroke Center rides are not covered by MediCal since they are considered educational.

Sam Story confirmed that the reimbursement rate for MediCal rides was reduced by 40% and that a new administrative procedure to approve these rides has been in place since November 1, 2003. Implementation of this procedure resulted in 3,000 rides in October vs. 2,000 in November and 2,400-2,500 rides in December where it should level off. Additional reasons why there is a reduction in MediCal rides would be that the number of destinations have been refined, such as changes in rides to pharmacies. Les White added that the co-mingling issue would come back to the Board in February.

Public Input:

Sam Story stated that Bryant Baehr has done a good job but he assured the Board that if METRO takes paratransit in-house, Community Bridges would continue with their other services. Mr. Story gave a background on the 11/6/03 and 11/19/03 letters that Bryant Baehr referred to and clarified that the two options given were not the only options presented but they were the reality at the time. He is glad that the Board will wait until after the February 5th Paratransit Summit meeting to make any decisions. Mr. Story stated that an integrated system with one infrastructure that could provide a level of efficient service and is efficient to access from all users would be best. Mr. Story is also concerned with METRO consolidating other types of service when he has heard many times that METRO is not a social service provider.

Bonnie Morr thanked Director Spence for recognizing some labor issues. UTU represents bus operators and she stated that the staff report presented is difficult to deal with. She is working with Sam Story to help contain his costs. UTU is representing the low wage earners who are currently with Lift Line and UTU would like to maintain the ability to represent Lift Line workers.

CHAIRPERSON REILLY LEFT THE MEETING; DIRECTOR AINSWORTH ASSUMED THE CHAIRPERSON ROLE AT THIS TIME.

Bob Yount, Vice Chair of MASTF, asked the Board to wait until after the February 5th summit meeting to make any decisions.

Joe Keffer of SEIU Local 415 stated that this issue not only impacts METRO employees but also the Community Bridges child care workers that they represent as well. When he met with the District two months ago, he was only aware of the options of remaining with Community Bridges or bringing it in-house. He just found out about the Blended option. He is concerned that if the service is brought in-house at METRO, that there are UTU jobs at stake at Community Bridges and that the Community Bridges operation could become a non-union operation. He addressed the question of whether jobs created by bringing this service in-house would be UTU or SEIU and he thinks the unions have worked out the jurisdiction issue by themselves. He asked that the Board look at all these issues before making a final decision.

EX OFFICIO DIRECTOR SCOTT LEFT THE MEETING.

Bart Cavallaro had been a 19-year member of the METRO Board and RTC. He is also a member of Santa Cruz County and stated that cost is what brought this issue to the forefront. He stated that METRO has been more of a forerunner in assisting the disabled community than most of the country. He addressed the issue of Community Bridges needing an additional \$450,000 and the fact that they are saying that they are supporting ADA but if ADA is taken away, they would need money to keep present functions going. Mr. Cavallaro stated that the Board needs to be compassionate but at the same time METRO needs to spend its funds wisely.

Scott Bugental is happy that the Board will wait until after the summit to make any decisions. He encouraged the Board to look at MultiSystems' Task 14 and the Executive Summary. He asked that the Board remember seniors and the disabled since they have the biggest stake in this decision.

Michael Bradshaw of CCCIL is also happy about the decision waiting until after the summit and for Director Rotkin's opinions of keeping all services under one phone number and location. He hopes the summit will produce a good quality system that will maintain the level of service that Santa Cruz is used to.

Kathleen Johnson, Ombudsman Advocate, supports holding action off until after the summit. She listed the location and time of this summit and encouraged the community to participate. She stated that it would be very confusing to the consumer to take a consolidated system and splice off parts of it.

Public Comment Closed

Director Spence reminded the Board that METRO invested \$350,000 in consultant studies in order to see what to do to meet ADA requirements. Numerous public meetings resulted in the Customers Guide and Policy and Procedures. The ADA system is working fine right now. She is not in favor of putting off any progress made in order to wait for the summit since she sees the summit as rehashing the same issues. She is opposed to changing the way METRO delivers the service.

ACTION: MOTION: DIRECTOR ROTKIN SECOND: DIRECTOR BEAUTZ

Direct Staff to continue refining costs and organizational issues involved in future paratransit in terms of three options looked at. Reiterate former direction to staff to attend the summit and represent METRO's interests and answer questions. Postpone the decision about how we will structure provision of paratransit services to the first meeting following the summit. Schedule a closed session to begin discussions of items listed regarding labor decisions.

Director Beautz stated that she is not willing to pay more to Community Bridges while waiting for the summit. Director Tavantzis will not be at the summit but requested the following information: 1) quantify startup costs of options recommended. 2) provide more information on the timeline for training on Trapeze Software for scheduling. She is concerned about the timing for hiring and training. She wants to discuss the closed session items in more details prior to making a decision to change the system.

Director Ainsworth would like more information on the potential of sharing a phone number with Community Bridges even if the service is split. Director Stone asked if there were ways to mitigate the issues of operations, impact on workforce, subcontracting the services out. He stated if METRO would be outsourcing a lot of this service, there might be a better way to fiscally manage this.

Motion passed unanimously.

22. REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION: District Counsel

Margaret Gallagher stated that it was not necessary to take the closed session items today.

ADJOURN

There being no further business, Director Ainsworth adjourned the meeting at 1:11 p.m.

Respectfully submitted.

Dale Carr
Administrative Services Coordinator

DRAFT

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
 CHECK JOURNAL DETAIL BY CHECK NUMBER
 ALL CHECKS FOR COAST COMMERCIAL BANK

DATE: 01/01/04 THRU 01/31/04

LINE	CHECK NR	CHECK DATE	CHECK AMOUNT	VENDOR NUMBER	VENDOR NAME	VENDOR TRANS. TYPE NUMBER	TRANSACTION DESCRIPTION	TRANSACTION AMOUNT	COMMENT
517	01/09/04		275.00	001016	ALLARD'S SEPTIC SERVICE, INC.	58	HAC WASTE DISPOSAL	325.00	
						59	HAC WASTE DISPOSAL	570.00	
518	01/09/04		3,443.00	001026	DRIVER ALLIANT INSURANCE	60	AUDIT-EXCESS W029/03	3,443.00	
519	01/09/04		9,669.96	001045	VISION SERVICE PLAN	205	JAN VISION INSURANCE	9,669.96	
520	01/09/04		1,596.02	001063	NEW FLEEF INDUSTRIES LIMITED	61	REV VEH PARTS 1596	1,596.02	
521	01/09/04		35.10	00111E	BRINKS TROPHY SHOPPE	7	UNIFORMS/OPS	35.10	
522	01/09/04		748.50	001263	ABBOTT STREET RADIATOR, INC.	63	REPAIR RADIATOR/9810	748.50	
523	01/09/04		66.75	001296	LEXISNEXIS MATTHEW BENDER	64	WC LAWS OF CA 2004	66.75	
524	01/09/04		183.62	001315	WASTE MANAGEMENT OF SC CO	65	DEC MT WERMON/KINGS	41.60	
						66	DEC KINGS MULLAGE	142.03	
525	01/09/04		84,560.22	001316	DEVCO OIL	67	DEC FUEL	84,560.22	
526	01/09/04		2,480.82	001346	CITY OF SANTA CRUZ	68	PARKING DEF EEEF	1,206.94	
						69	03/04 COOP RETL MGMT	1,273.88	
527	01/09/04		6,980.00	001365	BORTNICK, ROBERT S. & ASSOC.	7	INVESTIGATIVE SVCS	1,980.00	
						71	CALL STOP SURVEY	5,000.00	
528	01/09/04		412.00	001523	SANTA CRUZ MEDICAL CLINIC	7	NOV MEDICAL EXAMS	412.00	
529	01/09/04		20,527.40	001616	UNUM	206	JAN LTD INSURANCE	20,527.40	
530	01/09/04		167,477.64	001762	COMMUNITY BRIDGES	73	NOV ADA PARATRANSIT	167,477.64	
531	01/09/04		160.00	001817	SOCIETY FOR HUMAN RESOURCE	74	MEMBERSHIP 3/04-2/05	160.00	
532	01/09/04		80.55	001921	GLOBAL EQUIPMENT CO.	75	PARTS & SUPPLIES	80.55	
533	01/09/04		2,625.00	002020	POOL, C. ALLEN	76	PROF SVCS	2,625.00	
534	01/09/04		336.50	002028	WESTCOAST LEGAL SERVICE	7	PROF/TECH SVCS	336.50	
535	01/09/04		372.21	002063	COSTCO	73	PHOTO PROCESS/OPS	23.48	
						79	COFFEE CLUB SUPPLIES	71.02	
						80	LOCAL MEETING EXP	20.79	
						81	PHOTO PROCESS/OPS	8.69	
						82	WINTER BID CHANGE	241.22	
						83	LOCAL MEETING EXP	8.01	
536	01/09/04		213.35	002069	A TOOL LENDER INC.	84	EQUIPMENT RENTAL	213.35	
537	01/09/04		135.72	002094	TRANSIT CARE, INC.	85	PARTS & SUPPLIES	135.72	
538	01/09/04		15,629.73	002104	SELF-INSURANCE PLANS	86	CA W/C FEE ASSESSMNT	15,629.73	
539	01/09/04		1,711.04	002106	AMERICAN SUPPLY COMPANY	87	CLEANING SUPPLIES	1,711.04	
540	01/09/04		2,000.00	002267	SHAW & YODER, INC.	88	NOV LEGISLATIVE SVCS	2,000.00	
541	01/09/04		569.89	002278	CHEMSEARCH	89	PUREWASH SYSTEMS	569.89	
542	01/09/04		2,923.62	002287	CALIFORNIA SERVICE EMPLOYEES	90	JAN MEDICAL	2,923.62	
543	01/09/04		218.25	002323	NORTHERN SAFETY CO., INC.	91	SAFETY SUPPLIES 208	218.25	
544	01/09/04		3,750.00	002346	CHANEY, CAROLYN & ASSOC., INC.	92	JAN LEGISLATIVE SVCS	3,750.00	
545	01/09/04		453.65	002459	SCOTTS VALLEY WATER DISTRICT	93	10/14-12/9 KINGS VLB	28.50	
						94	10/14-12/9 KINGS VLB	425.15	
546	01/09/04		546.59	002504	TIFCO INDUSTRIES	95	PARTS & SUPPLIES	546.59	
547	01/09/04		2,070.18	002624	DIGITAL RECORDERS	96	8TY 20 FLASH CARDS	2,070.18	
548	01/09/04		144.34	002639	NETEL COMMUNICATIONS	97	11/26-12/25 PHONES	144.34	
549	01/09/04		128.05	002689	B & B SMALL ENGINE REPAIR	98	REPAIRS/MAINTENANCE	30.61	
						99	REPAIRS/MAINTENANCE	97.44	
550	01/09/04		3,021.05	002713	SANTA CRUZ AUTO TECH, INC	100	OUT REPAIR/#708	2,495.59	
						101	OUT REPAIR/#110	201.41	
						102	OUT REPAIR/#8021	197.45	
						103	OUT REPAIR/#9601	156.60	
551	01/09/04		785.53	004	NORTH BAY FORD LINCOLN-MERCURY	104	REV VEH PARTS	785.53	
552	01/09/04		11,971.64	009	BORTELLO DOWNS & ELECTRIC	105	11/25-12/24 BAKATA	10.43	

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
 CHECK JOURNAL DETAIL BY CHECK NUMBER
 ALL CHECKS FOR COAST COMMERCIAL BANK

DATE: 01/01/04 THRU 01/31/04

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					107 12/2-12/30 HARV WEST	77.55	
					108 12/2-12/30 GOLF CLUB	1,457.24	
					109 12/2-12/30 GOLF CLUB	1,579.27	
					110 12/2-12/30 RIVER	1,702.34	
					111 12/2-12/30 111 DUB	660.26	
					112 12/2-12/30 111 DUB	1,242.53	
					113 12/2-12/30 RIVER	490.58	
					114 12/2-12/30 370 ENC	1,011.99	
					115 12/2-12/30 370 ENC	1,192.81	
					116 11/27-12/29 RDRIGUEZ	68.34	
					117 11/27-JAN/04 BEACH	101.20	
					118 11/25-12/24 SAKATA	10.63	
1549	01/09/04	4,591.51	016 SALINAS VALLEY FORD SALES		119 REV VEH PARTS/SUPPLY	1,633.52	
					120 REV VEH PARTS	2,907.99	
1550	01/09/04	367.65	020 ADT SECURITY SYSTEMS		121 JAN ALARMS	267.83	
					122 JAN ALARMS	99.79	
1551	01/09/04	156.14	061A REGISTER PAJARONIAN		123 CLASSIFIED ADS	156.14	
1552	01/09/04	268.33	009 KENVILLE & SONS LOCKSMITH	7	124 DEC LOCKS/KEYS	268.33	
1553	01/09/04	119.55	075 COAST PAPER & SUPPLY INC.		125 CLEANING SUPPLIES	119.55	
1554	01/09/04	17,909.09	035 DIXON & SON TIRE, INC.		126 OIL REPAIR REV VEH	1,320.50	
					127 DEC TIRES/TUBES	16,778.59	
1555	01/09/04	66.94	115 SNAP-ON TOOLS CORPORATION		128 PLATEMT HEAD/FLEET	66.94	
1556	01/09/04	709.96	135 SANTA CRUZ AUTO PARTS, INC.		129 REV VEH PARTS/SUPPLY	709.96	
1557	01/09/04	281.55	147 ZEE MEDICAL SERVICE		130 SAFETY SUPPLIES	93.69	
					131 SAFETY SUPPLIES	187.86	
1558	01/09/04	143.01	149 SANTA CRUZ SENTINEL		132 NOV ADVERTISING/HRD	143.01	
1559	01/09/04	291.55	156 PRINT GALLERY, THE		133 PRINT ROUTE STICKERS	291.55	
1560	01/09/04	55.79	172 CENTRAL WELDER'S SUPPLY, INC		134 PARTS & SUPPLIES	55.79	
1561	01/09/04	1,772.26	191 GOLDENKEY PETROLEUM		135 DEC FUEL - FLEET	1,772.26	
1562	01/09/04	199.75	192 ALWAYS UNDER PRESSURE		136 REPAIRS/MAINTENANCE	199.75	
1563	01/09/04	323.88	221 VEHICLE MAINTENANCE PROGRAM		137 REV VEH PARTS 324	323.88	
1564	01/09/04	2,309.39	282 GRAINGER INC. W.W.		138 REV VEH PARTS	2,108.85	
					139 LIGHT FIXTURES/2200	200.54	
1565	01/09/04	180.00	291 STANLEY ACCESS TECHNOLOGIES		140 REPAIR METRO DOOR	180.00	
1566	01/09/04	189.64	296 ERGONOMETRICS		141 SODRING SVCS/53 APPS	189.64	
1567	01/09/04	125.29	372 FEDERAL EXPRESS		142 NOV/DEC MAILINGS	125.29	
1568	01/09/04	2,923.13	376 STEWART & STEVENSON		143 REV VEH PARTS	334.37	
					144 REV VEH PARTS	1,321.16	
					145 REV VEH PARTS	1,267.58	
1569	01/09/04	89.36	393 APPLIED GRAPHICS, INC.		146 FUEL CARDS/FLEET	89.36	
1570	01/09/04	902.86	432 EXPRESS PERSONNEL SERVICES		147 TEMP W/E 11/30 FLT	416.50	
					148 TEMP W/E 12/7 FLT	484.36	
1571	01/09/04	57.06	434 VERIZON WIRELESS-PAGERS		149 JAN PAGERS	57.06	
1572	01/09/04	53.65	434B VERIZON CALIFORNIA		150 MT. BLENLASKI	53.65	
1573	01/09/04	206.22	435 WEST PAYMENT CENTER		151 CA ODDE 2004/LBL	14.04	
					152 NOV ACCESS CHGS	96.55	
					153 CA CIVL RULES 04/LBL	52.92	
					154 CA VEH ODDE 04/LBL	42.67	
1574	01/09/04	475.20	480 DIESEL MARINE ELECTRIC		155 REV VEH PARTS	475.20	

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
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DATE: 01/01/04 THRU 01/31/04

CK #	CHECK DATE	CHECK VENDOR AMOUNT	VENDOR NAME	VENDOR TRANS. TYPE NUMBER	TRANSACTION DESCRIPTION	TRANSACTION AMOUNT	TRANSACTION COMMENT
575	01/09/04	271.00	461 BIRD PIPER EXTERMINATORS, INC.	156	DEC PEST CONTROL	271.00	
				57	CHINA EXPRESS	50.00	
576	01/09/04	271.00	572 CA PUBLIC EMPLOYEES	158	JAN MEDICAL INS	266,244.51	
577	01/09/04	1,445.43	504 CUMMINS WEST, INC.	159	REV VEH PARTS	1,445.43	
578	01/09/04	79.39	534 REGENTS OF UNIVERSITY OF CALIF	160	CA TORT GUIDE UP 02	79.39	
579	01/09/04	34.21	546 GRANITE ROCK COMPANY	161	BASE BRCK/BUS STOPS	34.21	
580	01/09/04	79.35	579 LAB SAFETY SUPPLY INC.	162	SAFETY SUPPLIES 09	79.35	
581	01/09/04	24.62	661 6FI GENFARE	163	REV VEH PARTS	24.62	
				164	REV VEH PARTS	170.50	
				165	REV VEH PARTS	780.30	
582	01/09/04	59.24	669 COMPUTER BOOK DIRECT	166	BUY 2 BOOKS/IT 59	59.24	
583	01/09/04	10,463.00	676 WEBER, HAYES & ASSOCIATES	167	PROF/TECH SVCS	10,463.00	
584	01/09/04	70.00	682 WEISS, AMY L.	168	PROF SVCS 12/19	70.00	
585	01/09/04	9,056.25	683 TRISTAR RISK MANAGEMENT	169	JAN WC SVC FEE	9,056.25	
586	01/09/04	820.70	732 CLAREMONT BEHAVIORAL SERVICES	170	JAN EAP PREMIUM	820.70	
587	01/09/04	308.81	801 LOUIS AND RIPARETTI, INC.	171	LEAKS SRVY OFFICE/MET	308.81	
588	01/09/04	8,211.00	804 ORTHOPAEDIC HOSPITAL	7	NOV ROF/TECH SVCS	8,211.00	
589	01/09/04	1,765.33	851 I.M.P.A.C. GOVERNMENT SERVICES	173	4055019201231222	1,765.33	
590	01/09/04	1,312.05	852 LAW OFFICES OF MARIE F. SANG	7	WORKERS COMP CLAIM	266.00	
				175	WORKERS COMP CLAIM	582.05	
				176	WORKERS COMP CLAIM	1,064.00	
591	01/09/04	6,744.03	904 BNI DESIGN	177	REIMBRS EXP TO 11/30	6,744.03	
592	01/09/04	62,943.66		178	PROF SVCS THRU 11/30	62,943.66	
593	01/09/04	2,550.57		179	OUT REPAIR REV VEH	2,550.57	
594	01/09/04	538.55		180	TAPE/VIOLENCE WRK PL	538.55	
595	01/09/04	294.99		181	REPAIRS/MAINTENANCE	294.99	
596	01/09/04	627.00		182	DEC MAINTENANCE	627.00	
597	01/09/04	23,000.00		183	SPCL REPLENISHMENT	23,000.00	
				184	SPCL REPLENISHMENT	12,509.64	
				185	SPCL REPLENISHMENT	10,165.37	
				186	DEC TRUST ACCOUNT	13,098.05	
597	01/09/04	100.00	8001 AINSWORTH, SHERYL	7	DEC BOARD MEETING	100.00	
598	01/09/04	50.00	8003 BEAUTZ, JAN	7	DEC BOARD MEETING	50.00	
599	01/09/04	50.00	8006 HINKLE, MICHELLE	7	DEC BOARD MEETING	50.00	
600	01/09/04	100.00	8007 KEOSH, MICHAEL	7	DEC BOARD MEETING	100.00	
601	01/09/04	50.00	8010 MORTON, DENNIS	7	DEC BOARD MEETING	50.00	
602	01/09/04	100.00	8011 REILLY, EMILY	7	DEC BOARD MEETING	100.00	
603	01/09/04	100.00	8012 SPENCE, PAT	7	DEC BOARD MEETING	100.00	
604	01/09/04	100.00	8013 VENTURA PHARES, MARA	7	DEC BOARD MEETING	100.00	
605	01/09/04	50.00	8014 CITY OF WATSONVILLE	7	DEC BOARD MEETING	50.00	
606	01/09/04	100.00	8015 ROTKIN, MIKE	7	DEC BOARD MEETING	100.00	
607	01/09/04	33.50	802 STICKEL, TOM	7	INTERVIEW PANEL	33.50	
608	01/09/04	66.00	8085 HALL, JIM	7	DNK MEDICAL EXAM	66.00	
609	01/09/04		809 HOWARD, WARD	7	MEDICAL DEDUCTIONS	169.40	
610	01/09/04	42.35	8395 GARCIA, SAMUEL	7	MEDICAL DEDUCTIONS	42.35	
611	01/09/04	130.92	8397 BALLAGHER, MARGARET	7	MILEAGE SAC/SJ OCT03	130.92	
612	01/09/04	44.00	847 YOWA SERGIO GONZALEZ	7	DMV/VTT FEES 095	44.00	
613	01/09/04	189.14	8423 MILLER, MICHAEL	7	MEDICAL DEDUCTIONS	189.14	
614	01/09/04	224.78	845 WHITE, LES	7	LEG MTG/APTA 12/3-8	224.78	
615	01/15/04	269.94	002164 CLARION HOTEL	313	1/17-1/22 MCFADDEN	269.94	MANUAL

DATE: 01/01/04 THRU 01/31/04

CHECK #	CHECK DATE	CHECK AMOUNT	VENDOR NAME	VENDOR TRANS. TYPE	TRANS. NUMBER	TRANSACTION DESCRIPTION	TRANSACTION AMOUNT	COMMENT
550	01/15/04	120.00	1/19-1/22 MCFADDEN MCFADDEN, IAN		314	NTI METRO PLANNING	120.00	MANUAL
517	01/23/04	1,074.88	NTI METRO PLANNING		207	JAN PHONE LINE/IT	534.53	
					208	JAN PHONE LINES	86.17	
					209	JAN PHONE LINES	394.23	
518	01/23/04	103.82	EMER COMPANY		210	REV VEH PARTS 104	103.82	
519	01/23/04	500.58	MID VALLEY SUPPLY		211	CLEANING SUPPLIES	309.48	
					212	CLEANING SUPPLIES	92.62	
					213	BROOMS/BRUSHES/2200	92.28	
520	01/23/04	5,471.25	NEW FLYER INDUSTRIES LIMITED		214	REV VEH PARTS 1830	1,727.68	
					215	REV VEH PARTS 350	350.00	
					216	REV VEH PARTS 202	202.33	
					217	REV VEH PARTS 2572	2,571.72	
					218	REV VEH PARTS 252	251.83	
					219	REV VEH PARTS 216	212.22	
					220	REV VEH PARTS 53	53.47	
521	01/23/04	110.00	COAST COUNTIES GLASS, INC.		221	REPR SHED DOORS/WTC	110.00	
522	01/23/04	3,705.00	DOMINICAN HOSPITAL OF S C		222	NOV DRUG TESTING	781.00	
					223	DEC DRUG TESTING	1,294.00	
					224	DEC MEDICAL EXAMS	1,600.00	
523	01/23/04	323.56	WASTE MANAGEMENT OF SC CO		225	JAN-MAR LOMOND/HY	32.90	
					226	JAN-MAR BIG BASIN/HY	32.90	
					227	JAN-MAR AIRPORT/FREE	254.74	
524	01/23/04	152.58	MOORE MATERIAL HANDLING GROUP		228	OUT REPAIR FORKLIFT	152.58	
525	01/23/04	4,455.00	EVERGREEN OIL INC.		229	HAZ WASTE DISPOSAL	4,455.00	
526	01/23/04	878.94	NEW PIG CORPORATION		230	REPAIRS/MAINTENANCE	878.94	
527	01/23/04	32.45	STEVE'S UNION		231	NOV/DEC FUEL	32.45	
528	01/23/04	180.35	STODLEY'S SMALL ENGINE SERVIC 7		232	REPAIRS/MAINTENANCE	180.35	
529	01/23/04	557.23	THERMO KING OF SALINAS, INC		233	REV VEH PARTS	557.23	
530	01/23/04	70.00	BAY COMMUNICATIONS		234	OUT REPAIR PHONES	70.00	
531	01/23/04	1,660.00	SWRCB FEES		235	STORM WATER PERMITS	1,660.00	
532	01/23/04	129.46	MCI		236	DEC LONG DISTANCE	129.46	
533	01/23/04	2,723.03	SBC/MCI		237	DEC PHONE LINE/IT	92.23	
					238	DEC PHONE LINE/IT	177.26	
					239	DEC PHONE LINE/IT	177.26	
					240	DEC PHONES	2,276.28	
534	01/23/04	36.81	COSTCO		241	PHOTO PROCESS/OPS	12.97	
					242	PHOTO PROCESS/OP 5	23.84	
535	01/23/04	27,247.74	FIRST ALARM		243	DEC SECURITY	27,247.74	
536	01/23/04	122.38	NORTHERN SAFETY CO., INC.		244	HIPPOPORT DRYVAC 11 1	122.38	
537	01/23/04	556.63	TIFCO INDUSTRIES		245	PACFC-2 SUPPLIES	556.63	
538	01/23/04	329.44	WESTIN HORTON PLAZA		246	CONF#257222047	329.44	
539	01/23/04	253.80	IOS CAPITAL		247	1/22-2/21 DANON RENT	253.80	
540	01/23/04	1,005.52	SANTA CRUZ AUTO TECH, INC		248	OUT REPAIR/#6022	1,005.52	
541	01/23/04	34,117.03	PACIFIC GAS & ELECTRIC		249	12/3-1/3 920 PACIFIC	1,401.34	
					250	12/3-1/3 920 PACIFIC	484.43	
					251	12/3-1/3 920 PACIFIC	301.93	
					252	12/11-1/9 KINGS VILL	537.27	
					253	12/11-1/9 KINGS VILL	130.49	

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
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DATE: 01/01/04 THRU 01/31/04

CH EF	CHECK DATE	CHECK AMOUNT	VENDOR NAME	VENDOR NAME	TRANS. TYPE	TRANS. NUMBER	TRANSACTION DESCRIPTION	TRANSACTION AMOUNT	COMMENT
						254	12/11-1/9 KINGB VILL	91.80	
						255	12/13-1/14 PAUL SWT	90.42	
						256	9/30-10/31 CNG/B RVR	9,327.57	
						257	10/31-11/30CNG/B RVR	9,247.99	
						258	11/30-12/31CNG/B RVR	10,490.03	
						259	12/2-12/30 CNG/E RVR	1,415.79	
642	01/23/04	24.00	020	ADT SECURITY SYSTEMS		260	ANNUAL BILLING SVCS	24.00	
643	01/23/04	290.87	036	KELLY-MOORE PAINT CO INC.		261	MISC PAINT/SUPPLIES	290.87	
644	01/23/04	67.13	037	KINKO'S INC.		262	DEC PRINTING	67.13	
645	01/23/04	2,366.34	041	MISSION UNIFORM		315	DEC UNIFORMS/LAUNDRY	73.23	
						316	DEC UNIFORMS/LAUNDRY	460.53	
						317	DEC UNIFORMS/LAUNDRY	1,862.53	
646	01/23/04	37.52	042	ORCHARD SUPPLY HARDWARE		263	REPAIRS/MAINTENANCE	37.52	
647	01/23/04	1,306.72	043	PALACE ART & OFFICE SUPPLY		264	OFFICE SUPPLIES	1,306.72	
648	01/23/04	12,941.94	071	SANTA CRUZ MUNICIPAL UTILITIES		265	10/28-12/30 PACIFIC	120.14	
						266	10/28-12/30 PACIFIC	3,983.30	
						267	10/28-12/29 GOLF CLU	1,616.06	
						268	10/28-12/29 ENCINAL	134.32	
						269	10/28-12/29 ENCINAL	1,657.80	
						270	10/28-12/29 RIVER ST	4,044.30	
						271	10/28-12/29 111 DUB	1,360.60	
						272	DEC LANDFILL	5.20	
649	01/23/04	1,295.00	080	STATE BOARD OF EQUALIZATION		273	OCT-DEC USE TAX	1,295.00	
650	01/23/04	1,941.73	080A	STATE BOARD OF EQUALIZATION		274	OCT-DEC FUEL TAX	1,941.73	
651	01/23/04	12.29	080B	STATE BOARD OF EQUALIZATION		275	2003 STOR TANK FEE	12.29	
652	01/23/04	414.46	083	THYSSENKRUPP ELEVATOR -042		276	JAN-MAR ELEV SVC	414.46	
653	01/23/04	118.49	087	RECOGNITION SERVICES LTD.		277	EMP INCENTIVE 104	118.49	
654	01/23/04	144.04	089	MOTION INDUSTRIES, INC.		278	PARTS & SUPPLIES	144.04	
655	01/23/04	201.75	090	CRYSTAL SPRINGS WATER CO.		279	DEC WATER FLEET	201.75	
656	01/23/04	844.64	107	SAN LORENZO LUMBER CO., INC.		280	REPAIRS/MAINTENANCE	844.64	
657	01/23/04	94.64	136	WATSONVILLE CITY WATER DEPT.		281	12/1-1/1 SAKATA	13.38	
						282	12/1-1/1 RODRIGUEZ	9.46	
						283	12/1-1/2 SAKATA	71.80	
658	01/23/04	5,707.82	134	DAY WIRELESS SYSTEMS		284	DEC OUT REPAIR EQUIP	5,707.82	
659	01/23/04	372.99	149	SANTA CRUZ SENTINEL		285	DEC ADVERTISING	372.99	
660	01/23/04	25.02	161	OCEAN CHEVROLET INC		286	REV VEH PARTS	25.02	
661	01/23/04	580.07	166	HOSE SHOP, INC.,THE		287	REV VEH PARTS/SUPPLY	580.07	
662	01/23/04	403.61	170	TOWNSEND'S AUTO PARTS		288	PARTS & SUPPLIES	403.61	
663	01/23/04	1,726.10	192	ALWAYS UNDER PRESSURE		289	OUT REPAIR STM CLEAN	172.10	
						290	REPAIRS/MAINTENANCE	1,554.00	
664	01/23/04	60.00	271	CARLSON, BRENT D., M.D., INC.		291	DEC DRUG TESTING	60.00	
665	01/23/04	932.34	282	GRAINGER INC. N.W.		292	SAFETY SUPPLIES	932.34	
666	01/23/04	477.55	294	ANDY'S AUTO SUPPLY		293	REV VEH PARTS	477.55	
667	01/23/04	153.00	357	COMMUNITY TELEVISION OF		294	TV COVERAG 12/19 RTS	153.00	
668	01/23/04	1,463.42	376	STEWART & STEVENSON		295	REV VEH PARTS	996.74	
						296	REV VEH PARTS	466.68	
669	01/23/04	179.99	426	AMERICAN VACUUM COMPANY		297	VAC REPAIR/MAINT 169	179.99	
670	01/23/04	341.00	432	EXPRESS PERSONNEL SERVICES		298	TEMP W/E 12/14 FLT	341.00	
671	01/23/04	2,206.03	433	AMPAC BUILDING MAINTENANCE	7	299	DEC CUSTODIAL SVCS	2,206.03	
672	01/23/04	272.43	436	WEST PAYMENT CENTER		300	DEC ACCESS CHGS	272.43	

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
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CHECK NR	CHECK DATE	CHECK VENDOR AMOUNT	VENDOR NAME	VENDOR TRANS. TYPE NUMBER	TRANSACTION DESCRIPTION	TRANSACTION COMMENT AMOUNT
673	01/23/04	950.40 448	UNISOURCE	301	CLEANING SUPPLIES	950.40
674	01/23/04	34.97 494	PC MAGAZINE	302	PC MAGAZINE/IT	34.97
675	01/23/04	718.86 504	CUMMINS WEST, INC.	303	REV VEH PARTS	718.86
676	01/23/04	191.92 510	ASCOM HASLER LEASING	304	FEB EQUIP RENTAL	191.92
677	01/23/04	351.54 466	ARROWHEAD MTN SPRING WATER	305	DEC WATER ADMIN	186.11
				306	DEC WATER PLNG	165.43
678	01/23/04	689.35 647	BFI BENEFARE	307	REV VEH PARTS	363.80
				308	PARTS & SUPPLIES	325.55
679	01/23/04	40.00 775	SC COUNTY SHERIFF-CORONER	309	REGISTRATION FEE	40.00
679	01/23/04	-40.00 775	SC COUNTY SHERIFF-CORONER	490	VOID CHECK	-40.00 PREL DATA
					VOID CHECK	
680	01/23/04	7452.00 854	AMERICAN SEATING COMPANY	310	QTY 60 WHLCHR BELTS	7452.00
681	01/23/04	37.00 884	UNITED STATES POSTAL SERVICE	311	POSTAGE FLEET	37.00
682	01/23/04	2,938.66 909	CLASSIC BROWNS	312	OUT REPAIR REV VEH	2,938.66
683	01/23/04	1,255.76 8414	GARCIA, GERARDO	313	SETTLEMENT CLAIM	1,255.76
684	01/23/04	23.00 001025	COUNTY OF SANTA CRUZ	319	DEC REFUSE	23.00
685	01/27/04	1,407.05 001119	MACERICH PARTNERSHIP LP	7 320	FEB - CAPITOLA MALL	1,407.05
686	01/27/04	14.55 001944	SANTA CRUZ COUNTY LAW LIBRARY	321	COPIES/LEGAL	14.55
687	01/27/04	62.54 001996	JAMES PUBLISHING, INC	322	MED EVIDENCE SUPP	62.54
688	01/27/04	30,754.58 002124	HINSHAW, EDWARD & BARBARA	7 323	FEB - 120 JURY'S	6,342.00
				324	FEB - 370 ENCINAL	24,412.58
689	01/27/04	10,676.78 002117	JULIANO, NICK	7 325	FEB - 111 DUBOIS	10,676.78
690	01/27/04	2,422.21 002610	FREDERICK ELECTRONICS CORP	326	FEB - 375 ENCINAL	2,422.21
691	01/27/04	2,374.94 110	JESSICA GROCERY STORE, INC.	327	FEB CUSTODIAN SVCS	2,374.94
692	01/27/04	25.00 688	SALDANA, ERNESTINA	7 328	PARACRUZ HEARINGS	25.00
693	01/27/04	25.00 489	WOOD, JOHN	7 329	PARACRUZ HEARINGS	25.00
694	01/27/04	900.00 840	BOUCHARD, BRENT	7 9000001	VERNON ST RENT	900.00
695	01/27/04	12.60 E009	ROSSI, DENISE	330	SUPP LIFE INS	12.60
696	01/27/04	19.22 E039	GALLOWAY, SCOTT	331	MEDICAL PREMIUM	19.22
697	01/27/04	34.00 E100	ANDRADE, OSCAR	332	DMV FEES	34.00
698	01/27/04	15.22 E162	SOUVEJA, ANNA	333	MEDICAL INSURANCE	15.22
699	01/27/04	34.00 E202	BARRAGON, ALBERTO	334	DMV FEES	34.00
700	01/27/04	64.00 E283	AXTON, APRIL	335	DMV FEES	64.00
701	01/27/04	64.00 E287	DORTES, GUSTAVO	336	DMV FEES	64.00
702	01/27/04	64.00 E291	FARRIS, BONNIE	337	DMV FEES	64.00
703	01/27/04	64.00 E293	GARCIA, DANIEL	338	DMV FEES	64.00
704	01/27/04	64.00 E297	HALL, DENNIS	339	DMV FEES	64.00
705	01/27/04	64.00 E298	MITCHELL, TODD	340	DMV FEES	64.00
706	01/27/04	10.00 E351	PRECIAO, AURELIO	341	VTL FEES	10.00
707	01/27/04	249.84 M001	HORTON, JOSEPH	342	FEB MEDICAL PREMIUM	249.84
708	01/27/04	41.14 M002	ROONEY, EARL	343	FEB MEDICAL PREMIUM	41.14
709	01/27/04	228.77 M003	WYANT, JUDI	344	FEB MEDICAL PREMIUM	228.77
710	01/27/04	228.77 M005	ROSS, PERRY	345	FEB MEDICAL PREMIUM	228.77
711	01/27/04	596.40 M006	VAN DER ZANDE, ED	346	FEB MEDICAL PREMIUM	596.40
712	01/27/04	489.54 M007	BLAIR-ALWARD GREGORY	347	FEB MEDICAL PREMIUM	489.54
713	01/27/04	280.84 M008	CANPOS, ARWILLA	348	FEB MEDICAL PREMIUM	280.84
714	01/27/04	616.40 M009	FREEMAN, MARY	349	FEB MEDICAL PREMIUM	616.40
715	01/27/04	280.84 M010	SHORT, SLOAN	350	FEB MEDICAL PREMIUM	280.84
716	01/27/04	41.14 M011	LAWSON, LOIS	351	FEB MEDICAL PREMIUM	41.14
717	01/27/04	41.14 M012	ROSE, JACK	352	FEB MEDICAL PREMIUM	41.14

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
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DATE: 01/01/04 THRU 01/31/04

CHECK SER	CHECK DATE	CHECK AMOUNT	VENDOR NAME	VENDOR TRANS. TYPE NUMBER	TRANSACTION DESCRIPTION	TRANSACTION AMOUNT	COMMENT
718	01/27/04	72.14	M015 JAHANE, EILEEN	353	FEB MEDICAL PREMIUM	72.14	
719	01/27/04	41.14	M015 HETH, WALTER	354	FEB MEDICAL PREMIUM	41.14	
720	01/27/04	20.07	M016 HIG LYN, DONALD KENT	355	FEB MEDICAL PREMIUM	20.07	
721	01/27/04	20.07	M017 FORTZEA, EARLENE	356	FEB MEDICAL PREMIUM	20.07	
722	01/27/04	72.14	M019 WILLIAMS, ROBERT	357	FEB MEDICAL PREMIUM	72.14	
723	01/27/04	219.57	M022 CAPELLA, KATHLEEN	358	FEB MEDICAL PREMIUM	219.57	
724	01/27/04	8.94	M023 CARLSON, WILLIAM	359	FEB MEDICAL PREMIUM	8.94	
725	01/27/04	30.44	M024 DOBBS, GLENN	360	FEB MEDICAL PREMIUM	30.44	
726	01/27/04	35.19	M025 ELIA, LARRY	361	FEB MEDICAL PREMIUM	35.19	
727	01/27/04	30.44	M028 ORTEGA, MONIFI	362	FEB MEDICAL PREMIUM	30.44	
728	01/27/04	39.94	M029 REESE, CHARLES	363	FEB MEDICAL PREMIUM	39.94	
729	01/27/04	11.34	M022 TOWE, JANIE	364	FEB MEDICAL PREMIUM	11.34	
		1,094,582.35	COAST COMMERCIAL BANK	TOTAL CHECKS		218	1,094,582.35

Page 1 of the Ridership Report will be distributed at the February 27, 2004 Board Meeting.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

PASSENGER LIFT PROBLEMS

MONTH OF JANUARY 2004

BUS #	DATE	DAY	REASON
8076F	3-Jan	SATURDAY	Kneel "pops" up about 1/2 the time
8076F	5-Jan	MONDAY	Kneel pops up on it's own
8076F	8-Jan	THURSDAY	Kneel releases on it's own 3/4 of the time
8076F	13-Jan	TUESDAY	Kneel doesn't always stay down
8076F	20-Jan	TUESDAY	Kneel releases on it's own
8076F	27-Jan	TUESDAY	Kneel releases on it's own
8081F	18-Jan	SUNDAY	Kneel won't stay down
8090F	11-Jan	SUNDAY	Lift will not work when heater switch is turned on
8105F	9-Jan	FRIDAY	Lift will not deploy
9806LF	25-Jan	SUNDAY	Stops on way down 2 or 3 times
9811LF	27-Jan	TUESDAY	No beep when kneeling or rising
9836G	26-Jan	MONDAY	Not working properly
9840G	23-Jan	FRIDAY	Pass lift platform doesn't come down with passenger on board
9840G	26-Jan	MONDAY	When raising from kneel system stays on "w" interlock

F New Flyer
 G Gillig
 C Champion
 LF Low Floor Flyer
 GM GMC
 CG CNG
 CN SR855 & SR854
 OR Orion/Hwy 17

Note: Lift operating problems that cause delays of less than 30 minutes.

Service Interruption Summary Report
Lift Problems
01/01/2004 to 01/31/04

AM Peak Hour/Mile	Midday Hour/Mile	PM Peak Hour/Mile	Other Hour/Mile	Weekday Hour/Mile	Saturday Hour/Mile	Sunday Hour/Mile
00:00/0	00:00/00.00	00:00/0	00:00/0	00:00/00.00	00:00/0	00:00/0

BUS OPERATOR LIFT TEST *PULL-OUT*

VEHICLE CATEGORY	TOTAL BUSES	AVG # DEAD IN GARAGE	AVG # AVAIL. FOR SERVICE	AVG # IN SERVICE	AVG # SPARE BUSES	AVG # LIFTS OPERATING	% LIFTS WORKING ON PULL-OUT BUSES
FLYER/HIGHWAY 17 - 40'	7	2	5	3	2	3	100%
FLYER/LOW FLOOR - 40'	12	1	11	7	4	7	100%
FLYER/LOW FLOOR - 35'	18	2	16	13	3	13	100%
FLYER/HIGH FLOOR - 35'	15	3	12	7	5	7	100%
GILLIG/SAM TRANS - 40'	10	1	9	4	5	4	100%
DIESEL CONVERSION - 35'	15	2	13	13	0	13	100%
DIESEL CONVERSION - 40'	14	2	12	11	1	11	100%
GMC/HIGHWAY 17 - 40'	8	2	6	2	4	2	100%
CHAMPION	4	2	2	0	2	0	100%
TROLLEY	1	0	1	1	0	1	100%
CNG NEW FLYER - 40'	8	1	7	5	2	5	100%

GOVERNMENT TORT CLAIM

RECOMMENDED ACTION

TO: Board of Directors

FROM: District Counsel

RE: Claim of: Virginia Amato Received: 1/26/04 Claim #: 04-0002
Date of Incident: 8/16/03 Occurrence Report No.: SC 08-03-16

In regard to the above-referenced Claim, this is to recommend that the Board of Directors take the following action:

- 1. Reject the claim entirely.
- 2. Deny the application to file a late claim.
- 3. Grant the application to file a late claim.
- 4. Reject the claim as untimely filed.
- 5. Reject the claim as insufficient.
- 6. Allow the claim in full.
- 7. Allow the claim in part, in the amount of \$ _____ and reject the balance.

By Margaret Gallagher
Margaret Gallagher
DISTRICT COUNSEL

Date: January 27, 2004

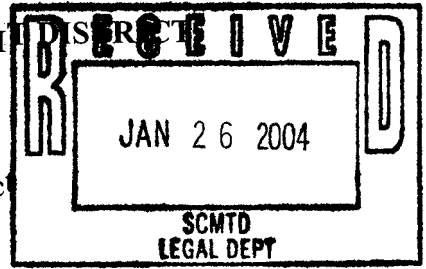
I, Dale Carr, do hereby attest that the above Claim was duly presented to and the recommendations were approved by the Santa Cruz Metropolitan Transit District's Board of Directors at the meeting of _____, 2003.

Dale Carr
Recording Secretary

Date

MG/reb

CLAIM AGAINST THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
(Pursuant to Section 910 et Seq., Government Code)
Claim # 04-0002



TO: BOARD OF DIRECTORS, Santa Cruz Metropolitan Transit District
ATTN: Secretary to the Board of Directors
370 Encinal Street, Suite 100
Santa Cruz, CA 95060

1. Claimant's Name: Virginia Amato

Claimant's Address/Post Office Box: 3752 Sierrast Riverbank Ca 95367

2. Claimant's Phone Number: (209) 869-1686

Address to which notices are to be sent: as above

3. Occurrence: _____

Date: Aug 16th -03 Time: 2:30 Place: Santa Cruz bus station
Circumstances of occurrence or transaction giving rise to claim: Walking along sidewalk where Greyhound bus was parked - tripped on disabled ramp left out after bus was empty

4. General description of indebtedness, obligation, injury, damage, or loss incurred so far as is known: scraped right and after awhile had problems with right leg and back (Much pain in leg while walking)

5. Name or names of public employees or employees causing injury, damage, or loss, if known: not known

6. Amount claimed now \$ 150⁰⁰/_{xx}
Estimated amount of future loss, if known \$ _____
TOTAL \$ 150⁰⁰

7. Basis of above computations: Cost of three visits to chiropractor

Virginia Amato
CLAIMANT'S SIGNATURE (or Company Representative or Parent of Minor Claimant)

1-24-04
DATE

Note: Claim must be presented to the Secretary to the Board of Directors, Santa Cruz Metropolitan Transit District

Metro Accessible Services Transit Forum (MASTF)*

(*An official Advisory group to the Metro Board of Directors
and the ADA Paratransit Program)

Thursday February 19, 2004 2:00-4:00 p.m.

**The NIAC Building in the Training Center
333 Front Street, Santa Cruz, CA.**

“AGENDA”

ELIGIBLE VOTING MEMBERS FOR THIS MEETING:

Sharon Barbour, Heather Boerner, Scott Bugental, Ted Chatterton, Connie Day, Shelley Day, Mike Doern, Tina Eason, Kasandra Fox, Jeff LeBlanc, Elizabeth Marquez, Thom Onan, Gary Peterson, Camille Pierce, Barbie Schaller, Link Spooner, Lesley Wright and Bob Yount.

“Public participation in MASTF meeting discussions is encouraged and greatly appreciated.”

- I. Call to Order and Introductions
- II. Approval of the January 15, 2004 MASTF Minutes
- III. Oral Communication and Correspondence

MASTF will receive oral and written communications during this time on items NOT on this meeting agenda. Topics presented must be within the jurisdiction of MASTF. Presentations may be limited in time at the discretion of the Chair. MASTF members will not take action or respond immediately to any presentation, but may choose to follow up at a later time.

- IV. Amendments to this Agenda
- V. Ongoing Business

5.1 MASTF Status as METRO Advisory Body

5.2 Communication with Members (Sharon Barbour)

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February 19, 2004
Page Two

5.3 Status of METRO No Smoking Policy (Bryant Baehr, Kasandra Fox and Bob Yount)

VI. New Business

- 6.1 Proposed MASTF Goals for 2004 (Sharon Barbour)
- 6.2 Discussion of Proposed MASTF By Laws Amendment: Requirement to Submit Application for MASTF Membership (Bob Yount)
- 6.3 Discussion of Proposed MASTF By-Laws Amendments
- 6.4 MASTF Membership Recruitment
- 6.5 Discussion of Paratransit Public Hearing/Summit
- 6.6 Changing MASTF Meetings to Wednesday
- 6.7 Revisiting the Price of Discount (Senior and Disabled) Monthly Passes (Camille Pierce)

MASTF COMMITTEE REPORTS

- 6.8 Training and Procedures Committee Report (Lesley Wright)
- 6.9 Bus Service Committee Report (Connie Day)
 - a) Service Planning and Review Report
- 6.10 Bus Stop Improvement Committee Report (Jeff LeBlanc)
 - a) Bus Stop Advisory Committee (BSAC) Report
- 6.11 Elderly and Disabled Transportation Advisory Committee (E&D TAC) Report (Bob Yount)

OTHER REPORTS

- 6.12 Paratransit Update
 - a) Paratransit Report (Link Spooner)
 - b) CCCIL Transportation Advocacy (Thom Onan)
- 6.13 TU Report (Jeff North)
- 6.14 SEIU/SEA Report (Eileen Pavlik)
- 6.15 Next Month's Agenda Items

VII. Adjournment

Note: This meeting is held at a location that is accessible to persons using wheelchairs. If you have questions, or want additional information about MASTF, please contact John Daugherty by phone at (831) 423-3868.

METRO ACCESSIBLE SERVICES TRANSIT FORUM (MASTF)*

(* An official Advisory group to the Metro Board of Directors
and the ADA Paratransit Program)

MINUTES

The Metro Accessible Services Transit Forum met for its monthly meeting on January 15, 2004 in the Training Center of the NIAC Building, 333 Front Street, Santa Cruz CA.

MASTF MEMBERS PRESENT: Sharon Barbour, Connie Day, Shelley Day, Tina Eason, Kasandra Fox, Jeff LeBlanc, Elizabeth Marquez, Thom Onan, Gary Peterson, Camille Pierce, Lesley Wright and Bob Yount.

METRO STAFF PRESENT:

Bryant Baehr, Operations Department Manager
A. John Daugherty, Accessible Services Coordinator
Steve Paulson, METRO Paratransit Administrator

BOARD MEMBERS PRESENT:

None.

THIRD PARTY COTRACTOR PRESENT:

Sam Storey

*****MASTF MOTIONS RELATED TO THE METRO BOARD OF DIRECTORS**

1) MASTF requests:

- 1) That METRO provide copies of the MASTF packet.
- 2) That the Accessible Services Coordinator continue in the traditional role/relationship with MASTF.
- 3) That the Accessible Services Coordinator remain the telephone liaison (contact person) for MASTF.

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4) The MASTF response letter to the METRO Board regarding the letter from Camille Pierce is approved as amended.

RELEVANT ATTACHMENTS FORWARDED TO THE BOARD: A, C, F, G.

***MASTF MOTIONS RELATED TO METRO MANAGEMENT**

None.

I. CALL TO ORDER AND INTRODUCTIONS

Chair Sharon Barbour called the meeting to order at 2:08 p.m.

II. APPROVAL OF THE DECEMBER 18, 2003 MASTF MINUTES

MASTF Motion: To approve the December 18, 2003 MASTF Minutes as submitted.

M/S/PU: LeBlanc, Wright (By affirmative voice vote)

III. ORAL COMMUNICATION AND CORRESPONDENCE

John Daugherty described correspondence and other items of interest received since the last MASTF meeting:

- 1) An article published in the *Santa Cruz Sentinel* the day after (December 19, 2003) the last meeting. The article, "After 15 years, Metro advocacy group still thriving", was written by Heather Boerner (Attachment A) who attended the last MASTF meeting.

- 2) A letter written by Santa Cruz County Supervisor Mardi Wormhoudt to Jan Beautz, Chairperson of the Santa Cruz County Regional Transportation Commission (SCCRTC). The letter (Attachment B) recommended that the

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SCCRTC “set an evening public hearing on February 5, 2004 to take testimony... on the problems currently facing Paratransit services in Santa Cruz County and the future of those services...” The letter also recommended a work plan and a task force.

- 3) A copy of an email sent to MASTF. The email, written by Camille Pierce and sent to Santa Cruz County Supervisor Jan Beautz, regarded the December 2003 MASTF meeting. The email, and a MASTF response to it, was discussed later during the meeting today.
- 4) The Agenda for the SCCRTC meeting held during January 8, 2004.
- 5) Mr. Daugherty also read aloud an email he received from Karena Pushnik, Senior Planner for the SCCRTC. Ms. Pushnik wrote:

“Hi John –

“Just wanted to let you know that the SCCRTC voted to hold a public meeting (formerly characterized as a summit) on February 5 @ 4:00 pm on the 5th floor of the County Government Center (501 Ocean Street) to hear specific issues and proposed solutions, when possible, about paratransit services including ADA Paratransit and those provided by Lift Line.

“Can you pass the info on to MASTF (?) The E/D TAC (Elderly and Disabled Transportation Advisory Committee) will have a discussion item on the (January 20, 2004) 1:30 pm agenda. All are welcome to participate in the discussion. Lisa Berkowitz is developing a survey to encourage input by

those unable to attend the meeting. You may be able to e-mail it to MASTF members after the 1/20 meeting.

Thanks.

- Karena”

- 6) The December 2003 edition of the *Central Coast Reporter*, a resource newsletter published by the Association of Monterey Bay Area Governments (AMBAG).
- 7) A phone message received today from Link Spooner, Division Director for Lift Line. Mr. Spooner noted that schedule conflicts prevented him for attending the meeting today. "Please give my regrets," his message noted.

Ms. Barbour described and distributed copies of a brochure promoting MASTF. Kasandra Fox designed the brochure (Attachment C). Ms. Barbour asked that any improvements for the brochure be brought back to the group. Ms. Fox shared that she intended the brochure to be a recruitment tool for MASTF.

Note: The eight items noted above were placed in a folder and circulated to the group.

IV. AMENDMENTS TO THIS AGENDA

No amendments to this Agenda were proposed.

V. ONGOING BUSINESS

5.1 MASTF Status as METRO Advisory Body

Ms. Barbour began discussion of this topic with a review of the "liaisons" that have signed up to meet with METRO Board members. Ms. Barbour noted that a MASTF member could sign up to meet with more than one METRO Board member. She circulated the sign up sheet to the group.

The next topic discussed was the seven recommendations from Les White that have been presented to the METRO Board. There was discussion of the

recommendations as well as discussion of what MASTF should, and should not request from the Board.

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The following Motion to the METRO Board emerged from discussion:

MASTF Motion: MASTF requests:

- 1) That METRO provide copies of the MASTF packet.**
- 2) That the Accessible Services Coordinator continue in the traditional role/relationship with MASTF.**
- 3) That the Accessible Services Coordinator remain the telephone liaison (contact person) for MASTF.**

M/S/PU: LeBlanc, Wright (By show of hands: 8 votes in favor, no votes opposed and no abstentions)

The next discussion topic was MASTF requests to organizations to assist MASTF in applying for grants.

The following Motion was approved during discussion:

MASTF Motion: MASTF requests help from CCCIL to write grants for MASTF.

M/S/PU: LeBlanc, Wright (By show of hands: 8 votes in favor, no votes opposed and no abstentions)

The following Motion failed during discussion:

MASTF Motion: MASTF requests assistance from UCSC to help write grants for MASTF.

M/S/F: Pierce, C. Day (By show of hands: 2 votes in favor, 3 votes opposed and 1 abstention)

5.2 METRO ParaCruz (Paratransit) Provider Issues

Ms. Barbour began discussion of this topic by reading aloud the Motions MASTF approved last month to support holding a Paratransit “summit” and to request that METRO not change the METRO ParaCruz program until

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conclusions of the summit are presented. She noted that a summit/public hearing was scheduled during February 5, 2004. Sam Storey answered questions from Ms. Barbour and other members of the group.

Two examples:

- 1) Mr. Storey stated: “As far as a time line, there doesn’t seem to be anything that is clashing as far as (the) Transit District discussions taking place, and the plan for the public hearing through the RTC (Regional Transportation Commission).”
- 2) Responding to questions from Ms. Barbour regarding the budget shortfall for Lift Line, and the request from Community Bridges to METRO for a rate increase, Mr. Storey shared that the Alliance (the Medi-Cal HMO) had reduced its rate of reimbursement to Lift Line for Medi-Cal trips. This budget shortfall has been countered with layoffs and other budget changes. “We have balanced the budget for Lift Line this fiscal year,” Mr. Storey shared.

Discussion of this topic concluded after Jeff LeBlanc and other MASTF members encouraged people to attend the public hearing on February 5th. No Motions were proposed during discussion of this Agenda item.

5.3 Status of METRO No Smoking Policy (Bryant Baehr, Kasandra Fox and Bob Yount)

Bob Yount reported that he has noticed that some “No Smoking” signs had faded. Mr. Yount also reported that the State of California now has a law in effect that calls for No Smoking within 20 feet of public buildings.

Discussion of the reports from Mr. Yount concluded after Mr. LeBlanc commended Bryant Baehr and Mr. Yount for working together on this issue.

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No Motions were proposed during discussion of this Agenda item.

VI. NEW BUSINESS

6.1 MASTF Response to Letter to Metro Board from Camille Pierce, regarding December 2003 MASTF Meeting

Ms. Barbour moved this topic to the third Agenda item of New Business. Camille Pierce read her email to Jan Beautz aloud to the group.

Before Ms. Pierce read her email, the following Motion was approved:

MASTF Motion: To extend the meeting time 20 minutes.

M/S//PU: LeBlanc, Yount

A few excerpts from the email dated December 21, 2003 (Attachment D):

“Hello Jan Beautz,

“I do hope all is well with you & that you’ll have a nice holiday.

“I do have some concerns about the way MASTF seems to be headed. In essence, this is nothing close to what I had envisioned MASTF to be when I was Chair some years ago.

“I was very confused when it was suggested during this month’s meeting I attended that MASTF has little or no relationship with the current local political groups such as the Board of Supervisors & the City Council...

“I’ll always believe that MASTF must utilize a working relationship with the Board of Supervisors, City Council, Metro Managers & staff, all Metro bus drivers & transit riders!!!

“Can this issue be rectified? I’m not sure...”

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Ms. Barbour read aloud a proposed response letter. Excerpts from the proposed response:

“To The SCMTD,

“In your December packet, you received a letter from Camille Pierce regarding MASTF.

“Cam is a valued member of MASTF, but she has not been to many meetings lately. I’m not sure what she saw in the December MASTF meeting, but I am sure that she misunderstood. Far from wishing to distance ourselves from the Metro Board, Metro staff, or any county or city officials, MASTF has been trying to work more closely with you...”

The draft response was discussed. Amendments were proposed:

- 1) Ms. Barbour noted that the reference to “December packet” in the first sentence of the first page should be changed to “January packet”.
- 2) Mr. LeBlanc suggested that the first paragraph of the second page contain less “excessive” fault finding. He suggested that phrases be deleted and combined.
- 3) Mr. LeBlanc and Ms. Barbour suggested additional language to the first paragraph of the second page that clarified that METRO Board members are welcome to attend all MASTF meetings.

4) Mr. LeBlanc suggested that “Judge Infante” replace the phrase “Mr. Infante” on the second page.

The following Motion to the METRO Board concluded discussion of the response letter:

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MASTF Motion: The MASTF response letter to the METRO Board regarding the letter from Camille Pierce is approved as amended.

M/S/C: LeBlanc, Wright (By show of hands: 7 votes in favor, no votes opposed and one abstention)

The following Motion concluded discussion of this topic:

MASTF Motion: The Chair is authorized to read the letter aloud during the next METRO Board meeting.

M/S/C: LeBlanc, Wright (By show of hands: 7 votes in favor, one vote opposed and no abstentions)

Note: The complete, amended letter (Attachment E) is included in the February MASTF meeting packet.

6.2 Wheelchair Securement (Bryant Baehr and Lesley Wright)

This Agenda item was the first New Business item discussed. Mr. Baehr noted that he wanted to discuss this topic with Lesley Wright before it is presented. Ms. Wright requested that this item be taken off the Agenda.

6.3 Discussion of Consideration of Proposed MASTF By-Laws Amendments Regarding Membership and Voting Rights

This Agenda item was the second New Business item discussed. Mr. Yount circulated copies of his proposed amendment to the MASTF By-Laws.

He explained that his proposal (Attachment F) would identify “regular” MASTF membership to METRO Board members. He noted that eligibility requirements to vote at MASTF meetings would not change.

Discussion of this proposal concluded when Mr. Yount suggested that that members review the proposal for discussion at a future MASTF meeting.

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The next Agenda item discussed was “MASTF Response to Letter to Metro Board from Camille Pierce, regarding December 2003 MASTF Meeting.”

6.4 Meeting Space Thank You to Community Bridges

This Agenda item followed the Agenda item, “MASTF Response to Letter to Metro Board from Camille Pierce, regarding December 2003 MASTF Meeting.”

Mr. Yount read aloud a draft letter of thanks to Community Bridges. The draft included “our special thanks for sponsoring MASTF so that we can meet in the Training Center in the NIAC building on Front Street in Santa Cruz.”

