



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)
BOARD OF DIRECTORS AGENDA
REGULAR MEETING
JANUARY 23, 2026 – 9:00 AM
HYBRID MEETING**

Members of the public may attend in-person or participate remotely via Zoom.

**Scotts Valley Council Chambers
1 Civic Center Drive
Scotts Valley, CA**

**Zoom [Link](#)
Dial In: 1-669-900-6833
Meeting ID: 859 0554 4143**

The Board of Directors Meeting agenda packet can be found online at www.scmetro.org and is available for inspection at Santa Cruz METRO's Administrative Office at 110 Vernon Street, Santa Cruz, CA.

Public comment may be submitted via email to boardinquiries@scmttd.com. Please indicate in your email the agenda item to which your comment applies. Comments submitted before the meeting will be provided to the Directors before or during the meeting. Comments submitted after the meeting is called to order will be included in the Board's correspondence that is posted online at the Board meeting packet link. Oral public comments will also be accepted during the meeting through Zoom. Each public comment is limited to three minutes or less. Board and Committee Chairs have the discretion to manage the public comment process in a manner that achieves the purpose of public communication and assures orderly conduct of the meeting.

The Board may take action on each item on the agenda. The action may consist of the recommended action, a related action or no action. Staff recommendations are subject to action and/or change by the Board of Directors.

BOARD ROSTER

Director Rebecca Downing	County of Santa Cruz
Director Jimmy Dutra*	City of Watsonville
Director Shebreh Kalantari-Johnson	City of Santa Cruz
Director Manu Koenig**	County of Santa Cruz
Director Fabian Leonor	County of Santa Cruz
Director Donna Lind	City of Scotts Valley
Vacant	County of Santa Cruz
Director Monica Martinez	County of Santa Cruz
Director Scott Newsome	City of Santa Cruz
Director Melinda Orbach	City of Capitola
Director Maria Orozco***	City of Watsonville
Ex-Officio Director Alma Márquez	Cabrillo College
Ex-Officio Director Edward Reiskin	UC Santa Cruz

*275 Main Street, 4th Floor, Watsonville, CA

**5 Kuhio Hwy #5363A, Hanalei, HI

***275 Main Street, 4th Floor, Watsonville, CA

Corey Aldridge
Julie Sherman

METRO CEO/General Manager
METRO General Counsel

SECTION I: OPEN SESSION

NOTE: THE BOARD CHAIR MAY TAKE ITEMS OUT OF ORDER

1 CALL TO ORDER

2 SAFETY DEBRIEF

Gregory Strecker, Safety, Security and Risk Management Director

3 ACKNOWLEDGE APPOINTMENT OF DIRECTORS

Board Chair Downing

4 ROLL CALL

Board members may participate remotely due to “just cause” circumstances.

5 ANNOUNCEMENTS

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

5.2 Language Line Services is providing Spanish interpretation services, which will be available during “Oral Communications” and for any other agenda item for which these services are needed.

6 NOMINATE BOARD OFFICERS, DISCUSS STANDING COMMITTEES, AND CONSIDER ACTION TO AMEND THE BYLAWS OF THE METRO BOARD OF DIRECTORS

Board Chair Downing

7 BOARD OF DIRECTORS COMMENTS

8 ORAL AND WRITTEN COMMUNICATIONS TO THE BOARD OF DIRECTORS

This time is set aside for Directors and members of the general public to address any item not on the agenda which is within the subject matter jurisdiction of the Board. No action or discussion shall be taken on any item presented except that any Director may respond to statements made or questions asked or may ask questions for clarification. All matters of an administrative nature will be referred to staff. Each public comment is limited to three minutes or less. Board and Committee Chairs have the discretion to manage the public comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting. 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.

8.1 Email from Sam Kodama dated 12/19/25

8.2 Email from Julia Barbera dated 1/6/26 w/METRO response

9 LABOR ORGANIZATION COMMUNICATIONS

10 ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

CONSENT AGENDA

All items appearing on the Consent Agenda are recommended actions which are considered to be routine and will be acted upon as one motion. All items removed will be considered later in the agenda. The Board Chair will allow public input prior to the approval of the Consent Agenda items.

- 11.1 ACCEPT AND FILE: PRELIMINARY APPROVED CHECK AND ACH JOURNAL DETAIL FOR THE MONTH OF DECEMBER 2025**
Chuck Farmer, Chief Financial Officer
- 11.2 ACCEPT AND FILE MINUTES OF:
A. DECEMBER 19, 2025 BOARD OF DIRECTORS REGULAR MEETING**
Corey Aldridge, CEO/General Manager
- 11.3 ACCEPT AND FILE: THE FINANCIAL UPDATE NOVEMBER 2025 RESULTS**
Chuck Farmer, Chief Financial Officer
- 11.4 ACCEPT AND FILE: ACCEPTANCE OF AUDITED FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED JUNE 30, 2025**
Chuck Farmer, Chief Financial Officer
- 11.5 APPROVE: CONSIDERATION OF DECLARING VEHICLES AND/OR EQUIPMENT AS EXCESS FOR PURPOSES OF DISPOSAL OR AUCTION**
Chuck Farmer, Chief Financial Officer
- 11.6 APPROVE: CONSIDERATION OF AUTHORIZING THE CEO TO EXECUTE THE AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES (AHSC) PROGRAM AWARD AND ALL AMENDMENTS ON BEHALF OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT FOR THE WATSONVILLE METRO PROJECT**
John Urgo, Chief Planning and Innovation Officer
- 11.7 APPROVE: RESCISSION OF CONTRACT AWARD TO CAPUZZI CONSULTING GROUP, INC. FOR RAPID CORRIDORS PROJECT DESIGN AND ENGINEERING SERVICES IN AN AMOUNT NOT TO EXCEED \$2,601,000**
Derek Toups, Planning and Innovation Deputy Director

REGULAR AGENDA

- 12 PRESENTATION OF EMPLOYEE LONGEVITY AWARDS FOR:
(5 YEARS) CATHY DOWNES, SENIOR FINANCIAL ANALYST
(10 YEARS) PETER RASMUSSEN, TRANSPORTATION PLANNER II**
Board Chair Downing
- 13 RETIREE RESOLUTION OF APPRECIATION FOR:
JAVIER FAVELA, LEAD VEHICLE SERVICE WORKER**
Board Chair Downing

- 14 MOBILE HYDROGEN FUELING STATION**
Corey Aldridge, CEO/General Manager
- 15 CONSIDER ANALYSIS OF POTENTIAL REVENUE ENHANCEMENTS AND COMPONENTS OF POTENTIAL SALES TAX BALLOT MEASURE**
Julie Sherman, General Counsel
- 16 TRAINING ON BALLOT MEASURE "DO'S AND DON'TS"**
Julie Sherman, General Counsel
- 17 UPDATE ON CHANGES TO THE RALPH M. BROWN ACT (SB 707)**
Julie Sherman, General Counsel
- 18 APPROVE: AUTHORIZING REMOTE MEETINGS FOR THE METRO ADVISORY COMMITTEE UNDER SENATE BILL 707**
Julie Sherman, General Counsel
- 19 CEO ORAL REPORT**
Corey Aldridge, CEO/General Manager
- 20 ANNOUNCEMENT OF NEXT MEETING: FRIDAY, FEBRUARY 27, 2026 AT 9:00 AM AT THE METRO ADMIN OFFICE, 110 VERNON STREET, SANTA CRUZ, CA**
Board Chair Downing
- 21 ADJOURNMENT**
Board Chair Downing

TITLE 6 - INTERPRETATION SERVICES/TÍTULO 6 - SERVICIOS DE TRADUCCIÓN

Spanish language interpretation and Spanish language copies of the agenda packet are available on an as-needed basis. Please make advance arrangements with the Sr. Executive Assistant at 831-426-6080. Interpretación en español y traducciones en español del paquete de la agenda están disponibles sobre una base como-necesaria. Por favor, hacer arreglos por adelantado con Coordinador de Servicios Administrativos al numero 831-426-6080.

ACCESSIBILITY FOR INDIVIDUALS WITH DISABILITIES

This document has been created with accessibility in mind. With the exception of certain 3rd party and other attachments, it passes the Adobe Acrobat XI Accessibility Full Check. If you have any questions about the accessibility of this document, please email your inquiry to accessibility@scmtd.com. Upon request, Santa Cruz METRO will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested at least two days before the meeting. Requests should be emailed to boardinquiries@scmtd.com or submitted by phone to the Sr. Executive Assistant at 831-426-6080. Requests made by mail (sent to the Sr. Executive Assistant, Santa Cruz METRO, 110 Vernon Street, Santa Cruz, CA 95060) must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

PUBLIC COMMENT

If you wish to address the Board, please follow the directions at the top of the agenda. If you have anything that you wish distributed to the Board and included for the official record, please include it in your email. Comments that require a response may be deferred for staff reply.

Pursuant to Section 54954.2(a)(1) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day. The agenda packet and materials related to an item on this agenda submitted after distribution of the agenda packet are available for public inspection in the Santa Cruz METRO Administrative Office (110 Vernon Street, Santa Cruz) during normal business hours. Such documents are also available on the Santa Cruz METRO website at www.scmetro.org subject to staff's ability to post the document before the meeting.

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DATE: January 23, 2026
TO: Board of Directors
FROM: Rebecca Downing, Board Chair
**SUBJECT: NOMINATE BOARD OFFICERS, DISCUSS STANDING COMMITTEES,
AND CONSIDER ACTION TO AMEND THE BYLAWS OF THE
METRO BOARD OF DIRECTORS**

I. RECOMMENDED ACTION

That the Board of Directors Nominate Directors to the following positions:

- A. Santa Cruz Metropolitan Transit District (METRO) Board Chair and Vice Chair;**
- B. Discussion on disbanding the current three METRO standing committees and replacing them with two standing committees (Finance & HR Standing Committee and Planning & Projects Standing Committee);**
- C. One Director Position on the Santa Cruz Civic Improvement Corporation (SCCIC) Board;**
- D. Representatives and Alternates for the Santa Cruz County Regional Transportation Commission (SCCRTC); and,**
- E. It is recommended that the Board of Directors discuss the formation of its standing committees and consider amending the Board's Bylaws to allow full participation of Board members during standing committee meetings.**

II. SUMMARY

- Article 6 of the Santa Cruz Metropolitan Transit District (METRO) Bylaws provides that the Board of Directors shall annually nominate individuals to the positions of Chair and Vice Chair.
- In 2025, the Board of Directors nominated individuals to three standing committee positions referenced in this staff report. Staff would like discussion to follow on disbanding these three standing committees and replacing them with two standing committees—Finance & HR Standing Committee and Planning & Projects Standing Committee. Staff recommends the continuation of holding these meetings on the second Friday of the month, or as needed.
- Article 14 of the METRO Bylaws currently provides that "Directors who are not committee members may attend committee meetings as long as they attend only as observers when a majority of the Board of Directors is in attendance at the committee meeting." Staff recommends the Board consider amending the

Bylaws to provide full Board member participation during Standing Committee meetings.

- Article III, Section 3.03 of the Santa Cruz Civic Improvement Corporation (SCCIC) Bylaws provides that the Board of Directors shall appoint METRO Directors to the SCCIC Board.
- In order to maintain representation on the Santa Cruz County Regional Transportation Commission (SCCRTC), it is necessary that the Board of Directors elect individuals to the three positions and three alternate positions that are designated for METRO Board Members.
- Elections for the positions referenced in this staff report are scheduled to be held at the beginning of the February 27, 2026 Board of Directors meeting.

III. DISCUSSION/BACKGROUND

The terms of the officers and appointees of the Board of Directors in the positions of Chair, Vice Chair and SCCRTC appointees expire in February 2025. One of the SCCIC Directors' terms as Treasurer is set to expire in February 2025 and needs to be filled.

SCCIC is a non-profit public benefit corporation organized under the non-profit benefit corporation law in the State of California to provide financial assistance to METRO by acquiring, constructing and financing various public facilities, land and equipment and the leasing of facilities, land and equipment for use, benefit and enjoyment of the public served by METRO.