The following Motion was approved after he read the draft letter:

MASTF Motion: MASTF approves sending the letter of thanks to Community Bridges.

M/S/PU: LeBlanc, Pierce (By show of hands: 8 votes in favor, none opposed and no abstentions)

Note: The complete letter (Attachment G) is included in the February MASTF meeting packet.

MASTF COMMITTEE REPORTS

6.5 Training and Procedures Committee Report (Lesley Wright)

Ms. Wright reported that 11 new bus operators have been hired. She noted that she would be finding out about the number of persons needed to assist with field work.

6.6 Bus Service Committee Report (Connie Day)

a) Service Planning and Review Report

Connie Day stated that she had no report.

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6.7 Bus Stop Improvement Committee Report (Jeff LeBlanc)

Mr. LeBlanc reported that there were new members on the Bus Stop Advisory Committee (BSAC) since he had previously attended the group two years ago. He shared that BSAC members declined to establish several proposed courtesy stops because the locations were inaccessible.

6.8 Paratransit Services Committee Report

OTHER REPORTS

6.9 Paratransit Update

a) Paratransit Report

There were no reports on the two Agenda items above.

b) CCCIL Transportation Advocacy (Thom Onan)

Mr. Onan reported that he has received no phone calls since the last MASTF meeting.

7.1 UTU Report

7.2 SEIU/SEA Report

There were no reports on the two Agenda items above.

7.3 Next Month's Agenda Items

Mr. Daugherty noted: Discussion of Paratransit summit.

Ms. Pierce requested: Revisiting the Price of Discount (Senior and Disabled) Monthly Passes.

Ms. Barbour noted: MASTF Goals for 2004 and membership recruitment.

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VII. ADJOURNMENT

Chair Barbour adjourned the meeting at 4:24 p.m.

Respectfully submitted by: A. John Daugherty, Accessible Services
Coordinator

NOTE: NEXT REGULAR MASTF MEETING IS: Thursday February 19, 2004 from 2:00-4:00 p.m., in the Training Center of the NIAC Building, 333 Front Street, Santa Cruz, CA.

NOTE: NEXT S.C.M.T.D. BOARD OF DIRECTORS MEETING IS: Friday February 13, 2004 at 9:00 a.m. in the S.C.M.T.D. Administrative Offices, 370 Encinal Street, Santa Cruz, CA.

NOTE: THE FOLLOWING S.C.M.T.D. BOARD OF DIRECTORS MEETING IS: Friday February 27, 2004 at the Santa Cruz City Council Chambers, 809 Center Street, Santa Cruz, CA.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004
TO: Board of Directors
FROM: Elisabeth Ross, Finance Manager
SUBJECT: MONTHLY BUDGET STATUS REPORT FOR DECEMBER 2003, AND APPROVAL OF BUDGET TRANSFERS

I. RECOMMENDED ACTION

Staff recommends that the Board of Directors approve the budget transfers for the period January 1 – 31, 2004.

II. SUMMARY OF ISSUES

- Operating revenue for the year to date totals \$16,847,209 or \$206,809 over the amount of revenue expected to be received during the first six months of the fiscal year, based on the budget revised in December.
- Total operating expenses for the year to date, in the amount of \$14,152,615, are at 44.2% of the revised budget.
- A total of \$4,812,631 has been expended through December 31st for the FY 03-04 Capital Improvement Program.

III. DISCUSSION

An analysis of the District's budget status is prepared monthly in order to apprise the Board of Directors of the District's actual revenues and expenses in relation to the adopted operating and capital budgets for the fiscal year. The attached monthly revenue and expense report represents the status of the District's FY 03-04 budget as of December 31, 2003. The fiscal year is 50% elapsed.

A. Operating Revenues

Revenues are \$206,809 over the amount projected to be received for the period. Passenger revenue is \$150,064 above budget projections due to higher farebox revenue and the new contract with UCSC. Sales tax revenue is \$39,621 over the budgeted amount since the expected revenue amount was reduced in the December budget revision. Variances are explained in the notes following the report.

B. Operating Expenses

Operating expenses for the year to date total \$14,152,615 or 44.2% of the revised budget, with 50% of the year elapsed. Variances are explained in the notes following the report.

C. Capital Improvement Program

For the year to date, a total of \$4,812,631 has been expended on the Capital Improvement Program. The largest expenditure was for the purchase of buses in the amount of \$4,502,852.

IV. FINANCIAL CONSIDERATIONS

Approval of the budget transfers will increase some line item expenses and decrease others. Overall, the changes are expense-neutral.

V. ATTACHMENTS

Attachment A: Revenue and Expense Report for December 2003, and Budget Transfers

**MONTHLY REVENUE AND EXPENSE REPORT
OPERATING REVENUE - DECEMBER 2003**

Operating Revenue	FY 03-04 Budgeted for Month	FY 03-04 Actual for Month	FY 03-04 Budgeted YTD	FY 02-03 Actual YTD	FY 03-04 Actual YTD	YTD Variance from Budgetec	
Passenger Fares	\$ 270,356	\$ 279,903	\$ 1,828,655	\$ 1,516,600	\$ 1,919,856	\$ 91,201	
Paratransit Fares	\$ 24,426	\$ 24,373	\$ 134,677	\$ 93,854	\$ 125,130	\$ (9,547)	
Special Transit Fares	\$ 68,456	\$ 116,061	\$ 734,079	\$ 748,714	\$ 818,037	\$ 83,958	
Highway 17 Revenue	\$ 27,702	\$ 55,510	\$ 347,358	\$ 403,646	\$ 331,809	\$ (15,549)	
<i>Subtotal Passenger Rev</i>	\$ 390,940	\$ 475,847	\$ 3,044,769	\$ 2,762,814	\$ 3,194,832	\$ 150,064	See Note 1
Advertising Income - OBIE	\$ -	\$ -	\$ -	\$ 75,000	\$ -	\$ -	
Advertising Income - Dist	\$ -	\$ -	\$ -	\$ -	\$ 17,509	\$ 17,509	See Note 2
Commissions	\$ 767	\$ 477	\$ 4,600	\$ 5,080	\$ 3,764	\$ (836)	
Rent Income	\$ 13,275	\$ 13,311	\$ 73,296	\$ 75,374	\$ 73,928	\$ 632	
Interest - General Fund	\$ 23,900	\$ 23,002	\$ 145,998	\$ 236,605	\$ 144,207	\$ (1,791)	See Note 3
Non-Transportation Rev	\$ 175	\$ 1,854	\$ 1,050	\$ 13,378	\$ 2,660	\$ 1,610	
Sales Tax Income	\$ 1,431,822	\$ 1,470,180	\$ 7,804,104	\$ 7,931,649	\$ 7,843,725	\$ 39,621	See Note 4
TDA Funds	\$ 1,348,222	\$ 1,348,222	\$ 2,696,445	\$ 2,627,822	\$ 2,696,445	\$ -	
FTA Op Asst - Sec 5307	\$ -	\$ -	\$ 2,804,435	\$ 1,229,934	\$ 2,804,435	\$ -	
FTA Op Asst - Sec 5311	\$ -	\$ -	\$ 65,704	\$ 46,701	\$ 65,704	\$ -	
FY 02-03 Carryover	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Transfer from Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Transfer from Insurance Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Transfer - Proj Mgr	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Operating Revenue	\$ 3,209,101	\$ 3,332,893	\$ 16,640,400	\$ 15,004,357	\$ 16,847,209	\$ 206,809	

**MONTHLY REVENUE AND EXPENSE REPORT
OPERATING EXPENSE SUMMARY - DECEMBER 2003**

	FY 03-04 Final Budget	FY 03-04 Revised Budget	FY 02-03 Expended YTD	FY 03-04 Expended YTD	Percent Expended of Budget	
PERSONNEL ACCOUNTS						
Administration	\$ 891,383	\$ 903,109	\$ 281,250	\$ 374,663	41.5%	
Finance	\$ 522,456	\$ 523,672	\$ 235,376	\$ 244,037	46.6%	
Customer Service	\$ 519,934	\$ 515,069	\$ 289,501	\$ 223,324	43.4%	
Human Resources	\$ 327,189	\$ 334,866	\$ 140,112	\$ 181,408	54.2%	See Note 5
Information Technology	\$ 413,963	\$ 427,948	\$ 189,035	\$ 210,111	49.1%	
District Counsel	\$ 358,878	\$ 349,527	\$ 149,828	\$ 150,882	43.2%	
Risk Management	\$ -	\$ -	\$ -	\$ -	0.0%	
Facilities Maintenance	\$ 1,029,512	\$ 1,033,569	\$ 452,880	\$ 491,736	47.6%	
Paratransit Program	\$ 229,377	\$ 229,922	\$ 89,964	\$ 100,756	43.8%	
Operations	\$ 1,908,172	\$ 1,906,819	\$ 867,403	\$ 907,251	47.6%	
Bus Operators	\$ 12,044,316	\$ 11,828,193	\$ 5,699,499	\$ 5,775,120	48.8%	
Fleet Maintenance	\$ 4,120,660	\$ 4,018,458	\$ 1,687,638	\$ 1,738,751	43.3%	
Retired Employees/COBRA	\$ 833,989	\$ 856,780	\$ 308,560	\$ 371,180	43.3%	
Total Personnel	\$ 23,199,828	\$ 22,927,931	\$ 10,391,045	\$ 10,769,218	47.0%	
NON-PERSONNEL ACCOUNTS						
Administration	\$ 585,535	\$ 585,535	\$ 250,749	\$ 255,953	43.7%	
Finance	\$ 950,128	\$ 942,128	\$ 325,070	\$ 436,767	46.4%	
Customer Service	\$ 114,080	\$ 86,580	\$ 62,782	\$ 49,021	56.6%	See Note 6
Human Resources	\$ 59,322	\$ 59,322	\$ 9,326	\$ 13,288	22.4%	
Information Technology	\$ 103,670	\$ 97,670	\$ 23,144	\$ 28,906	29.6%	
District Counsel	\$ 21,735	\$ 21,735	\$ 5,478	\$ 6,874	31.6%	
Risk Management	\$ 206,350	\$ 206,350	\$ 82,674	\$ 46,860	22.7%	
Facilities Maintenance	\$ 476,840	\$ 476,840	\$ 174,183	\$ 186,152	39.0%	
Paratransit Program	\$ 3,506,306	\$ 3,178,703	\$ 1,238,232	\$ 1,103,574	34.7%	See Note 7
Operations	\$ 534,490	\$ 584,490	\$ 190,743	\$ 165,243	28.3%	
Bus Operators	\$ 7,400	\$ 7,400	\$ 311	\$ 2,654	35.9%	
Fleet Maintenance	\$ 2,953,059	\$ 2,879,059	\$ 1,037,521	\$ 1,088,096	37.8%	
Op Prog/SCCIC	\$ 1,257	\$ 1,257	\$ 117	\$ 10	0.8%	
Prepaid Expense	\$ -	\$ -	\$ -	\$ -	0.0%	
Total Non-Personnel	\$ 9,520,172	\$ 9,127,069	\$ 3,400,331	\$ 3,383,397	37.1%	
Subtotal Operating Expense	\$ 32,720,000	\$ 32,055,000	\$ 13,791,376	\$ 14,152,615	44.2%	
Grant Funded Studies/Programs	\$ -	\$ -		\$ -	0.0%	
Transfer to/from Cap Program	\$ -	\$ -		\$ -	0.0%	
Pass Through Programs	\$ -	\$ -		\$ -	0.0%	
Total Operating Expense	\$ 32,720,000	\$ 32,055,000	\$ 13,791,376	\$ 14,152,615	44.2%	
YTD Operating Revenue Over YTD Expense				\$ 2,694,594		

**CONSOLIDATED OPERATING EXPENSE
DECEMBER 2003**

	FY 03-04 Final Budget	FY 03-04 Revised Budget	FY 02-03 Expended YTD	FY 03-04 Expended YTD	% Exp YTD of Budget	
LABOR						
Operators Wages	\$ 6,363,193	\$ 6,142,355	\$ 2,807,304	\$ 2,873,341	46.8%	
Operators Overtime	\$ 927,591	\$ 927,591	\$ 501,371	\$ 587,343	63.3%	See Note 8
Other Salaries & Wages	\$ 6,390,190	\$ 6,218,922	\$ 2,574,342	\$ 2,642,606	42.5%	
Other Overtime	\$ 139,709	\$ 189,709	\$ 110,952	\$ 137,002	72.2%	See Note 9
	\$ 13,820,683	\$ 13,478,577	\$ 5,993,969	\$ 6,240,292	46.3%	
FRINGE BENEFITS						
Medicare/Soc Sec	\$ 148,453	\$ 148,453	\$ 64,408	\$ 70,138	47.2%	
PERS Retirement	\$ 1,164,898	\$ 1,150,821	\$ 426,628	\$ 504,756	43.9%	
Medical Insurance	\$ 2,667,738	\$ 2,735,219	\$ 1,032,163	\$ 1,206,915	44.1%	
Dental Plan	\$ 455,704	\$ 465,509	\$ 205,542	\$ 221,990	47.7%	
Vision Insurance	\$ 123,307	\$ 123,307	\$ 59,260	\$ 57,383	46.5%	
Life Insurance	\$ 60,472	\$ 60,472	\$ 26,175	\$ 17,324	28.6%	
State Disability Ins	\$ 196,085	\$ 196,085	\$ 48,241	\$ 62,485	31.9%	
Long Term Disability Ins	\$ 221,054	\$ 221,054	\$ 218,864	\$ 101,485	45.9%	
Unemployment Insurance	\$ 46,893	\$ 46,893	\$ 7,070	\$ 16,711	35.6%	
Workers Comp	\$ 1,666,634	\$ 1,673,634	\$ 817,993	\$ 966,501	57.7%	See Note 10
Absence w/ Pay	\$ 2,596,775	\$ 2,596,776	\$ 1,483,064	\$ 1,292,159	49.8%	
Other Fringe Benefits	\$ 31,131	\$ 31,131	\$ 7,666	\$ 11,080	35.6%	
	\$ 9,379,144	\$ 9,449,353	\$ 4,397,075	\$ 4,528,926	47.9%	
SERVICES						
Acctng/Admin/Bank Fees	\$ 299,484	\$ 291,484	\$ 134,571	\$ 128,577	44.1%	
Prof/Legis/Legal Services	\$ 490,180	\$ 483,680	\$ 181,651	\$ 149,772	31.0%	
Custodial Services	\$ 89,000	\$ 89,000	\$ 33,925	\$ 38,907	0.0%	
Uniforms & Laundry	\$ 40,500	\$ 40,281	\$ 14,877	\$ 13,182	32.7%	
Security Services	\$ 346,188	\$ 392,188	\$ 118,491	\$ 90,005	22.9%	
Outside Repair - Bldgs/Eqmt	\$ 188,686	\$ 188,686	\$ 71,245	\$ 66,543	35.3%	
Outside Repair - Vehicles	\$ 271,570	\$ 271,570	\$ 126,610	\$ 140,917	51.9%	See Note 11
Waste Disp/Ads/Other	\$ 109,845	\$ 100,845	\$ 28,564	\$ 22,915	22.7%	
	\$ 1,835,453	\$ 1,857,734	\$ 709,934	\$ 650,817	35.0%	
CONTRACT TRANSPORTATION						
Contract Transportation	\$ 100	\$ 100	\$ -	\$ -	0.0%	
Paratransit Service	\$ 3,289,256	\$ 2,961,653	\$ 1,150,585	\$ 1,036,805	35.0%	See Note 7
	\$ 3,289,356	\$ 2,961,753	\$ 1,150,585	\$ 1,036,805	35.0%	
MOBILE MATERIALS						
Fuels & Lubricants	\$ 1,486,549	\$ 1,486,549	\$ 520,264	\$ 548,887	36.9%	
Tires & Tubes	\$ 131,000	\$ 121,000	\$ 56,205	\$ 59,001	48.8%	
Other Mobile Supplies	\$ 6,500	\$ 6,500	\$ 552	\$ 2,198	33.8%	
Parts Credit	\$ -	\$ -	\$ -	\$ (78,586)	0.0%	See Note 12
Revenue Vehicle Parts	\$ 515,000	\$ 444,400	\$ 109,751	\$ 201,464	45.3%	
	\$ 2,139,049	\$ 2,058,449	\$ 686,771	\$ 732,963	35.6%	

**CONSOLIDATED OPERATING EXPENSE
DECEMBER 2003**

	FY 03-04 Final Budget	FY 03-04 Revised Budget	FY 02-03 Expended YTD	FY 03-04 Expended YTD	% Exp YTD of Budget	
OTHER MATERIALS						
Postage & Mailing/Freight	\$ 22,367	\$ 22,667	\$ 10,211	\$ 6,701	29.6%	
Printing	\$ 73,275	\$ 72,980	\$ 29,008	\$ 35,230	48.3%	
Office/Computer Supplies	\$ 64,250	\$ 64,010	\$ 21,953	\$ 24,095	37.6%	
Safety Supplies	\$ 19,825	\$ 19,825	\$ 5,174	\$ 7,899	39.8%	
Cleaning Supplies	\$ 66,100	\$ 66,100	\$ 17,930	\$ 15,317	23.2%	
Repair/Maint Supplies	\$ 65,000	\$ 64,900	\$ 20,874	\$ 24,140	37.2%	
Parts, Non-Inventory	\$ 50,000	\$ 48,500	\$ 22,623	\$ 12,255	25.3%	
Tools/Tool Allowance	\$ 9,600	\$ 9,600	\$ 2,721	\$ 2,521	26.3%	
Promo/Photo Supplies	\$ 14,400	\$ 12,425	\$ 791	\$ 634	5.1%	
	\$ 384,817	\$ 381,007	\$ 131,283	\$ 128,792	33.8%	
UTILITIES	\$ 323,677	\$ 323,677	\$ 138,186	\$ 140,012	43.3%	
CASUALTY & LIABILITY						
Insurance - Prop/PL & PD	\$ 641,500	\$ 641,500	\$ 189,682	\$ 305,962	47.7%	
Settlement Costs	\$ 100,000	\$ 100,000	\$ 42,290	\$ 32,916	32.9%	
Repairs to Prop	\$ -	\$ -	\$ (11,401)	\$ (5,940)	0.0%	
Prof/Other Services	\$ -	\$ -	\$ 36	\$ -	0.0%	
	\$ 741,500	\$ 741,500	\$ 220,606	\$ 332,938	44.9%	
TAXES	\$ 49,433	\$ 49,048	\$ 18,423	\$ 21,178	43.2%	
MISC EXPENSES						
Dues & Subscriptions	\$ 51,970	\$ 52,265	\$ 36,824	\$ 21,962	42.0%	
Media Advertising	\$ 3,000	\$ 1,500	\$ 129	\$ 40	2.7%	
Employee Incentive Program	\$ 10,381	\$ 10,600	\$ 3,011	\$ 5,569	52.5%	See Note 13
Training	\$ 28,775	\$ 26,775	\$ 3,376	\$ 4,783	17.9%	
Travel	\$ 35,941	\$ 35,941	\$ 8,451	\$ 10,103	28.1%	
Other Misc Expenses	\$ 18,314	\$ 18,314	\$ 4,838	\$ 7,961	43.5%	
	\$ 148,381	\$ 145,395	\$ 56,630	\$ 50,416	34.7%	
OTHER EXPENSES						
Leases & Rentals	\$ 608,506	\$ 608,506	\$ 287,912	\$ 289,476	47.6%	
	\$ 608,506	\$ 608,506	\$ 287,912	\$ 289,476	47.6%	
Total Operating Expense	\$ 32,720,000	\$ 32,055,000	\$ 13,791,376	\$ 14,152,615	44.2%	

**MONTHLY REVENUE AND EXPENSE REPORT
FY 03-04 CAPITAL IMPROVEMENT PROGRAM**

CAPITAL PROJECTS	Program Budget	Expended in December	YTD Expended
<u>Grant Funded Projects</u>			
MetroBase	\$ 9,306,548	\$ 80,821	\$ 235,033
Urban Bus Replacement	\$ 6,018,365		\$ 4,502,852
Metro Center Renovation Project	\$ 108,891		\$ 6,788
Spare Parts for New Buses (carryover)	\$ 97,550	\$ 237	\$ 29,663
Talking Bus (carryover)	\$ 9,000	\$ 5,070	\$ 11,070
	\$ 15,540,354		
<u>District Funded Projects</u>			
Bus Stop Improvements	\$ 60,000		\$ -
IT Projects	\$ 15,000		\$ 1,621
GIRO IT Project (carryover)	\$ 31,370		
Paratransit Program	\$ 15,000		\$ -
Facilities Repairs & Improvements	\$ 65,000		\$ 3,406
Radio Repeater	\$ 13,000		\$ 7,560
Bus Windows	\$ 29,000		\$ -
Non-revenue Vehicle Replacement	\$ 116,000		\$ -
Office Equipment	\$ 39,500		\$ 12,640
Storage Container	\$ 1,800		\$ 1,998
Transfer to Operating Budget	\$ 350,000		\$ -
	\$ 735,670		
TOTAL CAPITAL PROJECTS	\$ 16,276,024	\$ 86,129	\$ 4,812,631
CAPITAL FUNDING SOURCES			
	Budget	Received in December	YTD Received
Federal Capital Grants	\$ 8,309,278	\$ -	\$ 577,678
State/Local Capital Grants	\$ 4,844,713	\$ 3,736,892	\$ 3,747,300
STA Funding	\$ 821,414	\$ -	\$ 205,354
District Reserves	\$ 2,260,249	\$ -	\$ 282,300
TOTAL CAPITAL FUNDING	\$ 16,235,654	\$ 3,736,892	\$ 4,812,631

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
NOTES TO REVENUE AND EXPENSE REPORT**

1. Passenger fares (farebox and pass sales) are \$91,201 or 5% over the revised budget amount for the year to date. Paratransit fares are \$9,547 under budget for the period as a result of fewer trips than projected, with a corresponding decrease in program expense. Special transit fares (contracts) are \$83,958 or 11.4% over the budgeted amount. UCSC contract revenue is \$87,587 over budget. Employer bus pass program revenue is \$4,029 over budget. Highway 17 Express revenue is \$15,549 or 4.5% under the year to date budgeted amount. Together, all four passenger revenue accounts are over the budgeted amount for the first six months of the fiscal year by a net \$150,064 or 4.9%.
2. Advertising income shows revenue of \$17,509 due to a final payment from OBIE Media that was not budgeted.
3. Interest income is \$1,791 under budget since interest rates remain low.
4. Sales tax income is over budget by \$39,621 for the first six months of the fiscal year as a result of the December budget revision which reduced revenue from this source by \$350,000. Sales tax receipts for the July-September sales period were up 1.2% over the previous year.
5. Human Resources personnel expense is at 54.2% of the budget due to settlement of a workers' compensation claim.
6. Customer Service non-personnel expense is at 56.6% of the budget due to the semi-annual printing of Headways.
7. Paratransit program expense is only at 34.7% of the budget because the December billing was not submitted by the contractor by the report deadline. If the December billing were included, the expense would be at 40% of the budget.
8. Overtime expense for Bus Operators is at 63.3% of the budget since significant overtime is currently required to cover shifts. A new class of Bus Operator trainees is underway to replace Bus Operators who have retired in the past few months. Total Bus Operator payroll is within budget.
9. Overtime expense for non-operators is at 72.2% of the budget due to shift coverage for Transit Supervisors on leave. Total Operations payroll is within budget.
10. Workers' Compensation expense is at 57.7% of the budget due to the high number of claims paid out during October, November and December.
11. Outside repair of vehicles is at 51.9% of the budget due to a \$20,000 repair bill for one vehicle in November.
12. A \$78,586 parts credit from Orion has been established against which certain bus parts will be expensed.

13. Employee incentive program expense is at 52.5% of the budget due to the annual purchase of safe driving pins for Bus Operators as part of the safety awards program.

FY 03-04 BUDGET TRANSFERS
1/1/04-1/31/04

	ACCOUNT #	ACCOUNT TITLE	AMOUNT
TRANSFER # 04-007			
TRANSFER FROM:	501021-4100	Other Salaries	\$ (6,000)
TRANSFER TO:	503041-4100	Temporary Help	\$ 6,000
REASON:	To cover the cost of temporary help in the Fleet Maintenance Department during recruitment.		
TRANSFER # 04-008			
TRANSFER FROM:	504311-3200	Office Supplies	\$ (40)
TRANSFER TO:	504214-3200	Promotional Items	\$ 25
	507201-3200	Licenses & Permits	\$ 15
			\$ 40
REASON:	To cover account overruns in the Operations Department for FY 03-04.		
TRANSFER # 04-009			
TRANSFER FROM:	503162-3300	Uniforms/Laundry	\$ (219)
TRANSFER TO:	509101-3300	Incentive Program	\$ 219
REASON:	To cover overrun in the cost of safe driving pins for Bus Operators.		

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004

TO: Board of Directors

FROM: Steve Paulson, Paratransit Administrator

SUBJECT: METRO PARACRUZ PROGRAM STATUS MONTHLY UPDATE

I. RECOMMENDED ACTION

This report is for information only- no action requested

II. SUMMARY OF ISSUES

- The Board receives monthly reports on the status of the federally mandated ADA complementary paratransit program
- Operating Statistics reported are for the month of November 2003
- Cost reflects hourly rate increased by 4% over previous fiscal year.
- Revenue and subsidy figures reflect impact of fare increase.
- Eligibility/Recertification statistics reported are through January 31, 2004

III. DISCUSSION

Operating Statistics for the Month of November 2003

	This Nov	Last Nov	% Change	FYTD	Last FYTD	% Change
Cost	\$186,825.64	\$225,931.50	-17.31 %	\$1,036,804.70	\$1,150,50.08	-9.88 %
Revenue	\$22,248*	\$17,012	+30.78 %	\$116,712*	\$91,222	+27.94 %
Subsidy	\$164,577.64	\$208,919.5	-21.22 %	\$920,092.70	\$1,059,283.08	-13.14 %
Rides performed	7471	8768	-14.79 %	39,626	46,730	-15.20 %
Cost/ Ride	\$25.01	\$25.77	-2.95 %	\$26.16	\$24.62	+6.27 %
Productivity	2.14 rides per hour	1.8 rides per hour		2.03 rides per hour	2.10 rides per hour	

* Revenue does not equal \$3.00/ride because no revenue is generated by rides to and from certification interviews.

Performance Measures

	July	Aug	Sept	Oct	Nov	FYTD
Rides	7,887	7,402	8,157	8,709	7471	39,626
late pick ups (more than 20 minutes)	452	379	537	878	498	2,744
% late	5.73%	5.12%	6.58%	10.08%	6.67	6.92%
Picked up too early (more than 10 minutes)	252	271	327	164	134	1,148
Total rides not "on time"	704	650	864	1,042	632	3,892
% "on time"	91.07%	91.22%	89.41%	88.03%	91.54%	90.18%
missed trips	2	5	5	9	0	21
Excessively late scheduled (more than 60 minutes)	14	4	15	38	9	80
Excessively late will call (more than 100 minutes)	4	3	11	14	5	37
total violation w/ \$50 penalty	20	12	31	61	14	137
Liquidated damages	\$1,000	\$600	\$1,500	\$3,050	\$700	\$6,900

Eligibility Certification/ Recertification

Of the original 10,052 paper applicants, there are fewer than 250 persons left to notify for assessment. The recertification project should be completed before the end of the fiscal year.

Number of new applicants assessed since August 1, 2002: 1733. Of those, 1602 have been approved for some level of eligibility.

Number of recertification assessments completed: 1453. Of those, 1396 have been approved for some level of eligibility

IV. FINANCIAL CONSIDERATIONS

none

V. ATTACHMENTS

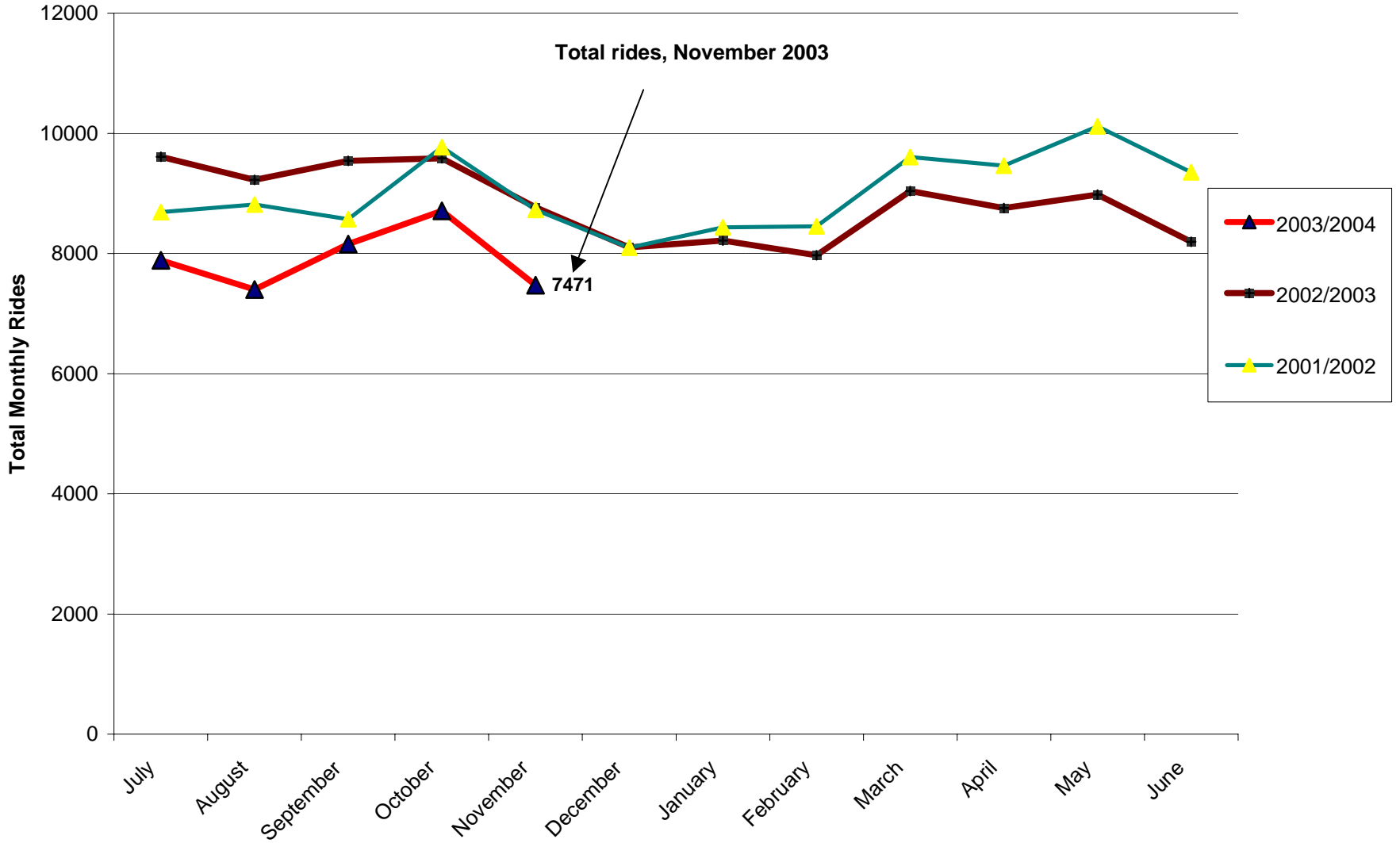
Attachment A: METRO ParaCruz Rides by Month

Attachment B: METRO ParaCruz Cost by Month

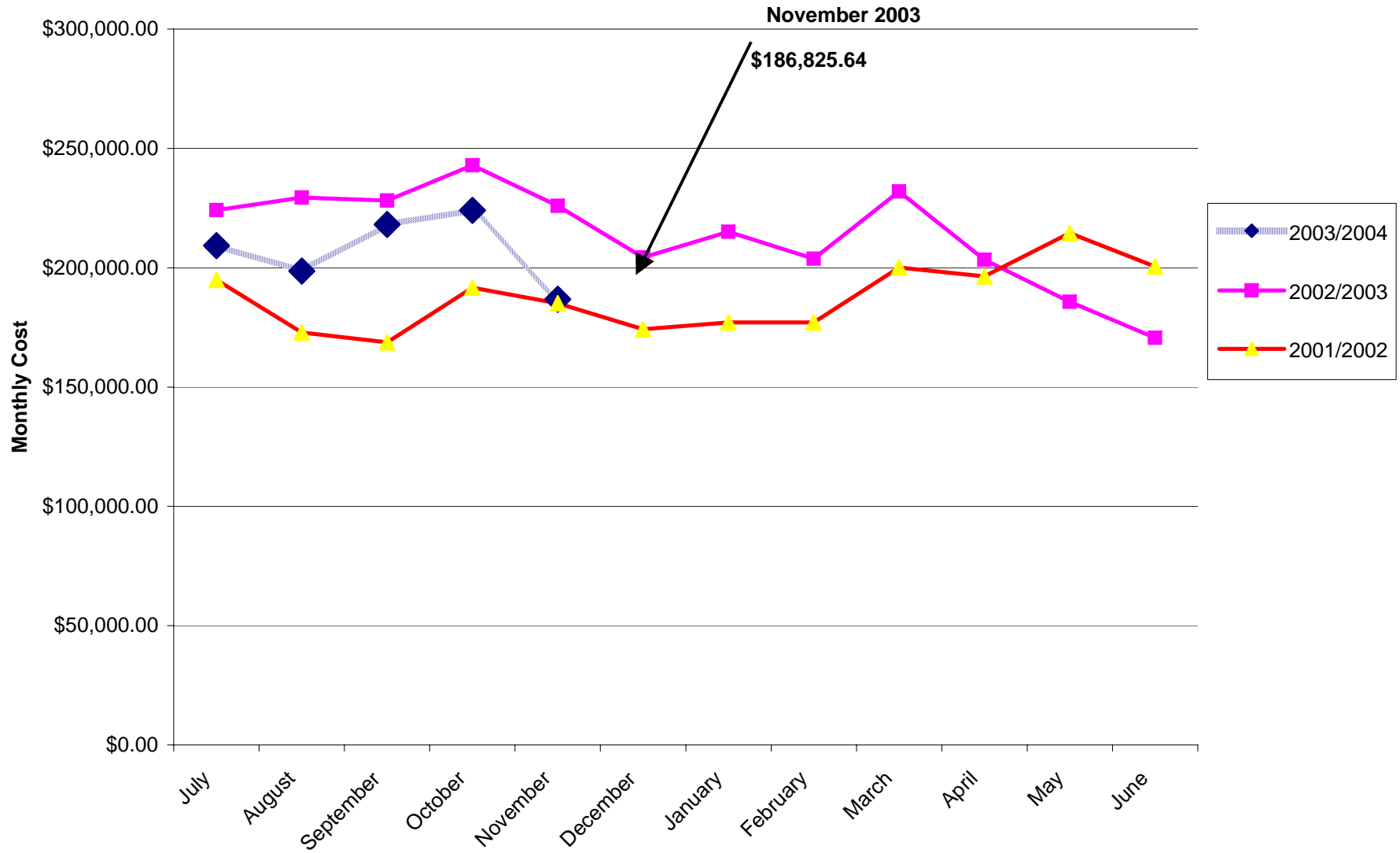
Attachment C: Recertification and New Applicant Eligibility Determinations

Attachment D: METRO ParaCruz Registrants by Month

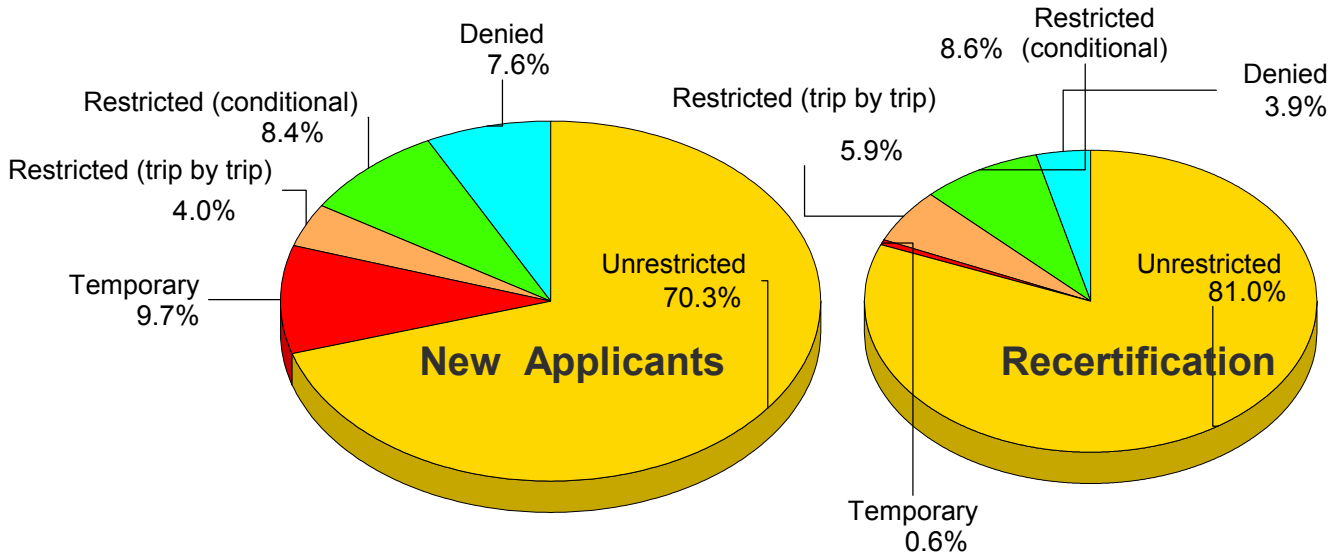
METRO ParaCruz Rides by Month



METRO ParaCruz Cost By Month



METRO ParaCruz Eligibility Determinations - Aug 1 02 through Jan 31 04



New Applicants

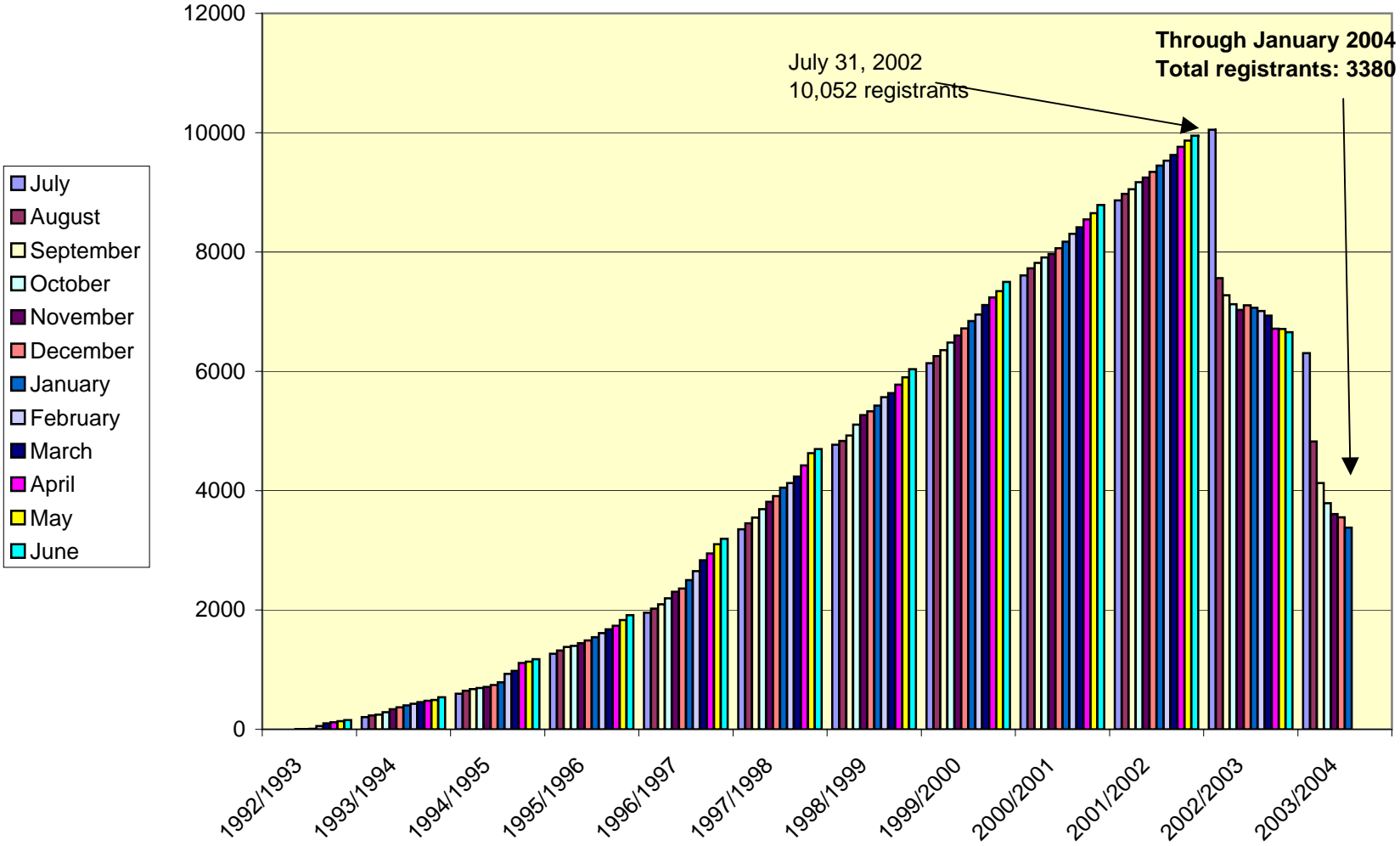
Unrestricted	1218
Temporary	168
Restricted (trip by trip)	70
Restricted (conditional)	146
Denied	131
Group Total:	<u>1733</u>

Recertification

Unrestricted	1177
Temporary	8
Restricted (trip by trip)	86
Restricted (conditional)	125
Denied	57
Group Total:	<u>1453</u>

Grand Total: 3186

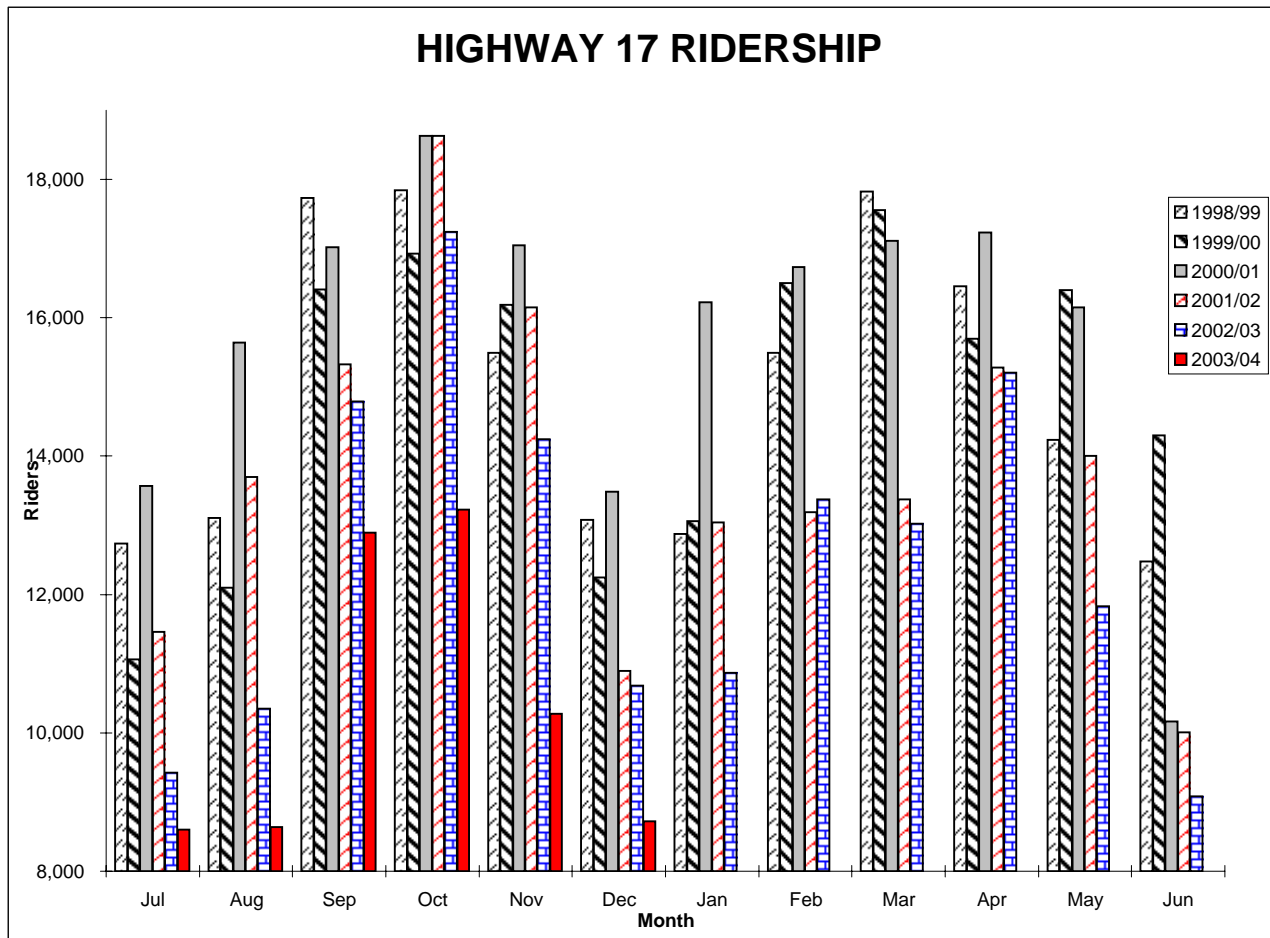
METRO ParaCruz Registrants



Growth by Month Since Inception

HIGHWAY 17 - DECEMBER 2003

	December			YTD		
	This Year	Last Year	%	This Year	Last Year	%
FINANCIAL						
Cost	\$ 85,345	\$ 100,449	(15.0%)	\$ 492,672	\$ 612,261	(19.5%)
Farebox	\$ 23,368	\$ 26,370	(11.4%)	\$ 160,667	\$ 184,890	(13.1%)
Operating Deficit	\$ 60,082	\$ 69,143	(13.1%)	\$ 323,589	\$ 408,517	(20.8%)
Santa Clara Subsidy	\$ 30,041	\$ 34,572	(13.1%)	\$ 161,794	\$ 204,259	(20.8%)
METRO Subsidy	\$ 30,041	\$ 34,572	(13.1%)	\$ 161,794	\$ 204,259	(20.8%)
San Jose State Subsidy	\$ 1,895	\$ 4,935	(61.6%)	\$ 8,416	\$ 18,853	(55.4%)
STATISTICS						
Passengers	8,722	10,686	(18.4%)	62,358	76,742	(18.7%)
Revenue Miles	30,263	34,201	(11.5%)	174,701	208,462	(16.2%)
Revenue Hours	1,233	1,361	(9.4%)	7,118	8,294	(14.2%)
PRODUCTIVITY						
Cost/Passenger	\$ 9.79	\$ 9.40	4.1%	\$ 7.90	\$ 7.98	(1.0%)
Revenue/Passenger	\$ 2.68	\$ 2.47	8.6%	\$ 2.58	\$ 2.41	6.9%
Subsidy/Passenger	\$ 7.11	\$ 6.93	2.5%	\$ 5.32	\$ 5.57	(4.4%)
Passengers/Mile	0.29	0.31	(7.8%)	0.36	0.37	(3.0%)
Passengers/Hour	7.07	7.85	(9.9%)	8.76	9.25	(5.3%)
Recovery Ratio	27.4%	26.3%	4.3%	32.6%	30.2%	8.0%



SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004
TO: Board of Directors
FROM: Bryant J. Baehr, Manager of Operations
SUBJECT: UNIVERSITY OF CALIFORNIA - SANTA CRUZ SERVICE UPDATE

I. RECOMMENDED ACTION

This report is for information purposes only. No action is required

II. SUMMARY OF ISSUES

- Student trips for December 2003 increased by 116.4% versus December 2002. Year to date student billable trips have increased by 8.9%.
- Faculty / staff trips for December 2003 increased by 39.5% versus December 2002. Year to date faculty / staff billable trips have increased by 22.7%.
- Revenue received from UCSC for December 2003 was \$88,027.90 versus \$37,305.72 for December 2002 an increased of 136.0%.

	Billable Days	Faculty/Staff Ridership	Student Ridership	Monthly Increase - (Decrease) Student	Monthly Increase - (Decrease) Faculty-Staff
This Year	N/A – Contract change**	13,139	90,059*	116.4%	39.5%
Last Year	N/A – Contract change**	9,418	41,618		

*In 2002 USCS ended instruction on December 06. In 2003 UCSC ended instruction on December 11. Five (5) additional days of instruction were scheduled for 2003 which reflects the additional Student / Facility – Staff ridership.

** Faculty / Staff and Student trips are now billed for each day of use versus school weekday. All days are now billable.

III. DISCUSSION

September 25, 2003 started the fall instructional session at UCSC. A summary of the results for December 2003 is:

- Student billable trips for the month of December 2003 were 90,059 vs. 41,618 for December 2002 an increase of 116.4%.
- Faculty / staff billable trips for the month of December 2003 were 13,139 vs. 9,418 for December 2002 an increase of 39.5%.
- Year to date Student billable trips increased by 8.9% and faculty / staff billable trips increased by 22.7%.

IV. FINANCIAL CONSIDERATIONS

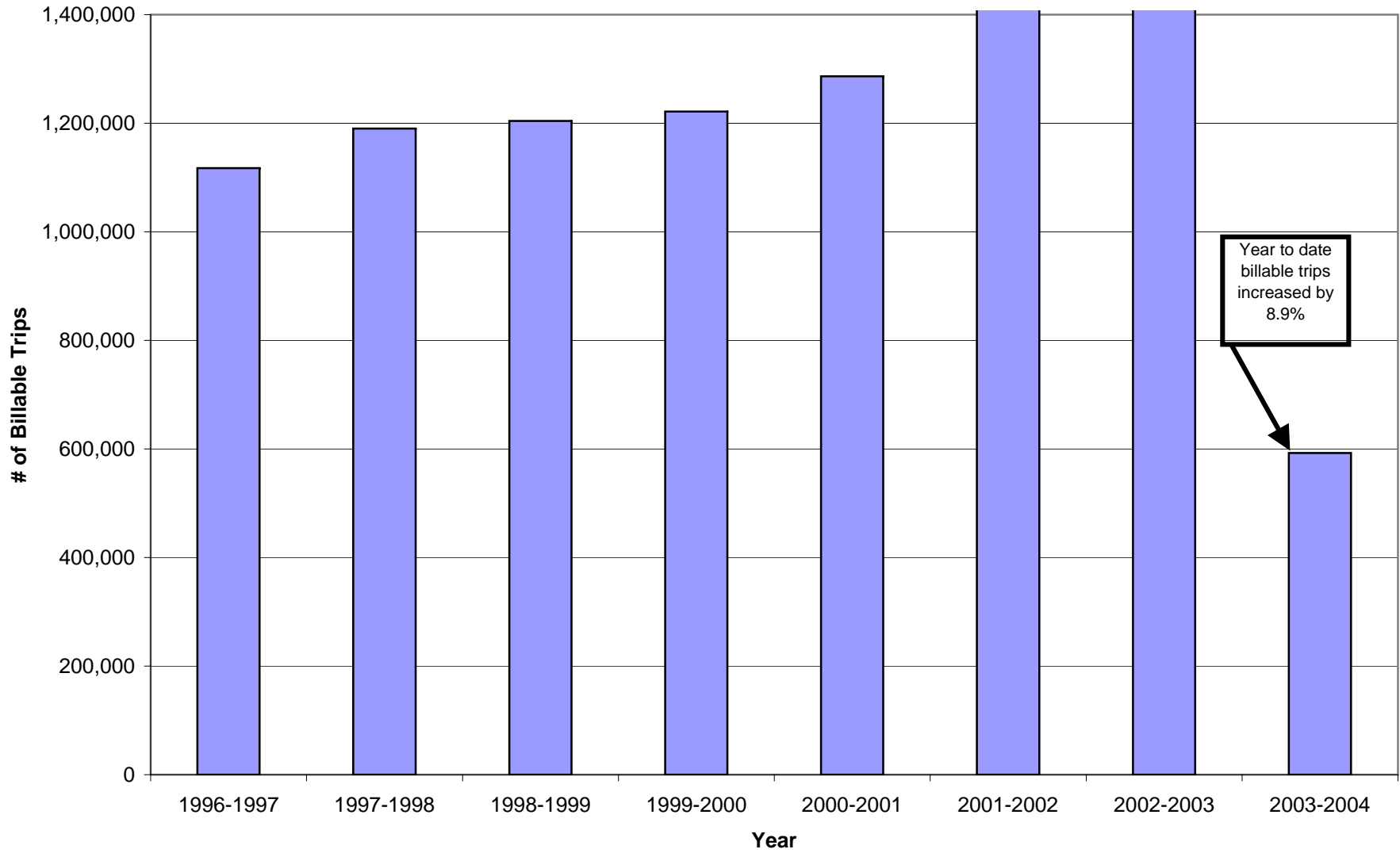
NONE

V. ATTACHMENTS

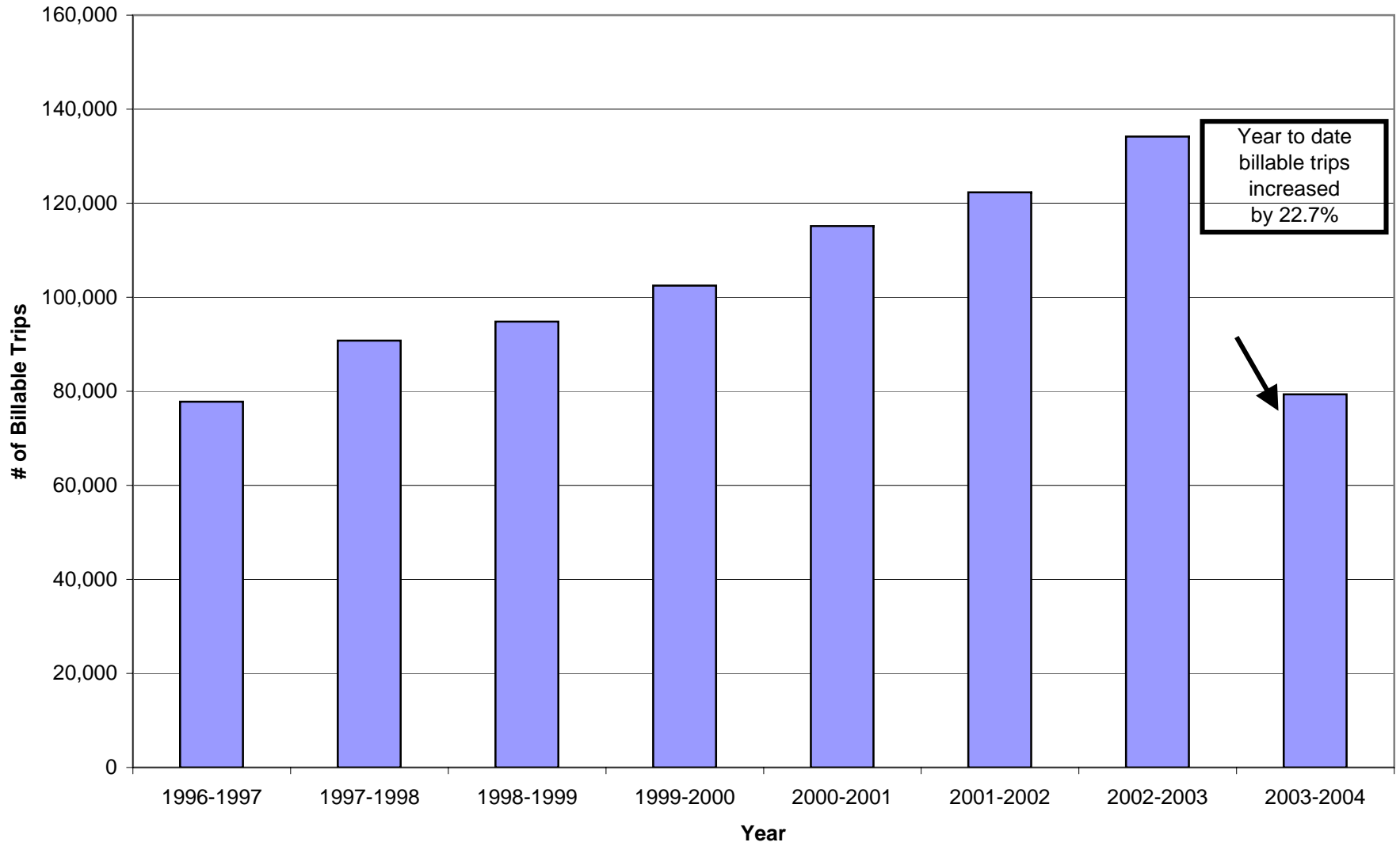
Attachment A: UCSC Student Billable Trips

Attachment B: UCSC Faculty / Staff Billable Trips

UCSC Student Billable Trips



UCSC Faculty / Staff Billable Trips



SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004

TO: Board of Directors

FROM: Tom Stickel, Manager of Fleet Maintenance

SUBJECT: CONSIDERATION OF AWARD OF CONTRACT TO BROWN, ARMSTRONG, PAULDEN, MCCOWN, STARBUCK, & KEETER ACCOUNTANCY CORPORATION FOR FINANCIAL AUDIT AND TAX SERVICES

I. RECOMMENDED ACTION

District staff is recommending that the Board of Directors authorize the General Manager to execute a contract with Brown, Armstrong, Paulden, McCown, Starbuck & Keeter Accountancy Corporation for financial audit and tax services for a total amount not to exceed \$ 37,700.

II. SUMMARY OF ISSUES

- A competitive procurement was conducted to solicit proposals from qualified firms.
- Four firms submitted proposals for the District's review.
- A three-member evaluation committee comprised of District staff reviewed and evaluated the proposals.
- The evaluation committee is recommending that a contract be established with Brown, Armstrong, Paulden, McCown, Starbuck & Keeter Accountancy Corporation to provide financial audit and tax services for a total not to exceed amount of \$37,700.

III. DISCUSSION

On December 19, 2003, District Request for Proposal, 03-11 was mailed to several accounting and tax services firms and was legally advertised. On January 16, 2004, proposals were received and opened from four firms. A three-member evaluation committee comprised of: Betsy Ross, Manager of Finance; Marilyn Fenn, Assistant Manger of Finance; and Lloyd Longnecker, District Buyer have reviewed and evaluated the proposals. A list and ranking of these firms are provided in Attachment A.

The evaluation committee used the following criteria as contained in the Request for Proposals:

Criteria	Priority
Contractor's Experience With Transit Systems Audits	1
Ability Of Contractor To Finish All Required Work By Deadline	2
Use Of Experienced Professional Audit Staff	3
Proposal Pricing	4
Responsiveness Of Proposal To Scope Of Work And Specifications	5
Contractor's Experience With Governmental Audits	6

Based on the above criteria, the evaluation committee is recommending that a contract be established with Brown, Armstrong, Paulden, McCown, Starbuck & Keeter Accountancy Corporation to provide financial audit and tax services for an amount not to exceed \$37,700. Contractor will provide services meeting all District specifications and requirements.

IV. FINANCIAL CONSIDERATIONS

Funds are available in the Finance budget for this contract. This contract has an annual budget of \$37,700.

V. ATTACHMENTS

Attachment A: List of firms that submitted a proposal

Attachment B: Contract with Brown, Armstrong, Paulden, McCown, Starbuck & Keeter Accountancy Corporation

NOTE: The RFP along with its Exhibits and Addendums are available for review at the Administration Office of METRO or online at www.scmtd.com

**List and Ranking of Firms Submitting a Proposal to
District RFP No. 03-11 for
Financial Audit and Tax Services**

- 1. Brown, Armstrong, Paulden, McCown, Starbuck, & Keeter
Accountancy Corporation of Bakersfield, California**
- 2. Vavrinek, Trine, Day & Company, LLP of San Jose, California**
- 3. Carlos E. Solar, CPA of Sacramento, California**
- 4. Leonard G. Birnbaum and Company, LLP of Redwood City, California**

**PROFESSIONAL SERVICES CONTRACT
FOR FINANCIAL AUDIT AND TAX SERVICES (03-11)**

THIS CONTRACT is made effective on March 1, 2004 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("District"), and BROWN, ARMSTRONG PAULDEN, MCCOWN, STARBUCK & KEETER ACCOUNTANCY CORPORATION ("Contractor").

1. RECITALS

1.01 District's Primary Objective

District is a public entity whose primary objective is providing public transportation and has its principal office at 370 Encinal Street, Suite 100, Santa Cruz, California 95060.

1.02 District's Need for Financial Audit and Tax Services

District has the need for Financial Audit and Tax Services. In order to obtain these services, the District issued a Request for Proposals, dated December 19, 2003, setting forth specifications for such services. The Request for Proposals is attached hereto and incorporated herein by reference as Exhibit "A".

1.03 Contractor's Proposal

Contractor is a firm/individual qualified to provide Financial Audit and Tax Services and whose principal place of business is 4200 Truxtun Avenue, Suite 300, Bakersfield, California. Pursuant to the Request for Proposals by the District, Contractor submitted a proposal for Financial Audit and Tax Services, which is attached hereto and incorporated herein by reference as Exhibit "B."

1.04 Selection of Contractor and Intent of Contract

On February 27, 2004 District selected Contractor as the offeror whose proposal was most advantageous to the District, to provide the Financial Audit and Tax Services described herein. This Contract is intended to fix the provisions of these services.

District and Contractor agree as follows:

2. INCORPORATED DOCUMENTS AND APPLICABLE LAW

2.01 Documents Incorporated in this Contract

The documents below are attached to this Contract and by reference made a part hereof. This is an integrated Contract. This writing constitutes the final expression of the parties' contract, and it is a complete and exclusive statement of the provisions of that Contract, except for written amendments, if any, made after the date of this Contract in accordance with Section 13.14.

A. Exhibit "A"

Santa Cruz Metropolitan Transit District's "Request for Proposals" dated December 19, 2003

B. Exhibit "B" (Contractor's Proposal)

Contractor's Proposal to the District for Financial Audit and Tax Services signed by Contractor and dated January 16, 2004.

2.02 Conflicts

Where in conflict, the provisions of this writing supersede those of the above-referenced documents, Exhibits "A" and "B". Where in conflict, the provisions of Exhibit "A" supercede Exhibit "B".

2.03 Recitals

The Recitals set forth in Article 1 are part of this Contract.

3. DEFINITIONS

3.01 General

The terms below (or pronouns in place of them) have the following meaning in the contract:

3.01.01 CONTRACT - The Contract consists of this document, the attachments incorporated herein in accordance with Article 2, and any written amendments made in accordance with Section 13.14.

3.01.02 CONTRACTOR - The Contractor selected by District for this project in accordance with the Request for Proposals issued December 19, 2003.

3.01.03 CONTRACTOR'S STAFF - Employees of Contractor.

3.01.04 DAYS - Calendar days.

3.01.05 OFFEROR - Contractor whose proposal was accepted under the terms and conditions of the Request for Proposals issued December 19, 2003.

3.01.06 PROVISION - Any term, agreement, covenant, condition, clause, qualification, restriction, reservation, or other stipulation in the contract that defines or otherwise controls, establishes, or limits the performance required or permitted by either party.

3.01.07 SCOPE OF WORK (OR "WORK") - The entire obligation under the Contract, including, without limitation, all labor, equipment, materials, supplies, transportation, services, and other work products and expenses, express or implied, in the Contract.

4. TIME OF PERFORMANCE

4.01 Term

The term of this Contract will be for a period not to exceed one (1) year and shall commence upon the issuance of the contract by the District.

At the option of the District, this contract agreement may be renewed for two (2) additional one (1) year terms upon mutual written consent.

5. COMPENSATION

5.01 Terms of Payment

District shall compensate Contractor in an amount not to exceed \$37,700. District shall reasonably determine whether work has been successfully performed for purposes of payment. Compensation shall be made within forty-five (45) days of District written approval of Contractor's written invoice for said work. Contractor understands and agrees that if he/she exceeds the \$37,700 maximum amount payable under this contract, that it does so at its own risk.

5.02 Invoices

Contractor shall submit invoices with a purchase order number provided by the District. Contractor's invoices shall include detailed records showing actual time devoted, work accomplished, date work accomplished, personnel used, and amount billed. Expenses shall only be billed if allowed under the Contract. Said invoice records shall be kept up-to-date at all times and shall be available for inspection by the District (or any grantor of the District, including, without limitation, any State or Federal agency providing project funding or reimbursement) at any time for any reason upon demand for not less than four (4) years after the date of expiration or termination of the Contract. Under penalty of law, Contractor represents that all amounts billed to the District are (1) actually incurred; (2) reasonable in amount; (3) related to this Contract; and (4) necessary for performance of the project.

6. NOTICES

All notices under this Contract shall be deemed duly given upon delivery, if delivered by hand; or three (3) days after posting, if sent by registered mail, receipt requested; to a party hereto at the address hereinunder set forth or to such other address as a party may designate by notice pursuant hereto.

DISTRICT

Santa Cruz Metropolitan Transit District
370 Encinal Street
Suite 100
Santa Cruz, CA 95060
Attention: General Manager

CONTRACTOR

Brown, Armstrong, Paulden, McCown, Starbuck & Keeter Accountancy Corporation
4200 Truxtun Avenue, Suite 300
Bakersfield, California 93309
Attention: Steven R. Starbuck, CPA, Principal

7. AUTHORITY

Each party has full power and authority to enter into and perform this Contract and the person signing this Contract on behalf of each has been properly authorized and empowered to enter into this Contract. Each party further acknowledges that it has read this Contract, understands it, and agrees to be bound by it.

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR
BROWN ARMSTRONG PAULDEN MCCOWN STARBUCK & KEETER
ACCOUNTANCY CORPORATION

By _____
Steven R. Starbuck, CPA
Principal

Approved as to Form:

Margaret Rose Gallagher
District Counsel

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Request for Proposals (RFP) For Financial Audit and Tax Services

District RFP NO. 03-11

**Date Issued: December 19, 2003
Proposal Deadline: 5:00 P.M., January 16, 2004**



Contents of this RFP

- I. Instructions to Offerors
- II. General Information Form
- III. Specifications for Financial Audit and Tax Services
- IV. General Conditions To The Contract
- V. Contract/Agreement
- VI. FTA Requirements for Non-Construction Contracts
- VII. Protest Procedures

PART I

INSTRUCTIONS TO OFFERORS

1. **GENERAL:** These instructions form a part of the contract documents and shall have the same force as any other portion of the contract. Failure to comply may subject the proposal to immediate rejection.
2. **OFFEROR RESPONSIBILITY:** The District has made every attempt to provide all information needed by offerors for a thorough understanding of project terms, conditions, and requirements. It is expressly understood that it is the responsibility of offerors to examine and evaluate the work required under this RFP and the terms and conditions under which the work is performed. By submitting a proposal, Offeror represents that it has investigated and agrees to all terms and conditions of this RFP.
3. **DELIVERY OF PROPOSALS TO THE DISTRICT:** Proposals (1 original and 5 copies) must be delivered to the District Purchasing Office, 120 Dubois Street, Santa Cruz, California, 95060 on or before the deadline noted in the RFP.

Any contract or purchase order entered into as a result of this RFP shall incorporate the RFP and the proposal submitted by successful offeror. In the event of conflict between the proposal and any other contract document, the other contract document shall prevail unless specified otherwise by the District. Telephone or electronic proposals will not be accepted.

4. **LATE PROPOSALS:** Proposals received after the date and time indicated herein shall not be accepted and shall be returned to the Offeror unopened.

Requests for extensions of the proposal closing date or time will not be granted. Offerors mailing proposals should allow sufficient mail time to ensure timely receipt of their proposals before the deadline, as it is the offerors responsibility to ensure that proposals arrive before the closing time.

5. **MULTIPLE PROPOSALS:** An offeror may submit more than one proposal. At least one of the proposals shall be complete and comply with all requirements of this RFP. However, additional proposals may be in abbreviated form, using the same format, but providing only the information that differs in any way from the information contained in the master proposal. Master proposals and alternate proposals should be clearly labeled.
6. **PARTIAL PROPOSALS:** No partial proposals shall be accepted.
7. **WITHDRAWAL OR MODIFICATION OF PROPOSALS:** Proposals may not be modified after the time and date proposals are opened. Proposals may be withdrawn by Offeror before proposal opening upon written request of the official who is authorized to act on behalf of the Offeror.
8. **CHANGES TO THE RFP RECOMMENDED BY OFFERORS:** All requests for clarification or modification of the RFP shall be made in writing. Offerors are required to provide the value of each proposed modification and a brief explanation as to why the change is requested. Value shall be defined as the cost or savings to the District and the advantage to the District of the proposed change.
9. **ADDENDA:** Modifications to this RFP shall be made only by written addenda issued to all RFP holders of record. Verbal instructions, interpretations, and changes shall not serve as official expressions of the District, and shall not be binding. All cost adjustments or other changes resulting from said addenda shall be taken into consideration by offerors and included in their proposals.
10. **OFFEROR'S PROPOSAL TO THE DISTRICT:** Offerors are expected to thoroughly examine the scope of work and terms and conditions of the RFP. Offerors' terms, conditions, and prices shall constitute a firm offer to the District that cannot be withdrawn by the Offeror for ninety (90) calendar days after the closing date for

proposals, unless a longer time period is specified by the District in the RFP. Offerors shall identify all proprietary information in their proposals. Information identified as proprietary shall not be made available to the public or other offerors.

11. **SINGLE OFFEROR RESPONSIBILITY:** Single Offeror responsibility is required under this RFP. Each Offeror responding to this RFP must respond to all professional services and provide all materials, equipment, supplies, transportation, freight, special services, and other work described or otherwise required herein.
12. **EXPERIENCE AND QUALIFICATIONS:** Offeror may be required upon request of the District to substantiate that Offeror and its proposed subcontractors have the skill, experience, licenses, necessary facilities, and financial resources to perform the contract in a satisfactory manner and within the required time.
13. **SUBCONTRACTING:** The requirement for single-point responsibility does not prohibit subcontracts or joint ventures provided that the single successful Offeror assumes the following responsibilities: (1) serves as the sole general contractor with the District; (2) assumes full responsibility for the performance of all its subcontractors, joint venturers, and other agents; (3) provides the sole point of contact for all activities through a single individual designated as project manager; (4) submits information with its proposal documenting the financial standing and business history of each subcontractor or joint venturer; and, (5) submits copies of all subcontracts and other agreements proposed to document such arrangement.

Without limiting the foregoing, any such legal documents submitted under item "5" above must (a) make the District a third-party beneficiary thereunder; (b) grant to the District the right to receive notice of and cure any default by the successful offeror under the document; and (c) pass through to the District any and all warranties and indemnities provided or offered by the subcontractor or similar party.

14. **EVALUATION CRITERIA AND AWARD OF CONTRACT:** The award of the contract will be made to the responsible Offeror whose proposal is most advantageous to the District. Specific evaluation criteria are identified in the Specifications section of the RFP.
15. **DISTRICT'S PREROGATIVE:** The District reserves the right to contract with any single firm or joint venture responding to this RFP (without performing interviews), based solely upon its evaluation and judgment of the firm or joint venture in accordance with the evaluation criteria. This RFP does not commit the District to negotiate a contract, nor does it obligate the District to pay for any costs incurred in preparation and submission of proposals or in submission of a contract.

The District reserves and holds at its discretion the following rights and options in addition to any others provided by the Public Utility Code, Section 98000 and the Public Contract Code: (1) to reject any or all of the proposals; (2) to issue subsequent requests for proposals; (3) to elect to cancel the entire request for proposals; (4) to waive minor informalities and irregularities in proposals received; (5) to enter into a contract with any combination of one or more prime contractors, subcontractors, or service providers; (6) to approve or disapprove the use of proposed subcontractors and substitute subcontractors; (7) to negotiate with any, all, or none of the respondents to the RFP.

16. **EXECUTION OF CONTRACT:** The final contract shall be executed by the successful offeror and returned to the District Administrative Office no later than ten (10) calendar days after the date of notification of award by the District. All required bonds and insurance certificates shall also be submitted by this deadline. In the event successful offeror does not submit any or all of the aforementioned documents on or before the required deadline, the District may award the contract to another offeror; in such event, District shall have no liability and said party shall have no remedy of any kind against the District.
17. **DISADVANTAGED AND WOMEN'S BUSINESS ENTERPRISES:** The Board of Directors of the Santa Cruz Metropolitan Transit District has adopted a Disadvantaged Business Enterprise Policy to promote the participation of disadvantaged business enterprises (DBE) in all areas of District contracting to the maximum extent practicable. Consistent with the DBE Policy, the successful offeror selected for this project shall take all necessary and reasonable steps to ensure that DBE firms have the maximum practicable opportunity to participate in the performance of this project and any subcontracting opportunities thereof.

18. **NONDISCRIMINATION:** The Santa Cruz Metropolitan Transit District will not discriminate with regard to race, color, creed, ancestry, national origin, religion, sex, sexual preference, marital status, age, medical condition or disability in the consideration for award of contract.

***ADDITIONAL INSTRUCTIONS TO OFFERORS ARE SET FORTH IN
OTHER SECTIONS OF THIS REQUEST FOR PROPOSALS***

PART II

GENERAL INFORMATION FORM

(To be completed by the offeror and placed at the front of your proposal)

FINANCIAL AUDIT AND TAX SERVICES

Legal Name of Firm Date

Firm's Address

Telephone Number FAX Number

Type of Organization (Partnership, Corporation, etc.) Tax ID Number

Name of Principal-in-Charge and Title

Signature of Authorized Principal

Name of Project Manager and Title

Name, Title and Phone Number of Person To Whom Correspondence Should be Directed

Addresses Where Correspondence Should Be Sent

Areas of Responsibility of Prime Contractor

Listing of major sub consultants proposed (if applicable), their phone numbers, and areas of responsibility (indicate which firms are DBE's):

Offeror understands and agrees that, by his/her signature, if awarded the contract for the project, he/she is entering into a contract with the District that incorporates the terms and conditions of the entire Request for Proposals package, including the General Conditions section of the Request for Proposals.

Offeror understands that this proposal constitutes a firm offer to the District that cannot be withdrawn for ninety (90) calendar days from the date of the deadline for receipt of proposals. If awarded the contract, offeror agrees to deliver to the District the required insurance certificates within ten (10) calendar days of the Notice of Award.

**BUY AMERICA PROVISION
(Only for Contracts above \$100,000)**

This procurement is subject to the Federal Transit Administration Buy America Requirements in 49 CFR part 661.

A Buy American Certificate, as per attached format, must be completed and submitted with the bid. A bid which does not include the certificate will be considered non-responsive.

A false certification is a criminal act in violation of 18 U.S.C. 1001. Should this procurement be investigated, the successful bidder/proposer has the burden of proof to establish that it is in compliance.

A waiver from the Buy America Provision may be sought by SCMTD if grounds for the waiver exist.

Section 165(a) of the Surface Transportation Act of 1982 permits FTA participation on this contract only if steel and manufactured products used in the contract are produced in the United States.

BUY AMERICA CERTIFICATE

The bidder hereby certifies that it will comply with the requirements of Section 165(a) or (b) (3) of the Surface Transportation Assistance Act of 1982, and the applicable regulations in 49 CFR Part 661.

Date: _____

Signature: _____

Company Name: _____

Title: _____

OR

The bidder hereby certifies that it cannot comply with the requirements of Section 165(a) or (b) (3) of the Surface Transportation Act of 1982, but may qualify for an exception to the requirement pursuant to Section 165(b)(2) or (b)(4) of the Surface Transportation Assistance Act of 1982, as amended, and regulations in 49 CFR 661.7.

Date: _____

Signature: _____

Company Name: _____

Title: _____

CONTRACTOR DBE INFORMATION

CONTRACTOR'S NAME _____
 DBE GOAL FROM CONTRACT _____ %
 FED. NO. _____
 COUNTY _____
 AGENCY _____
 CONTRACT NO. _____

CONTRACTOR'S ADDRESS _____

 PROPOSAL AMOUNT \$ _____
 PROPOSAL OPENING DATE _____
 DATE OF DBE CERTIFICATON _____
 SOURCE ** _____

This information must be submitted during the initial negotiations with the District. By submitting a proposal, offeror certifies that he/she is in compliance with the District's policy. Failure to submit the required DBE information by the time specified will be grounds for finding the proposal non-responsive.

CONTRACT ITEM NO.	ITEM OF WORK AND DESCRIPTION OF WORK OR SERVICES TO BE SUBCONTRACTED OR MATERIALS TO BE PROVIDED *	CERTIFICATION FILE NUMBER	NAME OF DBE	DOLLAR AMOUNT DBE ***	PERCENT DBE
----------------------	--	------------------------------	-------------	-----------------------------	----------------

TOTAL CLAIMED DBE
 PARTICIPATION \$ _____ %

 SIGNATURE OF CONTRACTOR

 DATE

 AREA CODE/TELEPHONE

(Detach from proposal if DBE information is not submitted with proposal.)

- * If 100% of item is not to be performed or furnished by DBE, describe exact portion, including plan location of work to be performed, of item to be performed or furnished by DBE.
- ** DBE's must be certified on the date proposals are opened.
- *** Credit for a DBE supplier who is not a manufacturer is limited to 60% of the amount paid to the supplier.

NOTE: Disadvantaged business must renew their certification annually by submitting certification questionnaires in advance of expiration of current certification. Those not on a current list cannot be considered as certified.

CONTRACTOR DBE INFORMATION

CONTRACT ITEM NO.	ITEM OF WORK AND DESCRIPTION OF WORK OR SERVICES TO BE SUBCONTRACTED OR MATERIALS TO BE PROVIDED *	CERTIFICATION FILE NUMBER	NAME OF DBE	DOLLAR AMOUNT DBE ***	PERCENT DBE
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TOTAL CLAIMED DBE
PARTICIPATION \$ _____ _____ %

PART III

SPECIFICATIONS FOR FINANCIAL AUDIT AND TAX SERVICES

I. NATURE OF THE PROJECT

A. Introduction

The Santa Cruz Metropolitan Transit District ("District") is the sole public transit operator in Santa Cruz County with a fleet of 104 buses and operates 42 routes. Services are also operated for the District under contracts with private transportation companies. Its service area is the entire county, an area of 441 square miles, with a population estimate of over 254,538 (according to a 2001 estimate by the U.S. Census Bureau) The District was formed in 1968 and is a political subdivision of the State of California.

The District has an annual current operating budget of thirty-two million seven hundred thousand dollars (\$32,700,000.00) and presently employs 264 people.

B. Purpose of Request for Proposals

The Santa Cruz Metropolitan Transit District invites independent certified public accountants licensed in California to submit proposals to perform the District's annual financial audit. The initial period to be audited will be July 1, 2003 through June 30, 2004. It is contemplated that the agreement will cover three years and the proposal should be submitted on that basis.

C. Scope of Required Services

The District requires a financial audit of its Statement of Net Assets for each fiscal year ending June 30 and the related Statements of Revenues, Expense and Changes in Fund Net Assets and Cash Flows for the year then ended, as well as a report of Independent Certified Public Accountant (opinion) thereon. The statements will be prepared in accordance with generally accepted accounting principles and must be examined in accordance with generally accepted auditing standards using procedures deemed necessary. The standards for financial and compliance audits are contained in the Standards for Audit of Governmental Organizations, Programs, Activities and Functions issued by the U. S. Government Accounting Office, the Single Audit Act of 1997, and the provisions of OMB Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations.

Specifically, the independent certified public accountant will be required to:

1. Provide a separate audit report under the Single Audit Program to meet Federal DOT Inspector General audit requirements on grants by recipient organizations. These requirements are identified in OMB Circulars A-133, with guidelines included in Circular A-102, the "common rules," and Circular A-87;
2. Provide a separate audit report on Compliance and on Internal Control over Financial Reporting;
3. Provide a separate audit report to indicate the District's compliance, as outlined by Section 6667 of Articles 5.5 of the California Administrative Code, with the Transportation Development Act (TDA), including Public Utility Code Section 99245;
4. Provide a management letter for each year audited, to include a statement of audit findings and recommendations affecting the financial statements, internal control, accounting, accounting systems, legality of actions, other instances of non-compliance with laws and regulations, and any other material matters.

All accounting records are computerized and the systems are operational and well documented. An in-house Information Technology department provides data processing services and support to all District departments. Financial information is electronically available.

A suitable work area will be provided in the Finance Department, located in the Administrative Office of the District, 370 Encinal Street, Suite 100, Santa Cruz, California. District staff will generally be available to provide customary information, explanations, or other assistance.

Required deadlines for FY 03-04 work:

Draft Audit Report November 1, 2004
Final Audit Report December 1, 2004

Deadlines for future years shall be provided by the District upon renewal of the contract.

The following additional services are also required:

- a. Prepare and file Federal tax returns for fiscal years ending 2003, 2004, and 2005 for the Santa Cruz Civic Improvement Corporation, a component unit of the District.
- b. Prepare and file State tax returns for fiscal years ending 2003, 2004, and 2005 for the Santa Cruz Civic Improvement Corporation.

II. SPECIFIC REQUIREMENTS

Accountant must possess the following qualifications:

- A. Experience involving primary responsibility for conducting a financial and compliance audit of a public agency, preferably a transit authority;
- B. Thorough familiarity with Office of Management and Budget Circular No. A-102, "Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments."
- C. Thorough familiarity with Standards for Audit of Governmental Organizations, Programs, Activities and Functions, as issued by the Comptroller General of the United States.
- D. Familiarity with the accounting and auditing requirements imposed upon recipients of grant funds under the Transportation Development Act (California Government Code, Sections 29530, et seq., Public Utilities Code, Sections 99200, et. seq., and rules and regulations adopted by the State Controller and the Secretary of Business and Transportation.)
- E. Submitted proposal shall provide names, addresses and telephone numbers for at least three clients for whom he/she has performed services similar in nature and complexity to that proposed in this RFP.

III. STATISTICAL DATA

The following items of information are provided in order to assist offeror in understanding the District:

- A. Number of checks issued by the District monthly (exclusive of payroll): 200-240
- B. Number of general ledger accounts: 640
- C. Average number of active vendors: 350

- D. Number of operating departments: 12
- E. Number of vendor invoices processed monthly: 550-600
- F. The District uses "ABS - Business Accounting Control System" for the general ledger and accounts payable. The County of Santa Cruz performs payroll services. Accounts receivable are minimal and are calculated and tracked on Excel spreadsheets.

Attached to these Specifications (Attachment A) are the following documents:

- 1. Santa Cruz Metropolitan Transit District's Financial Statements and Report of Independent Certified Public Accountants, June 30, 2003.
- 2. Santa Cruz Civic Improvement Corporation, Federal and State Tax Returns

IV. PROPOSAL SUBMISSION REQUIREMENTS

The proposal must include the following items in the order listed below. (Please complete and include the General Information Form enclosed in this packet with your proposal.) Your firm may include any additional information considered helpful in the evaluation of the proposal. However, proposals should be kept as brief and concise as possible.

- A. A statement of the offeror's understanding of the engagement and the maximum all-inclusive fee for the performance of that work.
- B. Names of the individuals who will be authorized to make representations for the offeror, their titles, addresses, and telephone numbers.
- C. Names of individuals who are authorized to bind the offeror.
- D. Submit a profile of the firm, including the following:
 - 1. Whether or not the firm is local, regional, national or multi-national.
 - 2. The location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors and other professional staff employed at that office.
 - 3. A description of the range of activities performed by the local office such as auditing, accounting, tax services, and management services.
- E. A description of the local and regional office's auditing experience with transit districts.
- F. A work plan to accomplish the requirements of the Request for Proposals and the estimated hours required to complete the engagement using the level of staff indicated.
- G. The District's FY 03-04 financial statements and records should be ready for audit no later than August 30, 2004. Please submit a timeline for actual field work, draft audit report and final audit report on or about June 30, 2004.

V. DEADLINE FOR RECEIPT OF PROPOSALS

The sealed proposal, one original and five (5) copies, and addenda (if any) must be received by the District no later than 4:00 p.m., January 16, 2004.

Mail or deliver to:
Santa Cruz Metropolitan Transit District
Attn: Purchasing Department
120 Dubois Street
Santa Cruz, CA 95060

Marked: "Request for Proposals for Audit and Tax Services #03-11 "

The Purchasing Office shall date/time stamp the proposal package. Late proposals will be considered non-responsive and rejected.

VI. INQUIRIES AND CORRESPONDENCE

Questions pertaining to this Request for Proposals shall be directed to the District Buyer, Lloyd Longnecker, by email address: llongnec@scmttd.com or by writing to the District Purchasing Office, 120 Dubois Street, Santa Cruz, CA 95060. No offeror may consider any verbal instructions, interpretations, or changes as an official expression on the District's behalf. Only written addenda signed by the District Buyer may be considered valid.

VII. EVALUATION AND SELECTION

A. Evaluation

Proposals will be evaluated on the basis of a variety of respective qualifications-based criteria, including, without limitation, experience, caliber of staff, reputation of company, time commitments of staff performing the audit, completeness and clarity of proposal, price and Disadvantaged Business Enterprise (DBE) participation. The District will consider those firms known to be interested in the account, and other firms known to have similar audit experience.

Proposals will be evaluated according to the following criteria, listed in order of priority, which shall be the sole criteria for determining qualifications for contract award:

Responsiveness Of Proposal To Scope Of Work And Specifications	10 Points
Contractor's Experience With Governmental Audits	10 Points
Contractor's Experience With Transit Systems Audits	20 Points
Ability Of Contractor To Finish All Required Work By Deadline	20 Points
Use Of Experienced Professional Audit Staff	20 Points
Proposal Pricing	20 points

B. Selection

Oral interviews may be conducted to assist in the final selection.

1. The District reserves the right to make the selection within ninety (90) calendar days from the date proposals are opened, during which period proposals shall not be withdrawn.
2. District reserves the right to delay making a selection in order to permit proper study and analysis of all proposals received and/or reject any or all proposals received.
3. District reserves the right to investigate the qualifications of all firms under consideration, to confirm any part of the information furnished by the firm, and to require further evidence of managerial, financial or professional capabilities which are considered necessary for the successful performance of the Contract.

VIII. CONTRACT ADMINISTRATION

The Manager of Finance of the District shall be the District's administrator for this contract.

IX. AWARD OF CONTRACT

It is anticipated that award for the contract for financial audit services will be made at the Santa Cruz Metropolitan Transit District's Board of Director's meeting of February 20, 2004.

PART IV

GENERAL CONDITIONS TO THE CONTRACT

I. GENERAL PROVISIONS

1.01 Governing Law & Compliance with All Laws

This Contract is governed by and construed in accordance with the laws of California. Each party will perform its obligations hereunder in accordance with all applicable laws, rules, and regulations now or hereafter in effect. Contractor shall ensure throughout the terms of this Agreement that all federal, state and local laws and requirements are met including any requirements District is obligated to perform because of receipt of grant funding. Contractor shall also be required to fulfill its obligation as a federal and/or state and/or local sub-recipient of grant funding.

1.02 Right to Modify Contract

District may extend the term of this Contract, expand the Scope of Work, or otherwise amend the Contract. Any such extension, expansion or amendment shall be effective only upon written agreement of the parties in accordance with Section 13.14.

2. TERMINATION

2.01 Termination for Convenience

2.01.01 The performance of Work under this Contract may be terminated by the District upon fifteen (15) days' notice at any time without cause for any reason in whole or in part, whenever the District determines that such termination is in the District's best interest.

2.01.02 Upon receipt of a notice of termination, and except as otherwise directed by the District, the Contractor shall: (1) stop work under the Contract on the date and to the extent specified in the notice of termination; (2) place no further orders or subcontracts for materials, services, or facilities, except as may be necessary for completion of such portion of the Work under the Contract as is not terminated; (3) terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the notice of termination; (4) assign to the District in the manner, at the time, and to the extent directed by the District all of the rights, title, and interest of the Contractor under the orders and subcontracts so terminated, in which case the District shall have the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts; (5) settle all outstanding liabilities and claims arising out of such termination or orders and subcontracts, with the approval or ratification of the District, to the extent the District may require, which approval or ratification shall be final for all the purposes of this clause; (6) transfer title to the District and deliver in the manner, at the time, and to the extent, if any, directed by District the fabricated or unfabricated parts, work in progress, completed work, supplies and other material produced as a part of, or acquired in connection with the performance of, the work terminated and the completed or partially completed plans, drawings, information and other property which, if the Contract had been completed, would have been required to be furnished to the District; (7) use its best efforts to sell, in the manner, at the time, to the extent, and at the price(s) directed or authorized by the District, any property of the types referred to above provided, however, that the Contract shall not be required to extend credit to any purchaser, and may acquire any such property under the conditions prescribed by and at a price(s) approved by the District, and provided further, that the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made to the District to the Contractor under this Contract or shall otherwise be credited to the price or cost of the Work covered by this Contract or paid in such other manner as the District may direct; (8) complete performance of

such part of the Work as shall not have been terminated by the notice of termination; and (9) take such action as may be necessary, or as the District may direct, for the protection or preservation of the property related to this Contract which is in the possession of the Contractor and in which the District has or may acquire an interest.

2.02 Termination for Default

- 2.02.01 The District may, upon written notice of default to the Contractor, terminate the whole or any part of this Contract if the Contractor: (1) fails to complete the Scope of Work within time period stated in the Specifications section of the IFB; (2) fails to perform any of the other provisions of the Contract; or (3) fails to make progress as to endanger performance of this Contract in accordance with its provisions.
- 2.02.02 If the Contract is terminated in whole or in part for default, the District may procure, upon such terms and in such manner as the District may deem appropriate, supplies or services similar to those so terminated. Without limitation to any other remedy available to the District, the Contractor shall be liable to the District for any excess costs for such similar supplies or services, and shall continue the performance of this Contract to the extent not terminated under the provisions of this clause.
- 2.02.03 If, after notice of termination of this Contract under the provisions of this clause, it is determined for any reason that the Contractor was not in default under the provisions of this clause, or that the default was excusable under the provisions of this clause, the rights and obligations of Contractor and District shall be considered to have been terminated pursuant to termination for convenience of the District pursuant to Article 2.01 from the date of Notification of Default.

2.03 No Limitation

The rights and remedies of the District provided in this Article 2 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

3. FORCE MAJEURE

3.01 General

Neither party hereto shall be deemed to be in default of any provision of this Contract, or for any failure in performance, resulting from acts or events beyond the reasonable control of such party. For purposes of this Contract, such acts shall include, but not be limited to, acts of God, civil or military authority, civil disturbance, war, strikes, fires, other catastrophes, or other "force majeure" events beyond the parties' reasonable control; provided, however, that the provisions of this Section 3 shall not preclude District from canceling or terminating this Contract (or any order for any product included herein), as otherwise permitted hereunder, regardless of any force majeure event occurring to Contractor.

3.02 Notification by Contractor

Contractor shall notify District in writing as soon as Contractor knows, or should reasonably know, that a force majeure event (as defined in Section 3.01) has occurred that will delay completion of the Scope of Work. Said notification shall include reasonable proofs required by the District to evaluate any Contractor request for relief under this Article 3. District shall examine Contractor's notification and determine if the Contractor is entitled to relief. The District shall notify the Contractor of its decision in writing. The District's decision regarding whether or not the Contractor is entitled to force majeure relief shall be final and binding on the parties.

3.03 Losses

Contractor is not entitled to damages, compensation, or reimbursement from the District for losses resulting from any "force majeure" event.

4. PROFESSIONAL STANDARDS

Contractor shall at all times during the term of this Contract possess the technical ability, experience, financial ability, overall expertise, and all other skills, licenses, and resources necessary to perform and complete the scope of work in a timely, professional manner so as to meet or exceed the provisions of this Contract.

5. PROFESSIONAL RELATIONS

5.01 Independent Contractor

No relationship of employer and employee is created by this Contract. In the performance of its work and duties, Contractor is at all times acting and performing as an independent contractor in the practice of its profession. District shall neither have nor exercise control or direction over the methods by which Contractor performs services pursuant to this Contract (including, without limitation, its officers, shareholders, and employees); provided, however, that Contractor agrees that all work performed pursuant to this Contract shall be in strict accordance with currently approved methods and practices in its profession, and in accordance with this Contract. The sole interest of District is to ensure that such services are performed and rendered in a competent and cost effective manner.

5.02 Benefits

Contractor (including, without limitation, its officers, shareholders, subcontractors and employees) has no claim under this Contract or otherwise against the District for social security benefits, workers' compensation benefits, disability benefits, unemployment benefits, vacation pay, sick leave, or any other employee benefit of any kind.

6. INDEMNIFICATION FOR DAMAGES, TAXES AND CONTRIBUTIONS

6.01 Scope

Contractor shall exonerate, indemnify, defend, and hold harmless District (which for the purpose of Articles 6 and 7 shall include, without limitation, its officers, agents, employees and volunteers) from and against:

6.01.01 Any and all claims, demands, losses, damages, defense costs, or liability of any kind or nature which District may sustain or incur or which may be imposed upon it for injury to or death of persons, or damage to property as a result of, or arising out of, or in any manner connected with the Contractor's performance under the provisions of this Contract. Such indemnification includes any damage to the person(s) or property(ies) of Contractor and third persons.

6.01.02 Any and all Federal, state and local taxes, charges, fees, or contributions required to be paid with respect to Contractor, Contractor's officers, employees and agents engaged in the performance of this Contract (including, without limitation, unemployment insurance, social security, and payroll tax withholding).

7. INSURANCE

7.01 General

Contractor, at its sole cost and expense, for the full term of this Contract (and any extensions thereof), shall obtain and maintain at minimum all of the following insurance coverage. Such insurance coverage shall be primary coverage as respects District and any insurance or self-insurance maintained by District shall be excess of Contractor's insurance coverage and shall not contribute to it.

7.02 Types of Insurance and Minimum Limits

Contractor shall obtain and maintain during the term of this Contract:

- (1) Worker's Compensation and Employer's Liability Insurance in conformance with the laws of the State of California (not required for Contractor's subcontractors having no employees).
- (2) Contractor's vehicles used in the performance of this Contract, including owned, non-owned (e.g. owned by Contractor's employees), leased or hired vehicles, shall each be covered with Automobile Liability Insurance in the minimum amount of \$1,000,000.00 combined single limit per accident for bodily injury and property damage.
- (3) Contractor shall obtain and maintain Comprehensive General Liability Insurance coverage in the minimum amount of \$1,000,000.00 combined single limit, including bodily injury, personal injury, and property damage. Such insurance coverage shall include, without limitation:
 - (a) Contractual liability coverage adequate to meet the Contractor's indemnification obligations under this contract.
 - (a) Full Personal Injury coverage.
 - (a) Broad form Property Damage coverage.
 - (a) A cross-liability clause in favor of the District.
- (4) Contractor shall obtain and maintain Professional Liability Insurance coverage in the minimum amount of \$1,000,000.00.

7.03 Other Insurance Provisions

- (1) As to all insurance coverage required herein, any deductible or self-insured retention exceeding \$5,000.00 shall be disclosed to and be subject to written approval by District.
- (2) If any insurance coverage required hereunder is provided on a "claims made" rather than "occurrence" form, Contractor shall maintain such insurance coverage for three (3) years after expiration of the term (and any extensions) of this Contract.
- (3) All required Automobile Liability Insurance and Comprehensive or Commercial General Liability Insurance shall contain the following endorsement as a part of each policy: "The Santa Cruz Metropolitan Transit District is hereby added as an additional insured as respects the operations of the named insured."
- (4) All the insurance required herein shall contain the following clause: "It is agreed that this insurance shall not be canceled until thirty (30) days after the District shall have been given written notice of such cancellation or reduction."
- (5) Contractor shall notify District in writing at least thirty (30) days in advance of any reduction in any insurance policy required under this Contract.
- (6) Contractor agrees to provide District at or before the effective date of this Contract with a certificate of insurance of the coverage required.
- (1) All insurance shall be obtained from brokers or carriers authorized to transact business in California and are satisfactory to the District.

8. RESERVED

9. NO DISCRIMINATION

In connection with the performance of services provided under this Contract, Contractor shall not on the grounds of race, color, creed, ancestry, national origin, religion, sex, sexual orientation, marital status, age, medical condition or disability discriminate or permit discrimination against any person or group of persons in any manner prohibited by Federal, State, or local laws.

10. DISADVANTAGED BUSINESS ENTERPRISES

The Board of Directors of the Santa Cruz Metropolitan Transit District has adopted a Disadvantaged Business Enterprise Policy to promote the participation of disadvantaged business enterprises (DBE's) in all areas of District contracting to the maximum extent practicable. Consistent with the DBE Policy, the Contractor shall take all necessary and reasonable steps to ensure that DBE firms have the maximum practicable opportunity to participate in the performance of this project and any subcontracting opportunities thereof.

11. PROMPT PAYMENT

The prime contractor agrees to pay each subcontractor under this prime contract for satisfactory performance of its contract no later than 30 days from the receipt of each payment the prime contractor receives from District. The prime contractor agrees further to return retainage payments to each subcontractor within 30 days after the subcontractor's work is satisfactorily completed. Any delay or postponement of payment from the above referenced time frame may occur only for good cause following written approval of the District. This applies to both DBE and non-DBE subcontractors.

Prime subcontractors must include the prompt payment language of paragraph 1 in all subcontracts, regardless of subcontractor's DBE status. Failure of a prime contractor to uphold prompt payment requirements for subcontractors will result in District withholding reimbursement for completed work.

12. RESERVED

13. MISCELLANEOUS PROVISIONS

13.01 Successors and Assigns

The Contract shall inure to the benefit of, and be binding upon, the respective successors and assigns, if any, of the parties hereto, except that nothing contained in this Article shall be construed to permit any attempted assignment which would be unauthorized or void pursuant to any other provision of this Contract.

13.02 Survival of Rights and Obligations

In the event of termination, the rights and obligations of the parties which by their nature survive termination of the services covered by this Contract shall remain in full force and effect after termination. Compensation and revenues due from one party to the other under this Contract shall be paid; loaned equipment and material shall be returned to their respective owners; the duty to maintain and allow inspection of books, accounts, records and data shall be extended as provided in Section 13.15; and the hold harmless agreement contained in Article 6 shall survive.

13.03 Limitation on District Liability

The District's liability is, in the aggregate, limited to the total amount payable under this Contract.

13.04 Drug and Alcohol Policy

Contractor shall not use, possess, manufacture, or distribute alcohol or illegal drugs during the performance of the Contract or while on District premises or distribute same to District employees.

13.05 Publicity

Contractor agrees to submit to District all advertising, sales promotion, and other public matter relating to any service furnished by Contractor wherein the District's name is mentioned or language used from which the connection of District's name therewith may, within reason, be inferred or implied. Contractor further agrees not to publish or use any such advertising, sales promotion or publicity matter without the prior written consent of District.

13.06 Consent to Breach Not Waiver

No provision hereof shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether express or implied, shall not constitute a consent to, waiver of, or excuse for any other different or subsequent breach.

13.07 Attorneys' Fees

In the event that suit is brought to enforce or interpret any part of this Contract, the prevailing party shall be entitled to recover as an element of its costs of suit, and not as damages, a reasonable attorney's fee to be fixed by the court. The "prevailing party" shall be the party who is entitled to recover its costs of suit, whether or not the suit proceeds to final judgment. A party not entitled to recover its costs shall not recover attorney's fees. No sum for attorney's fees shall be counted in calculating the amount of a judgment for purposes of determining whether a party is entitled to recover its costs or attorney's fees.

13.08 No Conflict of Interest

Contractor represents that it currently has no interest, and shall not have any interest, direct or indirect, that would conflict in any manner with the performance of services required under this Contract.

13.09 Prohibition of Discrimination against Qualified Handicapped Persons

Contractor shall comply with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended, pertaining to the prohibition of discrimination against qualified handicapped persons in federally-assisted programs.

13.10 Cal OSHA/Hazardous Substances

13.10.01 Contractor shall comply with California Administrative Code Title 8, Section 5194, and shall directly (1) inform its employees of the hazardous substances they may be exposed to while performing their work on District property, (2) ensure that its employees take appropriate protective measures, and (3) provide the District's Manager of Facility Maintenance with a Material Safety Data Sheet (MSDS) for all hazardous substances to be used on District property.

13.10.02 Contractor shall comply with Cal OSHA regulations and the Hazardous Substance Training and Information Act. Further, said parties shall indemnify the District against any and all damage, loss, and injury resulting from non-compliance with this Article.

13.10.03 Contractor will comply with the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65) California Health and Safety Code Section 25249.5 - 25249.13. Contractor will ensure that clear and reasonable warnings are made to persons exposed to those chemicals listed by the State of California as being known to cause cancer or reproductive toxicity.

13.10.04 Contractor shall be solely responsible for any hazardous material, substance or chemical released or threatened release caused or contributed to by Contractor. Contractor shall be solely responsible for all clean-up efforts and costs.

13.11 Non-Assignment of Contract

The Contractor shall not assign, transfer, convey, sublet, or otherwise dispose of the Contract or Contractor's right, title or interest in or to the same or any part thereof without previous written consent by the District; and any such action by Contractor without District's previous written consent shall be void.

13.12 No Subcontract

Contractor shall not subcontract or permit anyone other than Contractor or its authorized staff and subcontractors to perform any of the scope of work, services or other performance required of Contractor under this Contract without the prior written consent of the District. Any such action by Contractor without District's previous consent shall be void.

13.13 Severability

If any provision of this Contract is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force and effect, and shall in no way be affected, impaired or invalidated.

13.14 All Amendments in Writing

No amendment to this Contract shall be effective unless it is in writing and signed by duly authorized representatives of both parties.

13.15 Audit

This Contract is subject to audit by Federal, State, or District personnel or their representatives at no cost for a period of four (4) years after the date of expiration or termination of the Contract. Requests for audits shall be made in writing, and Contractor shall respond with all information requested within ten (10) calendar days of the date of the request. During the four-year period that the Contract is subject to audit, Contractor shall maintain detailed records substantiating all costs and expenses billed against the Contract.

13.16 Smoking Prohibited

Contractor, its employees and agents shall not smoke in any enclosed area on District premises or in a District vehicle.

13.17 Responsibility for Equipment

13.17.01 District shall not be responsible nor held liable for any damage to person or property consequent upon the use, or misuse, or failure of any equipment used by Contractor, or any of its employees, even though such equipment be furnished, rented or loaned to Contractor by District.

13.17.02 Contractor is responsible to return to the District in good condition any equipment, including keys, issued to it by the District pursuant to this Agreement. If the contractor fails or refuses to return District-issued equipment within five days of the conclusion of the contract work the District shall deduct the actual costs to repair or replace the equipment not returned from the final payment owed to contractor or take other appropriate legal action at the discretion of the District.

13.18 Grant Contracts

13.18.01 Contractor shall ensure throughout the terms of this Agreement that all federal, state and local laws and requirements are met including any requirements District is obligated to perform because of receipt of grant funding. Contractor shall also be required to fulfill its obligation as a federal and/or state and/or local sub-recipient of grant funding.

13.19 Time of the Essence

13.19.01 Time is of the essence in this Contract

PART V

PROFESSIONAL SERVICES CONTRACT FOR FINANCIAL AUDIT AND TAX SERVICES (03-11)

THIS CONTRACT is made effective on _____, 2004 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("District"), and _____ ("Contractor").

1. RECITALS

1.01 District's Primary Objective

District is a public entity whose primary objective is providing public transportation and has its principal office at 370 Encinal Street, Suite 100, Santa Cruz, California 95060.

1.02 District's Need for Financial Audit and Tax Services

District has the need for Financial Audit and Tax Services. In order to obtain these services, the District issued a Request for Proposals, dated December 19, 2003, setting forth specifications for such services. The Request for Proposals is attached hereto and incorporated herein by reference as Exhibit "A".

1.03 Contractor's Proposal

Contractor is a firm/individual qualified to provide Financial Audit and Tax Services and whose principal place of business is _____. Pursuant to the Request for Proposals by the District, Contractor submitted a proposal for Financial Audit and Tax Services, which is attached hereto and incorporated herein by reference as Exhibit "B."

1.04 Selection of Contractor and Intent of Contract

On _____, District selected Contractor as the offeror whose proposal was most advantageous to the District, to provide the Financial Audit and Tax Services described herein. This Contract is intended to fix the provisions of these services.

District and Contractor agree as follows:

2. INCORPORATED DOCUMENTS AND APPLICABLE LAW

2.01 Documents Incorporated in this Contract

The documents below are attached to this Contract and by reference made a part hereof. This is an integrated Contract. This writing constitutes the final expression of the parties' contract, and it is a complete and exclusive statement of the provisions of that Contract, except for written amendments, if any, made after the date of this Contract in accordance with Section 13.14.

A. Exhibit "A"

Santa Cruz Metropolitan Transit District's "Request for Proposals" dated December 19, 2003

B. Exhibit "B" (Contractor's Proposal)

Contractor's Proposal to the District for Financial Audit and Tax Services signed by Contractor and dated January 16, 2004.

2.02 Conflicts

Where in conflict, the provisions of this writing supersede those of the above-referenced documents, Exhibits "A" and "B". Where in conflict, the provisions of Exhibit "A" supercede Exhibit "B".

2.03 Recitals

The Recitals set forth in Article 1 are part of this Contract.

3. DEFINITIONS

3.01 General

The terms below (or pronouns in place of them) have the following meaning in the contract:

3.01.01 CONTRACT - The Contract consists of this document, the attachments incorporated herein in accordance with Article 2, and any written amendments made in accordance with Section 13.14.

3.01.02 CONTRACTOR - The Contractor selected by District for this project in accordance with the Request for Proposals issued December 19, 2003.

3.01.03 CONTRACTOR'S STAFF - Employees of Contractor.

3.01.04 DAYS - Calendar days.

3.01.05 OFFEROR - Contractor whose proposal was accepted under the terms and conditions of the Request for Proposals issued December 19, 2003.

3.01.06 PROVISION - Any term, agreement, covenant, condition, clause, qualification, restriction, reservation, or other stipulation in the contract that defines or otherwise controls, establishes, or limits the performance required or permitted by either party.

3.01.07 SCOPE OF WORK (OR "WORK") - The entire obligation under the Contract, including, without limitation, all labor, equipment, materials, supplies, transportation, services, and other work products and expenses, express or implied, in the Contract.

4. TIME OF PERFORMANCE

4.01 Term

The term of this Contract will be for a period not to exceed one (1) year and shall commence upon the issuance of the contract by the District.

At the option of the District, this contract agreement may be renewed for two (2) additional one (1) year terms upon mutual written consent.

5. COMPENSATION

5.01 Terms of Payment

District shall compensate Contractor in an amount not to exceed the amounts/rates agreed upon by the District. District shall reasonably determine whether work has been successfully performed for purposes of payment. Compensation shall be made within forty-five (45) days of District written approval of Contractor's written invoice for said work.

5.02 Invoices

Contractor shall submit invoices with a project number provided by the District on a monthly basis. Contractor's invoices shall include detailed records showing actual time devoted, work accomplished, date work accomplished, personnel used, and amount billed per hour. Expenses shall only be billed if allowed under the Contract. Telephone call expenses shall show the nature of the call and identify location and individual called. Said invoice records shall be kept up-to-date at all times and shall be available for inspection by the District (or any grantor of the District, including, without limitation, any State or Federal agency providing project funding or reimbursement) at any time for any reason upon demand for not less than four (4) years after the date of expiration or termination of the Contract. Under penalty of law, Contractor represents that all amounts billed to the District are (1) actually incurred; (2) reasonable in amount; (3) related to this Contract; and (4) necessary for performance of the project.

6. NOTICES

All notices under this Contract shall be deemed duly given upon delivery, if delivered by hand; or three (3) days after posting, if sent by registered mail, receipt requested; to a party hereto at the address hereinunder set forth or to such other address as a party may designate by notice pursuant hereto.

DISTRICT

Santa Cruz Metropolitan Transit District
370 Encinal Street
Suite 100
Santa Cruz, CA 95060
Attention: General Manager

CONTRACTOR

Attention: _____

7. AUTHORITY

Each party has full power and authority to enter into and perform this Contract and the person signing this Contract on behalf of each has been properly authorized and empowered to enter into this Contract. Each party further acknowledges that it has read this Contract, understands it, and agrees to be bound by it.

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
General Manager

CONTRACTOR

By _____

Approved as to Form:

Margaret Rose Gallagher
District Counsel

PART VI

FEDERAL TRANSIT ADMINISTRATION REQUIREMENTS FOR NON-CONSTRUCTION CONTRACTS

1.0 GENERAL

This Contract is subject to the terms of a financial assistance contract between the Santa Cruz Metropolitan Transit District and the Federal Transit Administration (FTA) of the United States Department of Transportation.

2.0 INTEREST TO MEMBERS OF OR DELEGATES TO CONGRESS

In accordance with 18 U.S.C. 431, no member of, nor delegates to, the Congress of the United States shall be admitted to a share or part of this Contract or to any benefit arising therefrom.

3.0 INELIGIBLE CONTRACTORS

Neither Contractor, subcontractor, nor any officer or controlling interest holder of Contractor or subcontractor, is currently, or has been previously, on any debarred bidders list maintained by the United States Government.

4.0 EQUAL EMPLOYMENT OPPORTUNITY (Not applicable to contracts for standard commercial supplies and raw materials)

In connection with the execution of this Contract, the Contractor shall not discriminate against any employee or application for employment because of race, religion, color, sex, age (40 or over), national origin, pregnancy, ancestry, marital status, medical condition, physical handicap, sexual orientation, or citizenship status. The Contractor shall take affirmative action to insure that applicants employed and that employees are treated during their employment, without regard to their race, religion, color, sex national origin, etc. Such actions shall include, but not be limited to the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and, selection for training including apprenticeship. Contractor further agrees to insert a similar provision in all subcontracts, except subcontracts for standard commercial supplies or raw materials.

5.0 TITLE VI CIVIL RIGHTS ACT OF 1964

During the performance of this Contract, the Contractor, for itself, its assignees and successors in interest (hereinafter referred to as the "Contractor"), agrees as follows:

5.1 Compliance with Regulations

The Contractor shall comply with the Regulations relative to nondiscrimination in federally assisted programs of the Department of Transportation (hereinafter "DOT") Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time (hereinafter referred to as the "Regulations"), which are herein incorporated by reference and made a part of this Contract.

5.2 Nondiscrimination

The Contractor, with regard to the work performed by it during the Contract, shall not discriminate on the grounds of race, religion, color, sex, age or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The Contractor shall not participate either directly or indirectly in the discrimination prohibited in Section 21.5 of the Regulations, including employment practices when the Contract covers a program set forth in Appendix B of the regulations.

5.3 Solicitations for Subcontracts, Including Procurements of Materials and Equipment

In all solicitations either by competitive bidding or negotiation made by the Contractor for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the Contractor of the Contractor's obligations under this Contract and the Regulations relative to nondiscrimination on the grounds of race, religion, color, sex, age or national origin.

5.4 Information and Reports

The Contractor shall provide all information and reports required by the Regulations or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the District or the Federal Transit Administration (FTA) to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information is required or a Contractor is in the exclusive possession of another who fails or refuses to furnish this information, the Contractor shall so certify to the District, or the Federal Transit Administration, as appropriate, and shall set forth what efforts it has made to obtain the information.

5.5 Sanctions for Noncompliance

In the event of the Contractor's noncompliance with the nondiscrimination provisions of this Contract, the District shall impose such contract sanctions as it or the Federal Transit Administration may determine to be appropriate, including, but not limited to:

- (a) Withholding of payments to the Contractor under the Contract until the Contractor complies; and/or,
- (b) Cancellation, termination or suspension of the Contract, in whole or in part.

5.6 Incorporation of Provisions

The Contractor shall include the provisions of Paragraphs (1) through (6) of this section in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Regulations or directives issued pursuant thereto. The Contractor shall take such action with respect to any subcontract or procurement as the District or the Federal Transit Administration may direct as a means of enforcing such provisions, including sanctions for noncompliance; provided, however, that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the Contractor may require the District to enter into such litigation to protect the interests of the District, and, in addition, the Contractor may request the services of the Attorney General in such litigation to protect the interests of the United States.

6.0 CLEAN AIR AND FEDERAL WATER POLLUTION CONTROL ACTS (Applicable only to contracts in excess of \$100,000)

Contractor shall comply with all applicable standards, orders or requirements issued under Section 306 of the Clean Air Act (42 USC 1857[h]), Section 508 of the Clean Water Act (33 USC 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR, Part 15), which prohibit the use under non-exempt Federal contracts, grants or loans of facilities included on the EPA List of Violating Facilities. Contractor shall report all violations to FTA and to the USEPA Assistant Administrator for Enforcement (EN0329).

7.0 CONSERVATION

Contractor shall recognize mandatory standards and policies relating to energy efficiency which are contained in the State energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 USC Section 6321, et seq.).

8.0 AUDIT AND INSPECTION OF RECORDS (Applicable only to sole source or negotiated contracts in excess of \$10,000)

Contractor agrees that the District, the Comptroller General of the United States, or any of their duly authorized representatives shall, for the purpose of audit and examination, be permitted to inspect all work, materials, payrolls and other data and records with regard to the project, and to audit the books, records and accounts with regard to the project. Further, Contractor agrees to maintain all required records for at least three years after District makes final payments and all other pending matters are closed.

9.0 LABOR PROVISIONS (Applicable only to contracts of \$2,500.00 or more that involve the employment of mechanics or laborers)

9.1 Overtime Requirements

No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any work week in which he or she is employed on such work to work in excess of eight (8) hours in any calendar day or in excess of forty (40) hours in such work week unless such laborer or mechanic receives compensation at a rate not less than one and one-half (1 1/2) times the basic rate of pay for all hours worked in excess of eight (8) hours in any calendar day or in excess of forty (40) hours in such work week, whichever is greater.

9.2 Violation; Liability for Unpaid Wages; Liquidated Damages

In the event of any violation of the clause set forth in subparagraph (b)(1) of 29 CFR Section 5.5, the Contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such district or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in subparagraph (b)(1) of which such individual was required or permitted to work in excess of eight (8) hours in excess of the standard work week of forty (40) hours without payment of the overtime wages required by the clause set forth in subparagraph (b)(1) of 29 CFR Section 5.5.

9.3 Withholding for Unpaid Wages and Liquidated Damages

DOT or the District shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any monies payable on account of work performed by the Contractor or subcontractor under any such contract or any other Federal contract with the same prime Contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime Contractor, such sums as may be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b)(2) of 29 CFR Section 5.5.

9.4 Nonconstruction Grants

The Contractor or subcontractor shall maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three (3) years from the completion of the Contract for all laborers and mechanics, including guards and watchmen, working on the Contract. Such records shall contain the name and address of each such employee, social security

number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made and actual wages paid. Further, the District shall require the contracting officer to insert in any such contract a clause providing that the records to be maintained under this paragraph shall be made available by the Contractor or subcontractor for inspection, copying or transcription by authorized representatives of DOT and the Department of Labor, and the Contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

9.5 Subcontracts

The Contractor or subcontractor shall insert in any subcontracts the clauses set forth in subparagraph (1) through (5) of this paragraph and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in subparagraphs (1) through (5) of this paragraph.

10.0 CARGO PREFERENCE (Applicable only to Contracts under which equipment, materials or commodities may be transported by ocean vehicle in carrying out the project)

The Contractor agrees:

- 10.1 To utilize privately owned United States-flag commercial vessels to ship at least fifty percent (50%) of the gross tonnage (computed separately for dry bulk carriers, dry cargo liners and tankers) involved, whenever shipping any equipment, materials or commodities pursuant to this section, to the extent such vessels are available at fair and reasonable rates for United States- flag commercial vessels.
- 10.2 To furnish within 30 days following the date of loading for shipments originating within the United States, or within thirty (30) working days following the date of loading for shipment originating outside the United States, a legible copy of a rated, "on-board" commercial ocean bill-of-lading in English for each shipment of cargo described in paragraph (1) above, to the District (through the prime Contractor in the case of subcontractor bills-of-lading) and to the Division of National Cargo, Office of Market Development, Maritime Administration, 400 Seventh Street, S.W., Washington D. C. 20590, marked with appropriate identification of the project.
- 10.3 To insert the substance of the provisions of this clause in all subcontracts issued pursuant to this Contract.

11.0 BUY AMERICA PROVISION

This procurement is subject to the Federal Transportation Administration Buy America Requirements in 49 CFR 661.

A Buy America Certificate, if required format (see Form of Proposal or Bid Form) must be completed and submitted with the proposal. A proposal which does not include the certificate shall be considered non-responsive.

A waiver from the Buy America Provision may be sought by the District if grounds for the waiver exist.

Section 165a of the Surface Transportation Act of 1982 permits FTA participation on this Contract only if steel and manufactured products used in the Contract are produced in the United States.

In order for rolling stock to qualify as a domestic end product, the cost of components produced in the United States must exceed sixty percent (60%) of the cost of all components, and final assembly must take place in the United States.

12.0 DISADVANTAGED BUSINESS ENTERPRISE (DBE) PARTICIPATION

12.1 Policy

It is the policy of the U.S. Department of Transportation that Disadvantaged Business Enterprises as defined in 49 CFR Part 23 shall have the maximum opportunity to participate in the performance of contracts financed in whole or in part with Federal funds under this Agreement. Consequently, the DBE requirements of 49 CFR Part 23 apply to this Agreement.

12.2 DBE Obligation

District and Contractor agree to insure that Disadvantaged Business Enterprises as defined in 49 CFR Part 23 have the maximum opportunity to participate in the performance of contracts and subcontracts under this Agreement. In this regard, District and Contractor shall take all necessary and reasonable steps in accordance with 49 CFR Part 23 to insure that Disadvantaged Business Enterprises have the maximum opportunity to compete for and perform Contracts. District and Contractor shall not discriminate on the basis of race, creed, color, national origin, age or sex in the award and performance of DOT-assisted Contracts.

12.3 Transit Vehicle Manufacturers

Transit vehicle manufacturers must certify compliance with DBE regulations.

13.0 CONFLICT OF INTEREST

No employee, officer or agent of the District shall participate in selection, or in the award of administration of a contract if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when (1) the employee, officer or agent; (2) any member of his or her immediate family; (3) his or her partner; or (4) an organization that employs, or is about to employ, has a financial or other interest in the firm selected for award. The District's officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from Contractors, potential Contractors or parties of subagreements.

14.0 MOTOR VEHICLE EMISSION REQUIREMENTS (Applicable only to Contracts involving the purchase of new motor vehicles)

The Contractor must provide a certification that:

- (a) The horsepower of the vehicle is adequate for the speed, range, and terrain in which it will be required and also to meet the demands of all auxiliary equipment.
- (b) All gases and vapors emanating from the crankcase of a spark-ignition engine are controlled to minimize their escape into the atmosphere.
- (c) Visible emission from the exhaust will not exceed No. 1 on the Ringlemann Scale when measured six inches (6") from the tail pipe with the vehicle in steady operation.
- (d) When the vehicle has been idled for three (3) minutes and then accelerated to eighty percent (80%) of rated speed under load, the opacity of the exhaust will not exceed No. 2 on the Ringlemann Scale for more than five (5) seconds, and not more than No. 1 on the Ringlemann Scale thereafter.