Article III, Section 3.03 of the SCCIC Bylaws provides that METRO's Board of Directors shall appoint METRO Directors to the SCCIC Board.

Staff recommends that the METRO Board of Directors appoint METRO Directors to serve on the SCCIC Board. At this time, one of the terms is expiring for Treasurer and needs to be filled.

The METRO Bylaws provide that the Board of Directors shall identify nominees to be considered for election to the positions herein referenced.

The current standing committees were established on August 16, 2016. These committees were formed to replace existing ad hoc committees at that time to allow for more in-depth discussions and public participation.

In general, a typical public agency Board Agenda is composed of many policy items and, due to time constraints, it is possible that some items may not receive as much in-depth discussion as all Board members would like. To that end, public agencies often establish standing committees. Such committees provide Board members with additional time in open public meetings for more in-depth questions and comments. Committee members also provide staff with important feedback with which to further refine the Board report and its recommendations in preparation for consideration by the full Board.

Standing committees are often designed around subject matter the Board wishes to give more in-depth review of, such as, the annual budget, quarterly budget updates, establishing legislative policy, and Board governance.

Such standing committees do not necessarily need to meet monthly. Some committees may meet only when needed, while others might meet quarterly or annually. Meeting frequency should be determined through the process of identifying the standing committee's purpose along with the determination of subject matter to be considered by each standing committee.

With the exception of major reports, such as the annual budget, service changes and fare restructuring, Board reports that have been vetted in a standing committee are often placed on the Consent Agenda, provided the report has received unanimous support from the committee.

Below is the proposed preliminary structure and purpose of the two new proposed standing committees:

Finance & HR Standing Committee

- Members – TBD
- Meet as needed
- Agenda topics could include, but are not limited to, various financial reporting and audits, budget oversight, key performance indicators, capital planning, and revenue strategy. HR agenda topics could include, but are not limited to, compensation and benefits, workforce planning, personnel policies, DEI (diversity, equity and inclusion), and performance management. Cross-Functional synergies could include cost-benefit analysis of HR programs, strategic alignment, and crisis response during economic downturns, restructuring, or emergencies.

Planning & Projects Standing Committee

- Members – TBD
- Meet as needed
- Agenda topics could include, but are not limited to, strategic planning, project oversight and prioritization, and execution to ensure initiatives align with organizational goals and resources. Cross-Functional collaboration can ensure plans are realistic and supported as well as innovation and continuous improvement.

In addition, Staff recommends the Board consider amending its Bylaws to provide full Board member participation during Standing Committee meetings. Article 14 of the METRO Bylaws currently provides that "Directors who are not committee members may attend committee meetings as long as they attend only as observers when a majority of the Board of Directors is in attendance at the committee meeting."

Staff's proposed Bylaws amendment would change that existing language to read:
"To allow full participation by Board members at meetings of Standing Committees, each Standing Committee meeting shall also be noticed as a "Committee of the Whole."

If a quorum of Board members is present, the Standing Committee will automatically convert into a Committee of the Whole. Likewise, if there is no longer a quorum of the Committee of the Whole, then the Committee of the Whole will automatically convert back into a Standing Committee. The Chair of the Standing Committee will serve as Chair of the Committee of the Whole.

The agenda for each Standing Committee shall include the following footnote: This Committee may be attended by Board Members who do not serve on this Committee. If a quorum of the entire Board is present, this Committee shall act as a Committee of the Whole. In either case, any item acted upon by the Committee or the Committee of the Whole will require consideration and action by the full Board of Directors as a prerequisite to its legal enactment."

Staff recommends that the Board of Directors:

Provide slates for CY 2026 to:

- 1) Elect Directors to the positions of Chair and Vice Chair
- 2) Nominate Directors for positions on two standing committees:
 - a. Finance & HR Standing Committee
 - b. Planning & Projects Standing Committee
- 3) Fill one position on the SCCIC
- 4) Elect three representatives and three alternates to the SCCRTC

In accordance with the METRO Bylaws, nominations remain open until the positions are filled through election. The election for the referenced positions is scheduled to be held on February 27, 2026.

In addition, staff recommends that the Board consider amending its Bylaws as provided above to allow full participation of Board members during Standing Committee meetings.

IV. STRATEGIC PLAN PRIORITIES ALIGNMENT

The actions taken in this report tie to METRO's Stewardship and Accountability responsibility.

V. FINANCIAL CONSIDERATIONS/IMPACT

Funding support for the positions identified in this staff report is contained under Admin in the FY26 and FY27 Final Budget adopted June 27, 2025 and in the FY27 and FY28 budget yet to be finalized.

VI. CHANGES FROM COMMITTEE

N/A

VII. ALTERNATIVES CONSIDERED

None.

VIII. ATTACHMENTS

Attachment A: Current METRO Board Officers and Appointees

Attachment B: Current SCCIC Board Roster

Attachment C: Board Nominated Slate(s) Worksheet

Prepared by: Donna Bauer, Sr. Executive Assistant

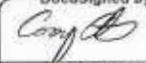
Board of Directors
January 23, 2026
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IX. APPROVALS

Approved as to fiscal impact:
Chuck Farmer, Chief Financial Officer



Corey Aldridge, CEO/General Manager

DocuSigned by:

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Attachment A
**BOARD CHAIR & VICE CHAIR,
STANDING AND AD HOC
COMMITTEE APPOINTMENTS**



2025 Chair, Vice Chair and Standing Committees

Chair
REBECCA DOWNING

Vice Chair
MANU KOENIG

Capital Projects Standing Committee

Committee Established 8/26/16

REBECCA DOWNING
JIMMY DUTRA
SCOTT NEWSOME

Finance, Budget and Audit Standing Committee

(4-5 Board Members, as a ground rule)

Committee Established 8/26/16

SHEBREH KALANTARI-JOHNSON
MANU KOENIG
FABIAN LEONOR
DONNA LIND

Personnel/Human Resources Standing Committee

Committee Established 8/26/16

REBECCA DOWNING, Current Chair
MANU KOENIG, Current Vice Chair
SHEBREH KALANTARI-JOHNSON, Immediate Past Chair
DONNA LIND

VANESSA QUIROZ-CARTER - Resigned 12/11/25

Attachment A



2025 Other Committees

SCCIC Representatives

REBECCA DOWNING
SHEBREH KALANTARI-JOHNSON
MANU KOENIG
DONNA LIND
SCOTT NEWSOME

SCCRTC Representatives

REBECCA DOWNING
FABIAN LEONOR*
VANESSA QUIROZ-CARTER - Resigned 12/11/25

SCCRTC Alternates (in order)

DONNA LIND
ELIZABETH MADRIGAL* - Resigned 12/5/25
MELINDA ORBACH

2025 Ad Hoc Committees

CEO Goals and Objectives Ad Hoc Committee

Committee Established 5/19/17

MAC Ad Hoc Committee

Committee Established 3/24/17

Legislative Ad Hoc Committee

Committee Established 2/23/18

Ad Hoc Committees and Members are designated by the Board Chair.

Ad Hoc Committees are created and disbanded each year as their specific assignments are completed, and then reconstituted as needed.

2/28/25 Approved at METRO Board Meeting

*Effective 8/1/2025 Fabian Leonor was removed as an Alternate and added as a Representative for the SCCRTC to complete Mike Rotkin's term. 8/18/25 Elizabeth Madrigal was added as an Alternate.

Attachment B



SANTA CRUZ CIVIC IMPROVEMENT CORPORATION (SCCIC)

BOARD OF DIRECTORS 2025 - 2026

	YEAR TERM BEGAN	YEAR TERM ENDS
Shebreh Kalantari-Johnson, President	2025	2027
Rebecca Downing, Vice President	2025	2027
Manu Koenig, Secretary	2025	2027
Donna Lind, Treasurer	2025	2026
Scott Newsome, Director	2025	2027

Corey Aldridge, CEO/General Manager

Each Director holds office for a term of two (2) years from the date of appointment. Vacancies in the Board shall be filled to hold office until the expiration of the term of the replaced Director. The Board of Directors holds an annual meeting for the purpose of organization, selection of Directors and officers, and the transaction of other business. Annual meetings of the Board are held on the fourth Friday of March. The meetings are held in the same venue as the Santa Cruz METRO Board of Directors meeting.

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BOARD OFFICERS AND APPOINTMENTS



Elect Board Chair (2025: Rebecca Downing)

SLATE 1

Nominee:

Nominated by:

1. Manu Koenig

Rebecca Downing

SLATE 2

2. _____

SLATE 3

3. _____

SLATE 4

4. _____



BOARD OFFICERS AND APPOINTMENTS

Elect Board Vice Chair (2025: Manu Koenig)

Nominee:

Nominated by:

1. Melinda Orbach

Rebecca Downing

SLATE 1

SLATE 2

2. _____

SLATE 3

3. _____

SLATE 4

4. _____

BOARD OFFICERS AND APPOINTMENTS



Reappoint or Nominate 3: Planning & Projects Committee

2025 Members: Rebecca Downing, Jimmy Dutra & Scott Newsome) _

Members Total

Nominee:

1. Scott Newsome

2. Rebecca Downing

3. _____

Nominated by:

Rebecca Downing

Rebecca Downing

Rebecca Downing

SLATE 1

Nominee:

1. _____

2. _____

3. _____

Nominated by:

SLATE 2

Nominee:

1. _____

2. _____

3. _____

Nominated by:

SLATE 3

Nominee:

1. _____

2. _____

3. _____

Nominated by:

SLATE 4



BOARD OFFICERS AND APPOINTMENTS

Reappoint or Nominate 4 or 5: Finance & HR Committee

2025 Members:

Shebreh Kalantari-Johnson, Manu Koenig, Fabian Leonor & Donna Lind

4-5 Members Total

Nominee:

1. Manu Koenig
2. Melinda Orbach
3. Donna Lind
4. Fabian Leonor
5. _____

Nominated by:

- Rebecca Downing
 Rebecca Downing
 Rebecca Downing
 Rebecca Downing
 Rebecca Downing

SLATE 1

Nominee:

1. _____
2. _____
3. _____
4. _____
5. _____

Nominated by:

- _____

SLATE 2

Nominee:

1. _____
2. _____
3. _____
4. _____
5. _____

Nominated by:

- _____

SLATE 3

Nominee:

1. _____
2. _____
3. _____
4. _____
5. _____

Nominated by:

- _____

SLATE 4

BOARD OFFICERS AND APPOINTMENTS



Nominate 1: SCCIC Representatives

2025: President, Shebreh Kalantari-Johnson; Vice President, Rebecca Downing; Secretary, Manu Koenig; Treasurer, Donna Lind; & Scott Newsome

5 Members Total
Director Lind
(term ends Feb. 2026)

Nominee:	Nominated by: Rebecca Downing	
1. <u>Shebreh Kalantari-Johnson</u> , President	Term expires 2027	
2. <u>Rebecca Downing</u> , Vice President	Term expires 2027	
3. <u>Manu Koenig</u> , Secretary	Term expires 2027	
4. <u>Donna Lind</u> , Treasurer	Term expires 2026	
5. <u>Scott Newsome</u> , Director	Term expires 2027	

Nominee:	Type text here	Nominated by:	
1. _____, President		Term expires 2027	
2. _____, Vice President		Term expires 2027	
3. _____, Secretary		Term expires 2027	
4. _____, Treasurer		Term expires 2026	
5. _____, Director		Term expires 2027	

Nominee:		Nominated by:	
1. _____, President		Term expires 2027	
2. _____, Vice President		Term expires 2027	
3. _____, Secretary		Term expires 2027	
4. _____, Treasurer		Term expires 2026	
5. _____, Director		Term expires 2027	



BOARD OFFICERS AND APPOINTMENTS

Reappoint or Nominate 3: SCCRTC Representatives

(2025 Reps: Rebecca Downing, Fabian Leonor & Vanessa Quiroz-Carter)

3 Representatives Total

Nominee:

1. Rebecca Downing
2. Fabian Leonor
3. Shebreh Kalantari-Johnson

Nominated by:

- Rebecca Downing
- Rebecca Downing
- Rebecca Downing

SLATE 1

Nominee:

1. _____
2. _____
3. _____

Nominated by:

- _____
- _____
- _____

SLATE 2

Nominee:

1. _____
2. _____
3. _____

Nominated by:

- _____
- _____
- _____

SLATE 3

Nominee:

1. _____
2. _____
3. _____

Nominated by:

- _____
- _____
- _____

SLATE 4

BOARD OFFICERS AND APPOINTMENTS



Reappoint or Nominate 3: SCCRTC Alternates (in order) 2025 Alternates: Donna Lind, Elizabeth Madrigal & Melinda Orbach

-

3 Representatives Total

Nominee:

- 1. Donna Lind _____
- 2. _____
- 3. _____

Nominated by:

- Rebecca Downing
- Rebecca Downing
- Rebecca Downing

SLATE 1

Nominee:

- 1. _____
- 2. _____
- 3. _____

Nominated by:

- _____
- _____
- _____

SLATE 2

Nominee:

- 1. _____
- 2. _____
- 3. _____

Nominated by:

- _____
- _____
- _____

SLATE 3

Nominee:

- 1. _____
- 2. _____
- 3. _____

Nominated by:

- _____
- _____
- _____

SLATE 4

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COMMUNICATIONS TO THE BOARD OF DIRECTORS

From: [REDACTED]
To: [boardinquiries](#)
Subject: Hydrogen fuel station
Date: Friday, December 19, 2025 11:14:27 PM

This Message Is From an External Sender

This message came from outside your organization.