15.0 MOTOR VEHICLE SAFETY STANDARDS (Applicable only to contracts involving the purchase of new motor vehicles)

The Contractor will assure that the motor vehicles purchased under this contract will comply with the Motor Vehicle Safety Standards as established by the Department of Transportation at 49 CFR Parts 390 and 571.

16.0 DEBARRED BIDDERS

The Contractor, including any of its officers or holders of a controlling interest, is obligated to inform the District whether or not it is or has been on any debarred bidders' list maintained by the United States Government. Should the Contractor be included on such a list during the performance of this project, Contractor shall so inform the District.

17.0 PRIVACY (Applicable only to Contracts involving the administration of any system of records as defined by the Privacy Act of 1974, on behalf of the Federal Government)

17.1 General

The District and Contractor agree:

- (a) To comply with the Privacy Act of 1974, 5 U.S.C. 552a (the Act) and the rules and regulations issued pursuant to the Act when performance under the Contract involves the design, development or operation of any system of records on individuals to be operated by the District, its contractors or employees to accomplish a Government function.
- (b) To notify the Government when the District or Contractor anticipates operating a system of records on behalf of the Government in order to accomplish the requirements of this Agreement, if such system contains information about individuals which information will be retrieved by the individual's name or other identifier assigned to the individual. A system of records subject to the Act may not be employed in the performance of this Agreement until the necessary approval and publication requirements applicable to the system have been carried out. The District or Contractor, as appropriate, agrees to correct, maintain, disseminate, and use such records in accordance with the requirements of the Act, and to comply with all applicable requirements of the Act.
- (c) To include the Privacy Act Notification contained in this Agreement in every subcontract solicitation and in every subcontract when the performance of Work under the proposed subcontract may involve the design, development or operation of a system of records on individuals that is to be operated under the Contract to accomplish a Government function; and
- (d) To include this clause, including this paragraph in all in subcontracts under which Work for this Agreement is performed or which is awarded pursuant to this Agreement or which may involve the design, development, or operation of such a system of records on behalf of the Government.

17.2 Applicability

For purposes of the Privacy Act, when the Agreement involves the operation of a system of records on individuals to accomplish a Government function, the District, third party contractors and any of their employees are considered to be employees of the Government with respect to the Government function and the requirements of the Act, including the civil and criminal penalties for violations of the Act, are applicable except that the criminal penalties shall not apply with regard to contracts effective prior to September 27, 1975. In addition, failure to comply with the provisions of the Act or of this clause will make this Agreement subject to termination.

17.3 Definitions

The terms used in this clause have the following meanings:

- (a) "Operation of a system of records" means performance of any of the activities associated with maintaining the system of records on behalf of the Government including the collection, use and dissemination of records.

- (b) "Records" means any item, collection or grouping of information about an individual that is maintained by the District or Contractor on behalf of the Government, including, but not limited to, his education, financial transactions, medical history, and criminal or employment history and that contains his name, or the identifying number, symbol or other identifying particular assigned to the individual, such as a finger or voice print or a photograph.
- (c) "System of records" on individuals means a group of any records under the control of the District or Contractor on behalf of the Government from which information is retrieved by the name of the individual or by some identifying number, symbol or other identifying particular assigned to the individual.

18.0 PATENT RIGHTS (Applicable only to research and development contracts) If any invention, improvement or discovery of the District or contractors or subcontractors is conceived or first actually reduced to practice in the course of or under this project which invention, improvement, or discovery may be patentable under the Patent Laws of the United States of America or any foreign country, the District (with appropriate assistance of any contractor or subcontractor involved) shall immediately notify the Government (FTA) and provide a detailed report. The rights and responsibilities of the District, third party contractors and subcontractors and the Government with respect to such invention will be determined in accordance with applicable Federal laws, regulations, policies and any waivers thereof.

19.0 RIGHTS IN DATA (Applicable only to research and development contracts)

The term "subject data" as used herein means recorded information, whether or not copyrighted, that is delivered or specified to be delivered under this Contract. The term includes graphic or pictorial delineation in media such as drawings or photographs; text in specifications or related performance or design-type documents, machine forms such as punched cards, magnetic tape or computer memory printouts; and information retained in computer memory. Examples include, but are not limited to, engineering drawings and associated lists, specifications, standards, process sheets, manuals, technical reports, catalog item identifications and related information. The term does not include financial reports, cost analyses and similar information incidental to contract administration.

All "subject data" first produced in the performance of this Agreement shall be the sole property of the Government. The District and Contractor agree not to assert any rights at common law or equity and not to establish any claim to statutory copyright in such data. Except for its own internal use, the District and Contractor shall not publish or reproduce such data in whole or in part, or in any manner or form, nor authorize others to do so, without the written consent of the Government until such time as the Government may have released such data to the public. This restriction, however, does not apply to Agreements with academic institutions.

The District and Contractor agree to grant and do hereby grant to the Government and to its officers, agents, and employees acting within the scope of their official duties, a royalty-free, non-exclusive and irrevocable license throughout the world:

- (a) To publish, translate, reproduce, deliver, perform, use and dispose of, in any manner, any and all data not first produced or composed in the performance of this Contract but which is incorporated in the work furnished under this Contract; and
- (b) To authorize others so to do.

District and Contractor shall indemnify and save and hold harmless the Government, its officers, agents, and employees acting within the scope of their official duties against any liability, including costs and expenses, resulting from any willful or intentional violation by the District and Contractor of proprietary rights, copyrights or rights of privacy, arising out of the publication, translation, reproduction, delivery, performance, use, or disposition of any data furnished under this Contract.

Nothing contained in this clause shall imply a license to the Government under any patent or be construed as affecting the scope of any license or other right otherwise granted to the Government under any patent.

The third and fourth paragraphs under Section 19.0 above are not applicable to material furnished to the District or Contractor by the Government and incorporated in the work furnished under the Contract, provided that such incorporated material is identified by the District or Contractor at the time of delivery of such work.

In the event that the project, which is the subject of this Agreement, is not completed, for any reason whatsoever, all data generated under that project shall become subject data as defined in the Rights in Data clause in this Contract and shall be delivered as the Government may direct. This clause shall be included in all subcontracts under this Contract.

20.0 NEW RESTRICTIONS ON LOBBYING

20.1 Prohibition

- (a) Section 1352 of Title 31, U.S. Code, provides in part that no appropriated funds may be expended by the recipient of a Federal contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (b) The prohibition does not apply as follows:
 - (i) Agency and legislative liaison by Own Employees.
 - (ii) Professional and technical services by Own Employees.
 - (iii) Reporting for Own Employees.
 - (iv) Professional and technical services by Other than Own Employees.

20.2 Disclosure

- (a) Each person who requests or receives from an agency a Federal contract shall file with that agency a certification, included in Form of Proposal or Bid Forms, that the person has not made, and will not make, any payment prohibited by Section 20.1 of this clause.
- (b) Each person who requests or receives from an agency a Federal contract shall file with that agency a disclosure form, Standard Form-LLL, "Disclosure of Lobbying Activities," if such person has made or has agreed to make any payment using non- appropriated funds (to include profits from any covered Federal action), which would be prohibited under Section 20.1 of this clause if paid for with appropriated funds.
- (c) Each person shall file a disclosure form at the end of each calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any disclosure form previously filed by such person under paragraph (c)(2) of this section. An event that materially affects the accuracy of the information reported includes:
 - (i) a cumulative increase of \$25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered Federal action; or
 - (ii) a change in the person(s) or individual(s) influencing or attempting to influence a covered Federal action; or

- (iii) a change in the officer(s), employee(s), or Member(s) contacted to influence or attempt to influence a covered Federal action.
- (d) Any person who requests or receives from a person referred to in paragraph (c)(i) of this section a subcontract exceeding \$100,000 at any tier under a Federal contract shall file a certification, and a disclosure form, if required, to the next tier above.
- (e) All disclosure forms, but not certifications, shall be forwarded from tier to tier until received by the person referred to in paragraph (c)(i) of this section. That person shall forward all disclosure forms to the agency.

20.3 Agreement

In accepting any contract resulting from this solicitation, the person submitting the offer agrees not to make any payment prohibited by this clause.

20.4 Penalties.

- (a) Any person who makes an expenditure prohibited under Section 20.1 of this clause shall be subject to a civil penalty of not less than \$10,000 for each such expenditure.
- (b) Any person who fails to file or amend the disclosure form to be filed or amended if required by this clause, shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.
- (c) Contractors may rely without liability on the representations made by their sub- contractors in the certification and disclosure form.

20.5 Cost allowability

Nothing in this clause is to be interpreted to make allowable or reasonable any costs which would be unallowable or unreasonable in accordance with Part 31 of the Federal Acquisition Regulation. Conversely, costs made specifically unallowable by the requirements in this clause will not be made allowable under any of the provisions of Part 31 of the Federal Acquisition Regulation.

PART VII

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT PROTEST PROCEDURE

PROCUREMENT PROTESTS

All protests shall be filed, handled and resolved in a manner consistent with the requirements of Federal Transit Administration (FTA) Circular 4220.1E Third Party Contracting Guidelines dated June 19, 2003 and the Santa Cruz Metropolitan Transit District's (DISTRICT) Protest Procedures which are on file and available upon request.

Current FTA Policy states that: "Reviews of protests by FTA will be limited to:

- (1) a grantee's failure to have or follow its protest procedures, or its failure to review a complaint or protest; or
- (2) violation of Federal law or regulation.

An appeal to FTA must be received by the cognizant FTA regional or Headquarters Office within five (5) working days of the date the protester learned or should have learned of an adverse decision by the grantee or other basis of appeal to FTA" (FTA Circular 4220.1E, Section 7, paragraph 1., Written Protest Procedures)

Protests relating to the content of this Request for Proposal (RFP) package must be filed within ten (10) calendar days after the date the RFP is first advertised. Protests relating to a recommendation for award solicited by this RFP must be filed by an interested party within five (5) calendar days after the staff's written recommendation and notice of intent to award is issued to the offerors. The date of filing shall be the date of receipt of protests or appeals by the DISTRICT.

All Protests shall be filed in writing with the Assistant General Manager, Santa Cruz Metropolitan Transit District, 370 Encinal Street, Suite 100, Santa Cruz, CA 95060. **No other location shall be acceptable.** The DISTRICT will respond in detail to each substantive issue raised in the protest. The Assistant General Manager shall make a determination on the protest normally within ten (10) working days from receipt of protest. Any decision rendered by the Assistant General Manager may be appealed to the Board of Directors. The Protester has the right within five (5) working days of receipt of determination to file an appeal restating the basis of the protest and the grounds of the appeal. In the appeal, the Protester shall only be permitted to raise factual information previously provided in the protest or discovered subsequent to the Assistant General Manager's decision and directly related to the grounds of the protest. The Board of Directors has the authority to make a final determination and the Board of Director's decision shall constitute the DISTRICT's final administrative remedy.

In the event the protestor is not satisfied with the DISTRICT's final administrative determination, they may proceed within 90 days of the final decision to State Court for judicial relief. The Superior Court of the State of California for the County of Santa Cruz is the appropriate judicial authority having jurisdiction over Proposal Protest(s) and Appeal(s). Bid includes the term "offer" or "proposal" as used in the context of negotiated procurements.

The Offeror may withdraw its protest or appeal at any time before the DISTRICT issues a final decision.

Should the DISTRICT postpone the date of proposal submission owing to a protest or appeal of the solicitation specifications, addenda, dates or any other issue relating to this procurement, the DISTRICT shall notify, via addendum, all parties who are on record as having obtained a copy of the solicitation documents that an appeal/protest had been filed, and the due date for proposal submission shall be postponed until the DISTRICT has issued its final decision.

A letter of protest must set forth the grounds for protest and shall be fully supported with technical data, test results, or other pertinent information related to the subject being protested. The Protestor is responsible for adhering to the DISTRICT's protest procedures.

An Offeror may seek FTA review of the DISTRICT's decision. A protest appeal to the FTA must be filed in accordance with the provisions of FTA circular 4220.1E. Any appeal to the FTA shall be made not later than five (5) working days after a final decision is rendered under the DISTRICT's protest procedure. Protest appeals should be filed with:

Federal Transit Administration
Regional Administrator Region IX
201 Mission Street, Suite 2210
San Francisco, CA 94105-1839

990-EZ Short Form

2002

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)
▶ For organizations with gross receipts less than \$100,000 and total assets less than \$250,000 at the end of the year.
▶ *The organization may have to use a copy of this return to satisfy state reporting requirements.*

Open to Public Inspection

A For the 2002 calendar year, or tax year beginning 7/01, 2002, and ending 6/30, 2003

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Please use IRS label or print or type. See Specific Instructions. Santa Cruz Civic Improvement Corp 370 Encinal Street #100 Santa Cruz, CA 95060	D Employer identification number 77-0125662
		E Telephone number 831-426-6080

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

G Accounting method: Cash Accrual
Other (specify) ▶

I Web site: ▶ N/A

H Check if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

J Organization type (check only one) → 501(c) (3) ◀ (insert no.) | 14947(a)(1) or | 527

K Check if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization received a Form 990 Package in the mail, it should file a return without financial data. **Some states require a complete return.**

L Add lines 5b, 6b, and 7b, to line 9 to determine gross receipts; if \$100,000 or more, file Form 990 instead of Form 990-EZ. ▶ \$

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Instructions)

REVENUE			
1	Contributions, gifts, grants, and similar amounts received	1	
2	Program service revenue including government fees and contracts	2	
3	Membership dues and assessments	3	
4	Investment income	4	
5a	Gross amount from sale of assets other than inventory	5a	
5b	Less: cost or other basis and sales expenses	5b	
5c	Gain or (loss) from sale of assets other than inventory (line 5a less line 5b) (attach schedule)	5c	
6	Special events and activities (attach schedule):		
6a	a Gross revenue (not including \$ _____ of contributions reported on line 1)	6a	
6b	b Less: direct expenses other than fundraising expenses	6b	
6c	c Net income or (loss) from special events and activities (line 6a less line 6b)	6c	
7a	Gross sales of inventory, less returns and allowances	7a	
7b	b Less: cost of goods sold	7b	
7c	c Gross profit or (loss) from sales of inventory (line 7a less line 7b)	7c	
8	Other revenue (describe • _____)	8	
9	Total revenue (add lines 1, 2, 3, 4, 5c, 6c, 7c, and 8)	9	0.
EXPENSES			
10	Grants and similar amounts paid (attach schedule)	10	
11	Benefits paid to or for members	11	
12	Salaries, other compensation, and employee benefits	12	
13	Professional fees and other payments to independent contractors	13	
14	Occupancy, rent, utilities, and maintenance	14	
15	Printing, publications, postage, and shipping	15	
16	Other expenses (describe ▶ See Statement 1)	16	20.
17	Total expenses (add lines 10 through 16)	17	20.
18	Excess or (deficit) for the year (line 9 less line 17)	18	-20.
ASSETS			
19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	0.
20	Other changes in net assets or fund balances (attach explanation) See Statement 2	20	20.
21	Net assets or fund balances at end of year (combine lines 18 through 20)	21	0.

Part II Balance Sheets — If Total assets on line 25, column (B) are \$250,000 or more, file Form 990 instead of Form 990-EZ.

(See Instructions)		(A) Beginning of year	(B) End of year
22	Cash, savings, and investments	22	
23	Land and buildings	23	
24	Other assets (describe • _____)	24	
25	Total assets	0. 25	0.
26	Total liabilities (describe ▶ _____)	0. 26	0.
27	Net assets or fund balances (line 27 of column (B) must agree with line 21)	0. 27	0.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2003 AND 2002

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
JUNE 30, 2003 AND 2002**

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Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
Harvey J. McCown, CPA
Steven R. Starbuck, CPA
Aileen K. Keeter, CPA

To the Board of Directors
Santa Cruz Metropolitan Transit District
Santa Cruz, California

Chris M. Thornburgh, CPA
Lynn R. Krausse, CPA, MST
Bradley M. Hankins, CPA
Eric H. Xin, CPA
Melinda A. McDaniels, CPA
Thomas M. Young, CPA
Amanda E. Wilson, CPA
Sharon Jones, CPA, MST
Rosalva Flores, CPA
Debbie A. Rapp, CPA
Julie A. Auvil, CPA
Connie M. Perez, CPA

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying basic financial statements of the Santa Cruz Metropolitan Transit District (the District), as of June 30, 2003 and 2002, as listed in the table of contents. These basic financial statements are the responsibility of the Santa Cruz Metropolitan Transit District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government *Auditing* Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Santa Cruz Metropolitan Transit District, as of June 30, 2003 and 2002, and the results of its operations and the cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


As described in Note 1, the District implemented Governmental Accounting Standard's Board Statement 34, Basic Financial Statements -- and Management's Discussion and Analysis for State and Local Governments, Statement 36, Recipient Reporting for Certain Shared Nonexchange Revenues (an amendment of GASB Statement 33); Statement 37, Basic Financial Statements -- and Management's Discussion and Analysis for State and Local Governments, Omnibus; and Statement 38, Certain Financial Statement Note Disclosures.

In accordance with Government *Auditing* Standards, we have also issued our report dated August 13, 2003 on our consideration of the Santa Cruz Metropolitan Transit District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government *Auditing* Standards and should be read in conjunction with this report in considering the results of our audit.

The Managements Discussion and Analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Santa Cruz Metropolitan Transit District, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the financial statements. The accompanying statements of operating expenses by function are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK & KEETER
ACCOUNTANCY CORPORATION



Bakersfield, California
August 13.2003

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2003 AND 2002**

Introduction

The following discussion and analysis of the financial performance and activity of the Santa Cruz Metropolitan Transit District (the District) provide an introduction and understanding of the basic financial statements of the District's for the year ended June 30, 2003 with selected comparative information for the year ended June 30, 2002. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The District is an independent agency formed in 1969 by the legislature of the State of California for the purpose of providing transit service to the general public in Santa Cruz County. The District is governed by a Board of Directors composed of eleven members, and one ex-officio member as described in Note 1.A.

The Financial Statements

For the fiscal year ended June 30, 2003, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion & Analysis – for State and Local Governments* as amended by GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statements Note Disclosures* and has applied those statements on a retroactive basis. GASB Statement No. 34 establishes the accounting and financial reporting standards for state and local governments, including special-purpose governments such as the District. GASB Statement No. 38 modifies, establishes, and rescinds certain financial statement disclosure requirements.

The District's basic financial statements include (1) the *Statements of Net Assets*, (2) the *Statements of Revenues, Expenses and Changes in Fund Net Assets*, and (3) the *Statements of Cash Flows*. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Significant Changes to the Financial Statements

The Statement of Net Assets replaces the Balance Sheet. The Statement of Net Assets reports assets, liabilities and the difference as net assets. The entire equity section is combined to report total net assets and is displayed in three components - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The net asset component *invested in capital assets, net of related debt*, consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings attributable to the acquisition, construction or improvements of those assets.

Restricted net assets consist of assets where constraints on their use are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt. This net asset component includes net assets that have been designated by management for specific purposes which in the case of the District include assets allocated to fund capital projects, reserves for self-insurance and other liabilities, and reserves for cash flow, which indicate that management does not consider them to be available for general operations (See Note 5).

Statement of Revenues, Expenses and Changes in Fund Net Assets replaces the Statement of Revenues and Expenses. Revenues and expenses are now categorized as either operating or nonoperating based upon the definitions provided by GASB Statements No. 33 and No. 34. Significant recurring sources of the District's revenues, such as capital contributions, are reported as nonoperating revenues.

Statements of Cash Flows is presented using the direct method and includes a reconciliation of operating cash flows to operating income.

Financial Highlights

Statement of Revenues, Expenses and Change in Fund Net Assets

A summary of the District's Statements of Revenues, Expenses and Changes in Fund Net Assets for fiscal years 2003 and 2002 is as follows:

	2003	2002	Increase/(Decrease)	
			Amount	%
Operating revenues	\$ 5,898,305	\$ 5,969,670	\$ (71,365)	(1%)
Operating expenses	(33,673,928)	(31,611,764)	(2,062,164)	7 %
Operating loss	(27,775,623)	(25,642,094)	(2,133,529)	9 %
Nonoperating revenues (expenses)	22,395,493	22,992,315	(596,822)	(3%)
Capital contributions	12,761,993	1,975,508	10,786,485	546%
Increase (decrease) in net assets	\$ 7,381,566	(\$674,271)	\$ 8,056,134	1194%

The combined operating and non-operating revenues for fiscal year 2003 and 2002 decreased by approximately \$668,187 and \$1.9 million, respectively. The failure of the economy to recover quickly in 2003 and 2002 had a negative impact on the District's two- main sources of operating revenues - passenger revenue and sales **tax/TDA** as well as on our main source of non-operating revenue - interest income. The decrease in passenger revenues are due to a decline in system ridership; the decreases in sales **tax/TDA** are due to a decline in consumer spending; and the decreases in interest income are due to a combination of the decline in interest rates during 2003 and 2002 and the reduction in the District's general fund balance (the source of interest income) since reserves were expended for acquisition of capital assets and to cover operating revenue shortfalls.

Selected revenue decreases, change from prior year:

	2003	2002
Passenger revenue	\$ (71,365)	\$ (58,698)
Sales tax/TDA revenue	\$ (734,208)	\$ (1,260,654)
Interest income	\$ (336,879)	\$ (514,069)

Operating expenses, net of depreciation, for fiscal year 2003 were approximately \$29.3 million, a net increase over 2002 of \$210,379 or 1%. The increase results primarily from a **\$310,000** net increase in employees' salaries, wages and benefits. The increase in salaries is due to contractual pay increases in 2003 in compliance with the labor agreements.

The depreciation expense increased by \$1.8 million from \$2.5 million in 2002 to \$4.3 million in 2003 due to depreciation on new equipment, vehicles and buses purchased during the year.

An increase or decrease in net assets is an indicator of whether the District's financial health is improving or deteriorating. For the fiscal years ended June 30, 2003 and 2002, the District's net assets changed by \$7.3 million in 2003 and (\$674,271) in 2002, respectively. The increase in 2003 is due to federal, state and local capital contributions for acquisition of assets.

Statement of Net Assets

A comparison of the District's Statements of Net Assets as of June 30, 2003 and 2002 is as follows:

	2003	2002	Increase/(Decrease)	
			Amount	%
Current assets	\$ 23,256,699	\$ 26,229,745	\$ (2,973,046)	(11%)
Noncurrent assets - capital assets, net	30,922,252	20,636,417	10,285,835	50%
Noncurrent assets - restricted	8,025,961	6,860,597	1,165,364	17%
Total assets	\$ 62,204,912	\$ 53,726,759	\$ 8,478,153	16%
Current liabilities	\$ 6,678,488	\$ 6,747,562	\$ (69,074)	(1%)
Noncurrent liabilities	10,895,801	9,730,437	1,165,364	12%
Total liabilities	\$ 17,574,289	\$ 16,477,999	\$ 1,096,290	7%
Net assets:				
Invested in capital assets, net of debt	\$ 30,922,252	\$ 20,636,417	\$ 10,285,835	50%
Unrestricted net assets	13,708,371	16,612,343	(2,903,972)	(17%)
Total net assets	\$ 44,630,623	\$ 37,248,760	\$ 7,381,863	20%

Capital Assets

As of the end of fiscal year 2003, the Districts capital assets, before accumulated depreciation, increased by \$13 million. The major additions during the year included purchases of new revenue vehicles; support vehicles; equipment; construction of a CNG fueling station; and CNG maintenance facility improvements.

Details of the capital assets, net of accumulated depreciation, as of June 30, 2003 and 2002 are as follows:

	2003	2002	Increase/(Decrease)	
			Amount	%
Buildings and improvements	\$ 10,419,320	\$ 10,083,303	\$ 336,017	3%
Transportation Vehicles	32,275,993	20,193,225	12,082,768	60%
Operations Equipment	2,685,368	2,035,645	649,723	32%
Other Equipment	2,574,306	2,544,367	29,939	1%
Other Vehicles	892,920	793,543	99,377	13%
Land	3,763,502	3,763,502		
Construction in progress	83,883	175,648	(91,765)	(52%)
Total	52,695,292	39,589,233	13,106,059	33%
Less Accumulated Depreciation	(21,773,040)	(18,952,816)	(2,820,224)	15%
Net Total	\$ 30,922,252	\$ 20,636,417	\$ 10,285,835	50%

Statement of Cash Flows/Cash Investments

Overall, the total cash and investments held by the District at the end of the year decreased by \$1.37 million from \$28.3 million in 2002 to \$26.9 million in 2003. The decrease in cash and investments is primarily due to the acquisition of capital assets including revenue and support vehicles and facility construction, which required use of District reserves for the District share of the grant-funded projects.

A comparative presentation of the major sources and uses of cash for 2003 and 2002 follows:

	<u>2003</u>	<u>2002</u>
Net cash used in operating activities	\$ (23,340,749)	\$ (23,681,897)
Net cash provided by noncapital financing activities	22,177,595	22,982,698
Net cash used in capital and related financing activities	(751,254)	(1,624,388)
Net cash provided by investing activities	<u>544,669</u>	<u>- 881,961.</u>
Net increase (decrease) in cash and cash equivalents	(1,369,739)	(1,441,626)
Cash and cash equivalents, beginning of year	<u>28,262,303</u>	<u>29,703,929</u>
Cash and cash equivalents, end of year	<u>\$ 26,892,564</u>	<u>\$ 28,262,303</u>

Contactins the District's Financial Management

The Districts financial report is designed to provide the Districts Board of Directors, management, and public with an overview of the Districts finances. For additional information about this report, please contact Elisabeth Ross, Finance Manager, at 370 Encinal Street, Suite 100, Santa Cruz. CA 95060.

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
STATEMENTS OF NET ASSETS
JUNE 30, 2003 AND 2002**

<u>ASSETS</u>	<u>2003</u>	<u>2002</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 18,866,603	\$ 21,401,706
Sales Tax and Other Receivables	3,499,002	3,927,938
Inventory	814,045	862,599
Prepays	<u>77,049</u>	<u>37,502</u>
Total Current Assets	<u>23,256,699</u>	<u>26,229,745</u>
RESTRICTED ASSETS		
Cash and Cash Equivalents	<u>8,025,961</u>	<u>6,860,597</u>
PROPERTY AND EQUIPMENT		
Building and Improvements	10,419,320	10,083,303
Transportation Vehicles	32,275,993	20,193,225
Operations Equipment	2,685,368	2,035,645
Other Equipment	1,279,607	1,243,396
Other Vehicles	892,920	793,543
Office Equipment	<u>1,294,699</u>	<u>1,300,971</u>
	48,847,907	35,650,083
Less Accumulated Depreciation	<u>(21,773,040)</u>	<u>(18,952,816)</u>
	27,074,867	16,697,267
Construction in Progress	83,883	175,648
Land	<u>3,763,502</u>	<u>3,763,502</u>
Total Property and Equipment	<u>30,922,252</u>	<u>20,636,417</u>
TOTAL ASSETS	<u><u>\$ 62,204,912</u></u>	<u><u>\$ 53,726,759</u></u>

The accompanying notes are an integral part of these financial statements.

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
STATEMENTS OF NET ASSETS (Continued)
JUNE 30, 2003 AND 2002**

<u>LIABILITIES AND NET ASSETS</u>	<u>2003</u>	<u>2002</u>
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 879,522	\$ 706,378
Accrued Payroll and Employee Benefits	2,682,972	2,616,256
Other Accrued Liabilities	3,078,408	3,072,181
Security Deposit	15,714	14,514
Deferred Revenue	<u>21,872</u>	<u>338,233</u>
Total Current Liabilities	6,678,488	6,747,562
LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Deferred Revenue - Settlement Agreement	6,758,106	6,625,124
Deferred Revenue - STA Grant	1,267,855	235,473
LONG-TERM LIABILITIES		
Workers' Compensation Liabilities	<u>2,869,840</u>	<u>2,869,840</u>
Total Liabilities	<u>17,574,289</u>	<u>16,477,999</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	30,922,252	20,636,417
Unrestricted Net Assets	<u>13,708,371</u>	<u>16,612,343</u>
Total Net Assets	<u>44,630,623</u>	<u>37,248,760</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 62,204,912</u></u>	<u><u>\$ 53,726,759</u></u>

The accompanying notes are an integral part of these financial statements.

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002**

	7003	2002
OPERATING REVENUES		
Passenger Fare	\$ 3,623,650	\$ 3,756,299
Special Transit Fare	<u>2,274,655</u>	<u>2,213,371</u>
Total Operating Revenues	<u>5,898,305</u>	<u>5,969,670</u>
OPERATING EXPENSES		
Wages, Salaries and Employee Benefits	21,026,370	20,716,236
Purchased Transportation Services	2,565,373	2,723,353
Material and Supplies	2,020,621	2,268,603
Other Expenses	3,723,202	3,416,995
Depreciation	<u>4,338,362</u>	<u>2,486,577</u>
Total Operating Expenses	<u>33,673,928</u>	<u>31,611,764</u>
Net Operating Loss	<u>(27,775,623)</u>	<u>(25,642,094)</u>
NON-OPERATING REVENUES (EXPENSES)		
Sales and Use Tax	15,263,828	15,095,441
Transportation Development Act Assistance	5,134,522	6,037,117
Section 9/5307 Operating Assistance	1,229,934	505,614
Section 18/5307 Operating Assistance	46,701	42,448
Other Federal Assistance	183,609	194,905
Other State Assistance	113,856	
Interest Income	400,059	735,838
Rental Income	144,610	146,123
Other Revenue	139,847	227,950
Gain (Loss) on Sale of Property, Equipment, and Inventory	<u>(261,473)</u>	<u>6,879</u>
Total Non-Operating Revenues and (Expenses)	<u>22,395,493</u>	<u>22,992,315</u>
Net Loss Before Capital Contributions	<u>(5,380,130)</u>	<u>(2,649,779)</u>
CAPITAL CONTRIBUTIONS		
Grants Restricted for Capital Expenditures	<u>12,761,993</u>	<u>1,975,508</u>
NET ASSETS		
Increase (Decrease) in Net Assets	7,381,863	(674,271)
Total Net Assets, Beginning of Year	<u>37,924,760</u>	<u>37,923,031</u>
Total Net Assets, End of Year	<u>\$ 44,630,623</u>	<u>\$ 37,248,760</u>

The accompanying notes are an integral part of these financial statements.

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002**

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts From Customers	\$ 5,872,743	\$ 5,841,322
Payments to Employees	(20,959,654)	(20,383,961)
Payments to Suppliers	(8,253,838)	(9,139,258)
	(23,340,749)	(23,681,897)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Grants Received, Including Sates and Use Tax	22,029,773	22,757,981
Other Nonoperating	147,822	224,717
	22,177,595	22,982,698
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds From Sale of Property and Equipment	25,110	6,879
Capital Grants Received	14,001,424	1,237,295
Capital Expenditures	(14,777,788)	(2,868,562)
	(751,254)	(1,624,388)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment and Rental Income Received	544,669	881,961
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,369,739)	(1,441,626)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	28,262,303	29,703,929
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 26,892,564	\$ 28,262,303
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (279,361.5)	\$ (25,642,094)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	4,338,362	2,486,577
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(25,562)	(128,348)
(Increase) Decrease in Inventory	48,554	(128,201)
(Increase) Decrease in Prepaid Expenses	(39,547)	(19,050)
Increase (Decrease) in Accounts Payable	173,143	(582,806)
Increase (Decrease) in Other Liabilities	72,916	332,025
	(23,340,749)	(23,681,897)
Net Cash Used in Operating Activities	\$ (23,340,749)	\$ (23,681,897)

The accompanying notes are an integral part of these financial statements.

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2002**

NOTE 1 - OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Santa Cruz Metropolitan Transit District (the District) was formed February 9, 1969, following a favorable election in conformity with Section 9800 *et. seq.* of the Public Utilities Code. The transit system serves the general public in the cities of Santa Cruz, Watsonville, **Scotts Valley**, **Capitola** and the unincorporated areas of Santa Cruz County. The District is governed by a Board of eleven directors, and one Ex-Officio director representing the University of California, Santa Cruz. At June 30, 2003, the directors were as follows:

Chairperson:	Emily Reilly		
Vice Chair:	Mike Keogh		
Members:	Jeff Almquist	Michelle Hinkle	Ana Ventura Phares
	Jan Beautz	Sheryl Ainsworth	Pat Spence
	Mike Rotkin	Dennis Norton	Marcela Tavantzis
Ex-Officio:	Wes Scott		

B. Reporting Entity

The District and the Santa Cruz Civic Improvement Corporation -(the Corporation) have a financial and operational relationship, which meets the reporting entity definition criteria of GASB Statement No. 14, *The Financial Reporting Entity*, for inclusion of the Corporation as a component unit of the District. Accordingly, the financial activities of the Corporation have been included in the financial statements of the District. For the years ending June 30, 2003 and 2002, this activity was minimal.

Scope of Public Service:

The Corporation is a nonprofit, public benefit corporation **incorporated under** the laws of the State of California and recorded by the Secretary of State in July 1986. The Corporation was formed for the sole purpose of providing financial assistance to the District for the construction and acquisition of major capital facilities.

The following are those aspects of the relationship between the District and the Corporation, which satisfy GASB Statement No. 14 criteria.

Accountability:

1. The Corporation's Board of Directors were appointed by the District's Board of Directors.
2. The District is able to impose its will upon the Corporation, based on the following:
 - All major financing -arrangements, contracts, and other transactions of the Corporation must have the consent of the District.
 - The District exercises significant influence over operations of the Corporation as it is anticipated that the District will be the sole lessee of all facilities owned by the Corporation. Likewise, it is anticipated that the District's lease payments will be the sole revenue source of the Corporation.
3. The Corporation provides specific financial benefits or imposes specific financial burdens on the District based upon the following:
 - The District has assumed a "moral obligation", and potentially a legal obligation, for any debt incurred by the Corporation.

NOTE 1 - OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting and Presentation

The District is accounted for as a Business Type Activity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements -Management's Discussion & Analysis – for State and Local Governments* and its financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

The District adopted GASB Statement No. 34 as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, as of and for the year ended June 30, 2003, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into three net asset categories; namely, those invested in capital assets, net of related debt, restricted net assets and unrestricted net assets.

The District adopted GASB Statement No. 38, *Certain Financial Statement Note Disclosures* for the year ended June 30, 2003, and applied the standard on a retroactive basis. GASB 38 modifies, establishes, and rescinds certain financial statement disclosure requirements.

The following shows the reconciliation of the components of total equity for June 30, 2002, as previously reported to net asset balances for the same period.

Fund Equity	
Contributed Capital:	
Federal Grants	\$ 8,098,484
State Grants	7,125,462
Local Grants	984,995
Other Grants	<u>6,836</u>
Total Contributed Capital	16,215,777
Retained Earnings	<u>21,032,983</u>
	<u>\$ 37,248,760</u>
Fund Net Assets:	
Invested in Capital Assets, Net of Related Debt	\$ 20,636,417
Unrestricted Net Assets	<u>16,612,343</u>
Total Fund Net Assets	<u>\$ 37,248,760</u>

C. Basis of Accounting (Continued)

Contributed Capital/Reserved Retained Earnings:

The District receives grants from the Federal Transit Administration (FTA) and other agencies of the U.S. Department of Transportation, state, and local transportation funds for the acquisition of transit-related equipment and improvements. Prior to July 1, 2001, capital grants were recognized as donated capital to the extent that project costs under the grant have been incurred. Capital grant funds earned, less amortization equal to accumulated depreciation of the related assets, were included in contributed capital. As required by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the District changed its method of accounting for capital grants from capital contributions to reserved nonoperating revenues. In accordance with GASB No. 33, capital grants are required to be included in the determination of net income resulting in an increase in net revenue of \$12,761,993 and \$1,975,508 for the fiscal. years 2003 and 2002, respectively.

Under GASB Statement No. 34, contributed capital and reserved retained earnings are presented in the net asset section as invested in capital assets, net of related debt.

Retained Earnings:

Retained earnings which represented the residual value of operations and capital assets constructed with funds other than grants, were restated to reclassify the capital assets to invested in capital assets, net of related debt and the remaining assets resulting from operations as either restricted or unrestricted net assets.

Proprietary Accounting and Financial Reporting:

As required under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the District will continue to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has elected under GASB Statement No. 20 to not apply all FASB Statements and Interpretations issued after November 30, 1989, due to the governmental nature of the District's operations.

Net Assets:

Net assets represent the residual interest in the District's assets after liabilities are deducted. In accordance with GASB Statement No. 34, the Fund Equity section on the Statement of Net Assets was combined to report total net assets and present it in three broad components: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets invested in capital assets, net of related debt include capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets., Net assets are restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net assets are unrestricted.

NOTE 1 - OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

The District considers all highly liquid investments with a maturity date within three months of the date acquired to be cash equivalents. The District deposits funds into an external investment pool maintained by the County of Santa Cruz. These deposits are considered cash equivalents. The County of Santa Cruz Pooled Investment Fund is authorized to invest in obligations of the U.S. Treasury agencies and instrumentalities, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements, and the State Treasurer's investment pool. Cash and cash equivalents are stated at fair value. For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) to be cash equivalents.

E. Inventory

Inventory is carried at cost. Inventory held by the District consists of spare bus parts that are consumed by the District and are not for resale purposes.

F. Restricted Assets

Certain assets are classified as restricted assets on the Statement of Net Assets because their use is subject to externally imposed stipulations, either by laws or regulations.

The cash resulting from a settlement agreement as described in Note 9, represents proceeds restricted by the Federal Transit Administration. The STA Grant is restricted until authorized expenditures occur. Restricted assets at June 30, are as follows:

	2003	2002
Cash and cash equivalents		
Settlement agreement with contractor	\$ 6,758,106	\$ 6,625,124
STA Grant	1,267,855	235,473
	<u>\$ 8,025,961</u>	<u>\$ 6,860,597</u>
Total Restricted Assets		

G. Property and Equipment

Property and equipment are recorded at cost. Depreciation for all such assets is computed on a straight-line basis. Estimated useful lives of assets are as follows:

Buildings and structures	20-30 years
Revenue vehicles	12 years
Other vehicles and equipment	3-10 years

Depreciation expense on assets acquired with capital grant funds are transferred to net assets - invested in capital assets, net of related debt after being charged to operations.

Major improvements and betterments to existing facilities and equipment are capitalized. Costs for maintenance and repairs which do not extend the useful life of the applicable assets are charged to expense as incurred. Upon disposition, costs and accumulated depreciation are removed from the accounts and resulting gains or losses are included in operations.

The District has completed and capitalized the **Scotts Valley Transit Center** in fiscal 1999. The cost of this facility totaled **\$4,063,634**, which was funded by federal, state and local funds. The Scotts Valley Redevelopment Agency (the Agency), a political subdivision of the state of California, was one of the District's funding sources for this project and has retained an interest in the property. The title to the property is retained by both the District and the Agency as tenants in common with each party holding an individual interest in proportion to each party's financial participation in the project. The Agency's portion of the property is 13.87%. The Agency's portion is not recorded in the District's financial statements.

NOTE 1 - OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fare Operatins Revenues

Fare operating revenues are earned as passengers utilize the District's transit services. Deferred revenue includes prepaid rent and a local operating grant.

I. Sales and Use Tax

The District receives a .5% sales and use tax levied on all taxable sales in Santa Cruz County, which is collected and administered by the California State Board of Equalization. Additionally, the District is allocated, through the Santa Cruz County Regional Transportation Commission, a portion of the .25% sales and use tax levied by the Transportation Development Act.

J. Operating Assistance Grants

Operating assistance grants are recognized as revenue in the grant period earned.

K. Self-Insurance

The District is self-insued for the first \$250,000 of general and vehicular liability. For settlements in excess of \$250,000, the District has total coverage up to \$20,000,000 per occurrence. Additionally; the District is self insured up to \$350,000 for workers' compensation claims. The District has recorded a liability for estimated claims to be paid including incurred but not reported claims.

L. Employee Benefits

Vacation and medical leave benefits are accrued when earned and reduced when used. Any paid medical leave accrued beyond 96 hours may, at the employee's option be converted to annual leave and credited to the employee's annual leave schedule or paid in cash; depending on the bargaining unit, at 100% of the earned rate. Employees are paid accrued and unused annual leave at the time of separation from District service.

M. Pavroll

The District contracts with the Santa Cruz County Auditor-Controller to provide payroll processing services.

N. Pension Costs

Pension costs are expensed as incurred. These costs equal the actuarially determined annual contribution amount.

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. Reclassifications

Certain reclassifications have been made to the prior year financial statements to comply with the retroactive application of GASB Statement No. 34.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following at June 30, 2003:

	<u>2003</u>	<u>2002</u>
Cash on hand	\$ 45,521	\$ 29,464
Demand deposits	328,154	413,269
Deposits in Santa Cruz County Pooled Investment Fund	<u>26,518,889</u>	<u>27,819,570</u>
	<u>\$ 26,892,564</u>	<u>\$ 28,262,303</u>

Cash on Hand and Cash in Banks

Cash is maintained in a financial institution, which provides deposit protection on the bank balance from the Federal Deposit Insurance Corporation. Additionally, the California Government Code requires all financial institutions to maintain an investment pool equal to 110% of all government deposits held by the institution as collateral for such deposits.

Cash is categorized below to give an indication of the level of risk assumed by the District. Category 1 includes cash balances that are insured in the District's name. Category 2 includes cash balances for which the collateral securities are held by the financial institution in the District's name. Category 3 includes uninsured cash balance for which the collateral securities are held by the financial institution but not in the District's name.

Cash on Hand and Cash in Banks

Cash at June 30, 2003 consists of the following:

	Balance per SCMTD	Balance per Bank	Categories		
			1	2	3
Cash in banks	\$ 328,154	<u>\$ 503,684</u>	<u>\$ 100,000</u>	<u>\$ 403,684</u>	<u>\$ -</u>
Cash on hand	<u>45,521</u>				
	<u>\$ 373,675</u>				

Cash at June 30, 2002 consists of the following:

	Balance per SCMTD	Balance per Bank	Categories		
			1	2	3
Cash in banks	\$ 413,269	<u>\$ 698,034</u>	<u>\$ 100,000</u>	<u>\$ 598,034</u>	<u>\$ -</u>
Cash on hand	<u>29,464</u>				
	<u>\$ 442,733</u>				

Investments

At June 30, 2003 and 2002, the District had \$26,518,889 and \$27,819,570, respectively, invested in the Santa Cruz County Pooled Investment Fund. Pooled cash held in the County Investment Fund is considered uncategorized. In accordance with GASB guidelines, the District has marked all investments to their market value.

NOTE 3 - RECEIVABLES

Receivables at June 30, are as follows:

	2003	2002
Federal grants	\$ 96,764	\$ 184,662
State grants	358,360	703,825
Local grants	20,000	33,159
Sales tax revenue	2,504,500	2,428,400
Other	519,378	577,892
	<u>\$ 3,499,002</u>	<u>\$ 3,927,938</u>

NOTE 4 - CHANGES IN CAPITAL ASSETS

Facilities, property and equipment at June 30, are summarized as follows:

June 30, 2003

	Balance July 1, 2002	Additions and Transfers	Retirements and Transfers	Balance June 30, 2003
Non Depreciated Assets				
Land	\$ 3,763,502	\$ -	\$ -	\$ 3,763,502
Construction-in-progress	<u>175,648</u>	<u>83,883</u>	<u>(175,648)</u>	<u>83,883</u>
Total Non Depreciated Assets	3,939,150	83,883	(175,648)	3,847,385
Depreciated Assets				
Building and Improvements	10,083,303	338,433	(2,416)	10,419,320
Revenue Vehicles	20,193,225	13,634,322	(1,551,554)	32,275,993
Operations Equipment	2,035,645	667,194	(17,471)	2,685,368
Other Equipment	1,243,396	36,211		1,279,607
Other Vehicles	793,543	104,836	(5,459)	892,920
Office Equipment	1,300,970	67,530	(73,801)	1,294,699
Total Depreciated Assets	35,650,082	14,848,526	(1,650,701)	48,847,907
Less Accumulated Depreciation	<u>(18,952,815)</u>	<u>(4,338,363)</u>	<u>1,518,138</u>	<u>(21,773,040)</u>
Depreciated Assets Net of Accumulated	16,697,267	10,510,163	(132,563)	27,074,867
Total	<u>\$ 20,636,417</u>	<u>\$ 10,594,046</u>	<u>\$ (308,211)</u>	<u>\$ 30,922,252</u>

NOTE 4 - CHANGES IN CAPITAL ASSETS (Continued)

June 30, 2002

	Balance July 1, 2001	Additions and Transfers	Retirements and Transfers	Balance June 30, 2002
Non Depreciated Assets				
Land	\$ 3,763,502	\$ -	\$ -	\$ 3,763,502
Construction-in-progress	1,018,441	127,314	(970,107)	175,648
Total Non Depreciated Assets	4,781,943	127,314	(970,107)	3,939,150
Depreciated Assets				
Building and Improvements	10,081,614	2,203	(514)	10,083,303
Revenue Vehicles	19,288,954	2,500,995	(1,596,724)	20,193,225
Operations Equipment	1,252,569	908,521	(125,445)	2,035,645
Other Equipment	1,195,528	51,518	(3,650)	1,243,396
Other Vehicles	747,229	58,077	(11,763)	793,543
Office Equipment	1,164,113	142,588	(5,731)	1,300,970
Total Depreciated Assets	33,730,007	3,663,902	(1,743,827)	35,650,082
Less Accumulated Depreciation	(18,206,492)	(2,490,080)	1,743,757	(18,952,815)
Depreciated Assets Net of Accumulated	15,523,515	1,173,822	(70)	16,697,267
Total	<u>\$ 20,305,458</u>	<u>\$ 1,301,136</u>	<u>\$ (970,177)</u>	<u>\$ 20,636,417</u>

NOTE 5 - AVAILABLE NET ASSETS

An analysis of the Districts available (undesignated) net assets at June 30, are as follows:

	<u>2003</u>	<u>2002</u>
Current assets	\$ 23,256,699	\$ 26,229,745
Current liabilities	(6,678,488)	(6,747,562)
Working capital	16,578,211	19,482,183
Less:		
Inventory	(814,045)	(862,599)
Prepaid expenses	(77,049)	(37,502)
Total available net assets	<u>15,687,117</u>	<u>18,582,082</u>
Net assets designated for the following:		
Cash flow	(2,600,000)	(2,600,000)
Workers' compensation reserve	(1,320,000)	(1,320,000)
Insurance reserve	(770,000)	(900,000)
Alternative fuel conversion fund	(462,000)	(462,000)
Bus stop improvements reserve	(400,000)	(400,000)
Net assets required to fund transportation improvement programs for the fiscal years 2003-2007	<u>(13,350,000)</u>	<u>(14,385,000)</u>
Available undesignated net assets (deficits)	<u>\$ (3,214,883)</u>	<u>\$ (1,484,918)</u>

NOTE 6 - CAPITAL GRANTS

The District receives grants from the Federal Transit Administration (FTA), which provides financing primarily for the acquisition of rolling stock. The District- also receives grants under the State Transportation Development Act and State Toll Bridge revenue programs primarily for the acquisition of rolling stock and support equipment, and purchase of furniture and fixtures.

A summary of federal, state and local grant activity for the years ended June 30, are as follows:

	2003	2002
Federal grants	\$ 8,927,343	\$ 452,554
State grants	3,002,988	1,443,634
Transportation Development Act (local transportation grants)	831,662	79,320
Total Capital Assistance	<u>\$ 12,761,993</u>	<u>\$ 1,975,508</u>

NOTE 7 -COMMITMENTS

The District leases a number of its facilities under operation leases extending through 2008. For the years ended June 30, 2003 and 2002, rental expense relating to the leases was \$567,970 and \$545,054, respectively. The District also leases to others retail space in their transit facilities under noncancelable agreements. Minimum lease payments and receipts for existing operating leases are as follows:

Year Ending June 30	L e a s e		
	Commitments	Rental Income	Net
2 0 0 4	\$ 602,889	\$ 125,860	\$ 477,029
2005	658,923	92,876	566,047
2 0 0 6	405,916	26,214	379,702
2007	46,331	16,555	29,776
2008	64,864	16,886	47,978
Thereafter		4,305	(4,305)
	<u>\$ 1,778,923</u>	<u>\$ 282,696</u>	<u>\$ 1,496,227</u>

NOTE 8 -JOINT VENTURES (Joint Powers Authority)

The District participates in a joint powers authority (JPA), the California Transit Insurance Pool (CalTIP). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

CalTIP arranges for and provides property and liability insurance for its 25 members. CalTIP is governed by a board that controls the operations of CalTIP, including selection of management and approval of operating budgets, independent of any influence by the member districts. Each member district pays a premium commensurate with the level of coverage requested and shares in surpluses and deficits proportionate to their participation in CalTIP.

NOTE 8 -JOINT VENTURES (Joint Powers Authority) (Continued)

Condensed audited financial information of CalTIP for the year ended April 30, 2002 (most recent information available) is as follows:

Total assets	\$ 11,385,304
Total liabilities	<u>8,102,421</u>
Fund Balance	<u>\$ 3,282,883</u>
Total revenues	\$ 3,574,558
Total expenditures and cumulative effect of accounting change	<u>3,005,535</u>
Net Increase in Fund Balance	<u>\$ 569,023</u>

The Districts share of year-end assets, liabilities, or fund balance has not been calculated by CalTIP.

NOTE 9 -WATSONVILLE FLEET MAINTENANCE FACILITY

The District's fleet maintenance facility in Watsonville was damaged in the Loma Prieta earthquake (the earthquake) in October 1989. An engineering study concluded that the demolition of the existing facility and construction of a new facility was the most practical course of action. Therefore, the net book value of the facility was written off the books in a prior year.

In addition, due to design and construction deficiencies by the design and building contractors involved in the original project, the District initiated litigation against the contractors and came to a settlement agreement with said contractors on May 30, 1995. In accordance with this agreement, the contractors remitted \$4,776,858 (including \$171,538 in costs) to the District during fiscal year 1996, representing damages less attorney fees. The use of these proceeds, and the interest earned thereon, is restricted by FTA Section 3/5309. Accordingly, the net restricted amount of \$6,758,106 and \$6,625,124 is reflected on the statements of net assets as deferred revenue at June 30, 2003 and 2002, respectively. The District is currently working towards building or purchasing a new facility in Santa Cruz.

NOTE 10 -CONTINGENCIES

The District has received state and federal funds for specific purposes that are subject to review and audit by grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, the District believes that any required reimbursement will not be material.

Additionally, the District is party to various claims and litigation in the normal course of business. In the opinion of management and in-house counsel, any ultimate losses have been adequately provided for in the financial statements.

NOTE 11 - DEFINED BENEFIT PENSION PLAN

Plan Description

The District's defined benefit pension plan, the Miscellaneous Plan for Santa Cruz Metropolitan Transit District (the Plan), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers with the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board action. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Fundina Policy

There are 291 active plan members in the Fund as of June 30, 2003, which are required to contribute a percent of their annual covered salary. In lieu of salary increases and for employees who agreed to salary reductions in certain prior years, the District agreed to pay a portion of the employee contribution, based on negotiated formulas. The District is also required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year ended June 30, 2003 was 0%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For fiscal year ended June 30, 2003, the District's annual pension cost of \$845,923 was equal to the Districts required and actual contributions. This includes the District's contribution to the employee contribution requirement. The required contribution for fiscal year ended June 30, 2003 was determined as part of the June 30, 2000 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net-of administration expenses); (b) projected salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members, and (c) 3.75% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.50%. The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three year period. The Plan's excess assets are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2003 was 16 years.

Three-Year Trend Information for the Fund

Three-year trend information, with respect to the Districts participation in CalPERS is as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2001	\$ 763,788	100%	\$
6/30/2002	\$ 847,843	100%	\$
6/30/2003	\$ 845,923	100%	\$

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

Annual Pension Cost (Continued)

Required Supplementary Information

Supplementary information is intended to show the progress made towards funding benefit obligations. Required three year supplemental information, available to date, for the District is as follows:

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/1999	\$32,467,163	\$47,476,596	\$(15,009,433)	146.2%	\$10,560,478	(142.128)%
6/30/2000	\$37,219,840	\$53,308,298	\$(16,088,458)	143.2%	\$11,113,415	(144.766)%
6/30/2001	\$44,805,153	\$56,109,004	\$(11,303,851)	125.2%	\$12,209,377	(92.600)%

NOTE 12 - POST-RETIREMENT BENEFITS

The District provides post-retirement benefits to its employees who have completed at least ten years of full-time service with the District, have reached the age of 50 and have retired under the provisions of CalPERS while an employee of the District. The District pays a portion of the premiums for medical insurance for retirees and eligible dependents. The District also provides dental, vision and life insurance plan coverage of retirees and eligible dependents until the retiree attains the age of 65. Bus operators who retired and reached the age of 65 prior to June 30, 1994, will continue to receive dental and vision coverage beyond age 65. Life insurance is not provided to management retirees. The costs of providing these benefits are recognized when paid. The District has recognized approximately \$706,924 and \$445,060 of expense for these benefits for the years ending June 30, 2003 and 2002, respectively.

NOTE 13 - DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and provisions of the Government Code of the State of California. The plan, available to all district employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. The District employees participate in two such plans, the Great-West Life and Annuity Insurance (Great-West) plan and the other through CalPERS.

At June 30, 2003, all amounts held under the Great-West plan and the CalPERS plan are held in trust and are not reflected on the accompanying balance sheet as required under Statement No. 27 of the Governmental Accounting Standards Board, *Accounting Standards for Pensions by State and Local Governmental Employers*.

NOTE 14 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has established limited risk management programs for workers' compensation, and general and vehicular liability, as described in Note 1, as well.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The IBNR for workers' compensation was based on an actuarial study dated August 1, 2001. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The IBNR amount based on the actuarial study was determined to be \$2,869,840 at June 30, 2003.

NOTE 15 -TRANSPORTATION DEVELOPMENT ACT/CALIFORNIA ADMINISTRATIVE CODE

The District is subject to compliance with the Transportation Development Act provisions, Sections 6634 and 6637 of the California Administrative Code and Sections 99267, 99268.1 and 99314.6 of the Public Utilities Code.

Section 6634

Pursuant to Section 6634, a Transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs, less the required fares, and local support. The District did not receive Transportation Development Act or State Transit Assistance revenues in excess of the prescribed formula amounts.

Section 6637

Pursuant to Section 6637, a claimant must maintain its accounts and records in accordance with the Uniform System of Accounts and Records for Transit Operators adopted by the State Controller. The District did maintain its accounts and records in accordance with the Uniform System of Accounts and Records for Transit Operators.

Sections 99267 and 99268.1

Pursuant to the Transportation Development Act, the District is defined as an older operator and is not required to meet the fare box ratio requirement of the Act. The District has met the 50% expenditure limitation requirement.

SUPPLEMENTARY INFORMATION

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
STATEMENTS OF OPERATING EXPENSES
JUNE 30, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
Labor		
Operators' salaries and wages	\$ 5,704,261	\$ 5,896,197
Other salaries and wages	5,210,492	5,301,517
Overtime	1,381,383	1,385,182
Fringe Benefits		
Absence with pay	2,622,853	2,671,447
Pension plans	845,923	847,844
Vision, medical, and dental plans	2,929,449	2,691,670
Workers' compensation insurance	1,801,644	1,252,290
Disability insurance	429,813	564,202
Other fringe benefits	100,552	105,888
Services		
Accounting	77,877	71,559
Administrative and banking	207,606	192,100
Professional and technical services	740,702	528,281
Security	299,589	317,588
Outside repairs	434,962	647,979
Other services	164,107	195,375
Materials and Supplies Consumed		
Fuels and lubricants	1,121,221	910,918
Tires and tubes	136,455	160,518
Vehicle parts	400,291	726,337
Other materials and supplies	362,654	470,830
Utilities	300,212	310,484
Casualty and liability costs	769,663	277,286
Taxes and licenses	37,695	37,342
Purchased Transportation Services		
Paratransit	2,565,373	2,723,353
Miscellaneous Expenses	104,829	275,346
Equipment and Facility Lease	585,960	563,654
Depreciation		
Property acquired with operator funds	762,182	552,806
Property acquired by federal, state, or TDA funds	<u>3,576,180</u>	<u>1,933,771</u>
Total Operating Expenses	<u><u>\$ 33,673,928</u></u>	<u><u>\$ 31,611,764</u></u>

OTHER SCHEDULES AND REPORTS

12/31/2017
12/31/2018
12/31/2019

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grantor / Program Title	Federal CFDA No.	Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Programs:			
Federal Transit Administration (FTA)			
Cluster Defined by the Department of Transportation			
Section 3/5309 Consolidation			
Preliminary Engineering	20.500'	CA-03-0413	\$ 183,609
Paratransit Vans	20.500'	CA-03-0505	<u>6,891</u>
			<u>190,500</u>
Section 915307			
MIS Software	20.507'	CA-90-X752	7,948
Buses	20.507'	CA-90-X873	1,627,392
Buses	20.507'	CA-90-X873	700,000
Trolley Bus	26.507'	CA-90-X873	289,786
Buses	20.507*	CA-90-X902	2,130,743
Talking Bus Equipment	20.507'	CA-90-X902	464,649
Farebox Equipment	20.507*	CA-90-X902	43,532
CNG Buses	20.507'	CA-90-X902	5 7 2 , 8 1 7
Rebuilt Engines	20.507'	CA-90-Y024	8 2 , 3 3 0
Buses	20.507'	CA-90-Y024	1,891,554
Buses	20.507'	CA-90-Y024	1,078,000
Paratransit Vans	20.507'	CA-90-Y024	31,702
Operating Assistance	20.507*	CA-90-Y024	<u>1,229,934</u>
			<u>10,150,387</u>
Section 1815311			
Operating Assistance	20.509	649068	<u>46,701</u>
Total Expenditures of Federal Awards			<u><u>\$ 10,387,588</u></u>

• Major federal financial assistance program.

See accompanying notes to schedule of federal financial assistance.

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Santa Cruz Metropolitan Transit District (the District). Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agents, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Federal capital grant funds are used to purchase property, plant, and equipment. Federal grants receivable are included in capital and operating grants receivable, which also includes receivables from state and local grant sources.

Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
Harvey J. McCown, CPA
Steven R. Starbuck, CPA
Aileen K. Keeter, CPA

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND THE RULES AND
REGULATIONS OF THE TRANSPORTATION DEVELOPMENT ACT**

Chris M. Thornburgh, CPA
Lynn R. Krausse, CPA, MST
Bradley M. Hankins, CPA
Eric H. Xin, CPA
Melinda A. McDaniels, CPA
Thomas M. Young, CPA
Amanda E. Wilson, CPA
Sharon Jones, CPA, MST
Rosalva Flores, CPA
Debbie A. Rapp, CPA
Julie A. Auvil, CPA
Connie M. Perez, CPA

To the Board of Directors
Santa Cruz Metropolitan Transit District
Santa Cruz, California

We have audited the basic financial statements of Santa Cruz Metropolitan Transit District as of and for the year ended June 30, 2003, and have issued our report thereon dated August 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Santa Cruz Metropolitan Transit District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Santa Cruz Metropolitan Transit District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Directors, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK & KEETER
ACCOUNTANCY CORPORATION



Bakersfield, California
August 13, 2003

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Santa Cruz Metropolitan Transit District
Santa Cruz, California

Compliance

We have audited the compliance of Santa Cruz Metropolitan Transit District with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2003. Santa Cruz Metropolitan Transit District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Santa Cruz Metropolitan Transit District's management. Our responsibility is to express an opinion on Santa Cruz Metropolitan Transit District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Santa Cruz Metropolitan Transit District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Santa Cruz Metropolitan Transit District's compliance with those requirements.

In our opinion, the Santa Cruz Metropolitan Transit District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2003.