!!! Be cautious for phishing and do not click suspicious links from senders you do not know !!!

Hello,

I am emailing regarding the potential closure of the hydrogen fuel station. I support Option 2: continue use with restricted hours because service reductions will impact my ability to reliably get to campus for my work. I rely on the public transit system and greatly appreciate its current service schedule!

Thank you for your time,
Sam Kodama

Sam Kodama (he/him)
PhD Candidate
Earth and Planetary Sciences
University of California, Santa Cruz

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COMMUNICATIONS TO THE BOARD OF DIRECTORS

From: [John Urgo](#)
To: [REDACTED]
Cc: [Donna Bauer](#)
Subject: Re: Bus Shelters at Base of Campus Stops on High
Date: Tuesday, January 13, 2026 11:26:52 AM

Dear Julia,

Thank you for taking the time to write and for sharing your experience using the High Street bus stops at the base of the UCSC campus. We appreciate your thoughtful comments and understand how challenging it can be to wait during rain or sun, particularly given the frequency and importance of these stops for students and residents.

Santa Cruz METRO has reviewed the two locations you referenced - High & Bay (Stop 2497, downhill) and the Barn Theatre stop (Stop 2375, uphill). At the downhill stop on High Street, the existing sidewalk width is not sufficient to safely accommodate a bus shelter while maintaining required pedestrian clearances. As a result, that location is not currently feasible for shelter installation without more substantial infrastructure changes.

The uphill Barn Theatre stop does appear to have a sidewalk cut-out that could potentially accommodate a shelter. This location is adjacent to UCSC property, so any shelter installation would require coordination with the University regarding siting, design, and long-term maintenance responsibilities. While METRO does not currently have spare shelters available for immediate installation, we agree that a shelter at this location would be a valuable amenity for riders and will explore options with UCSC staff.

METRO will continue to evaluate this stop as part of future capital improvement planning and in coordination with our partners. We appreciate you bringing this issue forward and helping us better understand the rider experience at these high-use locations.

Thank you again for your advocacy and engagement.

Sincerely,
John Urgo
Chief Planning & Innovation Officer
Santa Cruz Metropolitan Transit District

From: Julia Barbera [REDACTED]
Sent: Monday, January 5, 2026 3:22 PM
To: [boardinquiries <boardinquiries@scmttd.com>](mailto:boardinquiries@scmttd.com)
Subject: Bus Shelters at Base of Campus Stops on High

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This message came from outside your organization.

COMMUNICATIONS TO THE BOARD OF DIRECTORS

!!! Be cautious for phishing and do not click suspicious links from senders you do not know !!!

Hello SCMTD Board,

My name is Julia, a Santa Cruz resident and student at UC Santa Cruz. I'm writing to you to discuss the need for bus shelters at the High and Bay stops (2375 & 2497). Living at the base of campus, my main connection to class, work, and events, are the bus stops at the base of campus. During peak hours, even with Metro and Loop busses, waiting times at these stops can exceed 15-30 minute with even longer waits on weekends. I thank you all for the continuous improvements to scheduling, but at the end of day some delays are inevitable. As a result of this, during the winter students are often left to wait in the rain, and during the spring students are left to burn in the sun. Sheltering these two stops would significantly improve the rider experience for people living near the base of campus, and I hope that it is possible to provide shelter here.

Happy New Year,

Julia Barbera

Julia Barbera | She/Her

Addl. Documentation Distributed to Board 1/23/26

Donna Bauer

From: Danielle Frost
Sent: Friday, January 23, 2026 7:31 AM
Subject: METRO's Mobile Hydrogen Fueler - Neighbor Email
Attachments: December 2025 - January 2026 Neighbor Emails to Santa Cruz Metro -- December 2025 - January 2026 Neighbor Emails to Santa Cruz Metro --2.pdf

Hello Board Members,

One of our neighbors requested the attached email thread be sent to all of you in advance of the Board Meeting this morning. This includes communications between METRO and our neighbors regarding METRO's mobile hydrogen fueler communications since our last Board Meeting.

Corey will be discussing the progress of this project in today's meeting.

Please feel free to reach out with any questions.

Thank you,

Danielle Frost

Chief Communications &
Marketing Officer
Santa Cruz METRO
831.420.2550 (0)
dfrost@scmetro.org



From: julie thayer [REDACTED]
Date: Thursday, January 22, 2026 at 5:54 PM
To: Danielle Frost <dfrost@scmetro.org>
Cc: Corey Aldridge <caldrige@scmetro.org>, Shebreh Kalantari-Johnson <SKalantari-Johnson@cityofsantacruz.com>, Fifth.District@santacruzcountyca.gov <Fifth.District@santacruzcountyca.gov>, michael nussbaum [REDACTED] Rhabyt [REDACTED], Heather McDougal [REDACTED] Jill Damashek [REDACTED], Brian Zucchi [REDACTED], Jim Z [REDACTED], Paul Burke [REDACTED], Jessy Beckett Parr [REDACTED] Janey Davis [REDACTED], Tannery Lofts [REDACTED], Kellyn Cardinal [REDACTED]
Subject: Re: METRO's Mobile Hydrogen Fueler - BOD Meeting Location

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Hi Danielle,

Regarding tomorrow's board meeting, there a number of us neighbors who cannot attend a 9am weekday meeting due to work commitments.

Since the Board was previously not always made aware of the entire situation surrounding the mobile hydrogen refueler, and since the last board meeting Metro continued to break the law, could not adhere to its own 9am-3pm noise schedule, and apparently had staff providing untruthful information to supervisors, I would like to make sure that the attached record of our email exchanges since the last board meeting is provided to the board prior to tomorrow's meeting.

This constitutes my written comment, since I am unable to attend the meeting.

Thank you,
Julie

On Thu, Jan 22, 2026 at 9:17 AM Danielle Frost <dfrost@scmetro.org> wrote:

Dear Neighbors,

Thank you for your continued input and feedback regarding METRO's mobile hydrogen fueler project. Your engagement has been invaluable as we work through the remaining steps of this process.

Some of you may already be aware that this item is included on the agenda for METRO's January Board of Directors Meeting, taking place on Friday, January 23 at 9:00 AM. If you are planning to attend, we wanted to highlight that this month's meeting will be held offsite at the Scotts Valley City Council Chambers as part of METRO's countywide rotation of Board meeting locations.

The full Board meeting schedule is available on our website:

<https://scmtd.com/en/agency-info/board/board-meeting-schedule>

We appreciate your ongoing participation and look forward to keeping you updated.

Warm regards,

Danielle Frost

Chief Communications &
Marketing Officer

Santa Cruz METRO

831.420.2550 (0)

dfrost@scmetro.org



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December 2025 - January 2026 Neighbor Emails to Santa Cruz Metro – Mobile Hydrogen Fueler

On Fri, Dec 19, 2025 at 1:26 PM Danielle Frost <dfrost@scmetro.org> wrote:

Dear Neighbors,

Thank you again for your continued engagement and partnership as METRO works through the challenges surrounding the mobile hydrogen fueler. We want to share an update from today's December Board of Directors Meeting, where the Board—after hearing directly from residents and staff—voted to move forward with a clear directive and a firm deadline of January 31, 2026.

The Board has directed staff to continue interim operation of the mobile hydrogen fueler only under strict conditions, with enforceable mitigation requirements, defined deadlines, cost accountability for Plug Power, contingency actions, and ongoing reporting. The directive includes the following actions:

Issue and enforce a formal breach-of-contract notice to Plug Power immediately.

Allow the mobile hydrogen fueler to continue operating on a temporary basis only while additional noise-mitigation efforts are underway.

Beginning December 22, 2025, fueling hours will shift to 9:00 AM–3:00 PM, with the final manual vent at 6:00 PM, supported by lockout controls to prevent evening and overnight fueling.

Require Plug Power to install the 8-inch stack modification immediately upon delivery on December 22, with installation completed within two business days.

Conduct internal preliminary sound measurements after installation. If results appear compliant, METRO will immediately engage an independent sound consultant to complete an official noise study.

If the system remains out of compliance, Plug Power must—at its sole cost—implement and test additional engineered mitigation measures, including surge tanks.

Suspend operation of the mobile liquid hydrogen fueler if compliance is not achieved by January 31, 2026

Continue evaluating alternative fueling options in parallel, including third-party solutions and a gaseous hydrogen fueler, to minimize service disruptions if the Plug Power system cannot meet required standards.

Provide updates to the Board and to neighbors (for whom we have email addresses) after each milestone or major event.

The Board reaffirmed that while the mobile hydrogen fueler remains a temporary but operationally critical component of METRO's zero-emission bus program, compliance with enforceable noise standards is necessary. At the same time, the Board acknowledged that losing the mobile fueler would have significant impacts on service levels and on the many residents who rely on METRO every day. This item will also be agendaized at the January Board Meeting, taking place January 23 at 9AM at Scotts Valley City Council Chambers located at 1 Civic Center Drive in Scotts Valley.

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We will continue to keep you informed as each step of this directive moves forward, including preliminary sound results, compliance determinations, service implications, and the formal recommendation that will be brought to the Board at the January meeting.

Thank you for your time, patience, and continued engagement as we work toward a solution that meets both community expectations and METRO's operational and ridership needs.

Sincerely,

Danielle Frost
Chief Communications & Marketing Officer
Santa Cruz METRO
831.420.2550 (0)
dfrost@scmetro.org

From: julie thayer [REDACTED]
Sent: Saturday, December 20, 2025 10:55 AM
To: Danielle Frost <dfrost@scmetro.org>

Thank you for the update. I wish I could have made it to the meeting.

From my bus riding days, I remember having no service on Christmas day, so hopefully we can expect NO REFUELING/ NO NOISE on this day?

Otherwise, it seems like our holiday season will be marred by the noise continuing to go off, now specifically between 9 and 3pm when most folks will be trying to be spending time with family, and then at 6pm right in the middle of dinner.

This is really unfortunate. And unfortunate that our perspectives could not be taken more seriously. As we have said before, if this was happening near even one of the staff or board member's houses, I would bet that this decision would have been different.

And given the decision stated in your email, I would like to find out why can we not expect compliance by the date of the next board meeting, Jan. 23? My understanding from the last board meeting was that it would already be shut down by now, if no compliance. Why would we need to wait until Jan. 31, making it 8 long months of disruption? That projection would make it at least 240 days we will have had to endure this illegal noise, many times per day. Is there some sort of compensation by the day to all of us neighbors affected? Reducing even by a week is important.

Sincerely,
Julie

PS - I became aware yesterday that neighbor Paul Burke's email from a couple months ago was never forwarded to the Metro Board. I will forward that subsequently for context if you can please forward to the board - Paul has to explain to his wife, who has Alzheimer's, EVERY SINGLE TIME the noise goes off.

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On Tue, Dec 23, 2025 at 12:06 PM Danielle Frost <dfrost@scmetro.org> wrote:

Hi Julie,

Thank you for your email.

We are hopeful that the 8" stack—currently in the process of being installed—will provide additional noise reduction. Once it is fully operational, we will conduct preliminary sound measurements to determine next steps. If the noise levels fall within the City's ordinance, we are optimistic this will address the remaining impacts on our neighbors.

If the new stack does not achieve the needed 10–15 dBA reduction, Plug Power has indicated they are prepared to install additional surge tanks. We expect those tanks to arrive in January, followed by installation, testing, and then an independent sound study, over the course of a few days, to verify results. Completing all of this before the January Board meeting would be extremely challenging, which is why the Board established a firm deadline of January 31.

Regarding holiday service, METRO will be operating a limited schedule, with Highway 17 Express running on weekend service levels. We also understand how fueling activities over the holidays could be especially impactful to our neighbors. For that reason:

On December 24, we will limit fueling to the morning hours and stop fueling at 12:00 PM (Noon).

On December 25, we will suspend use of the mobile hydrogen fueler entirely.

On both days, we will still need to perform a manual vent at 6:00 PM to prevent venting from occurring later in the evening or overnight.

We sincerely apologize for the impact this process has had on you and the surrounding neighborhood. We are working as quickly as possible to resolve the issue while minimizing service disruptions.

I will continue to keep you updated in the coming days as the stack installation progresses and as we receive sound measurement results.

Thank you,

Danielle Frost (she/her)
SANTA CRUZ METRO
Chief Communications & Marketing Officer
O: (831) 420-2550
scmetro.org | @santacruzmttd |

From: julie thayer [REDACTED]
Date: Friday, January 2, 2026 at 8:29 AM
To: Danielle Frost <dfrost@scmetro.org>

Hi Danielle,

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The noise has been altered, but still loud. We have unfortunately all been sick at our house, and wondering what happened to the 9-3 noise restriction mentioned in your previous email, to start on Dec 22? It is still going off daily between 8-9am (and just woke me up indoors with all the windows closed).

Thanks,
Julie

On Fri, Jan 2, 2026 at 9:27 AM julie thayer [REDACTED] wrote:

I got out-of-office replies from many, so trying again here (see below)
Corey's message states he is available via phone or text - he offered his cell phone number to neighbors at the meeting in mid December, but we never received it - can someone could please provide his number.

On Fri, Jan 2, 2026 at 4:29 PM Danielle Frost <dfrost@scmetro.org> wrote:

Hi Julie,

Thank you for your email.

I checked in with our Operations team regarding fueling hours. They confirmed that fueling has been starting at 9:00 AM as directed. They also noted that the mobile hydrogen fueler requires a brief "warm-up" period before fueling begins. This lasts for about 15 minutes and produces a low humming sound which has been reported to be below the City's noise-ordinance levels, so we apologize for any inconvenience this has caused and continue to monitor this further.

We also received an update from Plug Power today. Based on their initial assessments, they believe the system is now meeting noise-compliance levels following the installation of the larger stack. As the next step, Plug will be hiring a City-approved acoustical consultant to conduct an independent noise study to verify compliance. We are hopeful this study can be scheduled within the next week.

I will continue to keep you updated as we receive additional information and the final noise-study results. Additionally, I'll continue to monitor my emails while I am out of the office to answer any additional questions.

Thank you,

Danielle Frost
Chief Communications & Marketing Officer
Santa Cruz METRO
831.420.2550 (0)
dfrost@scmetro.org

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On Fri, Jan 2, 2026 at 5:19 PM julie thayer [REDACTED] wrote:

Hi Danielle,

I appreciate your prompt response. Unfortunately, it seems that you are not receiving truthful information from the Metro crew. This morning, the loud fueling vent noise (not humming) went off at least at 8:20, 8:24, 8:42, 8:44, and 8:54am, and continued to go off after 9am.

Julie

From: Jill Damashek [REDACTED]
Date: Friday, January 2, 2026 at 5:33 PM
To: julie thayer [REDACTED]
Cc: Danielle Frost <dfrost@scmetro.org>, ...

Hi Danielle,

As her neighbor, I too will verify that the noise went off several times before 9 am this morning. It can be easily heard in my house with all the windows shut.

Jill Damashek

On Sat, Jan 3, 2026 at 11:53 AM Danielle Frost <dfrost@scmetro.org> wrote:

Hi Julie and Jill,

Thank you for reaching out and for sharing these additional details. We truly appreciate you keeping us informed, and I'm sorry for the inconvenience this has caused.

I will be checking in with our teams to investigate the noise you're hearing. It's possible that what you experienced may be related to the fuel delivery we received yesterday, as I've confirmed that fueling of the hydrogen buses is not occurring before 9:00 AM and is not scheduled to take place this weekend.

I'll be discussing this further with our staff to determine whether the noise is connected to venting associated with the recent fuel delivery, and if so, we'll identify the appropriate next steps.

Thank you again for bringing this to our attention. I'll follow up as soon as I have more information.

Sincerely,

Danielle Frost
Chief Communications & Marketing Officer

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Santa Cruz METRO
831.420.2550 (0)
dfrost@scmetro.org

On Sat, Jan 3, 2026 at 2:00 PM julie thayer [REDACTED] wrote:

Hi Danielle,

The noise prior to 9am was not just limited to yesterday. I'm not sure what your confirmation method was, but perhaps it should be checking a record of the fueler itself, not relying on staff reports.

Also, your explanation is helpful, but until this is resolved, we would expect NO noise outside the promised hours, related to venting or refueling or fuel delivery or otherwise.

Julie

On Mon, Jan 5, 2026 at 8:31 AM julie thayer [REDACTED] wrote:

Hi Danielle,

The noise has started again this morning at 8:25am. Definitely outside the 9am-3pm hours. Really challenging to continue to have any patience with Metro if this simple rule, dreamed up by your team, cannot be adhered to.

Julie

On Jan 5, 2026, at 8:46 AM, julie thayer [REDACTED] wrote:

And can we please get Corey's cell number - my previous email on that seems to have been disregarded.

Thanks,

Julie

On Mon, Jan 5, 2026 at 8:31 AM julie thayer [REDACTED] wrote:

Hi Danielle,

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The noise has started again this morning at 8:25am. Definitely outside the 9am-3pm hours. Really challenging to continue to have any patience with Metro if this simple rule, dreamed up by your team, cannot be adhered to.

Julie

On Jan 5, 2026, at 8:46 AM, julie thayer [REDACTED] wrote:

And can we please get Corey's cell number - my previous email on that seems to have been disregarded.

Thanks,

Julie

On Wed, Jan 7, 2026 at 10:51 PM Jill Damashek [REDACTED] wrote:

Hi all,

I want it noted that the acoustics folks came yesterday at around noon and picked up their equipment about noon today. During this time there was massive tree work being done on Crossing St. Big trucks, chain saws and chippers for both days. It would be hard to show accurate noise from the metro. I did tell them that this wasn't a good day but apparently this was the day they were hired to do the measurements. I do not believe these findings should be used. The noise is lower pitched now but still can be heard in my house with the windows shut.

Jill

On Jan 15, 2026, at 11:13 AM, julie thayer [REDACTED] wrote:

Hi all,

I did not see any acknowledgement nor response to Jill's email from over a week ago (below). This is extremely important - the Metro sound study should occur on "normal" days, not the only days this year when there was massive tree work on our street! I would like to make sure this issue is addressed now, and folks do not wait until the board meeting or till Jan 31 to decide to extend the timeline and do another noise study.

Also, I think today we are nearing an hourly record for the loud noise frequency - 18 times so far from 10:00 to 11:00am, or roughly every 3 minutes for an hour. I have noticed a number of days in January so far the noise frequency has been 20-30 times per day, which equates to having to bear the noise every 12-18 minutes between 9am-3pm. Extremely challenging for anyone at home.

Again, I'd like to stress that these are way more frequent than Metro staff claims at the community meeting of "7, maybe 8 times per day".

Julie

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On Thu, Jan 15, 2026 at 1:31 PM Jill Damashek [REDACTED] wrote:

Julie,

That is correct, I received zero response to my email. So much for communication...

Jill

From: michael nussbaum [REDACTED]

Date: Thursday, January 15, 2026 at 11:31 AM

To: Danielle Frost <dfrost@scmetro.org>, Corey Aldridge <caldrige@scmetro.org>

I would like to add to Julie's comments.

I am measuring the noise this morning with a calibrated microphone, and am finding it still >80dB outside my kitchen window, which makes it well above the legal thresh-hold.

Can you please supply us with Ballard's latest measurements?

I sure hope that Plug is pursuing the surge tanks, because it would be a real shame to have to shut down this operation.

Thanks

Michael Nussbaum
[REDACTED]

On Jan 15, 2026, at 2:10 PM, Danielle Frost <dfrost@scmetro.org> wrote:

Dear Neighbors,

We are in receipt of your latest emails and would like to share an update on the most recent noise-mitigation efforts and operational activity at METRO's mobile hydrogen fueler.

The independent noise study has concluded that three of the four monitored neighborhood areas are now within the City's noise ordinance. The fourth location—the North neighborhood—was measured at approximately 3 dBA above the ordinance, please see the attached noise study report. To address this, Plug Power visited METRO's Operations Yard yesterday and adjusted the vent-stack orientation to a more vertical position. Their team believes this modification may help reduce noise levels to the north and bring that location into compliance. We are now awaiting Plug Power's follow-up noise study to verify whether the adjustment achieves compliance and to determine any next steps.

Regarding the concerns raised about ambient noise, particularly tree-trimming activity that occurred during the most recent monitoring period. Our acoustical consultant, Bollard, has confirmed that they

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were able to identify and omit all tree-trimming noise from the dataset, ensuring that the study results reflect only the fueller-related sound levels.

In terms of vent frequency, our teams are working with Plug Power to obtain the daily number of venting events.

We are also aware that today the fueller experienced some operational issues, causing it to reset and restart during bus fueling. We sincerely apologize for any inconvenience this may have caused. Our staff is actively working with Plug Power to identify the root cause and implement a solution to prevent this from occurring moving forward.

Thank you for your continued patience and engagement as we work through these final steps toward full compliance. We will keep you updated as soon as additional information becomes available.

Warm regards,

Danielle Frost
Chief Communications & Marketing Officer
Santa Cruz METRO
831.420.2550 (0)
dfrost@scmetro.org

On Jan 15, 2026, at 5:15 PM, Danielle Frost <dfrost@scmetro.org> wrote:

Hi Michael,

Thank you for sharing your findings with us.

I want to clarify that METRO has not abandoned the option of surge tanks. We are still actively pursuing this mitigation measure with Plug Power. At the same time, we are conducting on-site testing and noise monitoring following the adjustments Plug made yesterday to the vent-stack orientation. These steps are necessary to determine whether the recent modifications are achieving the intended reduction while planning any needed additional mitigation efforts.

Please note that the measurements I cited were made this morning, after Plug's 'adjustments'. We are much further away from the limit than 3dB.

We are also looking into arranging another independent noise study to verify the findings from the most recent report and to ensure that any remaining issues are fully understood and documented.

I recognize the seriousness of the concerns you've raised, and we are treating them with urgency. Thank you for continuing to communicate with us as we work through these next steps. I will keep you updated as soon as we have more definitive information.

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Thank you,

Danielle Frost
Chief Communications & Marketing Officer
Santa Cruz METRO
831.420.2550 (0)
dfrost@scmetro.org

From: michael nussbaum [REDACTED]
Date: Thursday, January 15, 2026 at 3:54 PM
To: Danielle Frost <dfrost@scmetro.org>

Hello Danielle,

I am sorry that Metro and Plug are choosing not to pursue the surge tanks.