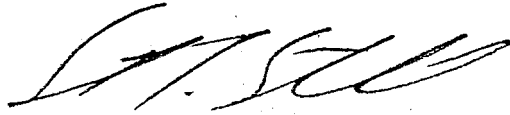
Internal Control Over Compliance

The management of Santa Cruz Metropolitan Transit District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations contracts and grants applicable to federal programs. In planning and performing our audit, we considered Santa Cruz Metropolitan Transit District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-I 33.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Directors, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK & KEETER
ACCOUNTANCY CORPORATION



Bakersfield, California
August 13, 2003

- Peter C. Brown, CPA
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- Connie M. Perez, CPA

**REPORT ON COMPLIANCE WITH THE
TRANSPORTATION DEVELOPMENT ACT**

To the Board of Directors
Santa Cruz Metropolitan Transit District
Santa Cruz, California

We have audited the basic financial statements of the Santa Cruz Metropolitan Transit District (the District), as of and for the year ended June 30, 2003, and have issued our report there on dated August 13, 2003.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

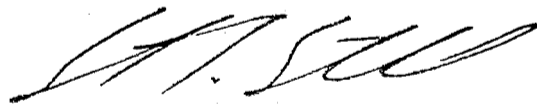
Compliance with laws, regulations, contracts and grants applicable to the District is the responsibility of the management of the District. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of the Transportation Development Act, including Public Utilities Code Section 99245 as enacted and amended by statute through June 30, 2003, and the allocation instructions and resolutions of the Santa Cruz County Regional Transportation Commission as required by Section 6667 of the California Code of Regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the District complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those provisions.

This report is intended for the information of management, the Board of Directors, the State Controller's Office, the U.S. Department of Transportation, and officials of applicable grantor agencies. However, this report is a matter of public record and its distribution is not limited.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK & KEETER
ACCOUNTANCY CORPORATION

Bakersfield, California
August 13, 2003



FINDINGS AND QUESTIONED COSTS SECTION

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003**

I. Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? Yes No

Reportable conditions identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to **financial** statements noted? Yes No

Federal A wards

Internal control over major federal programs:

Material weakness identified? Yes No

Reportable conditions identified that are not considered to be material weaknesses? Yes None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .51 O(a)? Yes No

Identification of major programs:

CFDA Number(s)

20.500
20.507

Name of Federal Program or Clusters

Federal Transit Administration-Section 3
Federal Transit Administration-Section 9

Dollar threshold used to distinguish Type A & B programs: \$ 3 1 1 , 6 0 0

Auditee qualified as low risk auditee? Yes No

II. Findings Relating to Financial Statements Required Under GAGAS

None.

III. Federal Award Findings and Questioned Costs

None.

IV. State Award Findings and Questioned Costs

None.

V. A Summary of Prior Audit (all June 30.2002) Findings and Current Year Status Follows

None.

Part III Statement of Program Service Accomplishments (See Instructions)

What is the organization's primary exempt purpose? See Statement 3

Describe what was achieved in carrying out the organization's exempt purposes. In a clear and concise manner, describe the services provided, the number of persons benefited, or other relevant information for each program title.

28	No Activity in Current Year		
		(Grants \$)	28a
29			
		(Grants \$)	29a
30			
		(Grants \$)	30a
31	Other program services (attach schedule)	(Grants \$)	31a
32	Total program service expenses (add lines 28a through 31a)		32

Part IV List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated. See Instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-)	(D) Contributions to employee benefit plans and deferred compensation	(E) Expense account and other allowances
See Statement 4		0.	0.	0.

Part V Other Information (Note the attachment requirement in the instructions) See Statement 5

	Yes	No
33 Did the organization engage in any activity not previously reported to the IRS? If 'Yes,' attach a detailed description of each activity.		X
34 Were any changes made to the organizing or governing documents but not reported to the IRS? If 'Yes,' attach a conformed copy of the changes.		X
35 If the organization had income from business activities, such as those reported on lines 2, 6, and 7 (among others), but NOT reported on Form 990-T, attach a statement explaining your reason for not reporting the income on Form 990-T.		
a Did the organization have unrelated business gross income of \$1,000 or more or 6033(e) notice, reporting, and proxy tax requirements?		X
b If 'Yes,' has it filed a tax return on Form 990-T for this year?		N/A
36 Was there a liquidation, dissolution, termination, or substantial contraction during the year? (If 'Yes,' attach a statement.)		X
37a Enter amount of political expenditures, direct or indirect, as described in the instructions. ▶ 37a		0.
b Did the organization file Form 1120-POL for this year?		X
38a Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still unpaid at the start of the period covered by this return?		X
b If 'Yes,' attach the schedule specified in the line 38 instructions and enter the amount involved.	38b	N/A
39 501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 9.	39a	N/A
b Gross receipts, included on line 9, for public use of club facilities	39b	N/A
40a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0.; section 4912 • 0.; section 4955 ▶ 0.		0.
b 501(c)(3) and (4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If 'Yes,' attach an explanation.		X
c Amount of tax imposed on organization managers or disqualified persons during the year under 4912, 4955, and 4958. ▶		0.
d Enter: Amount of tax on line 40c, above, reimbursed by the organization ▶		0.
41 List the states with which a copy of this return is filed ▶ California		
42 The books are in care of ▶ The Corporation Telephone no. ▶ 831-426-6080 Located at ▶ 370 Encinal Street, Santa Cruz, CA ZIP + 4 • 95062		
43 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 - Check here ▶ <input type="checkbox"/> N/A and enter the amount of tax-exempt interest received or accrued during the tax year. ▶ 43 N/A		

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature of officer: Leslie R. White Date: 10/13/03 Type or print name and title: Leslie R. White, General Mgr

Paid Preparer's Use Only

Preparer's signature: Steven R. Starbuck Date: 10/1/03 Check if self-employed:

Firm's name (or yours if self-employed), address, and ZIP + 4: Brown Armstrong Accountancy Corporation
4200 Truxtun Avenue Ste. 300
Bakersfield, CA 93309

EIN: Phone no.: (661) 324-4971

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under
Section 501 (c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information — (See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-U.**

OMB No. 1545-3347

2002

Name of the organization

Santa Cruz Civic Improvement Corp

Employer identification number

77-0125662

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See instructions. List each one. If there are none, enter 'None.')

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account and other allowances
None				
Total number of other employees paid over \$50,000	0			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See instructions. List each one (whether individuals or firms). If there are none, enter 'None.')

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
None		
Total number of others receiving over \$50,000 for professional services	0	

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990 or 990-EZ) 2002

Part III Statements About Activities (See instructions.)

	Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If 'Yes,' enter the total expenses paid or incurred in connection with the lobbying activities. ▶ \$ <u>N/A</u> (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B).		X
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is 'Yes,' attach a detailed statement explaining the transactions.)		
a Sale, exchange, or leasing of property?		X
b Lending of money or other extension of credit?		X
c Furnishing of goods, services, or facilities?		X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000) ?		X
e Transfer of any part of its income or assets?		X
3 Does the organization make grants for scholarships, fellowships, student loans, etc? (See Note below).		X
4 Do you have a section 403(b) annuity plan for your employees?		X
Note: Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs 'qualify' to receive payments.		

Part IV Reason for Non-Private Foundation Status (See instructions.)

The organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5 A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ▶ _____
- 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the Support Schedule in Part IV-A.)
- 11 a An organization that normally receives a substantial part of its support from a governmental unit or from the general public, Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
- 11 b A community trust. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
- 12 An organization that normally receives: (1) more than 33-1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc, functions — subject to certain exceptions, and (2) no more than 33-1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the Support Schedule in Part IV-A.)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: (1) lines 5 through 12 above; or (2) section 501 (c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3).)

Provide the following information about the supported organizations. (See instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above
Santa Cruz Metropolitan Transit District	8

- 14 An organization organized and operated to test for public safety. Section 509(a)(4). (See instructions.)

Part IV A Support Schedule (Complete **only** if you checked a box on line 10, 11, or 12.) **Use cash method of accounting.**

Note: You may use the worksheet in the instructions for converting from the **acc. m to the cash method of accounting.**

Calendar year (or fiscal year beginning in) ▶	(a) 2001	2 %	(c) 1999	(d) 1998	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	N/A				
16 Membership fees received.					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose.					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(S)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975					
19 Net income from unrelated business activities not included in line 18.					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf.					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.					
23 Total of lines 15 through 22.					
24 Line 23 minus line 17.					
25 Enter 1% of line 23.					

26 Organizations described on line 11: a Enter 2% of amount in column (e), line 24. N/A. ▶ **26a**

b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1998 through 2001 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts. ▶ **26b**

c Total support for section 509(a)(1) test: Enter line 24, column (e) ▶ **26c**

d Add: Amounts from column (e) for lines: 18 _____ 19 _____
22 _____ 26b _____ ▶ **26d**

e Public support (line 26c minus line 26d total). ▶ **26e**

f **Public support percentage (line 26e (numerator) divided by line 26c (denominator))** ▶ **26f** %

27 Organizations described on line 12: N/A

a For amounts included in lines 15, 16, and 17 that were received from a 'disqualified person,' prepare a list for your records to show the name of, and total amounts received in each year from, each 'disqualified person.' Do **not** file this list with your return. Enter the sum of such amounts for each year:
(2001) _____ (2000) _____ (1999) _____ (1998) _____

b For any amount included in line 17 that was received from each person (other than 'disqualified persons'), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do **not** file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year:
(2001) _____ (2000) _____ (1999) _____ (1998) _____

c Add: Amounts from column (e) for lines: 15 _____ 16 _____
17 _____ 20 _____ 21 _____ ▶ **27c**

d Add: Line 27a total. and line 27b total. ▶ **27d**

e Public support (line 27c total minus line 27d total). ▶ **27e**

f Total support for section 509(a)(2) test: Enter amount from line 23, column (e) . ▶ **27f**

g **Public support percentage (line 27e (numerator) divided by line 27f (denominator))**. ▶ **27g** %

h **Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))** . . ▶ **27h** %

26 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1998 through 2001, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant and a brief description of the nature of the grant. Do **not** file this list with your return. Do not include these grants in line 15. N/A

Part V Private School Questionnaire (See instructions.)
 (To be completed ONLY by schools that checked the box on line 6 in Part IV)

N/A

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?		
If 'Yes,' please describe; if 'No,' please explain. (If you need more space, attach a separate statement.)		
32 Does the organization maintain the following:		
a Records indicating the racial composition of the student body, faculty, and administrative staff?		
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d Copies of all material used by the organization or on its behalf to solicit contributions?		
If you answered 'No' to any of the above, please explain. (If you need more space, attach a separate statement.)		
33 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges?		
b Admissions policies?		
c Employment of faculty or administrative staff?		
d Scholarships or other financial assistance?		
e Educational policies?		
f Use of facilities?		
g Athletic programs?		
h Other extracurricular activities?		
If you answered 'Yes' to any of the above, please explain. (If you need more space, attach a separate statement.)		
34a Does the organization receive any financial aid or assistance from a governmental agency?		
b Has the organization's right to such aid ever been revoked or suspended?		
If you answered 'Yes' to either 34a or b, please explain using an attached statement.		
35 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev Proc 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If 'No,' attach an explanation		

Part VI-A Lobbying Expenditures by Electing Public Charities (See instructions.)
 (To be completed ONLY by an eligible organization that filed Form 5768)

N/A

Check a if the organization belongs to an affiliated group. Check b if you checked 'a' and 'limited control' provisions apply.

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term 'expenditures' means amounts paid or incurred.)			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	
41	Lobbying nontaxable amount. Enter the amount from the following table —		
	If the amount on line 40 is —		
	The lobbying nontaxable amount is —		
	Not over \$500,000 20% of the amount on line 40		
	Over \$500,000 but not over \$1,000,000 \$100,000 plus 15% of the excess over \$500,000		
	Over \$1,000,000 but not over \$1,500,000 \$175,000 plus 10% of the excess over \$1,000,000	41	
	Over \$1,500,000 but not over \$17,000,000 \$225,000 plus 5% of the excess over \$1,500,000		
	Over \$17,000,000 \$1,000,000		
42	Grassroots nontaxable amount (enter 25% of line 41)	42	
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36.	43	
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	
Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.			

4 -Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501 (h) election do not have to complete all of the five columns below.
 See the instructions for lines 45 through 50.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4 -Year Averaging Period				
	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
45	Lobbying nontaxable amount				
46	Lobbying ceiling amount (150% of line 45(e))				
47	Total lobbying expenditures				
48	Grassroots non-taxable amount				
49	Grassroots ceiling amount (150% of line 48(e))				
50	Grassroots lobbying expenditures				

Part VI-B Lobbying Activity by Nonelecting Public Charities
 (For reporting only by organizations that did not complete Part VI-A) (See instructions.)

N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

- a Volunteers
- b Paid staff or management (Include compensation in expenses reported on lines c through h.)
- c Media advertisements
- d Mailings to members, legislators, or the public.
- e Publications, or published or broadcast statements.
- f Grants to other organizations for lobbying purposes.
- g Direct contact with legislators, their staffs, government officials, or a legislative body.
- h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means.
- i Total lobbying expenditures (add lines c through h.)

Yes	No	Amount

If 'Yes' to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Client 74043

Santa Cruz Civic Improvement Corp

77-0125662

8/15/03

08:48AM

Statement 1
Form 990-EZ, Part I, Line 16
Other Expenses

Admin & Bank Fees..... Total \$ 20.
 \$ 20.

Statement 2
Form 990-EZ, Part I, Line 20
Other Changes In Net Assets Or Fund Balances

Additional Contribution of Capital..... Total \$ 20.
 \$ 20.

Statement 3
Form 990-EZ, Part III
Organization's Primary Exempt Purpose

SUPPORTING ORGANIZATION OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Statement 4
Form 990-EZ, Part IV
List of Officers, Directors, Trustees, and Key Employees

Name and Address	Title and Average Hours Per Week Devoted	Compen-sation	Contri-bution to EBP & DC	Expense Account/ Other
Sheryl Ainsworth 370 Encinal Street Santa Cruz, CA 95060	Secretary/Treas As needed	\$ 0.	\$ 0.	\$ 0.
Tim Fitzmaurice 370 Encinal Street Santa Cruz, CA 95060	President As needed	0.	0.	0.
Pat Spence 370 Encinal Street Santa Cruz, CA 95060	Vice President As needed	0.	0.	0.
Jan Beautz 370 Encinal Street Santa Cruz, CA 95060	Director As needed	0.	0.	0.
Michelle Hinkle 370 Encinal Street Santa Cruz, CA 95060	Director As needed	0.	0.	0.
Total		\$ 0.	\$ 0.	\$ 0.

**Statement 5
Form 990-EZ, Part V
Regarding Transfers Associated with Personal Benefit Contracts**

(a) Did the organization, during the year, receive any funds directly or indirectly, to pay premiums on a personal benefit contract?.....:	No
(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?.....	No

YEAR
2002

California Exempt Organization
Annual Information Return

FORM
199

For calendar or fiscal year beginning month 07 day 01 year 2002, and ending month 06 day 30 year 2003

IMPORTANT: Your number is required.

California corporation number 77-0125662	Federal employer identification number 77-0125662
---	--

Attach Preaddressed Label or See Instructions

Corporation/Organization name
Santa Cruz Civic Improvement Corp

Address
370 Encinal Street #100
City Santa Cruz, CA 95060

APT no. PMO no.
state ZIP Code

A Final return? Yes. Check applicable box No
 Dissolved Withdrawn Merged/Reorganized (attach explanation)
 If a box is checked, enter date

B Check forms filed this year: State: 109 100 100S 100W Fed: 990
 Fed: 990EZ 990T 990PF 1041 1120ti 1120

C If organization is exempt under R&TC Section 23701d and is a school, public charity, religious organization, or is controlled by a religious operation, check box. **See General Instruction F. No filing fee is required.**

D Is this a group filing? See General Instruction M. . . . Yes No

E Accounting method used Accrual

F Type of organization Exemption under Section 23701 d (insert letter)
 IRC Section 4947(a)(1) trust

Part I Complete Part I unless not required to file this form. See General Instructions B and C.

Receipts and Revenues (Attach check or money order here.)	1 Gross sales or receipts from other sources. From Side 2, Part II, line 8	1	
	2 Gross dues and assessments from members and affiliates.	2	
	3 Gross contributions, gifts, grants, and similar amounts received. See instructions.	3	
	4 Total gross receipts for filing requirement test. Add line 1 through line 3 This line must be completed. If the result is less than \$25,000, see General Instruction C.	4	
	5 Cost of goods sold.	5	
	6 Cost or other basis, and sales expenses of assets sold.	6	
	7 Total costs. Add line 5 and line 6.	7	
	8 Total gross income. Subtract line 7 from line 4	8	
Expenses	9 Total expenses and disbursements. From Side 2, Part II, line 18	9	20.
	10 Excess of receipts over expenses and disbursements. Subtract line 9 from line 8	10	-20.
Filing Fee	11 Filing fee \$10 or \$25. See General Instruction F.	11	10.
	12 Penalty for failure to file on time. See General Instruction L.	12	
	13 Balance due. Add line 11 and line 12.	13	10.

- 14** If exempt under R&TC Section 23701d, has the organization during the year: (1) participated in any political campaign or (2) attempted to influence legislation or any ballot measure, or (3) made an election under R&TC Section 23704 5 (relating to lobbying by public charities)? If 'Yes,' complete and attach form FTB 3509, Political or Legislative Activities by Section 23701d Organizations Yes No
- 15** Did the organization have any changes in its activities, governing instrument, articles of incorporation, or bylaws that have not been reported to the Franchise Tax Board? If 'Yes,' complete an explanation and attach copies of revised documents. Yes No
- 16** Is the organization exempt under R&TC Section 23701g? Yes No
 If 'Yes,' enter amount of gross receipts from nonmember sources. \$ _____
- 17** Did the organization file Form 100, Form 100S, 100W, or Form 109 to report taxable income? Yes No
 If 'Yes,' enter amount of total income reported. \$ _____
- 18** The financial records are in care of. The Corporation Daytime telephone 831-426-6080
 located at 370 Encinal Street, Santa Cruz, CA 95060

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Please Sign Here

Signature of officer: [Signature] Date: 10/13/03 Title: General Manager
 Daytime telephone: 831-426-6080

Paid Preparer's Use Only

Preparer's signature: [Signature] Date: 10/1/03 Check if self-employed: Preparer's SSN or PTIN: 561-69-4802
 Firm's name (or yours, if self-employed) and address: Brown Armstrong Accountancy Corporation FEIN: 95-3109182
4200 Truxtun Avenue Ste. 300 Daytime telephone: (661) 324-4971
Bakersfield, CA 93309

CACA9712L 12/1 6/02

Part II Organizations with gross receipts of more than \$25,000 and private foundations regardless of amount of gross receipts — complete Part II or furnish substitute information. See Specific Line Instructions.

Receipts from Other Sources	1	Gross sales or receipts from all business activities. See instructions.	1	
	2	Interest	2	
	3	Dividends	3	
	4	Gross rents	4	
	5	Gross royalties	5	
	6	Gross amount received from sale of assets	6	
	7	Other income. Attach schedule	7	
	8	Total gross sales or receipts from other sources. Add line 1 through line 7. Enter here and on Side 1, Part I, line 1.	8	
Expenses and Disbursements	9	Contributions, gifts, grants, and similar amounts paid. Attach schedule.	9	
	10	Disbursements to or for members.	10	
	11	Compensation of officers, directors, and trustees. Attach schedule See Statement 1	11	0.
	12	Othersalariesandwages	12	
	13	Interest	13	
	14	Taxes	14	
	15	Rents	15	
	16	Depreciation and depletion	16	
	17	Other. Attach schedule. See Statement 2	17	20.
	18	Total expenses and disbursements. Add line 9 through line 17. Enter here and on Side 1, Part I, line 9.	18	20.

Schedule L Balance Sheets		Beginning of taxable year		End of taxable year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash				
2	Net accounts receivable				
3	Net notes receivable. Attach schedule				
4	Inventories				
5	Federal and state government obligations				
6	Investments in other bonds. Attach schedule				
7	Investments in stock. Attach schedule				
8	Mortgage loans (number of loans _____)				
9	Other investments. Attach schedule				
10a	Depreciable assets				
	b Less accumulated depreciation				
11	Land				
12	Other assets. Attach schedule				
13	Total assets				
Liabilities and net worth					
14	Accounts payable				
15	Contributions, gifts, or grants payable				
16	Bonds and notes payable. Attach schedule				
17	Mortgages payable				
18	Other liabilities. Attach schedule				
19	Capital stock or principle fund				
20	Paid-in or capital surplus. Attach reconciliation		191,147.		191,167.
21	Retained earnings or income fund		-191,147.		-191,167.
22	Total liabilities and net worth				

Schedule M-1 Reconciliation of income per books with income per return			
Do not complete this schedule if the amount on Schedule L, line 13, column (d), is less than \$25,000			
1	Net income per books	7	Income recorded on books this year not included in this return. Attach schedule
2	Federal income tax	8	Deductions in this return not charged against book income this year. Attach schedule
3	Excess of capital losses over capital gains	9	Total. Add line 7 and line 8
4	Income not recorded on books this year. Attach schedule	10	Net income per return. Subtract line 9 from line 6
5	Expenses recorded on books this year not deducted in this return. Attach schedule		
6	Total. Add line 1 through line 5		

Client 74043

Santa Cruz Civic Improvement Corp

77-012566

8/15/03

09:01AM

**Statement 1
Form 199, Part II, Line 11
Compensation of Officers, Directors, and Trustees**

Name, Address and Social Security Number	Title and Average Hours Per Week Devoted	Compen- sation	Contri- bution to EBP & DC	Expense Account/ Other
Sheryl Ainsworth 370 Encinal Street Santa Cruz, CA 95060	Secretary/Treas As needed	\$ 0.	\$ 0.	0.
Tim Fitzmaurice 370 Encinal Street Santa Cruz, CA 95060	President As needed	0.	0.	0.
Pat Spence 370 Encinal Street Santa Cruz, CA 95060	Vice President As needed	0.	0.	0.
Jan Beautz 370 Encinal Street Santa Cruz, CA 95060	Director As needed	0.	0.	0.
Michelle Hinkle 370 Encinal Street Santa Cruz, CA 95060	Director As needed	0.	0.	0.
Total		\$ 0.	\$ 0.	0.

**Statement 2
Form 199, Part II, Line 17
Other Expenses**

Admin & Bank Fees.....	\$ 20.
Total	<u>\$ 20.</u>

CS
 MAIL TO:
 Registry of Charitable Trusts
 P.O. Box 903447
 Sacramento, CA 94203-4470
 Telephone: (916) 4452021

WEBSITE ADDRESS:
<http://ag.ca.gov/charities/>

REGISTRATION/RENEWAL FEE REPORT
 TO ATTORNEY GENERAL OF CALIFORNIA

Sections 12586 and 12587, California Government Code
 11 Cal. Code Regs. Sections 311 and 312

Failure to submit this report annually no later than four months and fifteen days after the end of the organization's accounting period may result in the loss of tax exemption and the assessment of a minimum tax of \$800, plus interest, and/or fines or filing penalties as defined in Government Code Section 12586.1.



RRF-1 EXTENSIONS WILL NOT BE GRANTED

Enter State Charity Registration Number, Name, and Address of Organization: State Charity Registration Number <u>ct065779</u>		Check if: <input type="checkbox"/> Change of address <input type="checkbox"/> Amended report	
Santa Cruz Civic Improvement Corp Name of Organization		Corporate or Organization No. <u>77-0125662</u>	
370 Encinal Street #100 Address (Number and Street)		Federal Employer ID No. <u>77-0125662</u>	
Santa Cruz, CA 95060 City or Town	state ZIP Code		

PART A - ACTIVITIES		Yes	No
1 During your most recent full accounting period did your GROSS receipts or total assets equal \$100,000 or more?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
Note: If the answer is yes, you are required by Title 11 of the California Code of Regulations, Sections 311 and 312, to attach a check in the amount of \$25.00 to this report Make check payable to Department of Justice.			
2 For your most recent full accounting period (beginning <u>7/01/02</u> ending <u>6/30/03</u>) list: Gross receipts \$ <u>0.</u> Total assets \$ <u>0.</u> Actual <input type="checkbox"/> Estimated <input type="checkbox"/>			

PART B - STATEMENTS REGARDING ORGANIZATION DURING THE PERIOD OF THIS REPORT		Yes	No
Note: If you answer 'yes' to any of the questions below, you must attach a separate sheet providing an explanation and details for each 'yes' response. Please review RRF-1 Instructions for information required.			
1 During this reporting period, were there any contracts, loans, leases or other financial transactions between the organization and any officer, director or trustee thereof either directly or with an entity in which any such officer, director or trustee had any financial interest?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
2 During this reporting period, was there any theft embezzlement, diversion or misuse of the organization's charitable property or funds?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 During this reporting period, did nonprogram expenditures exceed at least 50% of gross revenues?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
4 During this reporting period, were any organization funds used to pay any penalty, fine or judgment? If you filed a Form 4720 with the Internal Revenue Service, attach a copy.		<input type="checkbox"/>	<input checked="" type="checkbox"/>
5 During this reporting period, were the services of a professional fund-raiser or fund-raising counsel used? If 'yes,' provide an attachment listing the name, address, and telephone number of the service provider.		<input type="checkbox"/>	<input checked="" type="checkbox"/>
6 During this reporting period, did the organization receive any governmental funding? If so, provide an attachment listing the name of the agency, mailing address, contact person, and telephone number.		<input type="checkbox"/>	<input checked="" type="checkbox"/>
7 During this reporting period, did the organization hold a raffle for charitable purposes? If 'yes,' provide an attachment indicating the number of raffles and the date(s) they occurred.		<input type="checkbox"/>	<input checked="" type="checkbox"/>
8 Does the organization conduct a vehicle donation program? If 'yes,' provide an attachment indicating whether the program is operated by the charity or whether the organization contracts with a commercial fund-raiser.		<input type="checkbox"/>	<input checked="" type="checkbox"/>
Organization's area code and telephone number <u>831-426-6080</u>			
Organization's e-mail address _____			
I declare under penalty of perjury that I have examined this report, including accompanying documents, and to the best of my knowledge and belief, it is true, correct and complete.			
	Leslie R white	General Manager	10/13/03
Signature of authorized officer	Printed Name	Title	Date

EXHIBIT - B

• ,

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK & KEETER
ACCOUNTANCY CORPORATION
4200 Truxium Avenue, Suite 300
Bakersfield, California 93309

(Ph) 661.324.4971
(Fx) 661.324.4997
www.barrcpa.com

PROPOSAL

SANTA CRUZ METROPOLITAN
TRANSIT DISTRICT
RFP No. 03-11

January 9, 2003

Prepared for: **Lloyd Longnecker**
District Purchasing Office

Prepared by: **Steven R. Starbuck, CPA**
Firm Principal
e-mail: sstarbuck@barrcpa.com

Description

TO PERFORM FINANCIAL AND COMPLIANCE
AUDIT OF SANTA CRUZ METROPOLITAN
TRANSIT DISTRICT FOR THE YEARS ENDING
JUNE 30, 2004 THROUGH 2006



BROWN
ARMSTRONG
—
CERTIFIED
PUBLIC
ACCOUNTANTS

Santa Cruz Metropolitan Transit District

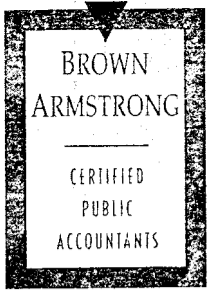
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BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Providing Accounting & Auditing Services
For More Than 29 Years



BROWN ARMSTRONG
PAULDEN McCOWN STARBUCK & KEETER
CERTIFIED PUBLIC ACCOUNTANTS

☐ Main Office
4200 Truxtun Ave., Suite 300
Bakersfield, California 93309
Tel 661-324-4971 fax 661-324-4997
e-mail: barrinfo@barrcpa.com

■ Shafter Office
560 Central Avenue
Shafter, California 93163
Tel 661.7462145 fax 661-746-1218

Peter c. Brown, cr.4
Burton H. Armstrong, CP.4, MST
Andrew J. Paulden, CPA
Harvey J. McCown, CPA
Steven R. Starbuck, CPA
Aileen K. Keeter, CPA

Chris M. Thornburgh, CPA
Lynn R. Krause, CPA, MST
Bradley H. Ha&ins, CP.4
Eric H. Xin, CPA
hlelinda A. McDaniels, CPA
Thomas M. Young, CPA
Amanda E. Wilson, CPA
Sharon Jones, CPA, MST
Rosalva Flores, CPA
Debbie A. Rapp, CPA
Julie A. Auvil, CPA
Connie M. Perez, CP.4
Patricia W. Welch, CPA
Matthew R. Gilligan, CPA
Shawn M. Canaday, CPA

Letter of Transmittal

January 16, 2004

Lloyd Longnecker
District Administrative Office
Santa Cruz Metropolitan Transit District
120 Du Bois Street
Santa Cruz, CA 95060

Brown Armstrong Paulden McCown Starbuck & Keeter Accountancy Corporation (Brown Armstrong) is pleased to submit this proposal to perform financial and compliance audits of the Santa Cruz Metropolitan Transit District (the District) for the years ending June 30, 2004 through 2006. We believe our proposal exceeds the requirements outlined in your request for proposal.

We fully understand the scope of work to be performed. We commit to perform and complete this work on or before the dates specified in your proposal.

Your request for proposal identified two major sets of technical qualification and evaluation criteria to be met by the selected audit firm: (1) expertise and experience; and (2) audit approach. With respect to these criteria, we are uniquely qualified to perform the engagement.

Brown Armstrong has the industry expertise, having audited large agencies such as yours as well as smaller city transit operations.

Brown Armstrong is known as an expert in governmental accounting and auditing. We are recognized throughout California and have a strong regional presence from Central Contra Costa County to San Diego. We have successfully completed the past three annual audits of your District meeting all timelines and expectations.

Of significance during the past three years, we assisted the District with the implementation of Governmental Accounting Standards Board (GASB), Statement Number 34. We provided this assistance and expertise at no additional cost to the District.

We are recognized for our efforts to recruit and retain "the best and brightest" personnel. Personnel assigned to your engagement have previous transit experience. This will minimize the time your staff will have to allocate to the audit effort.

Mr. Lloyd Longnecker
Santa Cruz Metropolitan Transit District
January 16, 2004

Finally, Brown Armstrong emphasizes direct “hands-on” involvement of the engagement partner. We employ an approach to auditing, which is top-down and risk-oriented based on proper planning and execution.

This proposal is a firm and irrevocable offer for ninety - (90) days.

Please contact me if I can clarify or expand on any item contained in this proposal. We are available for an oral presentation, if requested. We welcome the opportunity to provide you with the outstanding service you expect.

Sincerely,

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK & KEETER
ACCOUNTANCY CORPORATION

A handwritten signature in black ink, appearing to read 'S. Starbuck', written in a cursive style.

By: Steven R. Starbuck, CPA

GENERAL INFORMATION FORM
FINANCIAL AUDIT AND TAX SERVICES

Brown Armstrong Paulden McCown Starbuck & Keeter
Legal Firm Name

January 16, 2004
Date

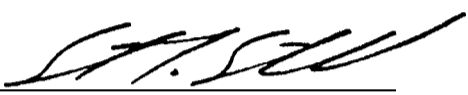
4200 Truxtun Avenue, Suite 300, Bakersfield, CA 93309
Firm's Address

(661) 324-4971
Telephone Number

(661) 324-4997
Fax Number

Corporation
Type of Organization (Partnership, Corporation, etc.)

Steven R. Starbuck, CPA, Principal
Name of Principal-in-Charge and Title


Signature of Authorized Principal

Steven R. Starbuck, CPA, Principal
Name of Project Manager and Title

Steven R. Starbuck, CPA, Principal, (661) 324-4971 or (888) 565-1040
Name, Title and Phone Number of Person To Whom Correspondence Should be Directed

4200 Truxtun Avenue, Suite 300, Bakersfield, CA 93309
Addresses Where Correspondence Should be Sent

All Areas
Areas of Responsibility of Prime Contractor

Listing of major sub-consultants proposed (if applicable), their phone numbers, and areas of responsibility (indicate which firms are DBE's):

N/A

Offeror understands and agrees that, by his/her signature, if awarded the contract for the project, he/she is entering into a contract with the District that incorporates the terms and conditions of the entire Request for Proposals package, including the General Conditions section of the Request for Proposals.

Offeror understands that this proposal constitutes a firm offer of the District that cannot be withdrawn for ninety (90) calendar days from the date of the deadline for receipt of proposals. If awarded the contract, Offeror agrees to deliver to the District the required insurance certificates within ten (10) calendar days of the Notice of Award.



BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

FORM OF PROPOSAL
FINANCIAL AUDIT & TAX SERVICES

The undersigned ("Offeror"), upon acceptance by the District, agrees to furnish all labor, freight, transportation, materials, equipment, services, supplies and other work in accordance with the Request for Proposals (RFP) entitled "Financial Audit and Tax Services" dated December 19, 2003.

Offeror understands that the costs for the Financial Audit and Tax Services takes into account all requirements, express and implied, of the aforementioned Request for Proposals (RFP) as specified in Part III (Specifications) of this RFP.

The Board of Directors reserves the right to reject all proposals for any reason. The criteria for determining the successful Offeror are indicated in Part III - Specifications. The successful Offeror obligates him/herself to provide Financial Audit and Tax Services at the firm fixed prices provided below for the initial year of contract service and the two additional option years.

Table with 3 columns: Service Description, Year, and Price. Rows include Provision of District Financial Audit Services for Year One, First Option Year, and Second Option Year, all priced at \$37,450.

Table with 3 columns: Service Description, Year, and Price. Rows include Provision of Preparation of Federal and State Tax Returns For Santa Cruz Civic Improvement Corporation for Year One, First Option Year, and Second Option Year, all priced at \$250.

Offeror has examined and is fully familiar with all terms and conditions of the Request for Proposals and any addenda issued by the District thereto, and Offeror unconditionally submits this proposal in strict accordance with said Request for Proposals.

Offeror acknowledges receipt of the following addenda to the Request for Proposals. All cost adjustments or other requirements resulting from said addenda have been taken into consideration by the offeror and included in the proposal.

Addenda No.'s: N/A

Brown Armstrong Paulden McCown Starbuck & Keeter
Accountancy Corporation
Firm Name

[Handwritten Signature]
Signature: Steven R. Starbuck, CPA



BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

PROFILE OF OUR FIRM

Brown Armstrong had its roots in the late 1960's when Peter C. Brown and Burton H. Armstrong began their public accounting careers in Denver and San Diego with Big Eight international accounting firms. Brown formed a local Bakersfield accounting firm in 1974, whereas Armstrong returned to Bakersfield in 1970 to join another international accounting firm. He eventually joined Brown in 1985 to form one of Bakersfield's largest public accounting firms. Andrew J. Paulden joined the firm in 1985. Andrew, Burton, and Steve are the three partners involved in providing governmental auditing and accounting services.

Brown Armstrong is a regional accounting firm providing accounting, auditing, tax services and management services to public and private entities throughout California.

GENERAL

This technical proposal will demonstrate that Brown Armstrong has the qualifications, competence, and capacity to perform the independent audit of the Santa Cruz Metropolitan Transit District.

INDEPENDENCE

Our firm and its shareholders and employees are independent of the Santa Cruz Metropolitan Transit District (the District) and its component units, as defined by the United States General Accounting Office's Government Auditing Standards.

LICENSE TO PRACTICE IN CALIFORNIA

Our firm and all assigned key professional staff are properly licensed to practice in the State of California.



SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

The following schedule of references indicates the three most significant engagements that we have performed in the last five years and are similar to the engagement described in your request for proposal.

Gloria Salazar
(209) 948-5566

San Joaquin Regional Transit District
Audit of annual financial report
(2001 – 2003)

Jay Castro
Auditing Manager
(925) 676-1976

Central Contra Costa Transit
Authority (1995-2003)
Audit of annual financial report

Les Beshears
(559) 233-4148

Council of Fresno County Governments
(200 1-2003)
Audit of annual financial report



SECTION 3 QUALIFICATIONS AND TECHNICAL SECTION

TECHNICAL AUDIT APPROACH

We emphasize “hands-on” partner involvement and consistency of staff assignments in our audits. We believe this emphasis benefits our clients in two ways:

1. A superior, quality audit is delivered on time; and
2. We reduce the cost of the audit - in audit fees, and in that unseen cost, the “training of an auditor” unfamiliar with the District’s personnel and procedures.

The methods employed to formulate our auditors’ opinions consist of several phases. These phases are: planning, study and evaluation of internal control compliance testing, final audit plan, final field work, final review, and completion of the audit.

Planning

We will begin the planning of the examination upon notification of award of the contract. Tasks to be accomplished during this phase include:

- Kick-off meeting with the finance director and all key finance department personnel and department heads of key offices or programs to discuss the scope of the examination, availability (vacation schedules) of your staff, prior audit problems, the interim work to be performed, the establishment of overall liaison for the audit, and arrangements for work space and other needs of the auditor. This conference will occur on or before May 1, 2004.
- Develop the program to study and evaluate internal control.
- Conferences with all audit personnel involved in the engagement to discuss the scope and timing of the engagement, and anticipated areas of audit emphasis.
- Analytical review of the District’s year-to-date financial information, and the District’s budget and related materials.
- Develop and submit a Calendar of Activities for approval by the Finance Director.



Based on experience auditing California transit agencies, we have developed standard audit plans, which have been tailored to comply with:

- Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants.
- The standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards.
- The provisions of the Single Audit Act of 1984.
- The provisions of U.S. Office of Management and Budget (OMB) Circular A-133.
- The provisions of PUC Section 99243 and 99245 and the Transportation Development Act.

Study and Evaluation of Internal Control in Connection with the Financial Statement Audit

This is the cornerstone of the examination. Internal accounting control generally comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records.

Based on our experience with transit agencies, we will focus our evaluation of the internal control system in the following areas:

- controls over the evaluation of passenger fares,
- controls over disbursements and purchasing,
- controls over payroll, and
- controls related to the administration of federal programs.

We will begin by preparing flow charts and other memoranda to describe the internal control system. These flow charts and other memoranda are prepared based on information obtained through our inquiry and observation of District personnel, and from our review of the District's organizational charts, procedural manuals and programs, and documented financial and management information systems. Our flow charts and memorandum will then be reviewed to isolate significant strengths and weaknesses that would affect the extent of our substantive audit procedures to be employed. Each strength is then tested and the results subjected to evaluation. These evaluations assist us in determining the amount of reliance we can place on the significant strengths we have identified.



At this point in our plan, we will have a progress conference with the finance director and/or designated personnel to summarize the results of our study and evaluation of internal control. This conference will occur in accordance with the approved Calendar of Activities.

Compliance Testing

Based on the results of our study and evaluation of the internal control structure, we will then perform compliance tests on the following:

Area	Sample Size
• Receipts and revenues;	25-60
• Disbursements and accounts payable;	25-60
• Payroll and related liabilities; and	25-60
• Controls over requirements of federal and state grants.	60 (per major program)

Staff will perform compliance testing with direct supervision by a senior. Any findings will be discussed with management for accuracy and the process of development of recommendations immediately started.

Final Audit Plan

Based on the results of our study and evaluation of the internal control structure, the results of our compliance testing, and the results of our planning analytical procedures, we prepare our final audit plan. This plan is documented in our audit programs in accordance with generally accepted auditing standards. This plan is then reviewed by the engagement partner for approval. This plan is then discussed with the finance director prior to the commencement of final field work. This conference will occur in accordance with the approved Calendar of Activities.

Final Field Work

In this phase of the examination, we obtain sufficient competent evidential matter to afford a reasonable basis for our opinions and reports. This evidential matter is obtained through the performance of substantive procedures consisting of inspection, observation, inquiry, confirmation, and analytical tests.



~~SECTION 3 QUALIFICATIONS AND TECHNICAL SECTION~~

At the end of our field work, we will have an exit conference with the finance director and department heads of key offices or programs. The purpose of this meeting will be to summarize the results of our field work and to review significant findings. As part of this conference, we will review significant audit adjustments and items needed to complete the audit, if any exist. We will also review significant commitments and contingencies discovered during our audit and the need for disclosure. This conference will occur at the end of field work.

Final Review

The review process is constant throughout the engagement. Each working paper prepared by a staff assistant is reviewed by the engagement senior. The engagement partner then reviews all working papers and all financial statements and reports to be issued. These financial statements and reports are then reviewed by a governmental audit partner not directly involved in the engagement for concurrence of opinion prior to release of these statements and reports to the District.

Completion of the Audit

The objective of our audit plan is to express our opinion on the fair presentation of the District's financial statements, to report on the District's compliance with applicable laws and regulations, to report on the District's internal control structure, and to issue a management letter.

The following events will transpire between the conclusion of field work and delivery of the audited financial statements:

1. We will provide draft financial statements and supplementary schedules to the District no later than two weeks after final field work.
2. We will be available for any meetings that may be necessary to discuss the audit reports.
3. We will be available for a meeting with the Budget and Finance Committee.
4. The District will approve the draft no later than two weeks after receipt of the draft.
5. The final report will be issued in accordance with the approved Calendar of Activities.



SECTION 504 INVESTIGATION AND COMPLIANCE SECTION

Proposed Calendar of Activities

We propose the following calendar of activities:

- May 3 Planning Meeting
- May 28 Submit Final Calendar of Activities
- June 7 Preliminary Field Work
- Aug 12 Final Field Work
- Sep 6 Submit Draft Audit Report
- Sep 20 Receive changes/approval for Draft Audit Report
- Oct 15 Final Audit Report



SECTION 3 - QUALIFICATIONS AND TECHNICAL SECTION

Information Incorporated into our Audit Approach:

Proposed Segmentation of the Engagement

The various phases of our audit plan, and the hours to complete each phase, will be divided among the audit team as follows:

Segment	Level of Staff	Hours
Planning	Partner	8
	Manager	<u>8</u>
		16
Study and Evaluation of Internal Control	Partner	4
	Manager	4
	Senior	<u>12</u>
		20
Compliance Testing	Partner	2
	Senior	8
	Staff	<u>80</u>
		90
Final Audit Plan and Field Work	Partner	24
	Manager	40
	Senior	40
	Staff	<u>80</u>
		184
Completion of Audit	Partner	16
	Manager	24
	Senior	30
	Staff	<u>40</u>
		110
Total Hours		<u>420</u>



Sample Sizes and Anticipated Statistical Sampling

We will utilize Statement on Auditing Standards Number 39 for guidance in selecting sampling techniques and sizes. We anticipate using statistical sampling and evaluation in our tests of receipts, disbursements, payroll and expenditures. Usually to achieve 95% confidence over large populations, we do not sample more than 120 items, selected with replacement. We emphasize compliance items over substantive when using sampling.

Judgmental sampling and evaluation will be used for large dollar items, usually in excess of our selected materiality levels and bearing a strong relationship to our risk evaluation profile.

Analytical Procedures. We will use analytical procedures exactly as described in the foregoing paragraph, both in planning and auditing phases of our work. In addition, we will use internal data such as passenger fares per revenue miles to test reasonableness of fares collected and to determine reasonableness of fluctuation in operating expenses.

Extent of EDP Software in the Engagement. Each staff person has a personal computer, and has knowledge of a generic software we have purchased for auditing municipalities and report writing. We use this software in the beginning, inputting all prior year actual numbers, and the client current year budget, including amendments. We then input year-to-date numbers and run analytical work at the end of the audit comparing appropriation-expenditure numbers to prior year and budget amounts. All significant differences are investigated.

Report Writing. Our software is capable of complete report writing, including combining statements and footnotes.

Data Extraction. We will use "ACL" for data inquiry, analysis and reporting. Some of the procedures we perform with ACL are:

- . Select disbursements over \$100,000 for testing.
- . Test for duplicate payments
- . Test for aging of receivables
- . Test of fixed asset depreciation
- . Test of inventory pricing



Understanding the District's Internal Control Structure

We use inquiry, both written and oral, to document our understanding of the District's internal control structure. We then test our understanding with compliance auditing, sometimes called tests of transactions.

Approach to Determine Applicable Laws and Regulations Subject to Audit Test Work

Our experience with various transit agencies and municipal audit clients, most with federal or state monies, has created a reservoir of knowledge of many laws and regulations. However, by inquiry and observation, we will determine all major programs (over \$300,000 annually) participated in by the District. We then consult the actual law, the Federal Register, Catalogue of Federal programs, or the California State Controllers guide to State and Federal Compliance to obtain understanding of the requirements of the law. For major programs, we specifically test those requirements by inspection of documents. However, based on our prior experience with transit agencies, we will probably identify the District's federal capital grant as a major program.

Approach for Drawing Audit Samples for Compliance Tests

Compliance test samples will be drawn usually by statistical sampling techniques. The universe from which the sample is drawn begins at the beginning of the year under audit, and ends with the end of that year. If a null is picked, it is replaced in draw sequence until sufficient live items comprise the planned sample size.

We use Excel to draw audit samples. We will need the District to provide us with all disbursements and payroll data files for the year in D-BASE or OBDC format from which to draw our samples.



IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

None at this time.



BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

FIRM QUALIFICATIONS AND EXPERIENCE

Brown Armstrong currently employs 56 people:

	<u>Total</u>
Shareholders (Partners)	7
Managers	12
Seniors, Audit and Tax	4
Staff Accountants, Audit and Tax	19
Technicians and Other Support	<u>14</u>
Total	<u>56</u>

All work on the Santa Cruz Metropolitan Transit District audit will be performed by personnel employed at our office located in Bakersfield, California. All assigned personnel will be employed on a full-time basis.

As part of its commitment to quality control, the firm has been a member of the SEC Practice Section of the American Institute of Certified Public Accountants (AICPA). We have completed five quality peer reviews over a period of fifteen years under the Section's guidance, and we have enclosed our most recent unqualified report. As a part of the peer review, the AICPA mandates a Single Audit Act client be reviewed by the review team, which was done during each of our reviews. No substantive problems or issues were raised. A copy of this report is included as Exhibit I.

We have had no disciplinary action taken against the firm or any of its members nor do we have any actions pending at the date of this proposal. Single audit reports are filed annually with the Federal Audit Clearinghouse. All of our school district reports are desk reviewed by the California State Controller's Office (SCO) every year. During the last three years, none of the referenced reports have been remanded to the clients for additional work. All were accepted upon the initial submission.



PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

The members of the audit team assigned to the engagement are:

- Steven R. Starbuck, CPA, Engagement Partner
- Burton H. Armstrong, CPA, Concurring Engagement Partner
- Thomas Young, CPA, Engagement Manager
- Connie Perez, CPA, Engagement Senior
- Michael Oliveras, Engagement Staff
- Adriana Belt, Engagement Staff

Mr. Starbuck has over thirteen years of government and commercial audit experience. He participates in the standard setting process, being a past and current member of various state society committees'. He currently manages the firm's transportation audits, which include Santa Cruz Metropolitan Transit District, San Joaquin Regional Transit District, Central Contra Costa Transit Authority, and Fresno County Council of Governments.

Mr. Armstrong has over thirty years of governmental auditing experience. Among his current engagement responsibilities are audits of the North San Diego County Transit District, City of Santa Barbara, County of Kern, and Kern County Water District. Mr. Armstrong will be the concurring audit partner. As part of our quality control procedures, a concurring partner must review every engagement.

Mr. Young has eight years of governmental auditing experience. Among his current audit responsibilities are the Santa Cruz Metropolitan Transit District, Fresno County Council of Governments, San Bernardino Employees Retirement Association, County of Tulare, and City of Bakersfield. Mr. Young will supervise the financial and compliance audit required under the Single Audit Act and OMB Circular No. 133.

Ms. Belt has nearly three years of experience auditing governmental entities. Most recently she has assisted with the audits of Santa Cruz Metropolitan Transit District, Central Contra Costa Transit District and Council of Fresno County Governments. Mr. Olivares has been with the firm for two years and has assisted with the audits of Santa Cruz Metropolitan Transit District and numerous other governmental audits.

PRIOR ENGAGEMENTS WITH THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

We have completed the District's financial statement audits for the past three years.



SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

The following schedule of references indicates the three most significant engagements that we have performed in the last five years and are similar to the engagement described in your request for proposal.

Gloria Salazar
(209) 948-5566

San Joaquin Regional Transit District
Audit of annual financial report
(2001 – 2003)

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Central Contra Costa Transit
Authority (1995-2003)
Audit of annual financial report

Les Beshears
(559) 233-4148

Council of Fresno County Governments
(200 1-2003)
Audit of annual financial report



SECTION 3 QUALIFICATIONS AND TECHNICAL SECTION

TECHNICAL AUDIT APPROACH

We emphasize “hands-on” partner involvement and consistency of staff assignments in our audits. We believe this emphasis benefits our clients in two ways:

1. A superior, quality audit is delivered on time; and
2. We reduce the cost of the audit - in audit fees, and in that unseen cost, the “training of an auditor” unfamiliar with the District’s personnel and procedures.

The methods employed to formulate our auditors’ opinions consist of several phases. These phases are: planning, study and evaluation of internal control compliance testing, final audit plan, final field work, final review, and completion of the audit.

Planning

We will begin the planning of the examination upon notification of award of the contract. Tasks to be accomplished during this phase include:

- Kick-off meeting with the finance director and all key finance department personnel and department heads of key offices or programs to discuss the scope of the examination, availability (vacation schedules) of your staff, prior audit problems, the interim work to be performed, the establishment of overall liaison for the audit, and arrangements for work space and other needs of the auditor. This conference will occur on or before May 1, 2004.
- Develop the program to study and evaluate internal control.
- Conferences with all audit personnel involved in the engagement to discuss the scope and timing of the engagement, and anticipated areas of audit emphasis.
- Analytical review of the District’s year-to-date financial information, and the District’s budget and related materials.
- Develop and submit a Calendar of Activities for approval by the Finance Director.



Based on experience auditing California transit agencies, we have developed standard audit plans, which have been tailored to comply with:

- Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants.
- The standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards.
- The provisions of the Single Audit Act of 1984.
- The provisions of U.S. Office of Management and Budget (OMB) Circular A-133.
- The provisions of PUC Section 99243 and 99245 and the Transportation Development Act.

Study and Evaluation of Internal Control in Connection with the Financial Statement Audit

This is the cornerstone of the examination. Internal accounting control generally comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records.

Based on our experience with transit agencies, we will focus our evaluation of the internal control system in the following areas:

- controls over the evaluation of passenger fares,
- controls over disbursements and purchasing,
- controls over payroll, and
- controls related to the administration of federal programs.

We will begin by preparing flow charts and other memoranda to describe the internal control system. These flow charts and other memoranda are prepared based on information obtained through our inquiry and observation of District personnel, and from our review of the District's organizational charts, procedural manuals and programs, and documented financial and management information systems. Our flow charts and memorandum will then be reviewed to isolate significant strengths and weaknesses that would affect the extent of our substantive audit procedures to be employed. Each strength is then tested and the results subjected to evaluation. These evaluations assist us in determining the amount of reliance we can place on the significant strengths we have identified.



At this point in our plan, we will have a progress conference with the finance director and/or designated personnel to summarize the results of our study and evaluation of internal control. This conference will occur in accordance with the approved Calendar of Activities.

Compliance Testing

Based on the results of our study and evaluation of the internal control structure, we will then perform compliance tests on the following:

Area	Sample Size
• Receipts and revenues;	25-60
• Disbursements and accounts payable;	25-60
• Payroll and related liabilities; and	25-60
• Controls over requirements of federal and state grants.	60 (per major program)

Staff will perform compliance testing with direct supervision by a senior. Any findings will be discussed with management for accuracy and the process of development of recommendations immediately started.

Final Audit Plan

Based on the results of our study and evaluation of the internal control structure, the results of our compliance testing, and the results of our planning analytical procedures, we prepare our final audit plan. This plan is documented in our audit programs in accordance with generally accepted auditing standards. This plan is then reviewed by the engagement partner for approval. This plan is then discussed with the finance director prior to the commencement of final field work. This conference will occur in accordance with the approved Calendar of Activities.

Final Field Work

In this phase of the examination, we obtain sufficient competent evidential matter to afford a reasonable basis for our opinions and reports. This evidential matter is obtained through the performance of substantive procedures consisting of inspection, observation, inquiry, confirmation, and analytical tests.



~~SECTION 3 QUALIFICATIONS AND TECHNICAL SECTION~~

At the end of our field work, we will have an exit conference with the finance director and department heads of key offices or programs. The purpose of this meeting will be to summarize the results of our field work and to review significant findings. As part of this conference, we will review significant audit adjustments and items needed to complete the audit, if any exist. We will also review significant commitments and contingencies discovered during our audit and the need for disclosure. This conference will occur at the end of field work.

Final Review

The review process is constant throughout the engagement. Each working paper prepared by a staff assistant is reviewed by the engagement senior. The engagement partner then reviews all working papers and all financial statements and reports to be issued. These financial statements and reports are then reviewed by a governmental audit partner not directly involved in the engagement for concurrence of opinion prior to release of these statements and reports to the District.

Completion of the Audit

The objective of our audit plan is to express our opinion on the fair presentation of the District's financial statements, to report on the District's compliance with applicable laws and regulations, to report on the District's internal control structure, and to issue a management letter.

The following events will transpire between the conclusion of field work and delivery of the audited financial statements:

1. We will provide draft financial statements and supplementary schedules to the District no later than two weeks after final field work.
2. We will be available for any meetings that may be necessary to discuss the audit reports.
3. We will be available for a meeting with the Budget and Finance Committee.
4. The District will approve the draft no later than two weeks after receipt of the draft.
5. The final report will be issued in accordance with the approved Calendar of Activities.



SECTION 400 INVESTIGATION AND DATA SECTION

Proposed Calendar of Activities

We propose the following calendar of activities:

- May 3 Planning Meeting
- May 28 Submit Final Calendar of Activities
- June 7 Preliminary Field Work
- Aug 12 Final Field Work
- Sep 6 Submit Draft Audit Report
- Sep 20 Receive changes/approval for Draft Audit Report
- Oct 15 Final Audit Report



SECTION 3 - QUALIFICATIONS AND TECHNICAL SECTION

Information Incorporated into our Audit Approach:

Proposed Segmentation of the Engagement

The various phases of our audit plan, and the hours to complete each phase, will be divided among the audit team as follows:

Segment	Level of Staff	Hours
Planning	Partner	8
	Manager	<u>8</u>
		16
Study and Evaluation of Internal Control	Partner	4
	Manager	4
	Senior	<u>12</u>
		20
Compliance Testing	Partner	2
	Senior	8
	Staff	<u>80</u>
		90
Final Audit Plan and Field Work	Partner	24
	Manager	40
	Senior	40
	Staff	<u>80</u>
		184
Completion of Audit	Partner	16
	Manager	24
	Senior	30
	Staff	<u>40</u>
		110
Total Hours		<u>420</u>



Sample Sizes and Anticipated Statistical Sampling

We will utilize Statement on Auditing Standards Number 39 for guidance in selecting sampling techniques and sizes. We anticipate using statistical sampling and evaluation in our tests of receipts, disbursements, payroll and expenditures. Usually to achieve 95% confidence over large populations, we do not sample more than 120 items, selected with replacement. We emphasize compliance items over substantive when using sampling.

Judgmental sampling and evaluation will be used for large dollar items, usually in excess of our selected materiality levels and bearing a strong relationship to our risk evaluation profile.

Analytical Procedures. We will use analytical procedures exactly as described in the foregoing paragraph, both in planning and auditing phases of our work. In addition, we will use internal data such as passenger fares per revenue miles to test reasonableness of fares collected and to determine reasonableness of fluctuation in operating expenses.

Extent of EDP Software in the Engagement. Each staff person has a personal computer, and has knowledge of a generic software we have purchased for auditing municipalities and report writing. We use this software in the beginning, inputting all prior year actual numbers, and the client current year budget, including amendments. We then input year-to-date numbers and run analytical work at the end of the audit comparing appropriation-expenditure numbers to prior year and budget amounts. All significant differences are investigated.

Report Writing. Our software is capable of complete report writing, including combining statements and footnotes.

Data Extraction. We will use "ACL" for data inquiry, analysis and reporting. Some of the procedures we perform with ACL are:

- . Select disbursements over \$100,000 for testing.
- . Test for duplicate payments
- . Test for aging of receivables
- . Test of fixed asset depreciation
- . Test of inventory pricing



Understanding the District's Internal Control Structure

We use inquiry, both written and oral, to document our understanding of the District's internal control structure. We then test our understanding with compliance auditing, sometimes called tests of transactions.

Approach to Determine Applicable Laws and Regulations Subject to Audit Test Work

Our experience with various transit agencies and municipal audit clients, most with federal or state monies, has created a reservoir of knowledge of many laws and regulations. However, by inquiry and observation, we will determine all major programs (over \$300,000 annually) participated in by the District. We then consult the actual law, the Federal Register, Catalogue of Federal programs, or the California State Controllers guide to State and Federal Compliance to obtain understanding of the requirements of the law. For major programs, we specifically test those requirements by inspection of documents. However, based on our prior experience with transit agencies, we will probably identify the District's federal capital grant as a major program.

Approach for Drawing Audit Samples for Compliance Tests

Compliance test samples will be drawn usually by statistical sampling techniques. The universe from which the sample is drawn begins at the beginning of the year under audit, and ends with the end of that year. If a null is picked, it is replaced in draw sequence until sufficient live items comprise the planned sample size.

We use Excel to draw audit samples. We will need the District to provide us with all disbursements and payroll data files for the year in D-BASE or OBDC format from which to draw our samples.



IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

None at this time.



BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

EXHIBITS



BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

18

Providing Accounting and Auditing Services
for more than 29 years

EXHIBIT I



To the Shareholders of
 BROWN ARMSTRONG PAULDEN McCOWN
 STARBUCK AND KEETER, A.C.
 and the SEC Practice Section Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Brown Armstrong Paulden McCown Starbuck and Keeter, A.C. (the firm) in effect for the year ended October 31, 2002. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the firm. In addition, the firm has agreed to comply with the membership requirements of the SEC Practice Section of the AICPA Division for CPA Firms (the Section). Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system and the Section's membership requirements based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Section and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system or quality control or all instances of lack of compliance with it or with the membership requirements of the Section since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Brown Armstrong Paulden McCown Starbuck and Keeter, A.C. in effect for the year ended October 31, 2002, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of complying with professional standards. Also, in our opinion, the firm complied during that year with the membership requirements of the Section in all material respects.

As is customary in a peer review, we have issued a letter under this date that sets forth comments relating to certain policies and procedures or compliance with them. The matters described in the letter were not considered to be of sufficient significance to affect the opinion expressed in this report.

Wm. C. Tidwell, L.L.P.
 WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
 January 17, 2003



BROWN ARMSTRONG
 ACCOUNTANCY CORPORATION

EXHIBIT II

AUDIT TEAM RESUMES

Steven R. Starbuck, CPA
Engagement Partner

Burton H. Armstrong, CPA, MST
Technical Review Partner

Thomas Young, CPA
Engagement Manager

Connie Perez, CPA
Engagement Senior

Adriana Belt
Engagement Staff

Michael Olivares
Engagement Staff





Resume of Steven R. Starbuck, CPA

**Principal
Brown Armstrong Paulden
McCown Starbuck & Keeter Accountancy Corporation**

Academic Background:

California Polytechnic State University, San Luis Obispo, 1990
Bachelor of Science Degree in Business Administration, Concentration in Accounting

Summary of Experience:

Transit:

Kern Council of Governments
San Joaquin Regional Transit Authority
Council of Fresno County Governments
Santa Cruz Metropolitan Transit
Central Contra Costa Transit

Health Care:

Kern Medical Center
Natividad Medical Center
Self-Insured Schools of California
Tehachapi Valley Hospital
Health Care District
Heritage Provider Network

Agriculture:

Rio Bravo Tomato, LLC
A&P Growers, Inc.
APCAL
Meridian Nut Growers Alliance, Inc.
Bloemhof Ag Enterprises

Special Districts:

3ear Valley Springs Homeowners' Association
Pine Mountain Homeowners' Association

Cities:

City of Santa Barbara
City of Tehachapi
City of Fresno
City of Arvin

Construction:

ARB, Inc.
Southwest Contractors

Non-Profit:

Kern County Children & Families
Commission
Center for the Blind & Visually
Impaired
Goodwill Industries of Southern
California
Bakersfield Museum of Art

Counties:

County of Kern
County of Monterey

Publicly Traded Companies:

Royale Energy, inc.
Tri-Valley Corporation
Brush Creek Mining & Development
Company, Inc.
AMMG, Inc.
Industrial Rubber Innovations, Inc.