While it is possible that, on the day that Ballard did this measurement, Metro only exceeded the noise ordinance by 3dB, when I measured it this morning (15 Jan) I saw peak noise levels between 76.5dBA and 82.3dBA - you continue to exceed the noise statute by on the order of 20dB. We can still hear it in our kitchen with all the (double glazed) windows shut, and I can hear it from my study which is on the north side of the house.

We are definitely starting to lose patience with respect to this matter - if we have to escalate this matter further we will.

Michael Nussbaum

On Fri, Jan 16, 2026 at 10:34 AM michael nussbaum [REDACTED] wrote:

A suggestion I have for the next sound study:

It is my impression that the operators of the re-fueler have a fair amount of discretion RE how and when they vent. I doubt that we can get representative sound measurements if they know when they are being measured. I have no other explanation for the discrepancies we are seeing between Ballard's measurements and mine. When we have measured at the same time our measurements line up, and my measurements of background noise level on 15 Jan generally agree with theirs.

So, the next sound measurement that you schedule should be for more than 24 hours, should not be advertised to the personnel in the Metro yard, and none of the sound measurement activities should be visible to them (i.e. don't measure the sound in the yard itself).

I will be continuing to measure this sporadically, and am happy to provide you with my measurement files (however, they are large and cannot be e-mailed - my 20 minute measurement on 15 Jan is 236MB).

Thanks

10.12

mn

From: Heather McDougal [REDACTED]
Sent: Friday, January 16, 2026 11:07 AM
To: michael nussbaum [REDACTED]
Cc: Danielle Frost <dfrost@scmetro.org>; ...

I agree with Michael. The more we can keep the management of the refueler and the management of the oversight separate, the more clear the results will be.

cheers,
Heather McD.

On Fri, Jan 16, 2026 at 11:53 AM Danielle Frost <dfrost@scmetro.org> wrote:

Hi Michael and Heather,

Thank you for taking the time to share these suggestions and for continuing to monitor the noise levels. We appreciate your consideration, and we will be discussing these points with Plug as we plan the next steps.

I also want to clarify an important piece regarding venting. Unfortunately, staff have very limited to no control over when venting occurs, which is a major factor in the challenges we've been working through. Venting happens automatically when the pressure in the tanks reaches capacity, when the system cools in preparation for fueling, and when each bus completes fueling. The only time staff have any direct control is during the end-of-day manual vent, which is performed specifically to prevent automatic overnight venting.

Regarding the noise study, Plug has engaged Bollard Acoustical Consultants, an independent third-party firm approved by the City. Neither METRO nor Plug has any involvement in collecting the data or influencing the results. Bollard conducts the measurements, analyzes the data, and produces the findings independently.

We understand your concerns about ensuring representative measurements, and we will take your recommendations into account as we coordinate the next study. We are also looking into arranging an additional noise study to confirm the findings from the most recent report.

In the meantime, please feel free to share your independent noise measurements with us so we can pass along your readings to Bollard and Plug. I've created the below folder they can be uploaded to.

Sound Measurement

Thank you again for your continued engagement and for offering to share your measurement files. We appreciate your patience as we work through this process and will keep you updated as we learn more.

Sincerely

Danielle Frost (she/her)
SANTA CRUZ METRO
Chief Communications & Marketing Officer

From: julie thayer [REDACTED]

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Sent: Friday, January 16, 2026 1:10 PM
To: Danielle Frost <dfrost@scmetro.org>

Danielle,

What you stated about Metro having limited to no control over the when venting occurs (except 6pm) is curious, as after we complained repeatedly the venting stopped in the middle of the night, and now we are assured it will only happen between 9am-3pm. So some level of control is apparent.

Metro staff do have control over when buses are refueled, and venting seems to occur in connection with that.

Julie

On Fri, Jan 16, 2026 at 4:19 PM Danielle Frost <dfrost@scmetro.org> wrote:

Hi Julie,

Thank you for reaching out and I'm glad to provide some clarification.

When we first received the mobile hydrogen fueler, our staff were still working their original evening shifts. As a result, bus fueling occurred later in the day, which led to late-night and overnight venting — including automatic venting — that we now know was impacting our neighbors.

Once we became aware of these impacts, we worked with our unions and staff to shift fueling operations into daytime hours. Because METRO has no control over the automatic venting that is built into the machine's functionality, the only lever we do control is staffing and scheduling. For that reason, we collaborated with our unions to redesign work schedules so fueling could occur during the day, significantly reducing the likelihood of automatic late-night venting.

However, moving fueling earlier created a new challenge: without intervention, the system would still reach full pressure later in the evening and automatically vent overnight. To prevent this, we coordinated with Plug to allow staff to perform one manual vent at 6 PM before the machine is locked down for the night. This manual vent is the only point in the process where staff have any control over venting.

The other venting you may hear is automatic and occurs when:

- Tank pressure reaches capacity

- The system cools in preparation for fueling

- Each bus completes fueling

- The system resets or restarts which is currently being addressed with Plug

These automatic vents are part of the system's built-in safety and fueling process, and staff cannot control or prevent them.

I hope this helps clarify how the venting occurs and the steps we've taken to minimize its impact. Please feel free to reach out anytime with additional questions or concerns.

Thank you,

Danielle Frost (she/her)
SANTA CRUZ METRO
Chief Communications & Marketing Officer

From: Gwyan Rhabyt [REDACTED]
Date: Tuesday, January 20, 2026 at 3:33 PM
To: Danielle Frost <dfrost@scmetro.org>

Hi Danielle and Corey,

I would like to repeat what I said at the meeting last month:
Automatic and emergency venting will only be needed to the extent that METRO has failed to invest in equipment to accommodate the easily anticipated functioning of the refueler.

METRO's failure to anticipate and failure to adequately invest in the appropriate infrastructure is NOT our problem.

This is not an excuse for breaking the law.

If the Refueler cannot operate safely without breaking the law, then it should be shut down until METRO can invest the funds to allow it to function legally.

Gwyan Rhabyt
Professor Emeritus of Multimedia and Interaction Design
California State University East Bay
and
President of the Board of Trustees, Pacific Elementary School District

Danielle Frost <dfrost@scmetro.org> Wed, Jan 21, 2026 at 10:04 AM
To: Gwyan Rhabyt [REDACTED]

Hi Gwyan,

We acknowledge receipt of your email and understand your continued frustration. METRO remains in active communication with Plug Power; they are responsible for the design, functionality, and compliance of the mobile fueler. We are continuing to press them for the required corrections and will provide updates as substantive progress occurs.

Sincerely,

Danielle Frost
Chief Communications & Marketing Officer
Santa Cruz METRO
831.420.2550 (0)
dfrost@scmetro.org

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DATE: January 23, 2026

TO: Board of Directors

FROM: Chuck Farmer, Chief Financial Officer

**SUBJECT: ACCEPT AND FILE PRELIMINARY APPROVED CHECK AND ACH
JOURNAL DETAIL FOR THE MONTH OF DECEMBER 2025**

I. RECOMMENDED ACTION

That the Board of Directors accept and file the preliminary approved Check and ACH Journal Detail for the Month of December 2025

II. SUMMARY

- This staff report provides the Board of Directors (Board) with a preliminary approved Check and ACH Journal Detail for the Month of December 2025.
- The Finance Department is submitting the Check and ACH Journal for Board acceptance and filing.

III. DISCUSSION/BACKGROUND

This preliminary approved Check and ACH Journal Detail provides the Board with a listing of the vendors and amounts paid out on a Monthly cash flow basis (Operating and Capital expenses).

All invoices submitted for the Month of December 2025 have been processed, the checks or ACH have been issued and signed by the Deputy Finance Director.

IV. STRATEGIC PLAN PRIORITIES ALIGNMENT

This report aligns to METRO's Financial Stability, Stewardship & Accountability strategic plan.

V. FINANCIAL CONSIDERATIONS/IMPACT

The Check and ACH Journal represents the invoices paid in December 2025 for Board review, agency disclosure and transparency.

VI. CHANGES FROM COMMITTEE

N/A.

VII. ALTERNATIVES CONSIDERED

None.

VIII. ATTACHMENTS

Attachment A: Check and ACH Journal Detail for the Month of December 2025

Prepared by: Holly Alcorn, Accounting Specialist

IX. APPROVALS

Chuck Farmer, Chief Financial Officer



Corey Aldridge, CEO/General Manager



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Attachment A



DECEMBER 2025 CHECK PAYMENTS

Check Date	Check Number	Supplier Name	Line Item Description	Amount
12/3/2025	96526	ASHLEY DONDLINGER	PP24-2025	\$160.00
12/3/2025	96527	DEPARTMENT OF TREASURY - IRS	PP24-2025	\$770.93
12/3/2025	96528	FRANCHISE TAX BOARD	PP24-2025	\$1,315.29
12/3/2025	96529	HARTFORD LIFE AND ACCIDENT INS	PP24-2025	\$2,393.14
12/3/2025	96530	SANTA CRUZ COUNTY SHERIFF DEPARTMENT	PP24-2025	\$510.80
12/3/2025	96531	SEIU LOCAL 521	PP24-2025	\$4,511.76
12/3/2025	96532	SMART-TRANSPORTATION DIVISION	PP24-2025	\$17,119.07
12/3/2025	96535	GREENWASTE RECOVERY INC.	S/P 09/01/24 - 09/30/24	\$1,020.61
12/3/2025	96536	QUADIENT FINANCE USA INC	08/2025 ADMIN POSTAGE METER	\$900.00
12/3/2025	96537	ACCO-WILSON INC	WO# 226568 / WTC - HVAC REPAIR	\$790.00
12/3/2025	96538	AMAZON CAPITAL SERVICES INC.	EMPLOYEE TOOL REPLACEMENT	\$1,045.89
12/5/2025	96539	ATHENS INSURANCE SERVICE INC	DECEMBER 2025 MONTHLY FEES	\$4,465.00
12/5/2025	96540	BATTERIES PLUS #314	WO# 226713 / VER - BATTERIES	\$37.21
12/5/2025	96541	BRASS KEY LOCKSMITH INC	WO# 226492 / SVT - LOCK VANDALISM	\$3,160.37
12/5/2025	96542	CALIFORNIA NEWSPAPERS P'SHIP - LEGAL N	WOMEN IN BUSINESS SENTINEL ARTICLE	\$500.00
12/5/2025	96543	CATTO'S GRAPHICS INC.	INVOICE DATE 09/30/25. HYDROGEN BUS WRAPS LI	\$18,993.92
12/5/2025	96544	CELTIS VENTURES INC.	REIMAGINE METRO CAMPAIGN - MEDIA BUY. SERVIC	\$9,496.00
12/5/2025	96545	CITY OF SCOTTS VALLEY	S/P 09/16/25 - 11/15/25 / SVT SEWER	\$387.88
12/5/2025	96546	CLEAN ENERGY	LNG 11.12.25	\$98,774.14
12/5/2025	96547	COAST PAPER & SUPPLY INC.	CLEANING SUPPLIES / MMF	\$1,613.91
12/5/2025	96548	COMMUNITY PRINTERS INC.	BUSINESS CARDS	\$184.78
12/5/2025	96549	COMMUNITY TELEVISION OF	REGULAR BOARD MEETING COVERAGE ON OCTOBE	\$393.00
12/5/2025	96550	CROSSLINE SUPPLY LLC	REVENUE VEHICLE PARTS	\$3,619.56
12/5/2025	96551	CRYSTAL SPRINGS WATER CO.	WATER DELIVERY / CEC	\$62.15
12/5/2025	96552	DOCTORS ON DUTY MEDICAL	10/16 PHYSICAL EXAM RENEWALS - FLEET	\$3,985.00
12/5/2025	96553	DUNN-EDWARDS CORPORATION	WO# 226803 / OPS	\$38.06
12/5/2025	96554	EMPLOYNET INC	MRKT INTERNS WEEKENDDATE: 11/9/2025	\$3,685.80
12/5/2025	96555	BFS GROUP LLC	WO# 226174 / FIELD	\$451.44
12/5/2025	96556	CUMMINSINC	REVENUE VEHICLE PARTS	\$21,260.18
12/8/2025	96557	EAST BAY TIRE CO.	TIRES AND TUBES REVENUE/ NON REVENUE VEHICL	\$19,287.61
12/8/2025	96558	FIRST ALARM	S/P 10/01/25 - 12/31/25 / TEMP HYDROGEN STATIOI	\$333.00
12/8/2025	96559	FLYERS ENERGY LLC	FUELS AND LUBRICANTS NON REVENUE VEHICLES	\$10,584.32
12/8/2025	96560	FRESHWORKS INC	ENTERPRISE ANNUAL PLAN	\$8,316.00
12/8/2025	96561	GILLIG LLC	REVENUE VEHICLE PARTS	\$13,116.67
12/8/2025	96562	GLOBAL WATER TECHNOLOGY INC	WATER TREATMENT / OPS	\$299.10
12/8/2025	96563	GRAFFITI SHIELD INC	REVENUE VEHICLE PARTS	\$447.08
12/8/2025	96564	GRAINGER	BRUSH / PARTS INV MMF	\$1,149.18
12/8/2025	96565	GRANITE ROCK COMPANY	WO# 226719 / VER	\$39.89
12/8/2025	96566	GREENWASTE RECOVERY INC.	S/P 11/01/25 - 11/30/25 / PRC	\$1,286.38
12/8/2025	96567	HUNT & SONS INC.	FUELS AND LUBRICANTS REVENUE VEHICLES	\$4,349.78
12/8/2025	96568	IMPERIAL BAG & PAPER CO LLC DBA: IMPERIAL	CLEANING SUPPLIES / MMF	\$843.63
12/8/2025	96569	J.J.R ENTERPRISESINC.	OFFICE SUPPLIES	\$298.14
12/8/2025	96570	JASPER WELLER LLC	REVENUE VEHICLE PARTS 2218; 343195	\$6,310.63
12/8/2025	96571	JOBBER'S EQUIPMENT WAREHOUSE	PARTS INV - VALVE / MMF	\$728.35
12/8/2025	96572	K&D LANDSCAPING INC	MONTHLY LANDSCAPING ALL LOCATIONS	\$5,756.40
12/8/2025	96573	KELLEY'S SERVICE INC.	REVENUE VEHICLE PARTS	\$2,813.19
12/8/2025	96574	KIMLEY-HORN AND ASSOCIATES INC	SERVICES THRU 10/31/25 / MASTER PLAN	\$23,364.88