School Districts:

Bakersfield City School District
Madera Unified School District
Kern High School District
Panama-Buena Vista School District
Yosemite Union High School District
Kern community College District
San Luis Obispo County Community College District
College of the Sequoias Community College District

Financial Institutions

Sierra National Bank
Mission Bank
Finance & Thrift Bank

Continuing Education:

Governmental Accounting & Auditing Updates, GASB 34 & Solutions, 1999-2001 - Instructor
The CPA Report: Governmental A & A Specialist, Quarterly Update, 1991 to 2000
Bank Financial Management, Vanderbilt University, 1998
Financial Institutions, 1996 & 1999
Accounting for Stock Based Compensation (SFAS 123). 1997
SEC Conference 2000, 2003

Professional Associations:

American Institute of Certified Public Accountants
California Society of Certified Public Accountants
Bakersfield Chapter, California Society of Certified Public Accountants, Committee Chair
CSCPA Governmental Audit and Accounting Committee
Government Finance Officers Association (GFOA)
Council of Petroleum Accountants Society

Other Activities:

Henrietta Weill Memorial Child Guidance Clinic, Past - President
Children's Advocates Resource Endowment, Treasurer
Active 20/30 International, Bakersfield, Past-President / Board of Directors



Resume of Burton H. Armstrong, CPA, MST

Principal Brown Armstrong Paulden McCown Starbuck & Keeter Accountancy Corporation

Academic Background:

University of California, Berkeley, 1962, Political Science Major
California State University, Northridge, 1967, Bachelor of Science Degree in Accounting
Golden Gate University, Los Angeles Campus, 1989, Master of Science Degree in Taxation

Summary of Experience:

Transit Districts:

Kern Council of Governments
Fresno County Council of Governments
Omnitrans - San Bernardino, CA
North San Diego County Transit District

Special Districts:

North Bakersfield Recreation & Park District
San Joaquin Valley Air Pollution Control District
Minter Field Airport District
Shafter Parks & Recreation District
Bear Mountain Recreation & Park District
Belridge Water Storage District
Kern County Water Agency
Port Hueneme Water Agency
Mojave Public Utility District
West Side Cemetery District
West Side Mosquito & Vector Control District

Retirement Systems:

San Bernadino County Employees' Retirement Association
Ventura County Employees' Retirement Association
Kern County Employees' Retirement Association
Tulare County Employees' Retirement Association
Merced County Employees' Retirement Association
Fresno City Employees' Retirement System

Pension Plans:

San Francisco Bay Area Rapid Transit Money Purchase Plan
San Francisco Bay Area Rapid Transit Deferred Compensation
North Bakersfield Recreation & Park District Pension Plan
Med Mart - 401(k) Plan
Derref's Mini Storage, Inc. - 401(k) Plan
MBIA - 401(k) Plan
Home IV, Inc. - 401 (k) Plan
Western Drilling, Inc. - 401(k) Plan
Buck Owen's Production Co., Inc. - 401(k) Plan

Professional Associations:

American Institute of Certified Public Accountants
California Society of Certified Public Accountants
Council of Petroleum Accountants Society, Past President, Bakersfield Chapter
California Independent Producers Association, Board member

Continuing Education:

GASB 34 & Beyond & Updates, 1999-2003
Coping with Accounting & Auditing Issues Post Enron, 2002
Pension Accounting, 2002
SEC and Reporting Institute Conference, 2002
Yellow Book Update, 2002
Joint Interest Audits, 2002
Strategic Planning for the Family Business, 2001
Risk Management, 2001
Managing Risk in the Real World, 2001
Mergers and Acquisitions, 2000

Non-Profit:

Gladiators Youth Basketball Organization
National Petroleum Association

Counties:

County of Kern
County of Tulare

Cities:

City of Santa Barbara
City of Bakersfield
City of Delano
City of Tehachapi
City of Fresno

Banks:

Mojave Desert Bank
San Joaquin Bank
Sierra National Bank
Mission Bank
Finance & Thrift

Health Care:

Kern Medical Center
Kern Health System
Community Health Plan
Heritage Provider Network
Tehachapi Valley Health Care District



Resume of Thomas M. Young, CPA

**Audit Manager
Brown Armstrong Paulden
McCown Starbuck & Keeter Accountancy Corporation**

Academic Background.

University of California, Davis, 1994
Bachelor of Arts Degree in Economics

Summary of Experience.

Transit Districts:

Omnitrans Transit District
Contra Costa County Transit District
Golden Empire Transit District
Santa Cruz Metropolitan Transit District
Council of Fresno County Governments

Special Districts:

Mojave Public Utility District
North Bakersfield Recreation & Park District
Bear Valley Springs Association
Kern Council of Governments
Kern County Bar Association
Westside Mosquito and Vector District
Tule River Tribal Council
Self-Insured Schools
Target Area Programs

Cities:

City of Tulare
City of Bakersfield
City of Fresno
City of Tehachapi
City of Santa Barbara
City of Ridgecrest
City of Madera

Counties:

County of Kern
County of Tulare
County of Monterey

Retirement Systems:

San Bernadino County Employees' Retirement Association
Ventura County Employees' Retirement Association
Kern County Employees' Retirement Association
Tulare County Employee's Retirement Association

Professional Affiliations:

American Institute of Certified Public Accountants
California Society of Certified Public Accountants

Continuing Education.

Governmental Accounting and Auditing Update, 1998-2003
Single Audit Update, 1998-2002
Preparing MD&A and Note Disclosures, 2002
Government Wide Financials & the CAFR, 2002
Accounting & Financial Reporting for Capital Assets & Infrastructure, 2002
Converting Governmental Funds to Governmental Activities, 2002
Managing Risk in the Real World, 2001

School Districts:

Bakersfield City School District
Madera Unified School District
Yosemite High School District
Kern High School District
Richgrove School District
Kern Community College District

Extractive Industries:

Aladdin Oil, Inc.
Los Alamos Energy
N-W Oil & Gas
Petrominerals Corp.
Royale Energy Corp.
Makoil, Inc.
San Joaquin Refining, Inc.
Titan Energy, Inc.
Tri-Valley Oil & Gas, Inc.
Western Drilling, Inc.

Financial Institutions:

Sierra National Bank
San Joaquin Bank
Mission Bank
Mojave Desert Bank
Finance & Thrift Bank

Agriculture:

A&P Growers, Inc.



Resume of Connie M. Perez, CPA

**Senior Accountant
Brown Armstrong Paulden
McCown Starbuck & Keeter Accountancy Corporation**

Academic Background:

California State University, Bakersfield
Bachelor of Science in Accounting, 2000

Summary of Experience:

Transit Districts:

Santa Cruz Metropolitan Transit District

Retirement Systems:

Los Angeles County Employees' Retirement Association
San Bernadino County Employees' Retirement Association
Ventura County Employees' Retirement Association
Kern County Employees' Retirement Association
San Mateo County Employees' Retirement Association
Stanislaus County Employees' Retirement Association
Tulare County Employees' Retirement Association
Merced County Employees' Retirement Association

Pension Plans:

San Francisco Bay Area Rapid Transit Money Purchase Plan
San Francisco Bay Area Rapid Transit Deferred Compensation
North Bakersfield Recreation & Park District Pension Plan
Derrel's Mini Storage, Inc. - 401 (k) Plan
MBIA 401(k) Plan
Home IV, Inc. - 401 (k) Plan

University & Community College

Foundation & Auxiliary Organizations:

California State University Bakersfield Foundation
California State University Bakersfield Student Union
California State University Bakersfield Associated Students, Inc.
California State University Bakersfield Childrens' Center
California Polytechnic San Luis Obispo Associated Students, Inc.
California Polytechnic San Luis Obispo University Union
Porterville College Foundation

Professional Associations:

California Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Latino Professionals in Finance and Accounting

Continuing Education:

Governmental Accounting & Auditing Update, 2000-2003
GASB 34: Basic Financial Statements for State and Local Governments, 2003
Government and School Districts, 2003
Audits of Employee Benefit Plans. 2002
Lacerte Tax Software, 2001-2002
Go Audit Financial Statement Training, 2002
Federal and State Tax Update, 2001

Special Districts:

North Bakersfield Recreation & Park District
San Joaquin Valley Air Pollution Control District
Minter Field Airport District
Shafter Recreation & Parks District

School Districts:

Inyo County Office of Education
Madera Unified School District
Greenfield Union School District
Standard School District
Norris School District
Richgrove Elementary School District
Taft Union High School District
Kern Community College District

Non-Profit:

Boy Scouts of America
YMCA
Greater Bakersfield Legal Assistance

Health Care:

Heritage Provider Network

Financial institutions:

Mojave Desert Bank
Mission Bank
Finance & Thrift

Cities:

City of Coalinga
City of Madera



Resume of Adriana C. Belt

**Staff Accountant
Brown Armstrong Paulden
McCown Starbuck & Keeter Accountancy Corporation**

Academic Background:

California State University, Bakersfield , 2000
Bachelor of Science Degree in Business Administration,
Concentration in Accounting

Summary of Experience:

Transit Districts:

Council of Fresno County Governments
Central Contra Costa County Transit Authority
Santa Cruz Metropolitan Transit District

Non-Profit:

Kern County Museum Foundation
Cal State University Bakersfield Foundation
KIDZ JPA

Cities*:

City of Coalinga

School Districts:

Inyo County Office of Education
Richgrove Elementary
Norris School District
Bakersfield City School District
Yosemite Union High School District
Greenfield Union School District
Lamont School District

Special Districts:

Westside Mosquito Control Vector
Kern County Water Agency
Mojave Public Utility District
North Bakersfield Recreation and Park District

Professional Associations:

Associate Member.- American Institute of Certified Public Accountants
Associate Member - California Society of Certified Public Accountants

Continuing Education:

Governmental Accounting and Auditing Update, 2003
Government and School Districts, 2003
Tax Update, 2002-2003



Resume of Michael C. Olivares

**Staff Accountant
Brown Armstrong Paulden
McCown Starbuck & Keeter Accountancy Corporation**

Academic Background.

University of California, Santa Barbara, 2002
Bachelors of Economics - Concentration in Accounting

Summary of Experience:

Transit Districts:

Santa Cruz Transit District

Special Districts:

Belridge Water Storage District

School Districts:

Greenfield Union School District
Bakersfield City School District

Retirement Systems:

Ventura County Employees' Retirement Association
San Bernardino County Employees' Retirement Association

Cities:

City of Bakersfield
City of Madera
City of Hanford

Counties:

County of Kern

Financial Institutions:

San Joaquin Bank
Mission Bank
Finance & Thrift

Continuing Education.

Government Accounting and Auditing, 2003
Tax Update, 2002

**EXHIBIT III
SUMMARY OF RECENT GOVERNMENTAL AUDIT EXPERIENCE**

EMPLOYEE RETIREMENT SYSTEMS		COUNTIES	CITIES
Governmental	Private	County of Kern County of Tulare	City of Arvin City of Bakersfield City of Coalinga City of Madera City of Santa Barbara City of Tulare
Kern County Employees' Retirement Association San Bernardino County Employees' Retirement Association Tulare County Employees' Retirement Association Ventura County Employees' Retirement Association City of Fresno Employees' Retirement System Merced County Employees' Retirement Association San Francisco Bay Area Rapid Transit Deferred Compensation and Money Purchase Plans Los Angeles County Employees' Retirement Association	Western Drilling Money Purchase Plan – 401 (k) North Bakersfield Rec.& Park Dist. Pension Plan MBIA Muni Services Profit Sharing 401 (k) Plan Kern Schools Federal Credit Union Pension Plan Chain Younger, Inc. Profit Sharing 40 1 (k) Plan Buck Owens Production, Inc. Profit Sharing 40 1(k) Braeden Partners, LP dba Med Mart Profit Sharing - 401(k) Plan Home IV Profit Sharing 401(k) Plan Derrell's Mini Storage Profit Sharing 40 1 (k) Plan		
Transit	Recreation & Park Districts	Health Care	
Central Contra Costa Transit Authority Fresno Council of Government Kern Council of Government Fresno Transit Golden Empire Transit Omnitrans (San Bernardino, CA) Santa Cruz Metropolitan Transit District San Joaquin Regional Transit District No. San Diego County Transit	North Bakersfield Recreation & Park District Shafter Recreation & Park District Bear Mountain Recreation & Park District	Tehachapi Valley Hospital Kern Health Systems Kern Medical Center Heritage Provider Network Community Health Plan MediCo	
School Districts	College Districts & Foundations	Other Entities	Self Insurance
Madera Unified School District Mojave Unified School District Yosemite Unified School District Norris School District Inyo Co. Office of Education Richgrove School District Kern High School District Taft High School District Bakersfield City School District Greenfield Union School District Standard School District Richland School District	Kern Community College District San Luis Obispo Co. Community College District College of the Sequoias Community College District Cal State Univ. Bakersfield Foundation Victor Valley Community College District	Kern County Water Agency McAllister Ranch Water District Belridge Water District Bear Valley Springs Homeowners' Pine Mtn. Property Owners Association	Authority of California City's Excess Liability



SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004

TO: Board of Directors

FROM: Tom Stickel, Manager of Fleet Maintenance

SUBJECT: CONSIDER AMENDING DAY WIRELESS SYSTEMS CONTRACT

I. RECOMMENDED ACTION

District staff is recommending that the Board of Directors authorize the General Manager to execute an amendment to the contract with Day Wireless Systems to extend the term of the contract for one (1) additional year.

II. SUMMARY OF ISSUES

- The District has a contract (#99-10) with Day Wireless Systems for radio maintenance services.
- At the option of the District, this contract may be renewed for four (4) additional one-year terms under the same terms and conditions.
- Day Wireless Systems has indicated that they are interested in extending the contract an additional year to March 31, 2005.

III. DISCUSSION

The District's current contract (#99-10) with Day Wireless Systems for radio maintenance service is due to expire on March 31, 2004. Day Wireless Systems has provided excellent service under this contract. An extension of the contract would be advantageous to the District. Section 5.01 of the contract allows the District the option to renew the contract under the same terms and conditions for four (4) additional one-year terms. Day Wireless Systems has also reviewed the contract and has indicated their desire to extend the contract for one additional year. It is recommended that the Board of Directors authorize the General Manager to execute an amendment to the contract with Day Wireless Systems to extend the contract one (1) additional year.

IV. FINANCIAL CONSIDERATIONS

Funds are available in the Facilities Maintenance budget for this amendment. This contract has an estimated annual budget of \$60,000.

V. ATTACHMENTS

Attachment A: Letter from Day Wireless Systems

Attachment B: Contract Amendment

Attachment A



February 4, 2004

Lloyd Longnecker
 Santa Cruz Metropolitan Transit District
 120 Du Bois Street
 Santa Cruz, CA 95060

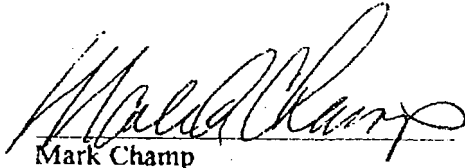
Re: Proposed Fifth Amendment to District Contract #99-10 Radio Maintenance Services

Dear Mr. Longnecker:

At is our intent to renew the above contract for the following year. In reviewing the Contract we intend to modify the amount to allow for additional equipment. Specifically the addition of one repeater located at the main dispatch center. The dollar amount per unit shall remain unchanged.

If you have any questions or comments you can contact me by telephone at (408) 943-6677 or my email address is Mchamp@daywireless.com

Sincerely,



Mark Champ
 Service Manager

5-11.21

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
FIFTH AMENDMENT TO PROFESSIONAL SERVICES
CONTRACT FOR RADIO MAINTENANCE SERVICES (99-10)**

This Fifth Amendment to professional services contract for radio maintenance services is made effective April 1, 2004 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California (“District”) and DAY WIRELESS SYSTEMS (“Contractor”).

I. RECITALS

1.1 District and Contractor entered into a Contract for radio maintenance services on April 1, 2000.

1.2 The Contract allows for four additional one (1) year terms upon mutual written consent.

1.3 The purpose of this Fifth Amendment is to renew the one-year term and extend the agreement for a one-year period, pursuant to the provisions of paragraph 5 of the Contract, which allows for four additional one-year terms upon mutual written consent. This fully executed Amendment constitutes mutual written consent.

Therefore, District and Contractor amend the Contract as follows:

II. TERM

2.1 Paragraph 5.01 is amended to include the following language:

This Contract shall continue through March 31, 2005. This Contract may be mutually extended by agreement of both parties.

III. REMAINING TERMS AND CONDITIONS

3.1 All other provisions of the Contract that are not affected by this amendment shall remain unchanged and in full force and effect.

IV. AUTHORITY

4.1 Each party has full power to enter into and perform this Fifth Amendment to the Contract and the person signing this Fifth Amendment on behalf of each has been properly authorized and empowered to enter into it. Each party further acknowledges that it has read this Fifth Amendment to the Contract, understands it, and agrees to be bound by it.

SIGNATURES ON NEXT PAGE

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
Secretary/General Manager

CONTRACTOR
DAY WIRELESS SYSTEMS

By _____
Mark A. Champ
Service Manager

Approved as to Form:

Margaret Rose Gallagher
District Counsel

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004

TO: Board of Directors

FROM: Tom Stickel, Manager of Fleet Maintenance

SUBJECT: CONSIDERATION OF EXTENDING CONTRACTS WITH VEHICLE MAINTENANCE PROGRAM, INC. FOR HEAVY DUTY BRAKE DRUMS, BATTERIES U.S.A., INC. FOR HEAVY DUTY COACH AND AUTOMOTIVE BATTERIES, AND BAY COUNTIES PITCOCK PETROLEUM, INC. FOR 15W-40 ENGINE OIL.

I. RECOMMENDED ACTION

District staff is recommending that the Board of Directors authorize the General Manager to execute an amendment to the contracts with: Vehicle Maintenance Program, Inc. for heavy-duty brake drums; and Batteries U.S.A., Inc. for heavy-duty coach and automotive batteries, and Bay Counties Pitcock Petroleum, Inc. for 15W-40 engine oil to extend the contracts through the end of February at the same terms, conditions and prices.

II. SUMMARY OF ISSUES

- At its August 15, 1997 board meeting, the Board of Directors authorized the District's participation in the Regional Transit Coordinating Council (RTCC) cooperative purchase agreements.
- The RTCC Procurement Committee has established three separate contracts for heavy-duty brake drums, heavy-duty coach and automotive batteries, and 15W-40 engine oil. The District is a participating agency with these three contracts.
- The RTCC Procurement Committee has negotiated with all three contractors to extend the contract through the end of February at the same terms, conditions and prices while new RTCC bids are being processed.
- District staff recommends that the Board of Directors authorize the General Manager to extend the contracts with Vehicle Maintenance Program, Inc. for the purchase of heavy-duty brake drums, Batteries U.S.A., Inc. for heavy-duty coach and automotive batteries, and Bay Counties Pitcock Petroleum, Inc. for 15W-40 engine oil through February 29, 2004.

III. DISCUSSION

In order to obtain the best prices by combining annual quantities from several participating transit agencies, the RTCC Procurement Committee actively participates in joint procurements for commodities that are commonly used by RTCC member agencies.

At the January 15, 2004, RTCC meeting, Alameda-Contra Costa Transit District (lead agency for these contracts) informed RTCC members that the contracts have been extended through the end of February at the same terms, conditions and prices. District staff recommends that the Board of Directors authorize the General Manager to execute amendments to the contracts with Vehicle Maintenance Program, Inc., Batteries U.S.A., Inc., and Bay Counties Pitcock Petroleum, Inc. to extend the contracts through the end of February 2004 at the same terms, conditions and prices.

IV. FINANCIAL CONSIDERATIONS

The necessary funds for the procurement of brake drums, batteries, and engine oil are contained within the Fleet Maintenance operating budget.

V. ATTACHMENTS

Attachment A: Contract amendment with Vehicle Maintenance Program, Inc.

Attachment B: Contract amendment with Batteries U.S.A., Inc.

Attachment C: Contract amendment with Bay Counties Pitcock Petroleum, Inc.

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
FIRST AMENDMENT TO CONTRACT FOR HEAVY DUTY BRAKE DRUMS
(2001-719RTCC)**

This First Amendment to contract for heavy duty brake drums is made effective February 27, 2004 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California (“District”) and VEHICLE MAINTENANCE PROGRAM, INC. (“Contractor”).

I. RECITALS

1.1 District and Contractor entered into a Contract for heavy-duty brake drums on October 1, 2001.

1.2 The purpose of this First Amendment is to extend the contract through February 29, 2004. This fully executed First Amendment constitutes mutual written consent.

Therefore, District and Contractor amend the Contract as follows:

II. TERM

2.1 Paragraph 3.02 is amended to include the following language:

This Contract shall continue through February 29, 2004.

III. REMAINING TERMS AND CONDITIONS

3.1 All other provisions of the Contract that are not affected by this amendment shall remain unchanged and in full force and effect.

IV. AUTHORITY

4.1 Each party has full power to enter into and perform this First Amendment to the Contract and the person signing this First Amendment on behalf of each has been properly authorized and empowered to enter into it. Each party further acknowledges that it has read this First Amendment to the Contract, understands it, and agrees to be bound by it.

SIGNATURES ON NEXT PAGE

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
Secretary/General Manager

CONTRACTOR
VEHICLE MAINTENANCE PROGRAM, INC.

By _____
Penny M. Brooks
President

Approved as to Form:

Margaret Rose Gallagher
District Counsel

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
FIRST AMENDMENT TO CONTRACT FOR HEAVY DUTY COACH AND
AUTOMOTIVE BATTERIES (2001-758RTCC)**

This First Amendment to contract for heavy duty coach and automotive batteries is made effective February 27, 2004 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California ("District") and BATTERIES U.S.A., INC. ("Contractor").

I. RECITALS

- 1.1 District and Contractor entered into a Contract for heavy duty coach and automotive batteries on October 1, 2001.
- 1.2 The purpose of this First Amendment is to extend the contract through February 29, 2004. This fully executed First Amendment constitutes mutual written consent.

Therefore, District and Contractor amend the Contract as follows:

II. TERM

- 2.1 Paragraph 3.02 is amended to include the following language:

This Contract shall continue through February 29, 2004.

III. REMAINING TERMS AND CONDITIONS

- 3.1 All other provisions of the Contract that are not affected by this amendment shall remain unchanged and in full force and effect.

IV. AUTHORITY

- 4.1 Each party has full power to enter into and perform this First Amendment to the Contract and the person signing this First Amendment on behalf of each has been properly authorized and empowered to enter into it. Each party further acknowledges that it has read this First Amendment to the Contract, understands it, and agrees to be bound by it.

SIGNATURES ON NEXT PAGE

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
Secretary/General Manager

CONTRACTOR
BATTERIES U.S.A., INC.

By _____
Said Senan
Vice President

Approved as to Form:

Margaret Rose Gallagher
District Counsel

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
FIRST AMENDMENT TO CONTRACT FOR 15W-40 ENGINE OIL
(2001-777RTCC)**

This First Amendment to contract for 15W-40 engine oil is made effective February 27, 2004 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California (“District”) and BAY COUNTIES PITCOCK PETROLEUM, INC. (“Contractor”).

I. RECITALS

1.1 District and Contractor entered into a Contract for 15W-40 engine oil on December 1, 2001.

1.2 The purpose of this First Amendment is to extend the contract through February 29, 2004. This fully executed First Amendment constitutes mutual written consent.

Therefore, District and Contractor amend the Contract as follows:

II. TERM

2.1 Paragraph 3.02 is amended to include the following language:

This Contract shall continue through February 29, 2004.

III. REMAINING TERMS AND CONDITIONS

3.1 All other provisions of the Contract that are not affected by this amendment shall remain unchanged and in full force and effect.

IV. AUTHORITY

4.1 Each party has full power to enter into and perform this First Amendment to the Contract and the person signing this First Amendment on behalf of each has been properly authorized and empowered to enter into it. Each party further acknowledges that it has read this First Amendment to the Contract, understands it, and agrees to be bound by it.

SIGNATURES ON NEXT PAGE

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
Secretary/General Manager

CONTRACTOR
BAY COUNTIES PITCOCK PETROLEUM, INC.

By _____
Aubrey D. Pitcock
C.F.O., Vice President

Approved as to Form:

Margaret Rose Gallagher
District Counsel

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004

TO: Board of Directors

FROM: Tom Stickel, Manager of Fleet Maintenance

SUBJECT: CONSIDERATION OF ONE-YEAR RENEWAL OF CONTRACTS WITH VEHICLE MAINTENANCE PROGRAM, INC. FOR BUS FILTERS AND TIFCO INDUSTRIES, INC. FOR FASTENERS AND TERMINALS

I. RECOMMENDED ACTION

District staff is recommending that the Board of Directors authorize the General Manager to execute an amendment to the contracts with: Vehicle Maintenance Program, Inc. for bus filters; and Tifco Industries, Inc. for fasteners and terminals, to extend the contracts for an additional one-year period at the same terms, conditions and prices.

II. SUMMARY OF ISSUES

- At its August 15, 1997 board meeting, the Board of Directors authorized the District's participation in the Regional Transit Coordinating Council (RTCC) cooperative purchase agreements.
- The RTCC Procurement Committee has established two separate contracts for bus filters, fasteners and terminals. The District is a participating agency with both of these contracts.
- The RTCC Procurement Committee has negotiated with both contractors for one-year contract extensions at the same terms, conditions and prices.
- District staff recommends that the Board of Directors authorize the General Manager to extend the contracts with Vehicle Maintenance Program, Inc. for the purchase of bus air, fuel and oil filters, and Tifco Industries, Inc. for the purchase of fasteners and terminals for an additional one-year period.

III. DISCUSSION

In order to obtain the best prices by combining annual quantities from several participating transit agencies, the RTCC Procurement Committee actively participates in joint procurements for commodities that are commonly used by RTCC member agencies.

On January 14, 2004, Golden Gate Bridge, Highway and Transit District (lead agency for both contracts) exercised an option to extend both RTCC contracts for one additional year at the same terms, conditions and prices. District staff recommends that the Board of Directors authorize the General Manager to execute amendments to the contracts with Vehicle Maintenance Program,

Inc. and Tifco Industries, Inc. to extend the contracts for one additional year at the same terms, conditions and prices.

IV. FINANCIAL CONSIDERATIONS

The necessary funds for the procurement of bus filters are contained within the Fleet Maintenance operating budget. Annual estimated budget for bus filters is \$25,000. The necessary funds for the procurement of fasteners and terminals are contained within the Fleet Maintenance operating budget. Annual estimated budget for fasteners and terminals is \$25,000.

V. ATTACHMENTS

- Attachment A:** Letter from Golden Gate Bridge Highway & Transportation District regarding Contract No. 2001-RTCC-1 for bus filters
- Attachment B:** Letter from Golden Gate Bridge Highway & Transportation District regarding Contract No. 2002-RTCC-1 for fasteners and terminals
- Attachment C:** Contract amendment with Vehicle Maintenance Program, Inc.
- Attachment D:** Contract amendment with TIFCO Industries, Inc.

Via Certified Mail & Facsimile (301-881-2345)



January 14, 2004

Attachment A

Penny M. Brooks
President
Vehicle Maintenance Program, Inc.
11744 Parklawn Drive
Rockville, MD 20852

SUBJECT: CONTRACT NO: 2001-RTCC-1, FURNISH BUS AIR, FUEL AND OIL FILTERS TO THE REGIONAL TRANSIT COORDINATING COUNCIL OF THE SAN FRANCISCO BAY AREA

Dear Ms. Brooks:

This letter is to notify you that the Golden Gate Bridge, Highway and Transportation District is exercising its option to extend the above-referenced Contract for the second and final one-year option period, from April 16, 2004, through April 15, 2005. In accordance with the provisions of the Contract, all terms, conditions, and prices will remain the same.

We would also like to take this opportunity to thank you for your services.

Sincerely,

A handwritten signature in black ink, appearing to read "Yvonne Pierce". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Yvonne Pierce
Senior Buyer

c: Susan Chiaroni, Deputy General Manager, Bus Division
Gene Walker, Maintenance Manager
Jason Brewer, Storekeeper Leader
Janet Tarantino, Secretary of the District
James Bonds, AC Transit
Scott Pevahouse, Central Contra Costa Transit Authority
Lloyd Longnecker, Santa Cruz Metropolitan Transit Authority
Brian Albee, Sonoma County Transit
H:\MAINTBID\Y\Letters\Contract Extension - Vehicle Maintenance.doc

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2004 JAN 16 PM 3:58
SANTA CRUZ METRO
TRANSIT DISTRICT

Via Certified Mail & Facsimile (281) 897-0392

January 14, 2004

Robert B. Brown
President
TIFCO Industries, Inc.
21400 U.S. Hwy. 290
Cypress, TX 77429



Attachment B

SUBJECT: CONTRACT NO. 2002-RTCC-1, FURNISH FASTENERS AND TERMINALS TO THE REGIONAL TRANSIT COORDINATING COUNCIL (RTCC) OF THE SAN FRANCISCO BAY AREA

Dear Mr. Brown:

This letter is to notify you that the Golden Gate Bridge, Highway and Transportation District is exercising its option to extend the above-referenced Contract for the first of two one-year option periods, from May 1, 2004, through April 31, 2005.

In accordance with the provisions of the Contract, all terms, conditions, and prices will remain the same.

We would also like to take this opportunity to thank you for your services.

Sincerely,

A handwritten signature in black ink, appearing to read "Yvonne Pierce", followed by a long horizontal line.

Yvonne Pierce
Senior Buyer

c: Susan Chiaroni, Deputy General Manager, Bus Division
Gene Walker, Maintenance Manager
Jason Brewer, Storekeeper Leader
Janet Tarantino, Secretary of the District
James Bonds, Alameda-Contra Costa Transit District
Scott Pevahouse, Central Contra Costa Transit Authority
Ann Hutcheson, Eastern Contra Costa Transit Authority
Liver-more-Amadore Transit Authority
Dan First, Monterey-Salinas Transit
Maureen Raine, Santa Clara Valley Transportation Authority
Lloyd Longnecker, Santa Cruz Metropolitan Transit Authority
H/MaintBid/Y/Letters/Contract Extension - TIFCO

RECEIVED
2004 JAN 16 PM 3:58
SANTA CRUZ METRO
TRANSIT DISTRICT

1011 ANDERSEN DRIVE • SAN RAFAEL, CA 94901-5381 USA

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
SECOND AMENDMENT TO CONTRACT FOR BUS AIR, FUEL
AND OIL FILTERS (2001-RTCC-01)**

This Second Amendment to contract for bus air, fuel and oil filters is made effective April 16, 2004 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California (“District”) and VEHICLE MAINTENANCE PROGRAM, INC. (“Contractor”).

I. RECITALS

- 1.1 District and Contractor entered into a Contract for bus air, fuel and oil filters on May 18, 2001.
- 1.2 The Contract allows for two additional one (1) year terms upon mutual written consent.
- 1.3 The purpose of this Second Amendment is to renew the contract for a one-year period, pursuant to the provisions of paragraph 3 of the Contract, which allows for two additional one-year terms upon mutual written consent. This fully executed Second Amendment constitutes mutual written consent.

Therefore, District and Contractor amend the Contract as follows:

II. TERM

- 2.1 Paragraph 3.02 is amended to include the following language:

This Contract shall continue through April 15, 2005. This Contract may be mutually extended by agreement of both parties.

III. REMAINING TERMS AND CONDITIONS

- 3.1 All other provisions of the Contract that are not affected by this amendment shall remain unchanged and in full force and effect.

IV. AUTHORITY

- 4.1 Each party has full power to enter into and perform this Second Amendment to the Contract and the person signing this Second Amendment on behalf of each has been properly authorized and empowered to enter into it. Each party further acknowledges that it has read this Second Amendment to the Contract, understands it, and agrees to be bound by it.

SIGNATURES ON NEXT PAGE

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
Secretary/General Manager

CONTRACTOR
VEHICLE MAINTENANCE PROGRAM, INC.

By _____
Penny M. Brooks
President

Approved as to Form:

Margaret Rose Gallagher
District Counsel

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
FIRST AMENDMENT TO CONTRACT FOR FASTENERS
AND TERMINALS (2002-RTCC-1)**

This First Amendment to contract for fasteners and terminals is made effective May 1, 2004 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, a political subdivision of the State of California (“District”) and TIFCO INDUSTRIES, INC. (“Contractor”).

I. RECITALS

1.1 District and Contractor entered into a Contract for fasteners and terminals on April 1, 2002.

1.2 The Contract allows for two additional one (1) year terms upon mutual written consent.

1.3 The purpose of this First Amendment is to renew the contract for a one-year term, pursuant to the provisions of paragraph 3 of the Contract, which allows for two additional one-year terms upon mutual written consent. This fully executed First Amendment constitutes mutual written consent.

Therefore, District and Contractor amend the Contract as follows:

II. TERM

2.1 Paragraph 3.02 is amended to include the following language:

This Contract shall continue through April 31, 2005. This Contract may be mutually extended by agreement of both parties.

III. REMAINING TERMS AND CONDITIONS

3.1 All other provisions of the Contract that are not affected by this amendment shall remain unchanged and in full force and effect.

IV. AUTHORITY

4.1 Each party has full power to enter into and perform this First Amendment to the Contract and the person signing this First Amendment on behalf of each has been properly authorized and empowered to enter into it. Each party further acknowledges that it has read this First Amendment to the Contract, understands it, and agrees to be bound by it.

SIGNATURES ON NEXT PAGE

Signed on _____

DISTRICT
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Leslie R. White
Secretary/General Manager

CONTRACTOR
TIFCO INDUSTRIES, INC.

By _____
Robert B. Brown
President

Approved as to Form:

Margaret Rose Gallagher
District Counsel

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2003

TO: Board of Directors

FROM: Bryant J. Baehr, Manager of Operations

SUBJECT: CONSIDERATION OF CALL STOP AUDIT REPORT

I. RECOMMENDED ACTION

This report is for informational purposes only. No Action is required.

II. SUMMARY OF ISSUES

- At the November 2001 Board of Directors meeting staff was authorized to conduct quarterly call stop compliance audits.
- Staff contracted with Robert S. Bortnick & Associates, a private investigative firm, to conduct the audit.
- On July 25, 2003 the base programming of the Talking Bus was completed and implemented. There are 48 bus routes, approximately 1,050 bus stops and 3,622 call stops.

III. DISCUSSION

At the November 2001 Board of Directors meeting staff was authorized to conduct quarterly call stop compliance audits. Staff contracted with Robert S. Bortnick & Associates, a private investigative firm, to conduct the audit. Robert S. Bortnick & Associates was authorized 100 hours to conduct a survey at a cost of \$5,000.00 each quarter.

On July 25, 2003 the Talking Bus was activated on all routes encompassing 3,622 programmed call stops (trigger points). The Transit District has 48 routes serving approximately 1,050 bus stops. Each route has independent trigger points and call stops taking the number of programmed call stops and trigger points to 3,622.

A summary of the call stop audit results are:

	April – May 2002	August 2002	November 2002	February / March 2003	April / May / June / July 2003	July – August – September 2003	October/ December 2003
Call Stops observed	194	218	232	436	88 – Boardings	2,418	2,596
Call stops announced	186	190	232	398	88 – Operational Systems	2,305	2,558

Call stops not announced	8	28	0	38	0***	113*	38
Percent of call stops completed	96%	88%	100%	91.3%	0***	95.3%	98.5%
Percent of call stops not completed	4%	13%	0%	8.7%	0***	4.7%	1.5%

IV. FINANCIAL CONSIDERATIONS

Randomly conducted call stop compliance audits cost approximately \$20,000 per year.

V. ATTACHMENTS

Attachment A: Table of Results from Robert S. Bortnick & Associates dated January 2004.

ROBERT S. BORTNICK & ASSOCIATES
PRIVATE INVESTIGATION

CRIMINAL/CIVIL
CA. LIC. NO. P111733

136 VERNON STREET
SANTA CRUZ, CALIFORNIA 95060
TEL&PHONE (831) 423-5122
FAX (831) 459-0430
E-MAIL: BortnickPI@aol.com

January 5, 2004

Santa Cruz Metropolitan Transit District
Bryant Baehr, Manager of Operations
1200 River Street
Santa Cruz, CA 95060

RE: ADA Call Stop Survey (October-December 2003)

Dear Mr. Baehr,

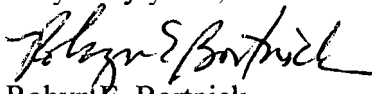
Enclosed are the results of the call stop survey for the above referenced quarter.

This report contains the following information;

1. A brief statistical summary of the results of the survey.
2. A brief explanation of the codes used to describe observations of interest made while aboard indicated routes.
3. Route information and descriptions of the only three operators who did not have ID patches visible on their uniforms.
4. The Stop Announcement Report pages provided by you, completed by our investigator at the time of each boarding, which note operator ID numbers, bus numbers, approximate times of boardings, stop announcements made and missed, and any brief notes taken at the time.

If you have any questions regarding any part of this report, please do not hesitate to contact me.

Very truly yours,


Robyn E. Bortnick
Investigator

REB/encl.

Statistical Summary

Total number of trips surveyed _____ 81
Total trips where buses computer equipped _____ 81 (100%)
Total number of call stops surveyed _____ 2,596
Total number of call stops made _____ 2,558 (99%)
Total number of call stops missed _____ 38 (1%)

Incidents involving Operators not wearing ID patches:

- 12/31/03 10 UC High Street – Bus#2226 – 11:55 AM**

- 12/24/03 55 Rio Del Mar – Bus#9804 – 2:30 PM**

- 12/06/03 69W Cabrillo/Watsonville – Bus#2225 – 12:37 PM**

- 12/28/03 71 Clifford/Watsonville – Bus#2226 – 11:45 AM**

Key to codes

Number of Trips

A =	audio failure	1
C =	operator change (mid-route)	4
D =	light board display failure	2
E =	early calls (at or nearer prior stop)	33
F =	talking bus system failure	2
I =	no operator ID badge visible	4
L =	late calls (bus already passing stop)	3
U =	unlisted stop announced (not on report)	4
V =	volume fluctuations (stop-to-stop)	9

Route 35 and Route 71 codes:

i/b = in bound	o/b = out bound
bb = Big Basin	bc = Boulder Creek
cc = Country Club	ga = Glen Arbor
h9 = Highway 9	mt = Mountain Store
art = Arthur	cliff = Clifford
crest = Crestview	penn = Pennsylvania

<u>ROUTE OPERATOR</u>	<u>BUS #</u>	<u>DATE</u>	<u>CALLS MADE</u>	<u>CALLS MISSED</u>	<u>NOTE</u>
2			15	1	
2			28	1	E
3A			38	0	V
3A			40	0	
3B			25	0	V
12B			23	3	E, L
10			34	0	E
10			22	0	I
13			35	0	D, E
15			29	0	V, A
16			27	0	
16			28	0	
19			38	0	
19			21	0	
22			7	0	E
31			21	0	
31			18	0	U
31			18	0	U
32			4	11	F
32			18	0	U
35A h9/cc			36	0	V
35A ga/cc			42	1	
35A ga/mt			47	0	
35 ga/mt			38	0	E
35 h9/bc			31	0	
35 i/b			36	0	C, E
35 i/b			32	0	
35 i/b			32	0	
35 i/b			28	0	
35 i/b			35	0	
40 o/b			12	0	E
40 i/b			14	0	E
40 o/b			11	0	E
40 i/b			14	0	E
41 o/b			30	6	F
41 i/b			26	0	
52			23	1	E
52			24	0	

<u>ROUTE OPERATOR</u>	<u>BUS #</u>	<u>DATE</u>	<u>CALLS MADE</u>	<u>CALLS MISSED</u>	<u>NOTE</u>
55			24	0	L, U, I
65 o/b			33	0	V
65 i/b			27	0	
65 o/b			33	0	E
65 i/b			27	0	
66 o/b			30	2	V
66 o/b			32	0	E
66 i/b			20	0	
66 i/b			26	0	E
67 i/b			21	1	E
67 i/b			22	0	
67 o/b			23	0	E
67 o/b			23	0	
69 i/b			15	1	V
69 o/b			20	0	E
69 o/b			20	0	E
69 i/b			18	0	D
69A i/b			38	1	E, V
69A o/b			41	0	E
69A i/b			18	0	
69A o/b			20	0	E
69A			37	1	
69W o/b			39	1	E, C, I
69W i/b			37	0	
69W oh			38	2	E
69W i/b			38	0	
69W o/b			20	0	E
70 i/b			20	0	E
70 o/b			24	1	E
71 o/b cliff			74	0	V, E
71 o/b cliff			74	0	E, I
71 i/b cliff			74	0	
71 i/b cliff			75	0	
71 i/b crest			65	0	E
71 i/b crest			47	1	
71 o/b crest			70	0	E
71 o/b crest			65	1	
72			26	0	C
73			38	0	
75			58	2	C, E
75			61	0	
79			44	0	E, L
91			3	0	

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

STAFF REPORT

DATE: February 27, 2004

TO: Board of Directors

FROM: Margaret Gallagher, District Counsel

SUBJECT: CONSIDERATION OF AMENDING THE ACQUISITION AND RELOCATION ASSISTANCE SERVICES AGREEMENT WITH THE CITY OF SANTA CRUZ TO REFLECT INCREASED RATES FOR LEGAL SERVICES FOR METROBASE PROPERTY ACQUISITION.

I. RECOMMENDED ACTION

Amend the Acquisition and Relocation Assistance Services Agreement with the City of Santa Cruz to reflect increased rates for legal services for MetroBase property acquisition.

II. SUMMARY OF ISSUES

- There is a need to amend the Acquisition and Relocation Assistance Services Agreement with the City of Santa Cruz as the City has requested a billing rate for legal service to be increased from \$150.00 per hour to \$165.00 per hour in connection with property acquisition for the MetroBase project.

III. DISCUSSION

The Santa Cruz Metropolitan Transit District's Board of Directors authorized the General Manager to execute an Acquisition and Relocation Assistance Service Agreement with the City of Santa Cruz City for the MetroBase Project on June 27, 2003.

The Agreement allowed for legal services to be billed at \$150.00 per hour. At this time the City is requesting that that rate be changed to \$165.00 per hour for all legal services in connection with the property acquisition for the MetroBase Project.

IV. FINANCIAL CONSIDERATIONS

An increase for all legal services in connection with the acquisition of property for the MetroBase project will not cost the District any additional money as the attorney fee's will be paid for by the grant funding for the project.

V. ATTACHMENTS

Attachment A: Original Acquisition and Relocation Assistance Services Agreement

ACQUISITION AND RELOCATION ASSISTANCE SERVICES AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of _____ 2003, by and between the CITY OF SANTA CRUZ, hereinafter called "CITY", and the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT, hereinafter called "DISTRICT".

WITNESSETH:

WHEREAS, CITY maintains a staff of professional, redevelopment and real property acquisition specialists, and

WHEREAS, DISTRICT desires to contract with CITY for the services of said specialists from time to time, specifically to acquire properties for its MetroBase Project;

WHEREAS, CITY is agreeable to providing such services, in accordance with the terms and conditions recited herein,

NOW, THEREFORE, the parties do hereby agree as follows:

1. CITY, in consideration of the covenants, conditions, agreements and stipulations of DISTRICT hereinafter expressed, does hereby agree to furnish to DISTRICT the following services:

Provide acquisition and relocation assistance services for DISTRICT on an as needed basis, by assisting in the conduct of negotiations with property owners and carrying out relocation assistance procedures, when required and as prescribed by federal, state and/or local law. Such services shall include but not be limited to the following: Obtaining appraisals of the subject properties, meeting with DISTRICT staff and DISTRICT Board of Directors to provide status updates and receive direction regarding how DISTRICT wishes to proceed.

2. CITY shall assist DISTRICT, as it may request, on all matters relating to appraisals, acquisition, relocation assistance and/or eminent domain proceedings for any project, including the MetroBase Project. Once the District has forwarded its request to the City, City shall have 5 business days to inform District regarding whether it is willing to assist District. Through execution of this Agreement, City agrees that it is willing to assist District with regard to the MetroBase Project.
3. CITY shall be responsible for assisting District with instituting and conducting eminent domain proceedings, including matters relating to orders of possession. Should it become necessary in the discretion of DISTRICT for CITY personnel to appear as expert witnesses in eminent domain proceedings to acquire parcels, said appearances shall be made only by written request of DISTRICT. Such services

may include preparation, and actual court testimony in connection with said eminent domain proceedings.

4. CITY shall be compensated by DISTRICT for such acquisition and relocation services at the following rates:
 - a. For services by employees of the CITY's Redevelopment Agency at the rate of \$48.04 per hour which rate shall include the services of said employee, clerical support, administration of said employee, clerical support, administration and supervision within CITY's Redevelopment Agency, and all costs and expenses incurred by such personnel, with the exception of the cost of legal services by CITY;
 - b. For any subconsultant's work necessary for the acquisition and relocation services required herein when CITY and DISTRICT agree that a subconsultant is necessary for the completion of the work and District agrees to the rate to be charged by the subconsultant;
 - c. The cost for CITY attorneys is currently \$150.00 hour pertaining to all issues, including those relating to Eminent Domain, relocation and property acquisition actions.
 - d. The CITY will be reimbursed for out-of-County travel, when authorized by DISTRICT, at current CITY expense account rates and limits.
5. CITY will keep a record of the work performed and the time expended on each activity and shall also include the date of such performance and the individual staff person who performed the work and these records shall be available for inspection by DISTRICT. Billing for services shall be made monthly during any period for which work is performed.
6. CITY shall cease work on any project upon DISTRICT'S request, whereupon payment shall only be made for work already performed.
7. DISTRICT shall submit all requests, in writing, to CITY'S Redevelopment Agency for acceptance of work on each individual project desired. Each request so submitted shall specify the property affected or desired, the nature of the work required, and the estimated timing of DISTRICT'S proposed project.
8. Nothing contained herein shall preclude DISTRICT from contracting with other persons or entities for same or similar services.
9. DISTRICT shall provide engineering and furnish all maps, descriptions, title reports and other technical data necessary to the performance of work by CITY.

10. All payments due for land, improvements, damages and relocation obligations incurred as a result of property acquired under this agreement shall be solely the responsibility of DISTRICT.

DISTRICT shall be responsible for all title and escrow costs for properties acquired, or otherwise relating to work performed by CITY under this agreement.
11. All persons employed, or contracted with by CITY to furnish the services required hereunder shall not be considered employees of the DISTRICT.
12. DISTRICT's enabling statutes (Public Utilities Section 98000, et seq.) require that before an action in eminent domain to acquire property or interests therein within an incorporated city can be commenced, the legislative body of the city must consent to such acquisition by resolution.
13. Concurrently with the approval of this AGREEMENT, CITY shall adopt a Resolution of Consent for purposes of allowing DISTRICT to commence eminent domain proceedings for the properties designated in Attachment A. A Draft of Resolution of Consent attached as Attachment B shall remain in full force and effect until acquisition of the properties has been completed.
14. If CITY fails or refuses to pass a Resolution of Consent to allow DISTRICT to commence eminent domain proceedings or retracts a previously passed Resolution of Consent, this AGREEMENT shall automatically terminate, and shall have no further force or effect.
15. Time is of the essence in this Agreement.
16. No provision hereof shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether express or implied, shall not constitute a consent to, waiver of, or excuse for any other different or subsequent breach.
17. In the event that suit is brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover as an element of its costs of suit, and not as damages, a reasonable attorney's fee to be fixed by the court. The "prevailing party" shall be the party who is entitled to recover its costs of suit, whether or not the suit proceeds to final judgment. A party not entitled to recover its costs shall not recover attorney's fees.

No sum for attorney's fees shall be counted in calculating the amount of a judgment for purposes of determining whether a party is entitled to recover its costs or attorney's fees.

18. All notices under this Agreement shall be deemed duly given upon delivery, if delivered by hand; or three (3) days after posting, if sent by registered mail, receipt requested; to a party hereto at the address hereunder set forth or to such other address as a party may designate by notice pursuant hereto.

DISTRICT:

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
370 Encinal Street, Suite 100
Santa Cruz, CA 95060
Attention: General Manager

CITY:

CITY OF SANTA CRUZ
337 Locust Street
Santa Cruz, CA 95060
Attention: Redevelopment Agency

19. CITY shall at all times during the term of Agreement have the technical ability, experience, financial ability, overall expertise, and all other skills, licenses, and resources necessary to perform and complete the relocation and acquisition efforts and other work as set forth herein in a timely, professional manner so as to meet or exceed the provisions of this Agreement.
20. This agreement is not assignable by CITY either in whole or in part and any attempted assignment shall be void. This agreement may be amended only by written instrument signed by duly authorized representatives of both DISTRICT and CITY.
21. The term of this Agreement shall be for a one-year period with four one-year renewal periods, upon mutual agreement.
22. This Agreement may be terminated by either party by sending written notification one (1) month prior to such termination.
23. Each party has full power and authority to enter into and perform this Agreement and the person signing this Agreement on behalf of each has been properly authorized and empowered to enter into it.

IN WITNESS THEREOF, this Agreement has been executed in duplicate by and on behalf of the parties hereto.

[SIGNATURES ON FOLLOWING PAGE]

SANTA CRUZ METROPOLITAN
TRANSIT DISTRICT

CITY OF SANTA CRUZ

By: _____
LESLIE R. WHITE
General Manager

By: _____
RICHARD WILSON
City Manager

Date: _____

Date: _____

APPROVED AS TO FORM:

APPROVED AS TO FORM:

MARGARET GALLAGHER
District Counsel

JOHN BARISONE
CITY ATTORNEY

Attachment B

Resolution of Consent to Eminent Domain Proceedings Before the Santa Cruz City Council

Whereas the Santa Cruz Metropolitan Transit District provides transit services throughout the City of Santa Cruz and the County of Santa Cruz;

Whereas , in order to continue to provide such transit service, the Santa Cruz Metropolitan Transit District has a need for a Maintenance and Operations Facility, which has been identified as it highest priority and is called MetroBase Project;`

Whereas the Santa Cruz Metropolitan Transit District is required to utilize CNG-fueled buses in its transit service and begin to convert its entire fleet to CNG-fuel by the year 2005 and in order to provide such fuelling capacity for the fleet it has a need for a new fueling station which is included in the MetroBase Project;

Whereas the Santa Cruz Metropolitan Transit District has identified certain properties, known as Harvey West Cluster 1, in the Harvey West area of the City of Santa Cruz as the preferred site for its MetroBase Project;

Whereas on February 28, 2003, the Santa Cruz Metropolitan Transit District approved a Resolution which certified the Final Environmental Impact Report for the MetroBase Project and adopted legal findings and mitigation measures and a mitigation monitoring and reporting program and approved the MetroBase Project;

Whereas, in order to proceed with the acquisition of the necessary properties for the MetroBase Project, the Santa Cruz Metropolitan Transit District may have to utilize its eminent domain authority should the need arise;

Whereas the Santa Cruz Metropolitan Transit District is required by statute to obtain the consent of the legislative body of the city wherein the property is located before the commencement of an action for eminent domain;

Whereas the properties identified in Exhibit A are necessary for the construction, maintenance and operation of the MetroBase Project;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santa Cruz that it hereby adopts this Resolution of Consent to allow the Santa Cruz Metropolitan Transit District, to commence eminent domain proceedings for those properties set forth in Exhibit A if necessary.

5-15.a7

Exhibit A

1. Surf City Produce
120 Golf Club Drive
Santa Cruz, CA 95060

2. The Tool Shed Equipment Rentals
1122 River
Santa Cruz, CA 95060

5-15.a8

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

NOTICE OF ACTION TAKEN IN CLOSED SESSION MEMORANDUM

DATE: February 13, 2004

TO: Board of Directors

FROM: Margaret Gallagher, District Counsel

SUBJECT: Notification Of Actions Taken In Closed Session Regarding The Following Claims On The Dates Indicated:

1. Settlement with Richard Castro

1. Settlement with Richard Castro

On November 14, 2003, in closed session the Board of Directors authorized a settlement by way of stipulation at 45% permanent disability plus future medical treatment related to Claim Nos. 85242021, 16242011 and 84242016. The following directors authorized the settlement: Ainsworth, Beautz, Hinkle, Keogh, Reilly and Spence. Pursuant to this direction, a Stipulation with Request for Award was signed by the Workers' Compensation Appeals Board Judge on January 13, 2004 and \$37,884.00 was awarded to Mr. Castro less credit for payments previously made with future medical to remain open.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004
TO: Board of Directors
FROM: Frank L. Cheng, Project Manager
SUBJECT: STATUS OF THE METROBASE PROJECT

I. RECOMMENDED ACTION

That the Board of Directors receive and file the MetroBase Monthly Status Report.

II. SUMMARY OF ISSUES

- The MetroBase Project is currently proceeding in accordance with the schedule attached to this Staff Report, which is the schedule for the RNL Design Contract.
- RNL Design continues to work on the design process with the major activity this month being a Peer Review.
- The City of Santa Cruz is continuing to work on the real estate acquisition and relocation phase of the project.
- The major areas that are being addressed are: Right of Way Acquisition, Architectural/Engineering Services, Finance/Legislation, Construction Management, and the selection of a General Contractor for construction.

III. DISCUSSION

The MetroBase Project is proceeding as per the attached timeline (Attachment A). The format of the chart reflects the timeline and events that are contained in the RNL Design Contract. Using this document will allow the Board to directly track the future progress of the project and the architect's compliance. RNL Design is progressing on schedule at this point in the process.

The status of the five major components of the project for the review period is as follows:

A. Right Of Way (ROW) Acquisition

- Property Appraisals & Review Appraisals –Tool Shed/ Surf City Produce
 - i. Sent to FTA for concurrence February 12th, 2004.
 - ii. When FTA concurrence is received the City of Santa Cruz RDA will submit formal offer to owners to buy the Tool Shed and Surf City Produce property.
- Encroachment Property @ 1200 River Street
 - i. A 25 year lease is being developed for presentation to the Santa Cruz City Council

- Property Access Agreement for Geotechnical Drilling received February 19, 2004 that will evaluate:
 - i. Soil Consistency
 - ii. Environmental Contamination
- B. Finance/Legislative Activities
 - No action taken during the reporting period.
- C. Architectural & Engineering (A&E)
 - RNL: Design Phase 35% completed.
 - Schematic drawings presented to Staff and Union leadership.
- D. Construction Management (CM)
 - Reviewed and interviewed 3 proposals and selected a preferred Construction Management company to be recommended to the Board of Directors.
 - Currently checking preferred company references – Board consideration February 27th, 2004
- E. Construction
 - Goal is to issue Invitation to Bid by Fall.

IV. FINANCIAL CONSIDERATIONS

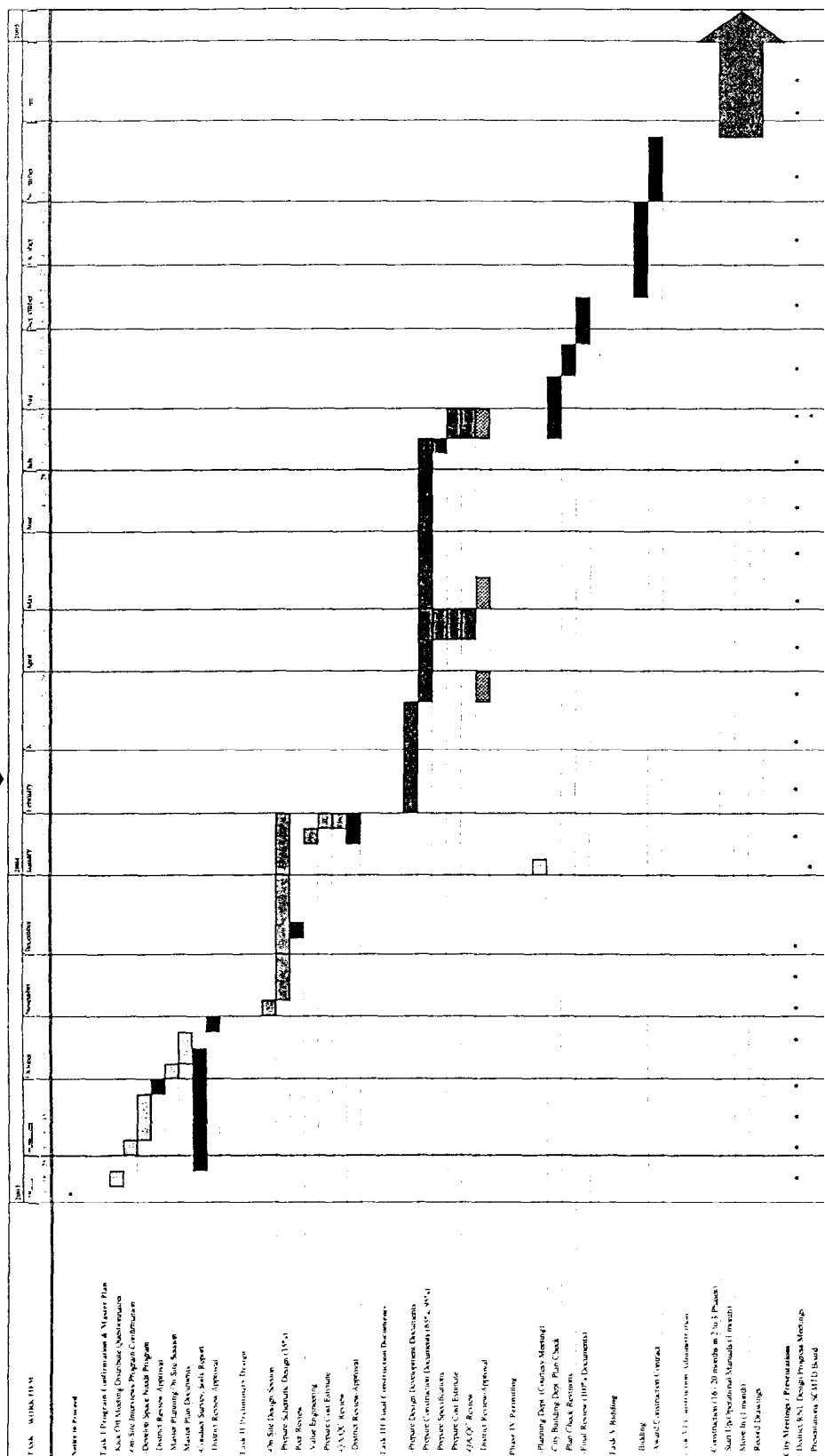
No actions have taken place during the reporting period that have changed the financial status of the MetroBase project.

V. ATTACHMENTS

Attachment A: MetroBase Project Schedule

Attachment B: MetroBase Construction Phasing Schedule

Project Schedule
 Santa Cruz Metropolitan Transit District
 Metro Base
 ATTACHMENT A



RNI Design

p-Date February 11, 2004

5-18.a1

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004

TO: Board of Directors

FROM: Leslie R. White, General Manager

SUBJECT: CONSIDERATION OF THE MEMORANDUM OF UNDERSTANDING PRINCIPLES BETWEEN CALTRANS, THE CAPITAL CORRIDOR JOINT POWERS AUTHORITY, THE VALLEY TRANSPORTATION AUTHORITY, AND METRO FOR THE CONSOLIDATION OF THE HIGHWAY 17 EXPRESS SERVICE AND THE SANTA CRUZ-SAN JOSE AMTRAK CONNECTOR SERVICE.