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12/8/2025	96575 LUMINATOR TECH GROUP GLOBAL	REVENUE VEHICLE PARTS	\$811.06
12/8/2025	96576 MARTEZA INC DBA: BUDGET BLINDS OF MOR	WO# 226350 / WTC - BLINDS	\$416.00
12/8/2025	96577 MILLER MAXFIELD INC	POLLING INITIAL ANALYSIS AND PRESENTATION PL	\$40,909.06
12/8/2025	96578 MISSION UNIFORM	TOWELS MATS MOPS	\$1,928.84
12/8/2025	96579 PACIFIC GAS & ELECTRIC	S/P 10/22/25 - 11/20/25 - SBF ELECTRIC	\$42,690.16
12/8/2025	96580 PHILIP J CROUCH	REVENUE VEHICLE PARTS 2807; 342919	\$322.20
12/8/2025	96581 PIED PIPER EXTERMINATORS INC.	MONTHLY PEST CONTROL - OPS CREEK	\$1,072.50
12/8/2025	96582 PLUG POWER HYDROGEN HOLDINGS INC DE	HYDROGEN FUEL	\$77,138.34
12/8/2025	96583 POWER BUSINESS TECHNOLOGY LLC	BLACK & YELLOW TONER FOR EQUIPMENT PB2690	\$620.76
12/8/2025	96584 RA AUTOMOTIVE SOFTWARE SOLUTIONS INC	DUES AND SUBSCRIPTIONS	\$600.00
12/8/2025	96585 REFLECTIVE APPAREL FACTORYINC	RAIN GEAR FOR FAC & FLEET	\$3,374.79
12/8/2025	96586 RJMS CORPORATION DBA: TOTAL INDUSTRIE	SCISSOR & BOOM LIFT TRAINING - FAC STAFF	\$2,650.00
12/8/2025	96587 ROMAINE ELECTRIC CORP	REVENUE VEHICLE PARTS	\$2,572.19
12/8/2025	96588 SAGE SOFTWARE INC.	FIXED ASSET SOFTWARE CONTRACT 1 YR	\$1,923.00
12/8/2025	96589 SANTA CRUZ STAFFING LLC	ORG INV DATE 09/14/2025 W/E 09/14/2025	13.0HR \$11,803.00
12/8/2025	96590 SLINGSHOT CONNECTIONS LLC	CSR WEEK ENDING 11/23/25	\$1,991.85
12/8/2025	96591 SONIA MENDEZ-PACHECO	WO# 226510 / OPS - CARPET CLEANING	\$2,730.00
12/8/2025	96592 SOUTHERN COUNTIES LUBRICANTS LLC DBA	FUELS AND LUBRICANTS REVENUE VEHICLES	\$4,091.03
12/8/2025	96593 SOUTHWEST COMMERCIAL PRODUCTS	DISPENSER / MMF	\$60.00
12/8/2025	96594 SPX TECHNOLOGIESINC.	REVENUE VEHICLE PARTS	\$89.80
12/8/2025	96595 THE AFTERMARKET PARTS CO LLC	REVENUE VEHICLE PARTS	\$38,013.49
12/8/2025	96596 THE BUS COALITION INC	MEMBERSHIP DUES PLATINUM MEMBER LEVEL THR	\$8,500.00
12/8/2025	96597 THE HOSE SHOP INC	REVENUE VEHICLE PARTS	\$2,271.19
12/8/2025	96598 VIDIR INC.	WO# 226886 / TIRE CAROUSEL PM /TAX ON PARTS	\$2,359.64
12/8/2025	96599 VISION COMMUNICATIONS	OUTSIDE REPAIR OTHER VEHICLES NR7024; 33955€	\$1,152.19
12/8/2025	96600 WORKFORCEQA LLC	PRE EMP & PROF TECH - WORKFORCE-10/2025- DO	\$92.00
12/8/2025	96617 4IMPRINTINC.	EMPLOYEE INCENTIVE	\$299.47
12/8/2025	96618 72 HOUR LLC	OUTSIDE REPAIR REVENUE VEHICLES 1702; 34249€	\$6,231.07
12/10/2025	96619 9280-0366 QUEBEC INC DBA: TRANSIT	MONTHLY FEE DECEMBER 2025	\$6,162.50
12/10/2025	96620 ABC BUS INC	REVENUE VEHICLE PARTS	\$3,854.26
12/10/2025	96621 ADAM T WACHTEL DBA: WACHTEL ENVIRONM	WATER SAMPLING WO# 226915 & 226916	\$320.00
12/10/2025	96622 AMAZON CAPITAL SERVICES INC.	CALENDARS & OFFICE SUPPLIES / MMF	\$1,676.08
12/10/2025	96623 BROWN ARMSTRONG ACCOUNTANCY	WIP 2025 AUDIT	\$5,553.12
12/10/2025	96624 BUSY BEES CAFE & CATERING	BUSY BEES - CATERING FOR HOLIDAY PARTY	\$5,638.94
12/10/2025	96625 CITY OF SANTA CRUZ-FINANCE DEP	JAN 26 RENT	\$2,031.76
12/10/2025	96626 CUMMINSINC	REVENUE VEHICLE PARTS	\$7,480.56
12/10/2025	96627 FEDEX OFFICE	STUFF THE BUS POSTERS	\$138.26
12/10/2025	96628 GILLIG LLC	REVENUE VEHICLE PARTS	\$10,717.42
12/10/2025	96629 GROUP 4 ARCHITECTURERESEARCH+PLANN	19-0020 SERVICES THROUGH 11/30/2025	\$19,451.25
12/10/2025	96630 LUMINATOR TECH GROUP GLOBAL	REVENUE VEHICLE PARTS 0322; 342056	\$284.93
12/10/2025	96631 MGP XI REITLLC	JAN 26 RENT	\$2,570.48
12/10/2025	96632 SANTA CRUZ STAFFING LLC	W/E 12/07/2025 9.0HRS FINANCE	\$666.00
12/10/2025	96633 SOQUEL III ASSOCIATES	JAN 26 RENT	\$17,750.91
12/10/2025	96634 THE AFTERMARKET PARTS CO LLC	REVENUE VEHICLE PARTS	\$3,968.76
12/12/2025	96635 THERMO KING OF SALINAS INC	REVENUE VEHICLE PARTS	\$8,538.97
12/12/2025	96636 US BANK NATIONAL ASSOCIATION	11/25-12/25/2025 EQUIPMENT LEASE CONTRACT#€	\$1,712.94
12/12/2025	96638 ASHLEY DONDLINGER	PP25-2025	\$160.00
12/12/2025	96639 DEPARTMENT OF TREASURY - IRS	PP25-2025	\$770.93
12/12/2025	96640 FRANCHISE TAX BOARD	PP25-2025	\$1,163.83
12/12/2025	96641 HARTFORD LIFE AND ACCIDENT INS	PP25-2025	\$2,398.80
12/12/2025	96642 SANTA CRUZ COUNTY SHERIFF DEPARTMENT	PP25-2025	\$675.80
12/12/2025	96643 SEIU LOCAL 521	PP25-2025	\$4,441.33
12/12/2025	96644 SMART-TRANSPORTATION DIVISION	PP25-2025	\$16,643.79
12/12/2025	96650 WEST COAST COMMUNITY BANK	INTEREST FEES	\$1,229.90