I. RECOMMENDED ACTION

That the Board of Directors authorize the General Manager to execute a Memorandum of Understanding between Caltrans, the Capitol Corridor Joint Powers Authority, the Valley Transportation Authority, and METRO for the consolidation of the Highway 17 Express service and the Amtrak Santa Cruz-San Jose Connector service.

II. SUMMARY OF ISSUES

- METRO currently operates Highway 17 Express Bus service from the Soquel Park-n-Ride and Scotts Valley to the Diridon Station and downtown San Jose through a Joint Powers Authority Agreement with the Santa Clara Valley Transportation Authority (VTA).
- The Highway 17 Express service operates Monday through Friday with no service on weekends or holidays.
- METRO has received numerous requests to extend the Highway 17 Express service to the Santa Cruz METRO Center (Pacific Station) facility and to operate the service 365 days a year.
- Currently, METRO does not have the operating funds necessary to expand the service on the Highway 17 Express.
- Caltrans funds the Amtrak Connector service between Santa Cruz and San Jose through the Capitol Corridor Joint Powers Authority (CCJPA).
- Caltrans policy requires that the fares collected from passengers equal the amount of funds that they provide on a route-by-route basis. Currently, the Amtrak Connector between Santa Cruz and San Jose does not meet this criteria and, therefore, the service is susceptible to being cut or eliminated.
- Representatives from Caltrans, the CCJPA, Amtrak, VTA and METRO have developed principles for a Memorandum of Understanding (MOU) that would

- provide for the consolidation of the Highway 17 service with the Amtrak Connector service.
- In order to standardize fares for all users of the consolidated service, staff recommends that the Board of Directors consider a revised Fare Ordinance that would raise the cash fare to four dollars.
 - Under the proposed MOU Caltrans would pay METRO approximately \$330,000 to operate the additional service increments necessary (weekend/holidays/Metro Center) to implement the consolidated service.
 - The consolidation of the Highway 17 Express service and the Amtrak Connector service would eliminate the current duplication of service and expand access to public transit in the Highway 17 corridor in a manner that is affordable to all sponsoring agencies.
 - Based upon the advantages to the passengers and all sponsoring agencies staff recommends that the Board of Directors approve principles for the MOU for consolidating the Highway 17 Express and the Amtrak Connector services effective April 26, 2004.

III. DISCUSSION

Currently METRO operates the Highway 17 Express bus service through a Joint Powers Authority Agreement with the Santa Clara County Valley Transportation Authority. The Highway 17 Express service operates Monday through Friday from the Soquel Park-n-Ride and the Scotts Valley Transit Center. There is no Highway 17 Express Bus service on weekends or holidays.

METRO has received numerous requests to extend the Highway 17 service to the Santa Cruz Metro Center (Pacific Station) facility. Additionally, METRO has received requests for Highway 17 Express service on the weekends and holidays. The current economic downturn has resulted in the implementation of service reductions of approximately 15% over the past two years. Therefore, it is not financially feasible for METRO to expand the Highway 17 Express service to respond to the passenger requests within the existing budget.

The Amtrak Connector service that operates from Santa Cruz to San Jose is funded by the California Department of Transportation (Caltrans). Caltrans provides funding to the Capitol Corridor Joint Powers Authority (CCJPA) who then provides funding to Amtrak for the provision of connector bus service. Amtrak then contracts with bus operators to provide the service. Current Caltrans policy requires that the revenues from passenger fares attributable to connector bus service equal the support funding that is provided on a route-by-route basis. Currently, the Santa Cruz/San Jose Route does not meet the Caltrans “break-even” requirement.

Representatives of Caltrans, the CCJPA, the VTA, Amtrak, and METRO have been meeting for over two years in an attempt to evaluate the feasibility of consolidating the Highway 17 Express bus service and the Amtrak Connector service. Originally the agency representatives met to discuss the impact of the passage of SB 804 by the California State Legislature that required all individuals using the Amtrak Connector buses to make a rail connection as a part of their trip. In Santa Cruz this requirement forced passengers using the bus service from Metro Center (Pacific Station) to purchase a connecting rail ticket in order to use the service. With METRO service operating out of Scotts Valley on weekdays and not operating on weekends and holidays, the Connector service was the only means for public transit passengers to conveniently access San Jose. Greyhound service was available but only operated four trips per day to San Jose. The requirement to purchase a connecting rail ticket was particularly burdensome on passengers with disabilities, as they could not use the Greyhound alternative due to the fact that the buses operated by Greyhound were not equipped with wheelchair lifts. Senator McPherson successfully sponsored legislation that deferred the rail connection requirement for people with disabilities on the San Jose/Santa Cruz route while the discussions of service consolidation took place. However, that deferral has now expired and all passengers using the Amtrak Connector service must purchase the connecting rail ticket. The connecting rail requirement does not apply to a public transit operator who is providing the service within their service boundaries. As the Highway 17 Express is operated under a Joint Powers Authority Agreement, the service area for this route is Santa Cruz and Santa Clara Counties.

As a result of the meetings that have taken place among the agency representatives identified in this Staff Report, a draft Memorandum of Understanding (MOU) between the funding parties is being developed. The MOU will provide for the consolidation of the Highway 17 Express service and the Amtrak Connector service effective April 26, 2004. The newly consolidated service would operate 365 days a year with service from Santa Cruz Pacific Station to San Jose Diridon Station. Under the proposed MOU the cost to expand the Highway 17 Express service to assume the service responsibilities of the Amtrak Connector service would be paid by Caltrans through the CCJPA. Passenger fares attributable to the expanded service increments would be credited toward the amounts due each month from Caltrans and the CCJPA. It is anticipated that the annual cost for the expanded service increment will be \$330,000. As the consolidated service is classified as a new experimental service, the Caltrans "break even" requirement will not be applied until the third year of operation of the service.

Currently METRO charges a cash fare of \$3.00 each way for the Highway 17 Express service. Amtrak charges \$6.00 each way for the Connector service. In order to achieve a simple fare structure for the consolidated service, staff recommends that the Board consider establishing a uniform cash fare of \$4.00 each way. Adoption of a new Fare Ordinance for this change would be required. Adjustments to the pass charges would also be appropriate as a part of a change in the fares for the new service.

There are benefits to the consolidation of the two services for all of the participating agencies and, most importantly, for the riders of the system. For Caltrans, the CCJPA, and Amtrak the consolidation provides a more secure future for the service. For the VTA and METRO it allows

an expansion of the service at a time when our budget constraints would not allow for new service. For the passengers the consolidation provides more service days and the Pacific Station access. The delivery of the new equipment for the Highway 17 service is also an enhancement for all passengers who will use the consolidated service.

Based upon the benefits to all parties by consolidating the Highway 17 Express with the Amtrak Connector, staff recommends that the Board of Directors approve the Memorandum of Understanding Principles that have been developed.

IV. FINANCIAL CONSIDERATIONS

Funds for the operation of the Highway 17 Express service are contained in the 2003/2004 METRO Operating Budget. Staff will recommend the continuation of current service level funding for the Highway 17 Express service for inclusion in the 2004/2005 METRO Operating Budget. Staff is not aware of any plans by VTA to reduce current service level funding for the Highway 17 Express. Costs for the expanded service (weekends/holidays/Metro Center) required for the consolidation that are estimated to be \$330,000 annually will be paid by Caltrans under the proposed MOU.

V. ATTACHMENTS

Attachment A: Memorandum of Understanding Principles

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

M E M O R A N D U M

Date: February 13, 2004
To: Board of Directors
From: Leslie R. White, General Manager
Subject: Highway 17 Memorandum of Understanding Principles

The purpose of this memo is to outline the technical provisions that will be included in a Memorandum of Understanding (MOU) for the consolidation of the Highway 17 Express service and the Amtrak Connector service.

The MOU will be between the California Department of Transportation (Caltrans), the Capitol Corridor Joint Powers Authority (CCJPA), the Santa Clara Valley Transportation Authority (VTA), and the Santa Cruz Metropolitan Transit District (METRO). As Amtrak is a contractor to the CCJPA it has been determined that they should not sign or be part of the MOU. The term of the MOU will be for three (3) years commencing on April 26, 2004.

The principles for the operation of the service and for payment for the operation of the service are proposed as follows:

- On Monday April 26, 2004 the combined Highway 17/Amtrak Connector service shall commence in accordance with the schedule and route that are attached to this memo and that will be attached to the MOU.
- The combined service shall be operated by METRO with equipment that is owned by METRO.
- The service increments that are added to the current Highway 17 service and which are the financial responsibility of Caltrans/CCJPA are: 1) the addition of weekend operation; 2) the extension of the service to the Santa Cruz Metro Center (Pacific Station); and 3) the operation of the service on New Years day, Memorial Day, Independence day, Labor Day, Thanksgiving Day, and Christmas Day.
- The annual operating costs identified in the MOU shall be divided into twelve increments. On a monthly basis Caltrans and the CCJPA through Amtrak will advance 1/12th of the annual cost to cover the cost of that months operation. The

**Highway 17/AMTRAK
Weekday Northbound Schedule**

Soquel Park & Ride	Santa Cruz Metro Center	Scotts Valley T.C.	San Jose CALTRAIN Station	7th & San Fernando
4:40 AM	4:50 PM	5:05 PM	5:42 PM	5:52 PM
5:10 AM		5:25 AM	6:02 AM	6:10 AM
	5:25 AM	5:40 AM	6:22 AM	6:30 AM
5:45 AM		6:00 AM	6:42 AM	6:50 AM
6:10 AM		6:25 AM	7:07 AM	7:15 AM
	6:25 AM		7:15 AM	7:22 AM
6:40 AM		6:55 AM	7:42 AM	7:52 AM
6:55 AM		7:15 AM	8:02 AM	8:12 AM
7:20 AM		7:40 AM	8:27 AM	8:37 AM
	7:40 AM	8:00 AM	8:47 AM	8:57 AM
	8:10 AM	8:30 AM	9:15 AM	9:25 AM
	9:25 AM	9:45 AM	10:25 AM	10:35 AM
	10:30 AM	10:50 AM	11:30 AM	11:40 AM
	12:20 PM	12:40 PM	1:25 PM	1:30 PM
	1:20 PM	1:40 PM	2:25 PM	2:30 PM
	2:40 PM	3:00 PM	3:45 PM	3:55 PM
	3:15 PM	3:35 PM	4:20 PM	4:30 PM
	4:15 PM	4:35 PM	5:25 PM	5:35 PM
	5:05 PM	5:25 PM	6:15 PM	6:25 PM
	6:10 PM	6:30 PM	7:20 PM	7:27 PM
	7:15 PM	7:35 PM	8:15 PM	8:22 PM
	9:25 PM	9:40 P M	10:20 P M	10:27 P M

AMENDED

6 A.A.1

**Highway 17/AMTRAK
Weekday Southbound Schedule**

7th & San Fernando	San Jose CALTRAIN Station	Scotts Valley T.C.	Santa Cruz Metro Center	Soquel Park & Ride
6:00 AM	6:07 AM	6:50 AM	7:05 AM	
6:50 AM	6:57 AM	7:40 AM	8:00 AM	
7:55 AM	8:05 AM	8:50 AM	9:10 AM	
8:50 AM	9:00 AM	9:40 AM	10:00 AM	
9:55 AM	10:05 AM	10:45 AM	11:05 AM	
11:25 AM	11:35 AM	12:15 PM	12:35 PM	
12:00 PM	12:10 PM	12:50 PM	1:10 PM	
12:50 PM	1:00 PM	1:40 PM	2:00 PM	
1:30 PM	1:40 PM	2:20 PM	2:40 PM	
3:00 PM	3:10 PM	3:50 PM	4:15 PM	
3:15 PM	3:25 PM	4:05 PM		4:35 PM
3:35 PM	3:45 PM	4:30 PM	4:55 PM	
3:50 PM	4:00 PM	4:45 PM		5:15 PM
4:15 PM	4:25 PM	5:10 PM		5:40 PM
4:30 PM	4:40 PM	5:25 PM	5:55 PM	
4:50 PM	5:00 PM	5:45 PM		6:15 PM
5:05 PM	5:15 PM	6:00 PM		6:30 PM
5:25 PM	5:35 PM	6:20 PM	6:40 PM	
5:50 PM	6:00 PM	6:45 PM	7:05 PM	
6:05 PM	6:15 PM	6:55 PM	7:15 PM	
6:45 PM	6:52 PM	7:30 PM	7:50 PM	
7:35 PM	7:42 PM	8:20 PM	8:35 PM	
8:25 PM	8:32 PM	9:10 PM	9:25 PM	
9:05 PM	9:12 PM	9:50 PM	10:05 PM	
10:30 PM	10:37 PM	11:15 PM	11:30 PM	

AMENDED *6A.22*

**Highway 17/AMTRAK
Weekend Schedule**

Southbound		
San Jose	Scotts	Santa Cruz
CALTRAIN	Valley	Metro
Station	T.C.	Center
6:55 AM	7:30 AM	7:45 AM
9:15 AM	10:00 AM	10:20 AM
11:40 AM	12:25 PM	12:45 PM
2:20 PM	3:05 PM	3:25 PM
4:35 PM	5:20 PM	5:40 PM
5:40 PM	6:25 PM	6:45 PM
7:55 PM	8:40 PM	9:00 PM
9:15 PM	9:55 PM	10:15 PM
10:15 PM	10:55 PM	11:15 PM
Northbound		
Santa Cruz	Scotts	San Jose
Metro	Valley	CALTRAIN
Center	T.C.	Station
5:50 AM	6:05 PM	6:45 AM
8:10 AM	8:30 AM	9:15 AM
10:35 AM	10:55 AM	11:40 AM
1:10 PM	1:30 PM	2:15 PM
3:30 PM	3:50 PM	4:35 PM
4:20 PM	4:40 PM	5:25 PM
6:20 PM	6:40 PM	7:25 PM
7:20 PM	7:40 PM	8:25 PM
9:05 PM	9:20 PM	10:00 PM

AMENDED 6A.A3

fares collected from passengers for the service increments financially sponsored by Caltrans, CCJPA, and Amtrak shall be accounted for and credited to the advance of funds for the following month of the operation of the service.

- The revenue that is attributable to the service increments identified in the MOU shall be derived from the following four sources: 1) Capitol Corridor rail fare revenue associated with San Jose train riders transferring to the bus; 2) San Joaquin rail fare revenue associated with Stockton riders who have transferred to a San Jose bound bus and are continuing by bus to Santa Cruz and the direct bus revenue associated with the Stockton-San Jose section of the bus trip; 3) Direct San Jose-Santa Cruz bus revenue associated with those passengers who have transferred from either the Capitol Corridor or San Joaquin services; and 4) Direct San Jose-Santa Cruz bus revenue associated with local passengers (non-transfers) who are using the increments financed by Caltrans/CCJPA identified in the MOU.
- Amtrak California passengers transferring to the Highway 17/Amtrak Connector from either the Capitol Corridor service or the Route #6 Stockton/San Jose bus will continue to have the ability to purchase a through ticket with a single transaction covering all transfers from point of origin to destination. METRO bus operators will honor and accept such tickets as fares paid in full. Passengers originating from Santa Cruz may use the bus portion of their Amtrak tickets for payment of the fare to travel to San Jose. Amtrak will recognize the Highway 17/Amtrak Connector as a feeder bus service in the same manner as all other California feeder bus services including informational materials and telephone reservations.
- The parties to the MOU will coordinate changes in schedules in a manner that maximizes connections between the Highway 17/Amtrak Connector bus and the Capitol Corridor and San Joaquin services.
- The parties to the MOU agree that the one-way cash fare shall be \$4.00. The entire Highway 17/Amtrak Connector service fare schedule is attached to this memo and will be included as an attachment to the MOU. The parties agree to recognize whatever fare discounts are put in place by any of the agencies signing the MOU and Amtrak.
- METRO, in consultation with the other agencies signing the MOU and Amtrak, will conduct surveys (at a minimum annually) of the Highway 17/Amtrak

Connector route for the purpose of evaluating the ridership levels and revenues by service increment.

- Caltrans and CCJPA, in coordination with Amtrak, VTA, and METRO shall conduct a marketing/information dissemination program design to increase public awareness of the new service and to stimulate ridership.
- In order to maximize connectivity between the Capitol Corridor, San Joaquin, and Highway 17/Amtrak Connector service METRO shall implement a “hold” policy. The Hold Policy is being finalized by Caltrans and will be attached to the MOU.

The principles contained in this memo and attachments will be incorporated into the final MOU as they are presented here.

Attachment A: Highway 17/Amtrak Connector Schedule

Attachment B: Highway 17/Amtrak Connector Fare Structure

Santa Cruz METRO
Highway 17 Express Fare Structure

	Current	Proposed
Regular Express Bus Fare (One Way)	3.00	4.00
Discount Bus Fare-Senior Passenger/Individual with Disability	1.50	2.00
Regular Day Pass	6.00	8.00
Regular Day Pass with surrender of SCMTD Day Pass	3.50	3.50
Regular Day Pass with surrender of VTA Day Pass	3.50	3.50
Regular Day Pass with Cal Train Monthly Ticket & Peninsula Pass	3.50	3.50
Monthly Pass	80.00	90.00

GA.61

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004

TO: Board of Directors

FROM: Mark J. Dorfman, Assistant General Manager

**SUBJECT: CONSIDERATION OF FIRST READING OF AMENDED FARE
ORDINANCE TO REVISE HIGHWAY 17 EXPRESS FARES AND THE
SCHOOL STUDENT FIELD TRIP RATE**

I. RECOMMENDED ACTION

The purpose of this staff report is to introduce the first reading of the Fare Ordinance to adjust the fare structure on the Highway 17 Express as a result of the proposal to merge the service with the AMTRAK service and extend service to METRO Center and seven (7) days a week, and to adjust the School Student Field Trip Rate. No further action is required at this meeting.

II. SUMMARY OF ISSUES

- Earlier on the agenda is a staff report regarding the extension of the Highway 17 Express to Metro Center as a result of the merger of the AMTRAK service with the Highway 17 Express.
- As a condition of the merger of the two services, there is a need to adjust the fare structures of both services.
- This revised fare ordinance will facilitate the merger of the two services.
- Additionally, when fares were raised in July, there was no corresponding adjustment to the Student Field Trip Rate.

III. DISCUSSION

Earlier on this agenda was a staff report concerning the merger of the Highway 17 Express with the AMTRAK service. A condition of this merger is that the fare structures of both services be the same. In the case of the AMTRAK Service, the fare will need to be reduced from \$6 to \$4, and the Highway 17 Express fare will need to be increased from \$3 to \$4.

As a result of the merger, there will be additional Highway 17 Express service to and from Pacific Station in downtown Santa Cruz, an improvement that has been planned for years. In addition, the Highway 17 Express will be able to operate seven (7) a week. This will serve to open up accessible service to the Bay Area and to also allow San Jose riders to access Santa Cruz on weekends.

One additional change proposed in the Fare Ordinance is an adjustment to the Student Field Trip Rate. At the time of the last fare adjustment, no change was made in the Student Field Trip rate, which was priced at 17 times the Base Fare. Based upon the new fare of \$1.50, staff is proposing a \$25 fare for Student Field Trips.

Attachment A is a revised Fare Ordinance as proposed by staff. No action is required at this time. A Public Hearing will be held at next month's Board Meeting. Signs will be posted in buses, advertisements in newspapers, and information will be provided on the website notifying the public of the proposed changes.

IV. FINANCIAL CONSIDERATIONS

The proposed changes will enable seven day a week service as well as service to Pacific Station.

V. ATTACHMENTS

Attachment A: Proposed Fare Ordinance

**AN ORDINANCE OF THE
SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
ESTABLISHING SCHEDULE FOR BUS FARES**

Be it enacted by the Board of Directors of the Santa Cruz Metropolitan Transit District as follows:

SECTION I: FARE SCHEDULE - SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

A. Fixed Route Service

	Current	Proposed	July, 2004
Regular Bus Fare	1.50		1.50
Discount Bus Fare - Senior Passenger/Individual with Disability *	.65		.75
Regular Day Pass	4.50		4.50
Discount Day Pass - Senior Passenger/Individual with Disability *	2.00		2.25
Convenience Card	22.00		22 .00
Discount Convenience Card – Senior Passenger/Individual with Disability *	10.00		11.25
Regular Monthly Pass	50.00		50.00
Discount Monthly Pass - Senior Passenger/Individual with Disability *	23.00		25.00
Student Monthly Pass	35.00		35.00
School Student Field Trip Rate	17.00	25.00	

* To obtain Discount Fare passenger must produce District Photo I.D. Card or other approved identification.

B. Highway 17 Express Bus Service Options

	Current	Proposed
Regular Express Bus Fare (One Way)	3.00	4.00
Discount Bus Fare-Senior Passenger/Individual with Disability	1.50	2.00
Regular Day Pass	6.00	8.00
Regular Day Pass with surrender of SCMTD Day Pass	3.50	3.50
Regular Day Pass with surrender of VTA Day Pass	3.50	3.50
Regular Day Pass with 2 zone (minimum) regular Cal Train	3.50	3.50
Monthly Pass		
Monthly Pass	80.00	90.00

APPROVED

C. Paratransit Service

Regular Paratransit Fare (One Way)

CURRENT
Twice the Regular Bus
Fare

D. Group Pass Contract Rate

Fares for individuals of the group are determined through negotiations between the group and the District and are set forth in the contract.

E. Service Charge on Return Checks

The service charge on returned checks is \$15.00.

Ordinance No. 84-2-1 of the Santa Cruz Metropolitan Transit District is hereby amended and shall become effective on April 26, 2004.

Passed and adopted by the Board of Directors on this ____ day of _____ 2004, by the following vote:

AYES: Directors -

NOES: Directors -

ABSENT: Directors -

ABSTAIN: Directors -

ATTEST: _____
LESLIE R. WHITE
Secretary/General Manager

APPROVED: _____
EMILY REILLY
Chairperson

APPROVED AS TO FORM:

MARGARET GALLAGHER
District Counsel

AMENDED

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004
TO: Board of Directors
FROM: Bryant J. Baehr, Manager of Operations
SUBJECT: CONSIDERATION OF PARACRUZ TRANSITION PLAN

I. RECOMMENDED ACTION

Staff is recommending that the Board of Directors authorize the General Manager to take the following actions:

- 1. Notify Community Bridges that METRO wishes to engage in discussions regarding potential contract modifications to be effective October 02, 2004 and / or the potential of contract termination for convenience effective on October 02, 2004.**
- 2. Request expressions of interest from potential vendors for on-street ParaCruz services.**
- 3. Authorize staff to enter into negotiations with the United Transportation Union Local 23 concerning ParaCruz Operation.**
- 4. Authorize staff to continue to develop a plan that would provide for the co-mingling of trips that is compliant with ADA requirement.**

II. SUMMARY OF ISSUES

- The Americans with Disabilities Act (ADA) requires that complementary paratransit service be available for individuals that cannot access fixed route buses due to a disability.
- Currently, METRO contracts for paratransit service "ParaCruz" with Community Bridges. The contract is for the time period July 01, 2002 through June 30, 2005. METRO may terminate the contract with Community Bridges, with 90 days notice.
- METRO received a letter from Community Bridges on November 06, 2003 requesting an additional \$450,000 in revenue from METRO for the provision of ParaCruz service due to unforeseen increases in cost.
- At the November 21, 2003 Board of Directors meeting staff was instructed to prepare a ParaCruz transition plan for the Board of Directors consideration.
- There are three (3) generally recognized methods of operating paratransit service. These are:
 1. contracting with a private provider for all services,

2. direct operation by the transit agency
 3. a blended (brokerage) approach which typically translates to the transit agency performing the call center / reservations / scheduling and customer service functions. Rides are provided by contractors.
- Assuming 108,000 trips will be provided in FY 04/05, it is anticipated that the net contract cost with Community Bridges will be \$2,636,204 (not including their request for additional funding). Direct operation is anticipated to cost \$2,720,760 and a blended (brokerage) option is anticipated to cost \$2,504,074.
 - Community Bridges provides various services to the community. The Transportation Division “Lift Line” (which operates the ParaCruz service) comprises approximately 34% of the total Community Bridges revenue.
 - Revenue from METRO ParaCruz accounts for approximately 52% of Lift Line’s total revenues.

III. DISCUSSION

At the November 21, 2003 Board of Directors meeting staff was instructed to prepare a transition plan for the ParaCruz service from the current contract with Community Bridges to one that is directly operated by METRO.

Background

The Americans with Disabilities Act (ADA) requires that the Transit District provide a *comparable* level of service for persons unable to access the fixed route service due to a disability. There are very specific operating requirements for paratransit service including call response times, service delivery and reporting requirements. On July 01, 2002 METRO contracted with Community Bridges for the provision of paratransit service called “ParaCruz.” The contract is for a three (3) year period from July 01, 2002 through June 30, 2005.

On November 06, 2003, METRO received a letter from Community Bridges stating in part that Lift Line (Community Bridges’ transportation division) experienced an unforeseen escalation in costs as well as a reduced demand for ADA rides which has left that division with a budget deficit. The rate increase proposed by Community Bridges equated to an increase in cost to METRO of approximately \$450,000 for FY 2003-2004. On November 19, 2003 another letter was received from Community Bridges stating in part that the Community Bridges budget was balanced, however, due to conflicting interests the only other alternatives were to grant an immediate rate increase or METRO moving forward with a transition plan. In response, a METRO staff assessment was conducted to investigate the operating options of: direct operation, blended (brokerage) option or maintaining the existing contract with Community Bridges.

Operating Options

There are three (3) generally recognized methods of operating paratransit service. They are:

1. The transit agency contracting with private provider(s) for all components of paratransit service. This includes reservations, scheduling, service delivery and vehicle maintenance.

2. In-house direct operation by the transit agency of all paratransit components.
3. Blended (brokerage) option in which the transit agency performs the call center / reservations / scheduling and customer service components and contracts with private provider(s) for the service delivery and vehicle maintenance functions.

An analysis of the costs for each option was undertaken using a projected 108,000 rides performed for FY 04/05.

In developing the costs associated with the in-house operation, staff met with the United Transportation Union (UTU) Local 23 which represents the van operators, schedulers and call intake employees of Community Bridges. Staff also reviewed the existing contract between Community Bridges and UTU Local 23. UTU leadership expressed a desire to transition the currently contracted paratransit operation from Community Bridges to direct METRO operation with the assumption of existing UTU-represented employees of Community Bridges. UTU expressed a willingness to discuss their current labor agreement with Community Bridges and how that would transition to METRO. Staff identified several cost and operational issues that would need to be addressed that are contained in the contract between Community Bridges and UTU Local 23. They include: specific health care language, number of paid holidays, committee structures, accelerated vacation accrual rates and base representative pay. In addition, METRO employees are covered by the California Public Employees Retirement System (CALPERS), available only to public agencies, which has a significant cost impact. Staff also met the Service Employees International Union (SEIU) to assess the impact on the current Memorandum of Understanding (MOU) between METRO and SEIU. The SEIU leadership also expressed an interest in transitioning the ParaCruz function to direct METRO operation. Other cost items that were investigated include: facility leasing options, maintenance and vehicle parts costs.

To determine the costs for a blended (brokerage) option, staff accessed employee costs, facility leasing costs and contracting costs. Listed below is a breakdown of anticipated costs for direct operation and a blended (brokerage) option.

In-house (direct) Service Option (108,000 rides performed)

Item	Anticipated Cost
METRO ParaCruz staff (additional staff including drivers, dispatch and reservations)	\$2,263,407.81
Fuel	\$120,272.73
Maintenance- parts and supplies	\$75,600.00
Facility	\$84,000.00
Communications (mobile and landline)	\$35,000.00
Other operating and admin costs	\$28,000.00
Subcontractor/taxi cost- 20%	\$432,000.00
Total Cost	\$3,038,280.54
Revenue (fares) received	\$317,520.00
Net Cost	\$2,720,760.54

Blended (brokerage) Service Option (108,000 rides performed)

Item	Anticipated Cost
METRO ParaCruz Staff (additional staff including dispatch and reservations)	\$593,594.30
Facility	\$30,000.00
Communications (mobile and landline)	\$20,000.00
Other operating and admin costs	\$18,000.00
Subcontractor/taxi cost- 100% (estimated at \$20 per ride provided)	\$2,160,000.00
Total Cost	\$2,821,594.30
Revenue (fares) Received	\$317,520.00
Net Cost	\$2,504,074.30

Comparing the service delivery models, the cost differential between what METRO anticipates paying Community Bridges and in-house versus a blended (brokerage) service option is:

Service Delivery Option	Projected Cost FY 04/05	Additional (decrease) expense
Community Bridges	\$2,636,204	Does not include the additional \$450,000 requested by Community Bridges.
Projected In-house Model	\$2,720,760	\$84,556.54
Projected Blended (brokerage) Model	\$2,504,074	(\$132,130.06)

In the blended (brokerage) ParaCruz service delivery model, METRO would assume the reservation, scheduling and customer service functions and private provider(s) would assume the delivery function. It is anticipated that there would be several private organizations (including Community Bridges) interested in contracting with METRO for the provision of ParaCruz service. METRO currently owns twenty-nine (29) ParaCruz vans available for the provision of service thereby lowering the cost to METRO.

In addition to reviewing the service delivery models for ParaCruz, staff attempted to investigate the impact of ParaCruz on Community Bridges. Currently, Community Bridges receives revenue to provide the following services: ParaCruz and other Lift Line services, Meals on Wheels, Elderday, Child Care Centers, Women – Infant – Children (WIC), La Manzanita, Watsonville Law Center, Live Oak Family Resource Center, Child and Adult Care Food Program and Administration. Of the services provided by Community Bridges, Lift Line (the transportation component) is 34% of the budget. ParaCruz revenues and fares make up 52% of the Lift Line contribution to Community Bridges. Lift Line performs rides for the following: ParaCruz, RTC TDA rides, Elderday transportation, Stroke Center rides, Alliance (Medi-Cal) rides, Red Cross and other transportation rides.

Start-up Costs

Item	In-house operation	Blended operation
Phone System	\$24,000	\$24,000
Computer servers	\$8,500	\$8,500
Trapeze PASS	\$113,320	\$113,320
Mobile Communication	\$1,750	\$0
Copier	\$14,000	\$14,000
Maintenance Shop Setup	\$85,000	\$0
Workstations	\$22,000	\$14,000
Total	\$268,570	\$173,820

One-time funds have been identified by the Assistant General Manager that will offset the start-up costs identified above.

Transition Plan Outline

Item	Scheduled completion
Purchase Trapeze PASS	March 2004
Notify Community Bridges that METRO wishes to engage in discussions regarding potential contract modifications to be effective October 02, 2004 and / or the potential of contract termination for convenience effective on October 02, 2004.	March 2004
Begin negotiations with UTU Local 23	March – April 2004
Issue Request for Expressions of Interest for the provision of on-street ParaCruz services	April 04
Review expressions of interest for on-street ParaCruz operation.	May 2004
Report to Board of Directors on Progress	June 2004

IV. FINANCIAL CONSIDERATIONS

Based on a projected 108,000 ParaCruz rides performed by Community Bridges, under the existing contract terms, METRO will spend an estimated \$2,636,204 in FY 04/05.

The in-house operation model will cost METRO an estimated \$2,720,760 (an additional \$84,554 over the existing anticipated cost with Community Bridges) in FY 04/05.

The blended or brokerage operational model cost \$2,504,074 saving METRO an estimated \$132,130 in FY 04-05.

Start-up costs are identified as: \$268,570 for in-house operation and \$173,820 for blended operation. The Assistant General Manager has identified one-time funds that will offset the start-up costs for either operating scenario.

V. ATTACHMENTS

Attachment A: Community Bridges letter dated November 06, 2003

Attachment B: Community Bridges letter dated November 19, 2003

Additional information requested at February 13, 2004 Board of Directors concerning ParaCruz staff report.

1. Staff was asked why seventeen (17) new and three (3) 2001 ParaCruz vans are not in service.

Seventeen (17) new vans were procured by the Transit District and received in October 2003. Three (3) were returned by Community Bridges in November 2003. Staff notified Community Bridges that the new vans were available for service and Community Bridges responded by expressing their concern about the short term / long term goals of service delivery and that it was premature to discuss Community Bridges taking possession of the new vehicles. Community Bridges at that time also discussed the potential of co-mingling trips and the allocation of vehicles to sub-contractors.

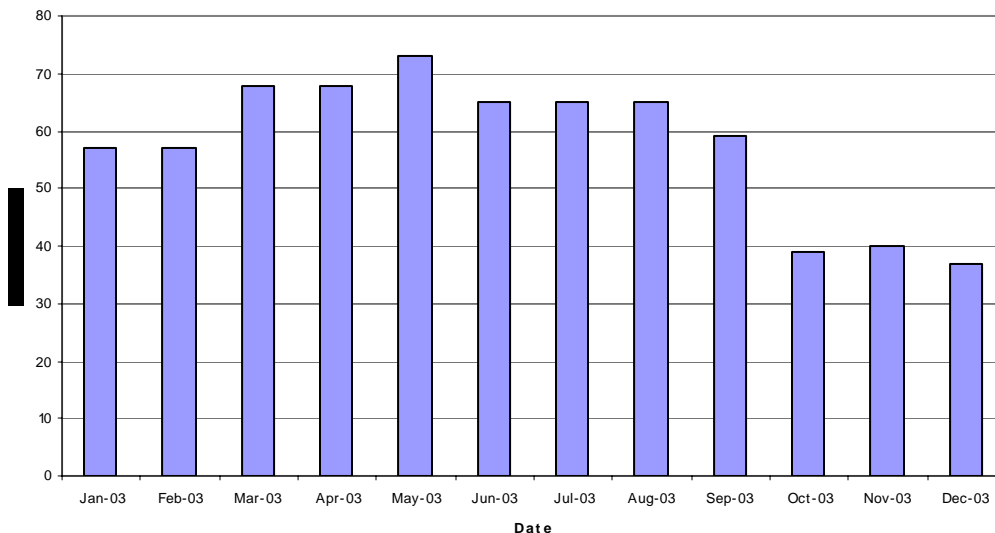
2. Staff was asked the impact to ParaCruz customers should the Board of Directors either select the Blended Service Option or the In-house Service Option.

ParaCruz policies and procedures currently in place would be unaffected. The impact that a ParaCruz user would experience is a change in the ParaCruz reservation phone number.

3. Transit District staff was asked about the staff reductions at Community Bridges.

According to information provided by the United Transportation Union (UTU) Local 23 there have been approximately 36 represented positions eliminated at Community Bridges. The represented employees contract exists between Community Bridges and UTU Local 23.

of UTU Represented Postions at Community Bridges



4. Information on the Paratransit Summit Public Hearing conducted by the Regional Transportation Commission on February 05, 2004.

On February 05, 2004 the Regional Transportation Commission (RTC) held a public hearing to hear community input on issues relating to paratransit service in Santa Cruz County. At that meeting Commissioners heard presentations from the RTC staff, Transit District and Community Bridges. The commissioners also heard testimony from the public. Twenty-nine (29) speakers addressed the RTC on issues ranging from service delivery to the community's role in providing paratransit services.



COMMUNITYBRIDGES
Puentes de la Comunidad

November 6, 2003

Santa Cruz Metropolitan Transit District
370 Encinal Street, Suite 100
Santa Cruz, CA 95060
Attention: Les White, General Manager

RE: Professional Services Contract
For Paratransit Services

Dear Mr. White:

I am writing because it has come to our attention that you will be bringing to the District Board of Directors the question of whether Community Bridges should continue to provide the ADA paratransportation service. Accordingly, we viewed that this would be an appropriate time to present our experience under this contract and our needs going forward.

On the question of termination of the contract, Community Bridges has no authority to take such action. That authority lies solely with the Transit District and we will accept and cooperate in any ultimate decision in that regard. However, we believe that it is in the best interests of the community and riders that the contract with Lift Line not be terminated. Ultimately, it would be less costly for the Transit District to support and assist Lift Line in fulfilling this contract.

Since bidding this contract Lift Line has experienced unforeseen escalating costs and a corresponding reduction in ADA rides. These two factors resulted in Lift Line incurring a \$786,561 deficit in fiscal year 02/03. The cost increases are due to unprecedented increases in workers' compensation insurance, liability insurance, and fuel costs. The table below compares our 01/02 costs to the budgeted 03/04 costs in these lines.

	Year 01/02	Year 03/04
Workers' Comp.	\$158,692	\$477,443
Liability Insurance	\$ 82,542	\$108,000
Operating Expenses	<u>\$107,195</u>	<u>\$147,539</u>
Group Total	<u>\$348,429</u>	<u>\$732,982</u>

www.communitybridges.org

236 Santa Cruz Avenue

Aptos, California 95003

Phone: (310) 688-8840

\\D:\Desktop\1 folder\Contract\terms.t

These costs represent an increase of **\$384,553** over the past 18 months.

In addition, to these escalating costs we have experienced a reduction in ADA ride demand. Consider the following annual comparisons.

	Year 01/02	Year 02/03	Year 03/04
Rides	108,083	105,989	94,343
District Revenue	\$2,497,712	\$2,373,293	\$2,272,723
Fares	<u>\$ 219,153</u>	<u>\$ 200,767</u>	<u>\$ 246,764</u>
Total Fees	<u>\$2,716,865</u>	<u>\$2,574,060</u>	<u>\$2,519,487</u>

We started the 02/3 year budgeting to provide 117,000 rides for District revenue payments of \$2,691,234. These numbers were based upon the District RFP's assumptions of 120,000 annual rides, the expected increase of rides for recertification, and historical trends. Therefore, we started 02/03 staffing to meet this expected demand. The monthly ride counts supported the projection until the spring of 2003. At that time, the normally expected spring increase in ridership did not materialize. This was due to the reductions in eligible riders through the recertification process. As a result, we were short of our budget revenues by \$317,938 in District revenue and, an additional, \$33,233 in rider fees. Totaling a revenue shortfall of \$351,171.

Lift Line staff has worked hard to balance its budget for 03/04 and to maintain ride performance within contract requirements. In order to balance the budget the staff has absorbed wage freezes, benefit reductions, and layoffs. Since April 1, 2003 we have laid-off 21 drivers and 7 support positions.

The most recent round of layoffs of 12 driver positions and 2.5 office positions came on October 31, 2003. These layoffs were prompted by the Central Coast Alliance for Health reducing its reimbursement rate for Medi-Cal providers by 40%. The Alliance's reimbursement reduction was projected to cause a Lift Line revenue shortfall of about \$482,000. This change affected the ADA budget because up to this point the Medi-Cal revenue had been helping to cover the deficit in ADA. We now have less ability to subsidize the ADA service.

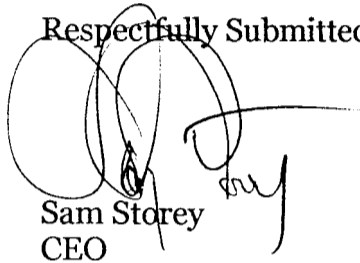
The accumulation of these cost increases, revenue reductions, and workforce reductions have put tremendous stress on the paratransportation system. It is becoming a risk to the ADA service, Lift Line and to the other programs that Community Bridges operates. For those reasons we are requesting assistance in dealing with this situation. We certainly understand that you can respond by merely taking back the ADA service. However, we wanted to provide another alternative which would be less costly still.

Section 6.13.1 of the Contract for Paratransit Services provides for making changes to the contract services. It allows changes if they 1) are necessary to accomplish the purposes of the Agreement; 2) are not set forth in the Scope of Services; 3) were not reasonably contemplated by the parties; and 4) are not due to Contractor's errors or omissions. In that spirit we believe that a rate increase should be considered under this provision of the contract.

In conclusion, we are requesting a rate increase from the current \$52.30 to \$61.74 retroactive to July 1, 2003. This equates to a total revenue increase of approximately \$450,000. This figure is based on current projected rides of 94,343 and reflects our projected shortfall in the ADA program after applying available TDA funds. If ride numbers changed significantly, we would need to revisit this amount. Please let us know of your decision on or before January 2, 2004.

Thank you for your consideration of this request.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Sam Storey', is written over the typed name and title. The signature is stylized with large loops and a long horizontal stroke extending to the right.

Sam Storey
CEO

cc: Link Spooner
Community Bridges Board
Steve Paulson
Bryant Baehr

Lift Line
Watsonville Law Center
Child Development Division
Elderday Adult Day Health Care
Child and Adult Care Food Program

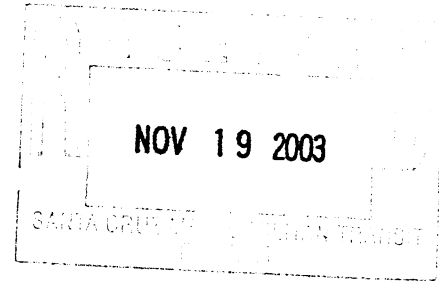


COMMUNITY BRIDGES
Puentes de la Comunidad

Live Oak Family Resource Center
La Manzanita Community Resources
Meals on Wheels for Santa Cruz County
WIC Women, Infants & Children Nutrition Program

November 19, 2003

Santa Cruz Metropolitan Transit District
370 Encinal Street, Suite 100
Santa Cruz, CA 95060
Attention: Les White, General Manager



RE: Professional Services Contract
For ParaTransit Services

Dear Mr. White:

This is in response to your Board report dated November 21, 2003. For the record we want to clarify the following:

Our Request For A Rate Increase Does Not State That ParaCruz Service Cannot Be Continued At The Current Contractual Rate

In your report you quote Community Bridges as saying that ParaCruz service cannot continue to be performed at the current contractual reimbursement rate. Our letter dated November 6, 2003, contains no such statement.

Our request letter was written in response to information received that you intended to bring the question of transition to the District Board of Directors. This was because of our recent layoffs and the issue over the 17 new vehicles.

The September '03 Lift Line budget analysis projects that the current year budget is balanced. However, this is based upon ADA ride projections that are fluid and unpredictable. If our projections hold true and operating expenses do not increase substantially we will be able to perform without an increase.

This is not to say that Lift Line does not need the District's support and assistance. Lift Line can not afford to operate an additional 17 ADA restricted vehicles under the current climate of declining ADA rides. In order to do so would require an increase in the reimbursement rate. Since our current contract does not specifically require that we run exclusive METRO vehicles a rate increase

under those circumstances would be appropriate. In addition, if METRO requires that we operate at staffing levels described in the original RFP then we would need a rate increase. Due to declining ADA revenues and escalating costs we have been compelled to reduce our staffing. We have done so in consultation with the UTU who has elected to have layoffs be the primary form of expense reduction. The current allocation of rides between Lift Line and the Taxi subcontractors continues to be within historical parameters

In short if the District were to cooperate with us we may be able to fulfill the contract without a rate increase. This cooperation would include but not be limited to the following:

- Allowing co-mingling of ADA rides and non-ADA rides, in order to increase efficiency;
- Working with us on the deployment of Paracruz vehicles in a manner to reduce Taxi cost;
- Willingness to provide financial support if unforeseen circumstances should arise;
- Open discussion of the District's long term plan for ADA service;
- The District's commitment to the current contract duration;

These are examples of some of the areas that need to be addressed and are not intended to be comprehensive.

However, based on our historical relationship and based on the current climate we are not confident that this level of cooperation can be achieved. We are willing to do our part in that endeavor however, conflicting interests among the District, the UTU and Lift Line seem to be an insurmountable barrier. Therefore, the only other alternatives available seems to be an immediate rate increase or the District moving forward with a Transition Plan.

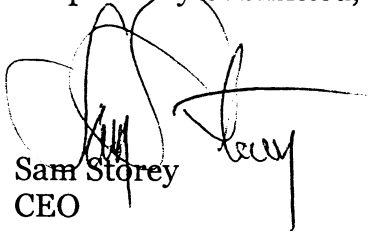
In the event the District should elect to continue to work with Lift Line, we would request you maintain your current budgeted amount for Paratransit Services, i.e. \$3,289,256. We are projecting that the Paratransit Service is running \$769,869 under budget.

District Budget	\$3,289,256
Projected Payments to Lift Line	-2,519,487
Subsidy \$2,272,723	
Ride Fares 246,764	
Savings	<u>\$ 769,869</u>

We would request that a portion of this be made to support ADA Services to the extent later to be determined necessary.

Thank you for consideration of this request.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Sam Storey', is written over the typed name and title. The signature is stylized with a large loop at the top and a long horizontal stroke extending to the right.

Sam Storey
CEO

cc: Link Spooner

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2003

TO: Board of Directors

FROM: Bryant J. Baehr, Manager of Operations

SUBJECT: CONSIDER AUTHORIZATION TO OPERATE A SHUTTLE FOR THE UNITED TRANSPORTATION UNION (UTU) SENIOR DINNER

I. RECOMMENDED ACTION

Staff recommends that the Board of Directors authorize the operation of a shuttle for the United Transportation Union (UTU) senior dinner held in April 01, 2004.

II. SUMMARY OF ISSUES

- For the last nine (9) years the United Transportation Union (UTU) Local 23 has sponsored a Senior Dinner for our senior customers.
- This event provides approximately 250 dinners to our senior customers.
- The Transit District will provide one (1) bus and one (1) bus operator for this event.
- This event promotes team building between the staff-union members and provides a positive interaction with our senior customers.

III. DISCUSSION

For the last nine (9) years the United Transportation Union (UTU) Local 23 has sponsored a Senior Dinner for senior citizens in the Santa Cruz County area. The union members and volunteers provide dinner and entertainment for a group of approximately 250 seniors. Food, plates and utensils are provided by local markets and/or purchased by the UTU. Union members and volunteers prepare the meals.

Each year the Transit District has allowed the use of one (1) bus and one (1) bus operator for the provision of shuttle services. The bus transports seniors from throughout the county to the dinner location and back. The Transit District provides the bus and operator so our insurance policies cover the trip.

The date for this year's event will be on April 01, 2004. This is a very positive event that not only brings the staff and union members together, but also provides a positive interaction with our customers.

Staff is recommending Board Approval for one (1) bus and one (1) paid bus operator for this event.

III. FINANCIAL CONSIDERATIONS

The cost for one (1) bus and one (1) bus operator for this event is approximately \$240.00.

IV. ATTACHMENTS

Attachment A: Shuttle Policy adopted by the Board of Directors on April 16, 1996

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Regulation Number: AR-1009

Attachment A

Computer Title: shuttle.doc

Effective Date: March 1, 1992

Pages: 2

TITLE: POLICY ON SPECIAL SHUTTLES

Procedure History

REVISION DATE	SUMMARY OF REVISION	APPROVED
April 16, 1996	Revise format without content change	

I. POLICY

- 1.01 The District may grant request for operation of special shuttles, provided that the following conditions are met:
- A. The District must be fully reimbursed for all costs of providing the service, and shall be paid in accordance with the Board-adopted pricing policy set forth herein.
 - B. The routing must conform to current District routing corridors and hours of operation.
 - C. Operation of the service by the District must not cause unfair competition with private sector providers.
 - D. The District must have sufficient number of bus operators and coaches available so that operation of the District's regular, fixed-route service is not compromised.
 - E. The service must be open-door and not "charter" service, because operation of charter service by the District is prohibited by the Public Utilities Code.
- 1.02 Any exception to the above conditions must be approved by the District's Board of Directors.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004

TO: Board of Directors

FROM: Mark J. Dorfman, Assistant General Manager

SUBJECT: CONSIDERATION OF AGREEMENT WITH THE SANTA CRUZ SEASIDE COMPANY FOR THE PROVISION OF LATE-NIGHT SERVICE

I. RECOMMENDED ACTION

That the Board authorize staff to enter into an agreement with the Santa Cruz Seaside Company to subsidize the operation of Late-Night Service on Route 71.

II. SUMMARY OF ISSUES

- For the past five years the District operated a late-night trip on Route 71.
- The Boardwalk guaranteed the costs of the extra service that operated from the Boardwalk.
- The service was extremely successful and the Boardwalk is again interested in the service.

III. DISCUSSION

Three years ago, the District was approached by Boardwalk staff to see if there was interest in extending the starting point for the last Route 71 trip to the Boardwalk. Their interest was due to the fact that a large number of their employees are young students living in Watsonville and the Metro bus service ended before the end of the evening shift. They were willing to “guarantee” that the District would not incur costs by agreeing to fund the cost of the route extension.

The Boardwalk has again contacted us with interest in this service. The Operations Department feels strongly that for consistency the service should run through the entire bid. The service will operate for 87 days, from June 3rd to September 8th. The Boardwalk requires the late service for less than that period, but they have agreed to fully underwrite the cost of the service extension to the Beach area for the entire bid.

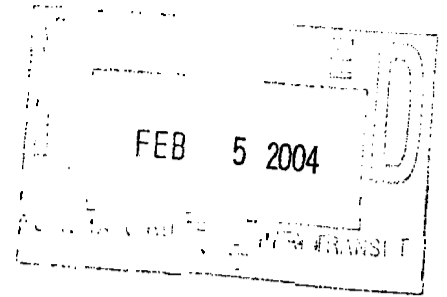
The total cost for the service is estimated at just under \$2,000.

IV. FINANCIAL CONSIDERATIONS

There is no financial impact on the District as the Boardwalk is picking up the full cost of the extension for the entire bid.

V. ATTACHMENTS

Attachment A: Letter of February 3, 2004 from Jo Anne Dlott, Santa Cruz Seaside Company



February 3, 2004

Mark J. Dorfman
Assistant General Manager
Santa Cruz Metropolitan Transit District
370 Encinal Street Suite 100
Santa Cruz, CA 95060

RE: 2004 Request for Late Night Transit Service on route 71 to Watsonville for the summer.

Dear Mark;

Please take the Santa Cruz Seaside Company request for late night service to Watsonville for the summer of 2004 to the Santa Cruz Metropolitan Transit District Board. The Santa Cruz Seaside Company will sign another Agreement for Transit Service, between the Santa Cruz Metropolitan Transit District (SCMTD) and the Santa Cruz Seaside Company, for summer bus service to connect our employees to the Metro Center for late night service on route 71.

Thank you for keeping the contract the same amount as last year. Our employees use the service as do other beach area business employees. We appreciate the Transit District responding to our company and other beach area employer's needs.

Sincerely,

Jo Anne Dlott
Vice President Human Resources

11.a1

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004

TO: Board of Directors

FROM: Mark J. Dorfman, Assistant General Manager

**SUBJECT: CONSIDERATION OF STATUS OF CO-MINGLING PROPOSAL
SUBMITTED BY COMMUNITY BRIDGES ON NOVEMBER 6, 2003.**

I. RECOMMENDED ACTION

This report is for information purposes only. No action is required.

II. SUMMARY OF ISSUES

- In July 2002 Community Bridges expressed a desire to modify their contract with the Transit District to permit the co-mingling of multiple funded rides on ParaCruz vehicles. Currently, only ParaCruz customers are permitted on ParaCruz vehicles. On November 6, 2003 Community Bridges submitted a formal proposal for the Transit District to consider.
- On December 23, 2003 Transit District staff met with Community Bridges staff to discuss the proposal, legal requirements as provided for under the Americans with Disabilities (ADA), and a savings sharing process. On February 18, 2004 the Transit District responded with a proposal to share savings, subject to Community Bridges providing confirmation of their ability to allow Medi-Cal trips to be co-mingled with ADA riders.

III. DISCUSSION

In July of 2002, Community Bridges expressed a desire to amend the contract between the Santa Cruz Metropolitan Transit and Community Bridges for the provision of ParaCruz service. Community Bridges expressed an interest in having the Transit District modify the agreement to permit the co-mingling of multiple funded rides on ParaCruz vehicles for purposes such as Medi-Cal rides and other program rides offered by Community Bridges. Currently only ParaCruz customers are allowed in ParaCruz vehicles. On November 6, 2003, the Transit District received a formal proposal from Community Bridges concerning the co-mingling of multiple funded rides on designated ParaCruz vehicles.

On January 7, 2004 Transit District staff met with Community Bridges staff to discuss their proposal, potential cost savings (and the distribution of those savings between the agencies) and legal requirements as stipulated by the ADA. Transit District staff responded with a cost savings distribution plan on February 18, 2004. Community Bridges is currently reviewing the proposal.

As part of the development of the proposal, staff identified some possible regulatory obstacles as they relate to the co-mingling of Medi-Cal rides with ADA riders. In a conversation with Monterey Salinas Transit, we were informed that they “do not provide Medi-Cal reimbursed trips because we use 5310 funded vehicles, and are prohibited from doing so”. As a result of this information, staff has requested that Community Bridges provide written confirmation from the State that Medi-Cal trips can be co-mingled, and confirmation from Caltrans that there is no problem co-mingling Medi-Cal rides on FTA 5310 funded vehicles (the type used by Community Bridges) before any co-mingling can proceed.

IV. FINANCIAL CONSIDERATIONS

None

V. ATTACHMENTS

Attachment A: Co-Mingling Proposal received from Community Bridges dated November 6, 2003.



November 6, 2003

COMMUNITYBRIDGES
Puentes de la Comunidad

Santa Cruz Metropolitan Transit District
370 Encinal Street, Suite 100
Santa Cruz, CA 95060
Attn: General Manager

Dear Mr. White:

The following is a proposal for your consideration regarding multiple funded rides. The contract provides for this proposal in Exhibit A, Part 3, 6.13.1. In 1979 AB120 passed, requiring local entities to create action plans and designate a Consolidated Transportation Services Agency to oversee local paratransit operations. In 1980 community input and planning sessions were held which resulted in Food and Nutrition Services (Community Bridges) being designated as the local CTSA. The Volunteer Center transferred Lift Line to Food and Nutrition Services and in 1981 Lift Line / CTSA began actual operations.

In 1979 there was a perceived need to consolidate transportation, to stop the duplication of services and infrastructure. This need has not gone away. Efficiency and economy is the product of consolidation. In 2002 the Metropolitan Transit District decided to segregate Metro ParaCruz riders thereby eliminating multiple funded trips. It is our intention with this proposal to demonstrate actual dollar savings to the Transit District if the multiple funded trips are allowed. The District will see savings in billable hours and the CTSA will see savings in personnel cost as well as vehicle costs. We will also see an improvement in productivity.

METHODOLOGY

To demonstrate a co-mingled schedule from a not co-mingled schedule our CIS Manager exported two days schedules from Trapeze to Access. The days were October 16th and October 20th. On October 16th our Scheduling Manager was able to co-mingle a total of 44 multiple funded trips. On October 20th she was able to co-mingle 41 multiple funded trips. He exported the data at 9pm the day before the rides were to happen. At this point the Scheduling Manager re-visited the days schedules and re-worked them to "mingle" multiple funded rides. For the purposes of this proposal we will demonstrate two separate trips with before co-mingled and after co-mingled costs to the district. We have provided the Access database to Steve Paulson created for this purpose in total. The allocation is based on a proration of actual on-board time.

EXAMPLE #1

METRO is currently invoiced at a rate of \$52.30 per billable hour. In Example #1, attached, METRO was billed \$21.81 for .417 billable hours. After co-mingling this ride with one other person (highlighted) the billable time to METRO was reduced to 0.322 hours for a savings of \$4.97. This is a real savings of 22.8%.

EXAMPLE #2

In Example #2, attached, METRO was billed \$61.03 for 1.167 billable hours. After co-mingling this ride with three non-ADA persons (highlighted) the billable time to METRO was reduced to 0.537 billable hours for a savings of \$32.94. This is a real savings of 54%.

I would like to extrapolate a dollar savings to the District based upon these assumptions.

- If 44 rides is provided at a productivity of 1.98 rides per hour there are 22.22 billable hours times \$52.30 equals \$1,162 to be billed to the District.

When we allocate on-board time.

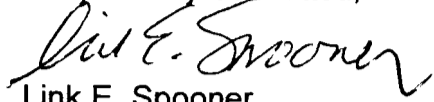
- If 33% of the time is grouped or co-mingled the billable hours is lowered to 14.89 billable hours times \$52.30 equals \$779. A savings of \$383.00 to the District.
- If 50% of the time is grouped or co-mingled the billable hours is lowered to 11 .11 hours times \$52.30 equals \$581 .00. A savings of \$581 .00 to the District.

TRACKING

It is the responsibility of the Community Bridges CIS to validate our current invoices and he will continue to do so. The **formula** used is a minor variation on an allocation policy we were using prior to July 1, 2003, Steve Paulson, Paratransit Administrator for METRO, using Crystal Reports submitted by Community Bridges staff will also continue to validate the invoices.

Please let me know if there are any questions I can answer for you. We look forward to providing the most economic and most efficient paratransit service for Santa Cruz County. Thank you in advance for your kind consideration of this proposal.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Link E. Spooner", written in a cursive style.

Link E. Spooner
Division Director

Cc: Margaret Gallagher
Bryant Baehr
Sam Storey
Michael Robins
April Ax-ton

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004

TO: Board of Directors

FROM: Bryant J. Baehr, Manager of Operations

SUBJECT: CONSIDERATION OF MODIFYING ROUTES 31 AND 32 USING THE SILTANEN PARK PARKING LOT AS A TURNAROUND INSTEAD OF CONTINUED TRAVEL ON VINE HILL SCHOOL ROAD AND APPROVE INDEMNIFICATION AGREEMENT IN FAVOR OF THE CITY OF SCOTTS VALLEY

I. RECOMMENDED ACTION

Staff is recommending that the Routes 31 and 32 be modified to use the Siltanen Park parking lot as a bus turnaround for a trial period not to exceed six (6) months.

II. SUMMARY OF ISSUES

- Approximately eight (8) months ago staff was contacted by residents on Vine Hill School Road (near Glenwood Drive) concerning the routing of Routes 31 and 32. Their request was to remove the bus from the extended portion of Vine Hill School Road.
- Staff conducted an assessment of the Vine Hill School Road area and routing options. Staff identified the Siltanen Park parking lot, with minor modifications, as a suitable alternative to the existing routing.
- Staff contacted the City of Scotts Valley and obtained permission from the City Council for a six (6) month trial.

III. DISCUSSION

Approximately eight (8) months ago residents on Vine Hill School Road near Glenwood Drive contacted Transit District staff concerning the routing of the Routes 31 and 32. They requested that the Transit District conduct a study of the Routes 31 and 32 with the desire of having the routing changed so that bus service would not travel on the extended portion of Vine Hill School Road.

Staff conducted an assessment of the area / bus routing options and determined that the parking lot for Siltanen Park would be appropriate for a bus turnaround with minor modifications. In addition there are no bus stops on Vine Hill School Road once the bus has passed Siltanen Park. Staff then contacted the City of Scotts Valley to determine the viability of the Siltanen Park parking lot as a bus turnaround. Staff met with the City Manager of Scotts Valley and determined that with minor modifications, the lot would be suitable. In November 2003, the

General Manager wrote to the City Manager of Scotts Valley formally requesting permission to use the Siltanen Park parking lot as a bus turnaround. On December 03, 2003, the Scotts Valley City Council approved the Transit District's use of the Siltanen Park parking lot for a six 6-month trial period.

District counsel has reviewed the proposed agreement submitted by the City of Scotts Valley concerning the use of the parking lot.

IV. FINANCIAL CONSIDERATIONS

Minor modifications to several parking positions, red curb placement and two (2) planters are needed. Funds for these modifications are available in the Facilities Maintenance budget and are not expected to exceed \$3,000.00.

V. ATTACHMENTS

Attachment A: Letter submitted to the City of Scotts Valley from Leslie R. White, General Manager

Attachment B: Proposed agreement between the Transit District and the City of Scotts Valley for the use of the Siltanen Park parking lot.