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12/12/2025	96651	AAA BUSINESS SUPPLIES DBA: AAA WORKSP/ OFFICE SUPPLIES	\$450.14
12/12/2025	96652	AMAZON CAPITAL SERVICES INC. CLEANING SUPPLIES	\$280.91
12/12/2025	96653	AT&T S/P 10/19/25 - 11/18/25 / MAIN ACCT	\$10,839.82
12/12/2025	96654	AVAAP USA LLC AMS LIFELINE RENEWAL	\$9,506.25
12/12/2025	96655	CALIFORNIA NEWSPAPERS P'SHIP LEGAL NOTICES	\$136.00
12/12/2025	96656	CAPDEPON KATHERINE OUTSIDE REPAIR OTHER VEHICLES 103; 342936	\$537.50
12/12/2025	96657	CFM STRATEGIC COMMUNICATIONS INC FEDERAL LEGISLATIVE SERVICES FOR NOVEMBER 2	\$6,643.00
12/12/2025	96658	CINTAS CORPORATION NO.2 FIRST AID KIT RESTOCK / MMF	\$673.74
12/12/2025	96659	CITY OF SANTA CRUZ FINANCE RRF NOVEMBER DUMP	\$29.18
12/12/2025	96660	CLASSIC GRAPHICS OUTSIDE REPAIR OTHER VEHICLES NR0805; 341768	\$12,690.75
12/16/2025	96661	COMMUNITY PRINTERS INC. 2026 CALENDARS	\$7,380.97
12/16/2025	96662	CONSTRUCTION INDUSTRY EDUCATIONAL F INV DATE 10/06/25	\$300.00
12/16/2025	96663	COOPERATIVE PERSONNEL SERVICES JOB#H0310 11/05/25 CUST ID: SANT043	\$930.00
12/16/2025	96664	GALLAGHER BENEFIT SERVICES INC CLASS & COMP 15 POSITIONS	\$1,942.50
12/16/2025	96665	GARDA CL WEST INC. 12/2025 SERVICES	\$13,152.66
12/16/2025	96666	HARTFORD LIFE AND ACCIDENT INS NOVEMBER 2025 - LONG TERM DISABILITY INSURAN	\$20,269.19
12/16/2025	96667	JESUS JIMENEZ DBA: TACOS GUADALAJARA 8 CHRISTMAS LUNCH FOR MMF BUILDING 12/18/25	\$2,156.59
12/16/2025	96668	SANTA CRUZ METRO TRANSIT W/C 11/25 W/C REPLENISH	\$183,062.18
12/16/2025	96669	VERIZON WIRELESS S/P 10/23/25 - 11/22/25	\$5,381.85
12/16/2025	96670	VERIZON WIRELESS OPS TABLETS - 10/02/25 - 11/01/25	\$300.30
12/16/2025	96671	VERIZON WIRELESS OPS TABLETS 11/02/25-12/01/25	\$300.30
12/16/2025	96672	VERIZON WIRELESS S/P 09/23/25 - 10/22/25	\$3,681.90
12/16/2025	96673	VERIZON WIRELESS PARACRUZ	\$3,748.38
12/17/2025	96674	VERIZON WIRELESS S/P 11/02/25 - 12/01/25 / FAC TABLETS	\$300.30
12/17/2025	96675	VERIZON WIRELESS S/P 11/02/25 - 12/01/25 / FLEET TABLETS	\$40.04
12/17/2025	96676	VERIZON WIRELESS ACCT#X6086 1300/1325 TABLETS 10/2/25-11/1/25	\$100.10
12/17/2025	96677	VERIZON WIRELESS 11/02-12/01/2025 SAFETY SECURITY & RISK MANAG	\$50.04
12/17/2025	96678	VERIZON WIRELESS S/P 10/02/25 - 11/01/25 / FLEET TABLETS	\$40.04
12/17/2025	96679	VERIZON WIRELESS S/P 08/23/25 - 09/22/25	\$5,359.33
12/17/2025	96680	VERIZON WIRELESS S/P 10/02/25 - 11/01/25 / FAC TABLETS	\$300.30
12/17/2025	96681	VERIZON WIRELESS X6086 1300/1325 TABLETS 11/2025-12/2025	\$100.10
12/17/2025	96682	4IMPRINTINC. HOLIDAY ORNAMENTS 2025	\$2,817.11
12/17/2025	96683	ABC BUS INC REVENUE VEHICLE PARTS	\$1,929.67
12/17/2025	96684	ADARIDE.COM LLC 11/2025 ELIGIBILITY SERVICES	\$7,319.75
12/17/2025	96685	ANDREW J. O'KEEFE II MEDIA SERVICES SUBSCRIPTION DECEMBER 2025	\$4,000.00
12/17/2025	96686	CATTO'S GRAPHICS INC. HYDROGEN BUS WRAPS - ANEMONE #1724	\$19,593.92
12/17/2025	96687	CELTIS VENTURES INC. MISC. CAMPAIGNS NOVEMBER	\$35,080.31
12/17/2025	96688	COAST PAPER & SUPPLY INC. CLEANING SUPPLIES	\$834.82
12/17/2025	96689	COMMUNITY TELEVISION OF REGULAR BOARD MEETING COVERAGE ON NOVEME	\$614.50
12/17/2025	96690	CUMMINSINC REVENUE VEHICLE PARTS	\$3,506.75
12/17/2025	96691	D & G SANITATION PORTA POTTY CLEANING SERVICE / WTC LOT	\$2,214.58
12/17/2025	96692	DEPARTMENT OF JUSTICE 11/2025 FINGERPRINTS CUST # 142316	\$64.00
12/17/2025	96693	DEPTARTMENT OF INDUSTRIAL RELATIONS - ASSESSMENT FOR FISCAL YEAR JULY 1 2025- JUNE 3	\$50,570.62
12/17/2025	96694	EDWARD HERD AND RODNEY HERD DBA: AB, TOOL CAGE / PROJECT ID 23-0004K	\$9,785.00
12/17/2025	96695	EDWARD PARRAS WO# 226841 / OPS - STEEL	\$270.78
12/17/2025	96696	EMPLOYNET INC FOR MARKETING INTERNS. WEEKENDDATE: 11/16/2	\$2,508.00
12/17/2025	96697	ENVIRONMENTAL LOGISTICS INC HAZARDOUS WASTE DISPOSAL - AERSOLS / SBF	\$2,726.50
12/17/2025	96698	FASTENAL COMPANY INC SAFETY GLOVES / MMF	\$1,646.25
12/17/2025	96699	FLYERS ENERGY LLC FUEL AND LUBRICANTS NON REVENUE VEHICLES 1	\$12,101.91
12/17/2025	96700	GILLIG LLC REVENUE VEHICLE PARTS	\$4,841.64
12/17/2025	96701	GRAINGER PADLOCKS PAINT LINERS / PARTS INV MMF	\$349.12
12/17/2025	96702	HUNT & SONS INC. COMPRESSOR OIL	\$243.23
12/17/2025	96703	JASPER WELLER LLC REVENUE VEHICLE PARTS 1005; 341306	\$18,888.75
12/17/2025	96704	KAADY CHEMICAL CORPORATION CLEANING SUPPLIES	\$1,692.89

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12/19/2025	96705 KIMBALL MIDWEST	PARTS & SUPPLIES NON INVENTORY	\$1,438.88
12/19/2025	96706 LANGUAGE LINE SERVICES INC	OVER-THE-PHONE & ON-SITE INTERPRETATION	\$522.60
12/19/2025	96707 MARK THOMAS & COMPANY INC	SERVICES THRU 10/26/25 / PROJECT ID 19-0013 / JK	\$13,236.03
12/19/2025	96708 MAXIMUM OIL SERVICE LLC	HAZARDOUS WASTE DISPOSAL - USED OIL ANTIFREI	\$514.50
12/19/2025	96709 MODEL 1 COMMERCIAL VEHICLES INC	REVENUE VEHICLE PARTS	\$987.42
12/19/2025	96710 MUNICIPAL MAINTENANCE	WO# 226838 / MMF / SC 11/25/25	\$1,399.09
12/19/2025	96711 NORTH BAY FORD LINC-MERCURY	REVENUE VEHICLE PARTS	\$2,530.61
12/19/2025	96712 OPPENHEIMER INVESTIGATIONS GROUP LLP	LEGAL SERVICES RENDERED 10/23/25	\$2,365.00
12/19/2025	96713 PORTOLA SYSTEMS INC.	ORG INV 10/01/2025	\$269.00
12/19/2025	96714 QUEST DIAGNOSTIC INC.	11/24/25 PRE EMP & PROF TECH QUEST INVOICES F	\$474.30
12/19/2025	96715 SANTA CRUZ AUTO PARTS INC.	REVENUE VEHICLE PARTS	\$1,363.21
12/19/2025	96716 SANTA CRUZ RECORDS MNGMT INC	MONTHLY SHREDDING - WTC	\$45.00
12/19/2025	96717 SANTA CRUZ STAFFING LLC	W/E 12/14/2025 16.0HRS FINANCE	\$1,184.00
12/19/2025	96718 WORKFORCEQA LLC	PRE EMP & PROF TECH - WORKFORCE-11/2025- DO	\$80.00
12/19/2025	96727 ABACHERLI ARLETTE	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$109.19
12/19/2025	96728 ADAMS ELLEN	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$33.27
12/19/2025	96729 ANN DORICE	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$28.58
12/19/2025	96730 ARCHIBEQUE ELEANOR	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$21.32
12/19/2025	96731 BAN MARK	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$57.17
12/19/2025	96732 BARRY BARTHOLOMEW	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$24.06
12/19/2025	96733 BLAIR GARY	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$24.06
12/19/2025	96734 BLIGHT KAREN	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$33.27
12/19/2025	96735 BRONDSTATTER WALLACE	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$66.55
12/19/2025	96736 BROWN ERNEST	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$66.55
12/19/2025	96737 BYTHEWAY MARY	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$24.06
12/19/2025	96738 CAWALING GEORGE	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$92.07
12/19/2025	96739 CONTRERAS-NAVARRO FRANCISCO	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$33.27
12/19/2025	96740 CRAMBLETT LAWRENCE	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$33.27
12/19/2025	96741 CUMMINS MAJOR	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$66.55
12/19/2025	96742 DANIEL REBECCA	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$33.27
12/19/2025	96743 DAVIDOSKI PAUL	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$28.58
12/19/2025	96744 DEVIVO WILLIAM	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$52.64
12/19/2025	96745 DORFMAN IRIS	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$33.27
12/19/2025	96746 DRAKE JUDITH	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$24.06
12/19/2025	96747 ELIA LARRY	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$24.06
12/19/2025	96748 ESCARCEGA MIGUEL	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$66.55
12/19/2025	96749 FALLAU NICHOLAS	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$17.84
12/22/2025	96750 FLAGG PAULA	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$17.84
12/22/2025	96751 FOUSE BRENT	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$26.97
12/22/2025	96752 GALLOWAY SCOTT	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$24.06
12/22/2025	96753 GARBEZ MANNY	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$24.06
12/21/2025	96754 GOSE JOHN	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$24.06
12/22/2025	96755 GRANADOS-BOYCE MARIA	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$57.17
12/22/2025	96756 GROSJEAN DOUGLAS	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$48.13
12/22/2025	96757 HAMM CAROLYN	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$24.06
12/23/2025	96758 HANSEN MARK	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$28.58
12/23/2025	96759 HERNANDEZ MARGARITO	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$24.06
12/23/2025	96760 HERSHEY ANDREA	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$52.64
12/23/2025	96761 HICKLIN LUCILLE	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$33.27
12/23/2025	96762 HOLCOMB MICHAEL	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$66.55
12/23/2025	96763 HYMAN JOE	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$66.55
12/23/2025	96764 JACINTO FRANK	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$57.17
12/23/2025	96765 KALE RICKEY	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$66.55
12/23/2025	96766 LEGORRETA PETE	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$42.63

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12/23/2025	96767 LOGIUDICE FRED	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$33.27
12/23/2025	96768 LORENZANO JAMES	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$116.78
12/23/2025	96769 LUNA SUZANNE	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$53.94
12/23/2025	96770 MCDONALD JANIE	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$29.88
12/23/2025	96771 MCDONALD KEVIN	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$24.06
12/23/2025	96772 MESECK MARGARITA	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$24.06
12/23/2025	96773 MILLER FOREST	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$24.06
12/23/2025	96774 MITCHELL LISA	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$17.51
12/23/2025	96775 MITCHELL TODD	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$17.51
12/23/2025	96776 MORGAN JEANETTE	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$33.27
12/23/2025	96777 MULLIS MICHAEL	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$116.65
12/23/2025	96778 MUNGIOLO LARRY	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$33.27
12/23/2025	96779 O'HAGIN JUSTINA	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$33.27
12/23/2025	96780 OJEDA ROBERTO	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$66.55
12/23/2025	96781 OWENS ROLAND	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$109.19
12/23/2025	96782 PARHAM WALLACE	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$66.55
12/23/2025	96783 PETERS TERRIE	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$33.27
12/23/2025	96784 PRINCE PETER	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$57.17
12/23/2025	96785 RAMOS ROSALIO	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$146.10
12/23/2025	96786 REED KATHY	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$26.97
12/23/2025	96787 REGAN MICHAEL	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$57.17
12/23/2025	96788 RODRIGUEZ VALENTIN	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$53.94
12/23/2025	96789 ROWE RUBY	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$83.51
12/23/2025	96790 RUIZ ESTEVAN	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$57.17
12/23/2025	96791 SALGUEIRO MICHAEL	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$57.17
12/23/2025	96792 SERRATO JUAN	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$57.17
12/23/2025	96793 SLATER ROBYN	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$95.40
12/23/2025	96794 SWART RANDY	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$48.13
12/23/2025	96795 SYREN LESLYN	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$90.93
12/23/2025	96796 THOMAS RUSSELL	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$66.55
12/23/2025	96797 TOVAR SERENA	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$33.27
12/23/2025	96798 WADSWORTH RITA	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$24.06
12/23/2025	96799 WHITNEY LUCERE	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$66.55
12/23/2025	96800 WU PETER	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$28.58
12/23/2025	96801 WYANT JUDI	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$33.27
12/23/2025	96802 YANCY TERRY	RETIREE MEDICAL REIMBURSEMENT JAN 2026	\$33.27
12/23/2025	96803 ASHLEY DONDLINGER	PP26-2025	\$160.00
12/23/2025	96804 DEPARTMENT OF TREASURY - IRS	PP26-2025	\$770.93
12/23/2025	96805 FRANCHISE TAX BOARD	PP26-2025	\$1,078.36
12/23/2025	96806 HARTFORD LIFE AND ACCIDENT INS	PP26-2025	\$2,418.60
12/23/2025	96807 SANTA CRUZ COUNTY SHERIFF DEPARTMENT	PP26-2025	\$525.80
12/23/2025	96808 SEIU LOCAL 521	PP26-2025	\$4,379.09
12/23/2025	96809 SMART-TRANSPORTATION DIVISION	PP26-2025	\$17,076.20
12/23/2025	96810 72 HOUR LLC	OUTSIDE REPAIR OTHER VEHICLES 908; 301319	\$13,090.42
12/23/2025	96811 AAA BUSINESS SUPPLIES DBA: AAA WORKSP	OFFICE SUPPLIES	\$166.00
12/23/2025	96812 ABC BUS INC	REVENUE VEHICLE PARTS	\$94.49
12/23/2025	96813 AMAZON CAPITAL SERVICES INC.	GROUT BROOMS / MMF	\$864.76
12/23/2025	96814 AT&T	S/P 11/13/25 - 12/12/25 / PT TO PT1	\$1,141.56
12/23/2025	96815 ATHENS INSURANCE SERVICE INC	JANUARY 2026 MONTHLY FEES	\$4,465.00
12/23/2025	96816 AUTOMATIC DOOR SYSTEMS INC.	BI-ANNUAL PM FOR AUTOMATIC DOOR WO# 22693	\$1,002.44
12/23/2025	96817 BFS GROUP LLC	WO# 226769 / PRC - SHIMS TAPE STRAPS	\$332.60
12/23/2025	96818 BRASS KEY LOCKSMITH INC	WO# 226805 / PRC / SC 11/19/25 / ONLY PARTS TAX	\$770.45
12/23/2025	96819 CALIFORNIA TRANSIT ASSOC.	MEMBERSHIP DUES INVOICE 2026 (1/1/26 - 12/31/2	\$20,000.00
12/23/2025	96820 CASEY PRINTING INC	HEADWAYS WINTER 2025	\$11,613.75