Attachment A
Santa Cruz Metropolitan
Transit District



November 10, 2003

Mr. Chuck Comstock
City Manager
City of Scotts Valley
One Civic Center Drive
Scotts Valley, CA 95066

Dear Mr. Comstock:

A handwritten signature in cursive script that reads "Chuck".

Thank you for taking the time to meet on October 31, 2003 concerning METRO's interest in using the Siltanen Park parking lot as a turnaround for bus routes 31 and 32. As we discussed, there is an interest in re-routing the bus routes 31 and 32 through the Siltanen Park parking lot instead of keeping the bus on the existing route traveling down Vine Hill School Road to Glenwood Drive.

METRO staff members completed a route review based on concerns expressed by residents on Vine Hill School Road. It was determined that as Vine Hill School Road narrows near the intersection of Glenwood Drive, there is potential conflict with oncoming traffic. In addition, the bus must make either a right or left hand turn, with limited visibility at a partial intersection, onto Glenwood Drive depending upon the area to be served.

With the above in mind, METRO would like to officially request that the City of Scotts Valley permit the use of the Siltanen Park parking lot as a turnaround for the routes 31 and 32. METRO recognizes that it will be necessary to provide funding to modify the parking lot, to accommodate the maneuvering required by the bus, and to mitigate the wear and tear that may occur. METRO Operations Manager Bryant Baehr will be available to confer with your staff to develop design specifications, and cost estimates that can be used to make the necessary improvements. I would hope that we would be able to find the funding necessary to construct the needed improvements in the Spring 2004.

Please advise me if the arrangements suggested in this letter are acceptable to the City of Scotts Valley. If so, I will request that METRO Counsel Margaret Gallagher contact your City Attorney to prepare the necessary documents for consideration by the respective legislative bodies.

Again, thank you for taking the time to discuss this issue. If you have any questions, please feel free to contact me directly at 831-426-6080.

Sincerely,

A handwritten signature in cursive script that reads "Leslie".

Leslie R. White
General Manager

cc: Margaret Gallagher, District Counsel
Mark Dorfman, Assistant General Manager
Bryant J. Baehr, Manager of Operations
David Konno, Manager of Facilities Maintenance

File
370 Encinal Street, Suite 100, Santa Cruz, CA 95060 (831) 426-6080 FAX (831) 426-6117
METRO OnLine at <http://www.scmtd.com>

Attachment **B**

LICENSE AND INDEMNIFICATION AGREEMENT (Siltanen Park Bus Turnaround)

The following definitions shall have the following meaning:

Owner: CITY OF SCOTTS VALLEY, a municipal corporation

Licensee: SANTA CRUZ METROPOLITAN TRANSIT DISTRICT,
a California regional transportation agency

Premises: Siltanen Park parking lot located at _____, in the
City of Scotts Valley, California

Purposes: Bus Turnaround

Term: _____ (6 months)

1. **GRANT OF LICENSE.** Owner hereby grants to Licensee for the Term a license to enter upon and use the Premises for the Purposes. Owner, for any reason whatsoever, shall be entitled to revoke the License even if the Term has not yet expired.

2. **IMPROVEMENTS AND MAINTENANCE.** Licensee shall make, at Licensee's sole cost and expense, all improvements to the Premises deemed necessary by Owner to accommodate the Purposes. During the Term, Licensor shall maintain the Premises in good working order and repair in a manner satisfactory to Owner.

3. **INDEMNIFICATION.** Licensee hereby agrees to pay all costs associated with the use of the Premises for the Purposes and to indemnify Owner for any and all costs or expenses incurred by Owner related thereto. Licensee further agrees to indemnify, defend and hold City and its elected and appointed representatives, officers, agents, and employees, harmless from any and all claims, causes of action, damages, costs and liabilities for any personal injury, death, or property damage which arises, directly or indirectly, from the conduct, use and/or existence of the Premises by Licensee for the Purposes. Licensee shall defend, with counsel reasonably satisfactory to Owner, and shall indemnify and hold harmless Owner and Owner's officers, agents, employees, successors, and assigns (for purposes of this paragraph Owner and Owner's officers, agents, employees, successors, and assigns are collectively referred to as "Owner") from and against any damages, losses, claims, liens, expenses, liabilities, injuries, and other expenses of any nature whatsoever, including reasonable attorney's fees and costs, Mating to or arising from Licensee's use of the Premises or from any activity, work or thing done, permitted or suffered by Licensee in or about the Premises, or arising or resulting from any breach or default by

Licensee of its obligations under this License Agreement. The covenants contained in this paragraph shall survive the expiration of earlier termination of this Agreement. Owner shall promptly provide notice of any claims filed and tender to Licensee such claims and Licensee shall provide for the defense as provided above upon such notification.

4. While PLIANCE use of the Premises, Licensee shall, at its sole expense, shall fully and faithfully comply with any and all applicable laws, rules, regulations and ordinances. During the Term. Licensee shall obtain and keep in full force and effect, at its sole expense, such policy or policies of insurance and in such amounts as may be required by Owner.

5. NOTICES. Any notices between Owner and Licensee required hereunder or by law shall be delivered by personal service, by mailing in the United States mail, certified mail, postage prepaid, return receipt requested, by facsimile, or by a reputable document delivery service that provides a receipt showing date and time of delivery. Notices shall be addressed to:

To Owner: City of Scotts Valley
One Civic Center Drive
Scotts Valley, CA 95066
Attn: City Manager

To Licensee: Santa Cruz Metropolitan Transit District
370 Encinal Street, suite 100
Santa Cruz, CA 95060

Notices personally delivered, delivered by facsimile or delivered by reputable document delivery service shall be deemed effective upon receipt. Mailed notices shall be deemed effective on the third business day following dispatch. Such notices shall be sent in the same manner to such other addresses as either party may from time to time designate in accordance with this section.

6. INTEGRATION AND AMENDMENT. This Agreement integrates all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof. Any waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the party to be charged, and all amendments and modifications hereto must be in writing and signed by the appropriate authorities of Owner and Licensee. This Agreement may only be amended in writing and signed by both parties.

10. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

11. **NON ASSIGNMENT.** The rights granted herein to Licensee are personal to Licensee and shall not be assigned by Licensee.

Date: _____, 2004

OWNER:

CITY OF **SCOTTS VALLEY**,
a municipal corporation

By: _____

Its: _____

Date: _____, 2004

LICENSEE:

SANTA CRUZ **METROPOLITAN** TRANSIT
DISTRICT
a California regional transportation agency

By: _____

Its: _____

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004
TO: Board of Directors
FROM: Leslie R. White, General Manager
SUBJECT: CONSIDERATION OF ACCEPTANCE OF THE IMPLEMENTATION STATUS REPORT FOR THE METRO ADVISORY COMMITTEE (MAC).

I. RECOMMENDED ACTION

That the Board of Directors accept the status report for the implementation of the Metro Advisory Committee (MAC).

II. SUMMARY OF ISSUES

- On December 19, 2003 the Board of Directors approved the creation and structure of the Metro Advisory Committee (MAC).
- As a result of the action taken by the Board of Directors the Bylaws for the MAC have been modified to reflect the Committee size and structure.
- Application forms were distributed to individuals who expressed an interest in having a member of the Board nominate them for membership on the MAC.
- Signs soliciting membership were placed in the buses in both English and Spanish, and members of both MUG and MASTF have received application information.
- METRO has received applications from thirteen (13) individuals who are interested in having a member of the Board nominate them for membership.
- Internally support staff assignments for the MAC are being made.
- The staff goal is to hold the initial meeting of the MAC in April.

III. DISCUSSION

For many years two citizen advisory committees served METRO. The Metro Accessible Transit Services Forum (MASTF) addressed issues of accessibility on the fixed route service, paratransit service, and facilities. The Metro Users Group focused on the overall service that was provided, the information distribution and marketing programs, and advised the Board on other matters that were referred to it for consideration.

On December 19, 2003, after a significant amount of discussion and multiple meetings, the Board approved the creation of a new Metro Advisory Committee (MAC) that would replace MUG. The Board approved the structure of the new committee and directed staff to prepare necessary modifications to the MAC Bylaws to reflect the decisions that were made with respect

to committee size and structure. The revised Bylaws that reflect the actions taken by the Board of Directors are attached to this Staff Report.

In the time that has passed since the Board took action with respect to the formation of MAC, a final application form (attached) has been developed and distributed. Information has been sent to former MUG members as well as MASTF members (attached). Additionally signs in both English and Spanish have been placed in the METRO Buses (attached) soliciting interest from individuals who might be want to have a member of the Board nominate them for membership in the new MAC. In response to the information that has been distributed METRO has received applications from thirteen (13) individuals who would like to have a Board Member nominate them for membership in MAC. A list of the individuals that applied for MAC nomination is attached to this Staff report. The attached list is provided for the convenience of the Members of the Board. Board members may select an individual from the attached list for nomination to MAC. However, Board Members may instead submit the name of any individual that they prefer for consideration by the full Board.

Staff recommends that the Board of Directors identify individuals that they would like to nominate for appointment to the MAC and transmit the names to Administrative Services Coordinator Dale Carr for inclusion in a Staff Report that will be presented for review on March 12, 2004. Staff members will then review the nominees to insure that four of the nominees are people with disabilities as required by the MAC Bylaws. It is recommended that final appointment actions be taken by the Board of Directors on March 26, 2004. It is anticipated that the first MAC Meeting will be held on April 21, 2004.

IV. FINANCIAL CONSIDERATIONS

Funds are available in the 2003/2004 METRO Operating Budget to support the activities of the Metro Advisory Committee.

V. ATTACHMENTS

- Attachment A:** Metro Advisory Committee Bylaws
- Attachment B:** Metro Advisory Committee Application Form
- Attachment C:** Letter Soliciting Interest in the Metro Advisory Committee
- Attachment D:** Metro Advisory Committee Bus Signs
- Attachment E:** Applicant List for Metro Advisory Committee

Drafted for 9/26/03
Revised for 10/24/03
Revised for 12/19/03
Amended/Adopted 12/19/03

DRAFT

BYLAWS FOR THE METRO ADVISORY COMMITTEE

Article I
GENERAL PROVISIONS

§1.1 Purpose

These Bylaws govern the proceedings of the METRO Advisory Committee (MAC), an advisory committee established by the Board of Directors of the Santa Cruz Metropolitan Transit District (METRO).

§1.2 Construction of Bylaws

As used in these Bylaws, “Committee” means the METRO Advisory Committee. These Bylaws shall govern the Committee’s proceedings to the extent they are not inconsistent with METRO Regulations or California or United States Statutes. These Bylaws become effective upon approval by the METRO Board of Directors

§1.3 Definitions

- a. As used in these Bylaws, “chair” means the chairperson of the Committee.
- b. As used in these Bylaws, “vice chair” means the vice chairperson of the Committee.
- c. As used in these Bylaws “staff” means staff members that are assigned to support the Committee by the METRO Secretary/General Manager.

Article II

DUTIES AND AUTHORITY

§2.1 Duties

It shall be the duty of the Committee to provide advice to the Board of Directors on matters of METRO policy and operations referred to the Committee by the Board or Secretary/General Manager and to perform such additional duties as assigned by the Board. The Committee may also address issues which members or the public raise with respect to the quantity and quality of services provided by METRO.

§2.2 Limitations on Authority

The sole jurisdiction and authority of the Committee is to serve in an advisory capacity to the Board of Directors. It shall not have any authority to take actions that bind METRO or the Board of Directors. Communications by the Committee shall be to and through the Board of Directors. No individual member of the Committee shall be entitled to compensation from METRO and any reimbursement for travel or other expenses shall receive specific prior authorization by the Board of Directors.

Article III MEMBERSHIP

§3.1 Membership

The Committee shall be composed of 11 members appointed by the Board of Directors as follows:

Each member of the METRO Board of Directors shall nominate 1 individual to serve as members of the METRO Advisory Committee. Appointments to the METRO Advisory Committee shall be made by the METRO Board of Directors.

All members shall be residents of the County of Santa Cruz. When making its appointments, the Board shall strive to balance the membership to reflect the ethnic, gender, and geographic diversity of the County. At least 4 of the individuals appointed to the Committee shall be persons with disabilities as evidenced by possession of a METRO Discount Photo Identification Card. No member of the Board of Directors or other elected public official shall be appointed to the Committee. No employee of METRO or any agency that provides funding to, or contracts with, METRO shall be appointed to the Committee. However, individuals that have been selected to participate on the ADA Appeals Panel or participate in the Bus Operator Sensitivity Training shall be exempt from the financial/contracting prohibition for Committee members outlined in this section.

§3.2 Members' Terms

The term of membership of each Committee member shall be two years, and members may be re-appointed for 2 successive terms for a total of 6 consecutive years. The term of each member shall commence on January 1.

§3.3 Absences

If a member is absent (without excuse) from four Committee meetings in any twelve-month period, the position shall automatically be declared vacant. The member of the Board of Directors that nominated such Committee member shall be notified of the vacancy so that they can nominate a successor to be appointed to fill the remainder of that Committee member's term.

§3.4 Vacancies

The member of the Board of Directors who nominated the original member shall nominate a replacement candidate to fill a position on the Committee that is declared vacant. The appointment of the replacement member shall be made by the Board of Directors.

Article IV OFFICERS

§4.1 Chair and Vice Chair

The Committee shall elect from its membership a chair and a vice chair at its first meeting of the calendar year, to serve for a one-year term. The chair shall preside at all meetings of the Committee and represent the Committee before the Board of Directors. The vice chair shall perform the duties of the chair when the chair is absent. In the event of a vacancy in the chair's position, the vice chair shall succeed as chair for the balance of the chair's term and the Committee shall elect a successor to fill the vacancy in the vice chair's position as provided below. In the event of a vacancy in the vice chair's position, the Committee shall elect a successor from its membership to fill the vice chair's position for the remainder of the vice chair's term.

§4.2 Staff Support

The Secretary/General Manager of METRO shall make arrangements to furnish clerical services to prepare and distribute the Committee's agendas, notices, minutes, correspondence and other materials. The METRO staff assigned to support the committee shall maintain a record of all proceedings of the Committee as required by law and shall perform other support duties to the committee as assigned by the Secretary/General

Manager. The minutes of each meeting, when approved by the Committee, shall be transmitted to the METRO Board of Directors.

Article V MEETINGS

§5.1 Regular Meetings

Regular meetings of the Committee shall be held on the third Wednesday of each month. Whenever a regular meeting falls on a holiday observed by METRO, the meeting shall be held on another day or canceled at the direction of the Committee. A rescheduled regular meeting shall be designated a regular meeting.

§5.2 Special Meetings

The Chair may call a special meeting. The meeting shall be called and noticed as provided in Section 5.3 below.

§5.3 Calling and Noticing of Meetings

All meetings shall be called, noticed and conducted in accordance with the applicable provisions of the Ralph M. Brown Act (commencing with Section 54950 of the Government Code). The Secretary/General Manager and METRO Counsel shall be given notice of all meetings.

§5.4 Quorum; Vote

The presence of 6 members shall constitute a quorum for the transaction of business. All official acts of the Committee shall require the affirmative vote of the majority of members present, providing that a quorum is maintained at all times.

§5.5 Thirty Minute Rule

If a quorum has not been established within thirty minutes of the noticed starting time for the meeting the meeting shall be cancelled.

§5.6 Matters Not Listed On the Agenda Requiring Committee Action

Except as provided below, a matter requiring Committee action shall be listed on the posted agenda before the Committee may act upon it. The Committee may take

action on items not appearing on the posted agenda under any of the following conditions:

a. Upon a determination by an affirmative vote of the Committee that an emergency exists, as defined in Section 54956.5 of the Government Code.

b. Upon a determination by a two-thirds vote of the Committee, or if less than two-thirds of the members are present, a unanimous vote of those members present, there is a need to take immediate action and the need to take action came to the attention of the Committee subsequent to the agenda being posted.

§5.7 Time Limits for Speakers

Each member of the public appearing at a Committee meeting shall be limited to three minutes in his or her presentation, unless the chairperson, at his or her discretion, permits further remarks to be made. Any person addressing the Committee may submit written statements, petitions or other documents to complement his or her presentation. Public presentations that have been scheduled prior to the meeting with the Committee Chair shall not be subject to the time limits contained in this section.

§5.8 Impertinence; Disturbance of Meeting

Any person making personal, impertinent or indecorous remarks while addressing the Committee may be barred by the chairperson from further appearance before the Committee at that meeting, unless permission to continue is granted by an affirmative vote of the Committee. The chairperson may order any person removed from the Committee meeting who causes a disturbance or interferes with the conduct of the meeting, and the chairperson may direct the meeting room cleared when deemed necessary to maintain order.

§5.9 Access to Public Records Distributed at Meeting

Writings which are public records and which are distributed during a Committee meeting shall be made available for public inspection at the meeting if prepared by the METRO staff or a member of the Committee, or after the meeting if prepared by some other person.

Article VI AGENDAS AND MEETING NOTICES

§6.1 Agenda Format

The agenda shall specify the starting time and location of the meeting and shall contain a brief general description of each item of business to be transacted or discussed at the meeting. The description shall be reasonably calculated to adequately inform the public of the subject matter of each agenda item. The agenda may include recommendations for Committee action as appropriate.

§6.2 Public Communications

Each agenda for a regular meeting shall provide an opportunity for members of the public to address the Committee on matters of interest to the public either before or during the Committee's consideration of the item, if it is listed on the agenda, or, if it is not listed on the agenda but is within the jurisdiction of the Committee, under the agenda item heading "Oral/Written Communications". The Committee shall not act upon an item that is not listed on the agenda except as provided under Section 5.8. Each notice for a special meeting shall provide an opportunity for members of the public to directly address the Committee concerning any item that has been described in the notice for the meeting before or during consideration of that item.

§6.3 Agenda Preparation

The METRO Staff assigned to the Committee shall prepare the agenda for each meeting in consultation with the chairperson. Material intended for placement on the agenda shall be delivered to the secretary on or before 12:00 Noon on the date established as the agenda deadline for the forthcoming meeting. The METRO Staff, in consultation with the chair, may withhold placement on the agenda of any matter that is not timely received, lacks sufficient information or is in need of staff review and report prior to Committee consideration.

§6.4 Agenda Posting and Delivery

The written agenda for each regular meeting and each meeting continued for more than five calendar days shall be posted by the METRO Staff at least 72 hours before the meeting is scheduled to begin. The written agenda for every special meeting shall be posted by the METRO Staff at least 24 hours before the special meeting is scheduled to begin. The agenda shall be posted in a location that is freely accessible to members of the public. The agenda together with supporting documents shall be transmitted to each

Committee member, the Secretary/General Manager and the METRO Counsel at least five days before each regular meeting and at least 24 hours before each special meeting.

§6.5 Meeting Notices

The METRO Staff shall transmit notices of every regular meeting at least one week prior to the date set for the meeting to each person who has filed a written request with METRO for such notice as provided in Section 54954.1 of the Government Code. The notice shall be mailed at least one week prior to the date set for the meeting. Notice of special meetings called less than seven days prior to the date set for the meeting shall be given as soon as is practical.

Article VII MISCELLANEOUS

§7.1 Adoption and Amendment of Bylaws

These Bylaws shall be effective upon approval by the METRO Board of Directors.

§7.2 Committee Process

The intent of the Committee shall be to provide consensus based advice and recommendations to the METRO Board of Directors.

Approved by Board of Directors: December 19, 2003.

**Application for Nomination for Appointment to
the Metro Advisory Committee (MAC)**

Name _____

Address (with zip code) _____

Day Time Phone _____

Email Address (to receive Agenda Packets) _____

Do You Ride METRO Fixed Route or ParaCruz service? _____

How Often Do You Use the METRO/ParaCruz Service? _____

What are Your Particular Transit Interests? _____

What Do You Think Are The Biggest Challenges For METRO? _____

What Do You Believe That You will Contribute the MAC and METRO if Appointed? _____

What Are The Interests and The Experiences That You Have That Would Make You An Effective Member of The MAC? _____

Please Outline Your Availability In Terms Of Meeting Times/Days and Total Time Per Month That You Could Devote To The Activities of the MAC. _____

**Are You Aware Of Any Conflicts of Interest That Would Prevent You From Serving On
The MAC If Appointed?** _____

Date of Application _____

Signature _____

Please return your completed application to:

SCMTD
Attn: Dale Carr
370 Encinal Street, Suite 100
Santa Cruz, CA 95060

January 16, 2004

SUBJECT: METRO ADVISORY COMMITTEE (MAC)

Dear METRO Advocate:

Attached is an application for the newly formed Metro Advisory Committee (MAC). This committee will provide advice to METRO's Board of Directors on matters of METRO policy and operations referred to the Committee by the Board or Secretary/General Manager and to perform such additional duties as assigned by the Board. The Committee may also address issues which members or the public raise with respect to the quantity and quality of services provided by METRO.

Each member of METRO's Board of Directors will appoint one member to the Metro Advisory Committee after reviewing the applications received. All appointees must be residents of the County of Santa Cruz and the term of membership shall be two years, with a possibility of reappointment for two successive terms. Terms shall commence on January 1. The position of any MAC member shall automatically be declared vacant if a member is absent from four Committee meetings in any twelve-month period.

MAC will meet on the third Wednesday of each month at a time after 5:00 p.m. to be determined by the Committee. The meeting place will also be determined by the Committee and will be in a central county location that is ADA accessible.

If you are interested in applying for membership on the Metro Advisory Committee, please return your completed application to the person listed on the application form.

Sincerely,

LESLIE R. WHITE
General Manager

METRO NEEDS YOU!!!

METRO IS FORMING A NEW CITIZENS ADVISORY COMMITTEE.

**AS A CONCERNED RIDER OF METRO YOU CAN LEND YOUR VOICE TO
ADVISING THE BOARD OF DIRECTORS.**

**TO APPLY FOR MEMBERSHIP IN THE NEW METRO ADVIORY
COMMITTEE (MAC) CALL 831-426-6080 OR EMAIL DCARR@SCMTD.COM
OR APPLY ONLINE AT www.scmtd.com/info/macapp.html**

APPOINTMENTS WILL BE MADE BY THE METRO BOARD IN MARCH.

MAC APPLICANTS

Max Boykoff- Santa Cruz

Connie Day-Freedom

Shelly Day-Freedom

Kanoa Dynek-Santa Cruz

Michael Edwards- Freedom

Naomi Gunther- Santa Cruz

Donald N. Hagen Jr. –Watsonville

B. Jefferson Le Blanc- Santa Cruz

R. Paul Marcelin-Sampson- Santa Cruz

Matthew Melzer –Santa Cruz

Mara Murphy-Scotts Valley

Dennis Papadopulo-Santa Cruz

Lesley Wright-Santa Cruz

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004
TO: Board of Directors
FROM: Frank L. Cheng, Project Manager
SUBJECT: CONSIDERATION OF ADOPTION OF POLICIES AND PROCEDURES FOR PROPERTY ACQUISITION AND RELOCATION

I. RECOMMENDED ACTION

That the Board of Directors adopt policies and procedures for property acquisition and relocation.

II. SUMMARY OF ISSUES

- METRO has never formally adopted procedures for property acquisition and relocation.
- Formal policies and procedures must be in place for the MetroBase property acquisition.
- METRO and the City of Santa Cruz Redevelopment Agency (RDA) have made arrangements for relocation assistance to be implemented using the services of Pacific Relocation Consultants (PRC) for the facilitation of payments.

III. DISCUSSION

The Santa Cruz Metropolitan Transit District does not currently have formally adopted Policies and Procedures for Property Acquisition. Formal policies are required for any legal action to proceed in the process of acquiring the property necessary for the MetroBase Project.

METRO and the City of Santa Cruz RDA have retained the services of Pacific Relocation Consultants, a qualified professional relocation firm, to facilitate the relocation component of the property acquisition. In addition to financial assistance, other assistance to owners and/or tenants involved would be referrals to suitable replacement locations and reestablishing business.

Each parcel of real property is different and therefore no single formula can be devised to appraise all properties. An appraiser will determine this value taking into consideration similar properties in the area, cost to replace or reproduce the improvements, equipment, and other structures, less any depreciation.

IV. FINANCIAL CONSIDERATIONS

Relocation Assistance incurs expense payments for the following:

- Actual Reasonable Moving and Related Expenses
- Reestablishment and Relocation Expenses
- Fix Payment in Lieu of a Payment for Actual Moving and Related Expenses

Funds necessary for relocation assistance are provided for in the MetroBase Project Budget.

V. ATTACHMENTS

Attachment A: Policies and Procedures for Property Acquisition

Attachment B: Summary of Relocation Assistance

POLICIES AND PROCEDURES
FOR
PROPERTY ACQUISITION

INTRODUCTION

This question and answer booklet intends to provide a nontechnical, understandable discussion of the Santa Cruz Metropolitan Transit District's ("District") property acquisition procedures and the principal rights and options available to you, the property owner. If the District decides to acquire your property, or a portion of your property, it must abide by these procedures to fulfill its obligations under State and Federal law.

PROPERTY ACQUISITION PROCEDURES

WHO MADE THE DECISION TO BUY A PORTION OF MY PROPERTY?

The decision to acquire a property, or portions of property, for a public project usually involves many persons and decisions. The final decision to proceed with the project is made by the District after a thorough review which often includes public hearings to obtain the views of interested citizens.

If you have any questions about the project or the selection of a portion of your property for acquisition, you should ask a representative of the District.

HOW WILL THE DISTRICT DETERMINE HOW MUCH TO OFFER ME FOR A PORTION OF MY PROPERTY?

Before making you an offer, the District will obtain at least one appraisal of the portion of your property by a competent real property appraiser who is familiar with local property values. The appraiser will inspect your property and state his professional opinion of its current fair market value in an appraisal report. After the appraiser has completed his work, a review appraiser may recheck the work to assure that the estimate is fair and the work conforms with professional appraisal standards.

The District is required to offer you "just compensation" for the portion of your property. This amount cannot be less than the fair market value of the portion of your property, as determined by the District on the basis of its appraisal(s).

CAN THE DISTRICT TAKE ONLY A PART OF MY PROPERTY?

Yes. But if the District acquires a portion of your property leaving you with an uneconomic remnant (a portion of land not capable of an economic development or use), the District will offer to acquire the uneconomic remnant if you so desire. Whether an uneconomic remnant remains after District acquisition will be determined by the District's appraiser and attorney as well as by negotiations with the property owner.

WHAT IS FAIR MARKET VALUE?

Fair market value is sometimes defined as that amount of money which would probably be paid for a property in a sale between a willing seller, who does not have to sell, and a willing buyer, who does not have to buy. The fair market value of a property is generally considered to be "just compensation." Fair market value does not take into account intangible elements such as sentimental value, goodwill, business profits, or any special value that your property may have for you or for the District.

HOW DOES AN APPRAISER DETERMINE THE FAIR MARKET VALUE OF THE PORTION OF MY PROPERTY?

Each parcel of real property is different and therefore no single formula can be devised to appraise all properties. Among the factors an appraiser typically considers in estimating the value of real property are:

- How it compares with similar properties in the area that have been sold recently.
- How much it would cost to replace or reproduce the improvements, equipment and other structures, less any depreciation.
- If only a portion of the property is being acquired, any diminution of value to the remainder of the property.

WILL I HAVE A CHANCE TO TALK TO THE APPRAISER?

Yes. You must be contacted and given the opportunity to accompany the appraiser on his inspection of your property. You may then inform the appraiser of any special features which you believe may add to the value of your property. It is in your best interest to provide the appraiser with all the useful information you can in order to insure that nothing of allowable value will be overlooked. If you are unable to meet with the appraiser, you may wish to have a person who is familiar with your property represent you.

HOW SOON WILL THE DISTRICT GIVE ME A WRITTEN PURCHASE OFFER?

Generally, this will depend on the amount of work required to appraise the portion of your property. In most cases, it is usually possible for the District to make a written purchase offer within 90 days of the date it first notifies the owner of its intent to appraise the portion of his property.

The District must give you a written offer to acquire a portion of your property for the full amount it determines to be just compensation, and it must do so promptly after it determines that amount. Along with the offer you are to receive a written statement explaining the basis for the District's determination of just compensation.

WHAT IS IN THE DISTRICT'S STATEMENT OF THE BASIS FOR ITS DETERMINATION OF JUST COMPENSATION?

The District's statement of the basis for its determination of just compensation must be provided to you with the written purchase offer. Among other things, this statement must include:

- A general statement of the District's proposed use for the property.
- An accurate description of the property to be acquired.
- A list of the improvements covered by the offer.
- The amount of the offer.
- An indication that the offer does not reflect any relocation payments or other relocation assistance which you may receive.

- The recognized definition of the term "fair market value".
- The amount considered to be just compensation for each improvement which is owned by a tenant and the basis for determining that amount.

MUST I ACCEPT THE DISTRICT'S OFFER?

No. You are entitled to present your evidence as to the amount you believe is the value of the portion of your property and to make suggestions for changing the terms and conditions of the offer. The District must make reasonable efforts to consider and respond to your evidence and suggestions. When fully justified by the available evidence of value, an adjustment in the offer price must be made.

MAY I HAVE SOMEONE REPRESENT ME DURING NEGOTIATIONS?

Yes. If you would like an attorney or anyone else to represent you during negotiations, please so inform the District in writing. However, state law does not require the District to pay the costs of any such representation.

IF I AGREE TO ACCEPT THE DISTRICT'S OFFER, HOW SOON WILL I BE PAID?

If you reach a voluntary agreement to sell a portion of your property and your ownership (title) is clear, payment will be made at a mutually acceptable time. Generally, this should be possible within 30 to 60 days after you sign a purchase contract. If the title evidence obtained by the District indicates that further action is necessary to show your ownership is clear, you may be able to hasten the payment by helping the District obtain the necessary proof. (Title evidence is basically a legal record of the ownership of the property. It identifies the owners of record and lists the restrictive deed covenants and recorded mortgages, liens, and other instruments affecting your ownership of the property.)

WHAT HAPPENS IF I DON'T AGREE TO THE FINAL PURCHASE OFFER BY THE DISTRICT?

If you are unable to reach a voluntary agreement through negotiations, the District may file a suit in court to acquire the portion of your property through an eminent domain proceeding. Eminent domain proceedings are often referred to as condemnations.

If the portion of your property is to be acquired by condemnation and you would like it done promptly, the District must file the condemnation suit without unreasonable delay. If the District decides to abandon its intention to acquire, it will immediately give such notice to the property owner.

WHAT HAPPENS AFTER THE DISTRICT CONDEMNS A PORTION OF MY PROPERTY?

You will be notified of the action. In the event the District requires possession of the portion of your property, prior to the completion of the condemnation action, the District will deposit with the court an amount not less than its appraisal of the fair market value of the portion of the property.

Ordinarily, the owner is then permitted to withdraw this amount, less any amounts necessary to pay off any mortgage or other liens on the property and to resolve any special ownership problems. Your early withdrawal of your share of the money will not affect your right to seek additional compensation for the portion of your property.

During the condemnation proceeding, you will be provided an opportunity to introduce your evidence as to the value of the portion of your property. Of course, the District will have the same right. After hearing the evidence of all parties the court will determine the amount of just compensation. If that amount exceeds the amount deposited by the District, you will be paid the difference, plus any interest that may be provided under state law.

To help you in presenting your case, in a condemnation proceeding, you may wish to consider employing an attorney and an appraiser. However, the costs of these professional services and other costs which an owner incurs in presenting his case to the court must be paid by him.

WHAT CAN I DO IF I AM NOT SATISFIED WITH THE COURT'S DETERMINATION?

If you are not satisfied with the court judgement, you may file an appeal with the appropriate appellate court for the area in which your property is located. The District may also file an appeal if it believes the amount of the judgement is too high.

WILL I HAVE TO PAY ANY SETTLEMENT COSTS?

You may be responsible for the payment of a portion or all of the balance on any mortgage on your property. Also, if your ownership is not clear, you may have to pay the cost of clearing it. But the District will not charge you any sales commission. And the District is responsible for all reasonable and necessary costs for:

- Typical services required to complete the sale, including recording fees, revenue stamps, transfer taxes and any similar expenses which are incidental to transferring ownership to the District.
- Penalty costs and other charges necessary to permit prepayment of a mortgage on the property which was entered into in good faith.
- Real property taxes for the portion of the property acquired in fee, covering the period after the District acquires the property.

The District will identify these items in a Settlement Cost Statement to be given to you at the time of settlement or soon after the court award of compensation, if the property is acquired by condemnation. Ordinarily, if you have paid any of these expenses yourself, you will be repaid at that time. If you later discover other costs for which you should be repaid, you should request repayment from the District within six months after the acquisition. The District will assist you in filing a claim for these costs.

MAY I KEEP ANY OF THE BUILDINGS OR OTHER IMPROVEMENTS ON THE PORTION OF MY PROPERTY?

Very often, many or all of the improvements on a property are not required by the District. This might include such items as fencing, your favorite shrubbery, or any other improvements being acquired. If you wish to keep any improvements, please let the District know as soon as possible. If you do arrange to keep any improvements, the District will deduct only its salvage value from the price you would otherwise receive. (The salvage value of an item is its probable selling price if offered for sale on the condition that the buyer will remove it at his own expense.)

HOW SOON MUST I VACATE THE PORTION OF MY PROPERTY?

Every reasonable effort will be made to give you ample time to relocate after the acquisition of the portion of your property. In most cases, a mutually satisfactory arrangement can be worked out. Also, except in an unusual instance where there is an urgent need for a portion of your property, you cannot be required to move from your residence or to move your business or farm operation without at least 90 days' advance written notice of the date by which your move is required.

If you reach a voluntary agreement to sell your the needed portion of your property, you cannot be required to move before you receive the agreed purchase price. In the case of a condemnation, you cannot be required to move before the estimated fair market value of the required portion of your property has been deposited with the court so that you can withdraw your share.

Construction or development of the projects shall be scheduled such that no person lawfully occupying real property shall be required to move from a dwelling (assuming a comparable replacement dwelling will be available) or to move his business without at least 90 days written notice from the date by which the move is required.

WILL I BE COMPENSATED FOR THE LOSS OF GOODWILL FOR MY BUSINESS?

If the owner of real property is also the owner of a business conducted on the real property to be acquired, he may have a right to compensation for loss of goodwill. A copy of the pertinent provisions of the California Code of Civil Procedure addressing compensation for "loss of goodwill" is attached.

IS IT POSSIBLE TO DONATE PROPERTY TO THE PUBLIC DISTRICT?

Yes. However, prior to accepting any donation of real property, the District must inform the owner in writing of the amount it believes to be just compensation for the property. The property owner must indicate in writing that, although he understands that he cannot be required to sell his property for less than just compensation, he voluntarily agrees to do so.

CODE OF CIVIL PROCEDURE
ARTICLE 6 (SECTIONS 1263.510 - 1263.530)
COMPENSATION FOR LOSS OF GOODWILL

Compiled from: West's Annotated California Codes

H. [Sec. 1212] Compensation for Loss of Goodwill

Notwithstanding any other provisions of Section 1200 to the contrary, the procedure for determining and offering compensation for loss of goodwill in connection with the District's acquisition of any property shall be governed by this Section 1212.

1. [Sec. 1213] Compensation Generally

With respect to the owner of a business conducted on property acquired by the District, or on the remainder if such property is part of a larger parcel, the amount of just compensation to be paid by the District may include consideration of loss of goodwill, to the extent required by law and these Rules and Regulations.

Within the meaning of this Section 1212, "goodwill" consists of the benefits that accrue to a business as a result of its location, reputation for dependability, skill or quality, and any other circumstances resulting to a probable retention of old or acquisition of new patronage.

In order to be entitled to compensation for loss of goodwill such owner of a business shall first have proved all of the following:

- a. The loss is caused by the acquisition of the property or the injury to the remainder;
- b. The loss cannot reasonably be prevented by a relocation of the business or by taking steps and adopting procedures that a reasonably prudent person would take and adopt in preserving the goodwill;
- c. Compensation for the loss will not be included in payments under Section 700 of these Rules and Regulations;
- d. Compensation for the loss will not be duplicated in the compensation otherwise paid to the owner.

Summary of Relocation Assistance

Santa Cruz Metropolitan Transit District

INFORMATIONAL STATEMENT FOR BUSINESSES, NONPROFIT ORGANIZATIONS AND FARMS

Introduction

The property on which you now conduct your business is in an area to be improved with the assistance of the Santa Cruz Metropolitan Transit District (the "District"). The District's plans require the acquisition of several land parcels and the relocation of existing commercial uses. You will be notified in a timely manner as to the date by which you must move.

Please read this information, as it will be helpful to you in determining your eligibility and the amount of your relocation benefits under the federal and/or state law. We suggest you save this informational statement for reference.

This is not a notice to move. It is important that you do not move before you learn what you must do to receive relocation payments and other assistance to which you may be entitled. The District has retained the services of Pacific Relocation Consultants (PRC), a qualified professional relocation firm, to assist you. The firm is available to explain the program and benefits. Their address and telephone number is:

Pacific Relocation Consultants
100 West Broadway, Suite 300
Long Beach, California 90802
Telephone: (800) 400-7356

Spanish speaking representatives are available. **Si necesita esta información en Español, por favor llame a su representante.**

Summary of Relocation Assistance

As an eligible displaced person, you will be offered appropriate financial and advisory assistance to help you relocate, including:

- A. Payment for your moving expenses. You will receive either:
 - A Payment for Actual Reasonable Moving and Related Expenses, or
 - A Fixed Payment In Lieu of a Payment for Actual Moving and Related Expenses
- B. Referrals to suitable replacement locations.
- C. Other help to reestablish your business and minimize the impact of the move including help in preparing claim forms to request relocation payments.

If you disagree with the District's decision as to your right to a relocation payment, or the amount of the payment, you may appeal that decision.

SOME GENERAL QUESTIONS

How will I know I am eligible for relocation assistance?

You should receive a written notice explaining that you are eligible for relocation assistance. Ordinarily, eligibility begins on the date the owner of the property receives the District's initial written offer to purchase it. Therefore, you should not move before that date. If you do, you may not be eligible for relocation assistance.

How Will the District Know How Much Help I Need?

You will be contacted at an early date and personally interviewed by a representative of the District to determine your needs and preferences for a replacement location and other services. The interviewer will ask questions about such matters as your space requirements. It is to your advantage to provide the information so that the District can assist you in moving with a minimum of hardship. The information you give will be kept in confidence.

How Soon Will I Have to Move?

Every reasonable effort will be made to provide you with sufficient time to find and reestablish your business in a suitable replacement location. If possible, a mutually agreeable date for the move will be worked out. Unless there is an urgent need for the property (e.g., your occupancy would present a health or safety emergency), you will not be required to move without at least 90 days advance written notice. It is important, however, that you keep in close contact with the District so that you are aware of the time schedule for carrying out the project and the approximate date by which you will have to move.

I Own The Property, Will I Be Paid For It Before I Have To Move?

If you reach a voluntary agreement to sell your property to the District, you will not be required to move before you receive the agreed purchase price. If the property is acquired through an eminent domain proceeding, you cannot be required to move before the estimated fair market value of the property has been deposited with the court. (You should be able to withdraw this amount immediately, less any amounts necessary to pay off any mortgage or other liens on the property and to resolve any special ownership problems. Withdrawal of your share of the money will not affect your right to seek additional compensation for your property).

Will I Have To Pay Rent To The District Before I Move?

You may be required to pay a fair rent to the District for the period between the acquisition of your property and the date that you move. The rent will not exceed that charged for the use of similar properties in similar areas, however, rent is generally the same as in the prior arrangement.

How Will I Find A Replacement Location?

The District will provide you with current and continuing information on available replacement locations that meet your needs. The District may also provide you with the names of real estate agents and brokers who can assist you in finding the type of replacement location you need. While the District will assist you in obtaining a suitable replacement location, you should take an active role in finding and relocating to a location of your choice. No one knows your needs better than you. You will want a facility that provides sufficient space for your planned activities. You will also want to assure that there are no zoning or other requirements which will unduly restrict your planned operations. Ask the District to explain which kind of moving costs are eligible for repayment and which are not eligible. That will enable you to carry out your move in the most advantageous manner.

What Other Assistance Will be Available To Help Me?

In addition to help in finding a suitable replacement location, other assistance, as necessary, will be provided by the District. This includes information on Federal, State, and local programs that may be of help in reestablishing a business. For example, the Small Business Administration (SBA) provides managerial and technical assistance to some businesses. There may also be a government grant or loan program which can help you reestablish your business. The District will assist you in applying for help available from government agencies. The range of services

depends on the needs of the business being displaced. You should ask the District representative to tell you about the specific services that will be available to you.

I Have A Replacement Location And Want To Move. What Should I Do?

Before you make any arrangements to move, notify the District, in writing, of your intention to move. This should be done at least 30 days before the date you begin your move. The District will discuss the move with you and advise you of the relocation payment(s) for which you may be eligible, the requirements to be met, and how to obtain a payment.

I Plan To Discontinue My Business Rather Than Move. What Should I Do?

If you have decided to discontinue your business rather than reestablish, you may still be eligible to receive a payment. Contact the District and discuss your decision to discontinue your business. You will be informed of the payment, if any, for which you may be eligible, the requirements to be met, and how to obtain your payment.

What Payment For Moving Expenses will I receive?

Every business is entitled to a relocation payment to cover the reasonable cost of moving. You may choose either:

- A. A **Payment For Actual Reasonable Moving and Related Expenses**, or
- B. A **Fixed Payment In Lieu of Moving and Related Expenses** (if you meet the eligibility requirements).

What is Payment For Actual Reasonable Moving And Related Expenses?

If you choose a Payment For Actual Reasonable Moving And Related Expenses, you may claim the cost of:

- A. Transportation of personal property from your present location to the replacement location. (Generally, transportation costs are limited to a distance of 50 miles. If you plan to move beyond 50 miles, discuss your planned move with the District.)
- B. Packing, crating, uncrating, and unpacking personal property.
- C. Disconnecting, dismantling, removing, reassembling, and installing relocated and substitute machinery, equipment and other personal property. This includes connection to utilities available nearby and modifications necessary to adapt such property to the replacement structure or to the utilities or to adapt the utilities to the personal property. This includes alterations to the replacement structure required to reinstall machinery, equipment or other personal property
- D. Storage of personal property for a reasonable period of time, if required.
- E. Insurance of personal property in connection with the move and required storage. And the replacement value of property lost, stolen, or damaged in the process of moving where insurance is not readily available.
- F. Any license, permit or certification required by the displaced business, to the extent that the cost is (1) necessary to its reestablishment at the replacement location and (2) does not exceed the cost for the remaining useful life of the existing license, permit, or certification.
- G. Reasonable and preauthorized professional services, including architect's, attorney's, and engineer's fees, and consultant's charges, necessary for (1) planning the move of the personal property, (2) moving the personal property, or (3) installing the relocated personal property at the replacement location.
- H. Relettering signs, printing replacement stationery made obsolete by the move and customer notifications.
- I. The reasonable cost incurred in attempting to sell an item that is not relocated.
- J. Actual direct loss of personal property. This payment provides compensation for property that is neither moved nor promptly replaced with a "substitute item" at the replacement location. Payment is limited to the lesser of: (1)

the estimated cost of moving the property or (2) the fair market value of the property for its continued use at the old location, less any proceeds from its sale. To be eligible, you must make a good faith effort to sell the property, unless the District determines that such effort is not necessary.

- K. Purchase and installation of substitute personal property. Payment will be limited to the lesser of: (1) the estimated cost to move the item to the replacement location, or (2) the actual cost of the substitute item delivered and installed at the replacement location, less any proceeds from its sale or its trade-in value. It is important to discuss your plans with the District before you proceed.
- L. Searching for a replacement location. This payment may not exceed \$1,000.00 and may cover costs for:
- Transportation expenses
 - Time spent searching for a replacement location, based on a reasonable salary or earnings
 - Reasonable fees paid to real estate agents or brokers to find a replacement location (not fees related to the purchase of a site)
 - Meals and lodging away from home

The District representative will explain all eligible moving costs, as well as, those which are not eligible. You must be able to account for all costs that you incur; so keep all your receipts. The District will inform you of the documentation needed to support your claim.

You may minimize the amount of documentation needed to support your claim, if you elect to "self-move" your property. Payment for self-move is based on the amount of an acceptable low bid or estimate obtained by the District. If you self-move, you may move your personal property using your own employees and equipment or a commercial mover. If you and the District cannot agree on an acceptable amount to cover the cost of the "self-move," you will have to submit full documentation in support of your claim.

You may elect to pay your moving costs yourself and be repaid by the District or, if you prefer, you may have the District pay the mover. In either case, let the District know before you move. Select your mover with care. The District representative can help you select a reliable and reputable mover.

When a payment for "actual direct loss of personal property" or "substitute personal property" is made for an item, the estimated cost of moving the item may be based on the lowest acceptable bid or estimate obtained by the District. If not sold or traded-in, the item must remain at the old location and ownership of the item must be transferred to the District before you may receive the payment.

What are Reestablishment Expenses?

As part of Payment For Actual Reasonable Moving And Related Expenses, a small business, farm or non-profit organization may be eligible to receive a payment of up to \$10,000 for expenses actually incurred in relocating and reestablishing such operation at a replacement site.

Eligible expenses must be reasonable and necessary, as determined by the District. They may include but are not limited to the following:

- A. Repairs or improvements to the replacement real property as required by federal, state or local law, code or ordinance.
- B. Modifications to the replacement property to accommodate the business operation or make replacement structures suitable for conducting the business.
- C. Construction and Installation costs for exterior signage to advertise the business.
- D. Provision of utilities from right-of-way to improvements on the replacement site.
- E. Redecoration or replacement of soiled or worn surfaces at the replacement site, such as paint, paneling or carpeting.

- F. Licenses, fees, and permits where not paid as part of moving expenses.
- G. Feasibility surveys, soil testing and marketing studies.
- H. Advertising of replacement location.
- I. Professional services in connection with the purchase or lease of a replacement site.
- J. Estimated increased costs of operation during the first 2 years at the replacement site, for such items as:
 - 1. Lease or rental changes
 - 2. Personal or real property taxes
 - 3. Insurance premiums, and
 - 4. Utility charges(excluding Impact fees)
- K. Impact fees or one-time assessments for anticipated heavy utility usage.
- L. Other items that the District considers essential to the reestablishment of the business.

What Expenses Are Ineligible for Reestablishment Payment?

The following is a non-exclusive listing of reestablishment expenditures not considered to be reasonable, necessary or otherwise eligible:

- A. Purchase of capital assets, such as, office furniture, filing cabinets, machinery or trade fixtures.
- B. Purchase of manufacturing materials, production supplies, product inventory, or other items used in the normal course of the business operation.
- C. Interior or exterior refurbishments at the replacement except as otherwise provided for under the business reestablishment payment.
- D. Interest costs associated with any relocation expense or the purchase of replacement property.
- E. Payment to a part-time business in the home which does not contribute materially to the household income.

What is Fixed Payment In Lieu Of A Payment For Actual Reasonable Moving And Related Expenses?

A Fixed Payment In Lieu Of A Payment For Actual Reasonable Moving And Related Expenses to a business or farm operation is based on the average annual net earnings of the business or farm operation. The payment to an eligible business or farm operation may not be less than \$1,000.00, nor more than \$20,000.00. The nonprofit organization may be eligible for a payment from \$1,000.00 to \$20,000.00 subject to the following:

A displaced nonprofit organization may choose a fixed payment as stated above if the District determines that it cannot be relocated without a substantial loss of existing patronage (membership or clientele.) A nonprofit organization is assumed to meet this test, unless the District demonstrates otherwise. Any payment in excess of \$1,000.00, must be supported with financial statements for the two 12 month periods prior to displacement. The amount to be used for the payment is the average of the last two (2) years annual net earnings. Documentation required may be income tax returns, certified financial statements and accounting records or other similar evidence acceptable to the District. To qualify for an In-Lieu payment:

- A. A displaced **business**:
 - 1. must own or rent personal property which must be moved in connection with the displacement and for which an expense would be incurred in such move, and the business vacates or relocates from its displacement site.

2. must be unable to relocate without a substantial loss of existing patronage.
 3. must not be part of a commercial enterprise having more than one other entity which is not being acquired by the District, and which are under the same ownership and engaged in the same or similar business activities.
 4. must not be operated at a displacement dwelling solely for the purpose of renting such dwelling to others.
 5. must not be operated at the displacement site solely for the purpose of renting the site to others.
 6. must have contributed materially to the income of the displaced person during the two (2) taxable years prior to displacement.
- B. A displaced **nonprofit organization** (1) must be unable to relocate without a substantial loss of its existing patronage, and (2) must not be part of an enterprise having another establishment which is not being acquired by the District.
- C. A displaced **farm operation** must meet certain minimum income requirements.

The average annual net earnings of a business farm operation are one-half of its net earnings before Federal, State, or local income taxes during the two (2) taxable years immediately prior to the taxable year in which it was displaced. If not in business for a full two years prior to displacement, the net earnings shall be based on the actual period of operation at the acquired site projected to an annual rate. Average net earnings may be based on a different period of time when the District determines it to be more equitable. Net earnings include any compensation paid to the owners of the business, a spouse or dependents. The displaced person shall furnish the District proof of net earnings through income tax returns, certified financial statements, or other reasonable evidence which the District determines is satisfactory.

The District will inform you as to your eligibility for this payment and the documentation you must submit to support your claim. Remember, when you elect to take this payment you are not entitled to reimbursement for any other (actual) moving expenses.

I Own An Outdoor Advertising Display. What Relocation Payment Will I Receive?

As the owner of an outdoor advertising display, you are eligible for a Relocation Payment For Actual Reasonable Moving And Related Expenses. You are not eligible to receive a Payment In Lieu Of A Payment For Actual Reasonable Moving And Related Expenses.

If you choose not to relocate or replace the sign, the payment for "direct loss of personal property" would be the lesser of: (1) the depreciated reproduction cost of the sign, as estimated by the District, less the proceeds from its sale, or (2) the estimated cost of moving the sign without temporary storage. The District will inform you as to the exact costs that may be reimbursed.

How do I File A Claim For A Relocation Payment?

You must file a claim for a relocation payment. The District will provide you with the required claim forms, assist you in completing them, and explain the type of documentation that you must submit in order to receive your relocation payments. If you must pay any relocation expenses before you move (e.g., because you must provide security deposit if you lease your new location), discuss your financial needs with the District. You may be able to obtain an advance payment. An advance payment may be placed in "escrow" to ensure that the move will be completed on a timely basis.

If you are a tenant, you must file your claim within 18 months after the date you move. If you own the property, you must file within 18 months after the date you move, or the date you receive the final acquisition payment, whichever is later. However, it is to your advantage to file as soon as possible after you move. The sooner you submit your claim,

the sooner it can be processed and paid. If you are unable to file your claim within 18 months, the District may extend this period.

You will be paid promptly after you file an acceptable claim. If there is any question regarding your right to a relocation payment or the amount of the payment, you will be notified, in writing, of the problem and the action you may take to resolve the matter.

Appeals

If you disagree with the District's decision as to your right to a relocation payment or the amount of payment, you may appeal the decision to the District. The District will inform you of its appeal procedures. At a minimum, you will have 18 months to file your appeal with the District. Your appeal must be in writing. However, if you need help, the District will assist you in preparing your appeal. If you are not satisfied with the final appeal decision, you may seek review of the matter by the courts.

Tax Status of Relocation Benefits

Relocation benefit payments are not considered as income for the purpose of the Internal Revenue Code of 1986 or the Personal Income Tax Law, Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code, or the Bank and Corporation Tax law, Part 11(commencing with Section 23001) of Division 2 of the Revenue and Taxation Code.

Lawful Presence Requirement

Pursuant to the Public Law 105-117 of 11-21-97, in order to be eligible to receive non-residential relocation benefits in federally-funded relocation projects, the owner of a sole proprietorship and all owners of a partnership must provide information regarding their lawful presence in the United States, and a for-profit or a non-profit corporation must certify that it is authorized to conduct business in the United States. Sole proprietorships or partnerships with owners who are not lawfully present in the United States or who decline to provide this information, may be denied relocation benefits. Relocation benefits will be prorated to reflect the number of owners with certified lawful presence in the US.

Additional Information

If you have further questions after reading this brochure, contact the District or Pacific Relocation Consultants and discuss your concerns with your relocation representative. You may wish to read the California Relocation Assistance Act regulations which describes the relocation process in more detail.

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SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004

TO: Board of Directors

FROM: Steve Paulson, Paratransit Administrator

SUBJECT: CONSIDERATION OF SOLE SOURCE PROCUREMENT OF TRAPEZE PASS SCHEDULING SOFTWARE, ASSOCIATED SUPPORT EQUIPMENT AND TRAINING

I. RECOMMENDED ACTION

Staff recommends that the General Manager be authorized to purchase Trapeze PASS scheduling software, associated support equipment, implementation services and training from Trapeze Software Group, Incorporated at a cost of \$81,990. Staff also recommends that the General Manager be authorized to purchase an additional seven (7) licenses as needed at a cost of \$3,500 per concurrent user license.

II. SUMMARY OF ISSUES

- Community Bridges, the Transit District's ADA Paratransit contractor, currently uses Trapeze PASS for trip reservations, scheduling, and dispatch functions.
- Community Bridges owns the current database, but the District owns the ADA paratransit ridership data within it.
- The District has reserved the right, under the current contract, to access the Contractor's Trapeze PASS system at any time.
- To improve the ability of staff to monitor and analyze the functions of the Transit District's ParaCruz contractor, there is a need to purchase Trapeze PASS Software.

III. DISCUSSION

Since 1998, the Transit District's ADA Paratransit contractor (Community Bridges) has used the Trapeze PASS (Paratransit Automated Scheduling Software) solution for client information, trip reservations, schedule production and dispatching.

Trapeze PASS is a comprehensive scheduling and dispatching application, with the ability to optimize vehicle use and passenger scheduling efficiency.

The actual cost of providing ADA paratransit service is directly related to ride productivity (passengers per vehicle hour). For staff to verify that schedules are generated for optimum productivity, there is a need for real-time access to scheduling information. To achieve that

access and to verify productivity, METRO must purchase the Trapeze PASS, related equipment and training.

Costs

Item	Costs	
Trapeze PASS “Base station” license		\$30,000
Concurrent User License	1 user	\$3,500
Implementation (Set-up – Training – “Go Live” and off site Support)		\$44,100
Expenses – Air fare, transportation, accommodations		\$7,490
Servers and associated hardware		\$8,500
Less incentive if purchased by 3/31/04		(\$11,600)
Total		\$81,990*

* This total does not include any applicable taxes

IV. FINANCIAL CONSIDERATIONS

The Assistant General Manager has identified one-time funds that are available for this procurement. Initial cost is \$81,990, assuming no change in the current contract. Should the Board choose a different service delivery option, the only cost increase is for additional concurrent user licenses, at \$3,500 each.

V. ATTACHMENTS

Attachment A: Justification for Sole Source Procurement

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

M E M O R A N D U M

Date: February 18, 2004
To: Purchase Order File
From: Lloyd Longnecker, District Buyer
Subject: Sole Source Justification

According to the requirements of FTA Circular C 4220.1E;

Item 9: Methods of Procurement;

Section h: Procurement by Noncompetitive Proposals (Sole Source),

(1) Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids, or competitive proposals and at least one of the following circumstances applies:

(a) The item is available only from a single source;

The following sole source justification is provided for the procurement of Trapeze PASS Scheduling software, associated support equipment and training.

The sole source justification for not contacting any other vendor is that Trapeze Software Group, Inc. is the owner and creator of the software system and does not sell through distributors. The District will purchase a license from Trapeze Software Group, Inc. to use their software in its daily operation. As the owner and creator of the programming codes for the software system, Trapeze Software Group, Inc. is the sole source for this procurement.

Trapeze Software Group, Inc. was also contacted and requested to provide copies of quotations to other transit agencies with similar requirements to insure that the District was not being overcharged. The information provided shows that the District will not be charged rates higher than those offered previously to other transit agencies.

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: February 27, 2004
TO: Board of Directors
FROM: Tom Stickel, Manager of Fleet Maintenance
SUBJECT: CONSIDER RANKING OF CONSTRUCTION MANAGEMENT PROPOSALS FOR THE METRO BASE PROJECT

I. RECOMMENDED ACTION

District staff is recommending that the Board of Directors approve the ranking order for construction management services for the MetroBase project.

II. SUMMARY OF ISSUES

- A competitive procurement was conducted to solicit proposals from qualified construction management firms.
- Seven firms submitted proposals for the District's review.
- A five-member evaluation committee comprised of District staff reviewed and evaluated the proposals according to the evaluation criteria contained in the request for proposals.
- Based on the evaluation scoring, the top three firms were interviewed.
- A six member evaluation committee conducted the interviews of the top 3 firms.
- Following the interviews, the three firms were given a ranking. The evaluation committee is recommending that the Board approve the rankings.

III. DISCUSSION

The District requires the services of a construction manager for the management of the construction, commissioning and move-in of the new facility and improvements to the District's multi-phased MetroBase project. Activities will include pre-construction project management; construction management; quality control inspection; testing coordination; and administration of the construction contract including management of the project schedule, change orders and similar project requirements. Under the direction of the District, the construction manager shall also act as the District's representative with regulatory agencies during the pre-construction project phase, to the successful General Contractor, and to the project architect throughout all phases of project design and construction.

On November 12, 2003 District Request for Proposal No. 03-04, was mailed to over fifty firms and was legally advertised. On December 22, 2003, proposals were received and opened from

seven firms. Attachment A provides a list and ranking of these seven firms. A six-member evaluation committee comprised of: Leslie White, General Manager; Mark Dorfman, Assistant General Manager; Bob Scott, retired construction manager; Chuck Boxwell, RNL Design; and Chris Schneider, Assistant Public Works Director of City of Santa Cruz have reviewed and evaluated the proposals.

The evaluation committee used the following criteria as contained in the Request for Proposals:

Criteria	Priority
Project approach, work program and quality assurance program	1
Demonstrated understanding of project requirements and potential problem areas	2
Contractor's qualifications and recent experience in transportation engineering and construction management	3
Quality of relevant experience of contractor's key staff including project manager and assigned staff	4
Overall quality and responsiveness/completeness of submittal	5

Based on the above criteria, the selection committee invited the top three ranked firms for interviews by the evaluation committee which was comprised of Leslie White, General Manager; Mark Dorfman, Assistant General Manager; Frank Cheng, Project manager; Lloyd Longnecker, District Buyer; Chuck Boxwell, RNL Design; and Chris Schneider, Assistant Public Works Director of City of Santa Cruz. On February 12, 2004, interviews were conducted with these three firms. Following the completion of the interviews, the evaluation committee ranked the firms as shown in Attachment A.

The Federal Transit Administration (FTA) procedure for RFP's require that the Board approve the rankings of the firms and to authorize District staff to enter into negotiations with the first firm on the ranking list. Should a successful negotiation occur, a contract would be brought back to the Board of Directors. If it were not possible to come to an agreement, District staff would be authorized to move to the second vendor on the list and repeat the process, or to come before the Board of Directors and request authorization to discard all proposals and to start the process again.

District Staff is recommending approval of the attached rankings.

IV. FINANCIAL CONSIDERATIONS

There is no financial impact at this point in the process. When the final contract is negotiated, a cost for the work will be determined.

V. ATTACHMENTS

Attachment A: Ranking of the Firms

ATTACHMENT A

RANKING OF CONSTRUCTION MANAGEMENT FIRMS DISTRICT RFP NO. 03-04

1. Harris and Associates, Seaside, California
2. RBF Consulting, Walnut Creek, California
3. Strategic Construction Management LLC, Santa Cruz, California
4. Bovis Lend Lease, San Francisco, California
5. BMR Construction Management, Carmel, California
6. Tri-Buettner LLC, Scotts Valley, California
7. Buettner Inc., Scotts Valley, California