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12/23/2025	96821 CATTO'S GRAPHICS INC.	DECEMBER RFTC SIGNS	\$2,987.70
12/23/2025	96822 CENTER FOR TRANSPORTATION AND	2026 CTE MEMBERSHIP - SMALL COMPANY (JANUAF	\$13,379.35
12/23/2025	96823 CINTAS CORPORATION NO.2	FIRST AID KIT RESTOCK / CEC	\$506.87
12/23/2025	96824 CITY OF SANTA CRUZ/PARKING	CS PARKING PERMITS - JAN 2025	\$900.00
12/23/2025	96825 CITY OF WATSONVILLE	AV TECH SUPPORT FOR THE BOARD MEETING ON AI	\$60.00
12/23/2025	96826 CITY OF WATSONVILLE UTILITIES	ORGANICS CART / WTC	\$2,140.93
12/23/2025	96827 CLEAN ENERGY	LNG 11.24.25	\$28,879.58
12/23/2025	96828 COAST PAPER & SUPPLY INC.	DUST PANS / CLEANING SUPPLIES	\$52.68
12/23/2025	96829 COMCAST BUSINESS	S/P 12/21/25 - 01/20/26 / CEC INTERNET	\$180.62
12/23/2025	96830 COMMUNITY PRINTERS INC.	REIMAGINE POSTERS (SPANISH)	\$847.09
12/23/2025	96831 CROSSLINE SUPPLY LLC	REVENUE VEHICLE PARTS	\$1,809.78
12/23/2025	96832 CUMMINSINC	REVENUE VEHICLE PARTS	\$2,608.60
12/23/2025	96833 EAST BAY TIRE CO.	TIRES AND TUBES REVENUE/ NON REVENUE VEHICL	\$18,042.83
12/29/2025	96834 EMPLOYNET INC	MRK INTERNS WEEKENDDATE: 11/30/2025	\$3,589.81
12/29/2025	96835 FRONTIER COMMUNICATIONS - 3025	S/P 12/16/25 - 1/15/26 / SKYLINE TO RIVER	\$53.97
12/29/2025	96836 FRONTIER COMMUNICATIONS - 6145	12/13-01/12/2026 SKYLINE TO OCEAN	\$68.12
12/29/2025	96837 GILLIG LLC	REVENUE VEHICLE PARTS	\$6,427.42
12/29/2025	96838 GRAINGER	BATTERIES / PARTS INV	\$383.52
12/29/2025	96839 HUNT & SONS INC.	FUELS AND LUBRICANTS REVENUE VEHICLES	\$12,581.11
12/29/2025	96840 JOHNSON CONTROLS INC	S/P 01/01/26 - 3/31/26 / WTC / WO# 226954	\$773.78
12/29/2025	96841 KELLEY'S SERVICE INC.	PARTS & SUPPLIES NON INVENTORY	\$6,370.97
12/29/2025	96842 KJRB INC.	OUTSIDE REPAIR REVENUE VEHICLES 0125; 343646	\$987.00
12/29/2025	96843 LAW OFFICES OF MARIE F. SANG	CL #20000168	\$1,877.20
12/29/2025	96844 LMS ENVIRONMENTAL INC	TITLE 22 TRAINING FOR FAC AND PARTS	\$1,350.00
12/29/2025	96845 MANSFIELD OIL CO OF GAINSVILLE	FUELS AND LUBRICANTS REVENUE VEHICLES	\$20,534.18
12/29/2025	96846 PACIFIC GAS & ELECTRIC	S/P 10/31/25 - 12/03/25 / SVT WTC PNR	\$47,338.37
12/29/2025	96847 PACIFIC TRUCK PARTS INC.	REVENUE VEHICLE PARTS	\$1,771.76
12/29/2025	96848 SANTA CRUZ MUNICIPAL UTILITIES	S/P 11/01/25 - 11/30/25 / SBF IRRIGATION	\$11,989.93
12/29/2025	96849 SANTA CRUZ VIBES MEDIA LLC	3 PAGE ADVERTORIAL : WINTER VIBES	\$4,645.00
12/29/2025	96850 SCOTTS VALLEY WATER DISTRICT	S/P 11/01/25 - 11/30/25 / SVT	\$357.39
12/29/2025	96851 SPX TECHNOLOGIESINC.	REVENUE VEHICLE PARTS	\$1,629.88
12/29/2025	96852 ACUITY SPECIALTY PRODUCTS INC	CLEANING SUPPLIES	\$2,998.26
12/29/2025	96853 AMAZON CAPITAL SERVICES INC.	OFFICE SUPPLIES	\$16.73
12/29/2025	96854 AT&T	S/P 11/19/25 - 12/18/25 / MAIN ACCT	\$6,956.37
12/29/2025	96855 CLEAN ENERGY	LNG 12.1.25	\$48,222.18
12/29/2025	96856 FIRST ALARM SECURITY & PATROL	SECURITY SERVICES NOV 2025	\$81,490.21
12/29/2025	96857 HANSON BRIDGETT LLP	MATTER # 032117.003003	\$49,590.41
12/29/2025	96858 MARK THOMAS & COMPANY INC	SERVICES THRU 9/28/25 / JKS GATES / 19-0013	\$2,951.20
12/29/2025	96859 MISSION UNIFORM	TOWELS MOPS MATS / MMF	\$1,337.14
12/29/2025	96860 MPRESS DIGITALINC	INVOICE DATE 3/14/25	\$3,859.08
12/29/2025	96861 PACIFIC GAS & ELECTRIC	11/06-12/11/2025 PARACRUZ ACCT#8175294351-4	\$1,881.87
12/29/2025	96862 PIED PIPER EXTERMINATORS INC.	MONTHLY PEST CONTROL / CEC	\$237.00
12/29/2025	96863 QOVO SOLUTIONS INC.	SURVEILLANCE CAMERAS MOBILE DECEMBER 2025	\$1,800.00
12/29/2025	96864 QUADIENT FINANCE USA INC	ADMIN POSTAGE METER	\$983.00
12/29/2025	96865 RELIABLE MONITORING SERVICES DBA: RMS	SERVICES THRU 11/30/25 / PROJECT ID 23-0005C /	\$16,625.00
12/29/2025	96866 RICOH USA INC CA	OPS COPIER 12/01/2025-12/31/2025	\$206.37
12/29/2025	96867 RIVERSIDE LIGHTING INC.	WO# 226861 - SBF - ELECTRICAL ITEMS	\$336.92
12/29/2025	96868 ROMAINE ELECTRIC CORP	REVENUE VEHICLE PARTS	\$6,424.85
12/29/2025	96869 SAFETY-KLEEN SYSTEMS INC	WO# 226910 / MMF HAZARDOUS WASTE	\$5,383.74
12/29/2025	96870 SHAW YODER ANTWIH	LEGISLATIVE REPRESENTATION FOR DECEMBER 20	\$5,700.00
12/29/2025	96871 SLINGSHOT CONNECTIONS LLC	CSR WEEK ENDING 12/14/25	\$2,278.50
12/29/2025	96872 THE AFTERMARKET PARTS CO LLC	REVENUE VEHICLE PARTS	\$26,272.27
12/29/2025	96873 THE HOSE SHOP INC	PARTS & SUPPLIES NON INVENTORY	\$857.12
12/29/2025	96874 TRIAD ELECTRIC LLC	WO# 226861 / SBF PULL BOX INSTALLATION	\$2,347.00

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12/29/2025	96875 UCI CONSTRUCTION INC	HYDROGEN FUELING STATION	\$24,811.82
12/29/2025	96876 VALLEY POWER SYSTEMS NORTHINC	REVENUE VEHICLE PARTS	\$2,974.56
12/29/2025	96877 VERITECH INC.	REVENUE VEHICLE PARTS	\$1,085.00
12/29/2025	96878 WCAF LLC	REVENUE VEHICLE PARTS PC1715; 341744	\$225.36
12/29/2025	96533 Chris Sullivan (796)	REIMBURSEMENT - VOID CK#95071 & RE-ISSUE	\$150.00
12/29/2025	96534 Justin Ward (1408)	REIMBURSEMENT - VOID CK#95542 & RE-ISSUE	\$150.00
12/29/2025	96601 Angel Mendoza (1660)	REIMBURSEMENT	\$500.00
12/29/2025	96602 Antonio Garcia (1094)	REIMBURSEMENT	\$218.20
12/30/2025	96603 Daniel Zaragoza (764)	REIMBURSEMENT	\$127.92
12/30/2025	96604 Derek Toups (1517)	REIMBURSEMENT	\$830.00
12/30/2025	96605 Edward Diaz (1160)	REIMBURSEMENT	\$250.00
12/30/2025	96606 Gregory Nolen (927)	REIMBURSEMENT	\$67.20
12/30/2025	96607 Javier Favela (Terminated) (982)	REIMBURSEMENT	\$213.99
12/30/2025	96608 Joshua Chelise (1106)	REIMBURSEMENT	\$150.00
12/30/2025	96609 Oscar Rodriguez (1742)	REIMBURSEMENT	\$250.00
12/30/2025	96610 Pablo Berrelleza (966)	REIMBURSEMENT	\$1,347.33
12/30/2025	96611 Ryan MacDonell (776)	REIMBURSEMENT	\$67.20
12/30/2025	96612 Suzie Mistry (1400)	REIMBURSEMENT	\$114.08
12/30/2025	96613 Suzie Mistry (1400)	REIMBURSEMENT	\$1,508.80
12/30/2025	96614 Uriel Estrada (925)	REIMBURSEMENT	\$500.00
12/30/2025	96615 Uriel Estrada (925)	REIMBURSEMENT	\$250.00
12/30/2025	96616 Wesley Guild (995)	REIMBURSEMENT	\$67.20
12/30/2025	96645 Gustavo Guevara (1380)	REIMBURSEMENT	\$150.00
12/30/2025	96646 Jonathan Trachtenberg (1357)	REIMBURSEMENT	\$150.00
12/30/2025	96647 Michael Bois (1299)	REIMBURSEMENT	\$280.00
12/30/2025	96648 Michael Bois (1299)	REIMBURSEMENT	\$168.07
12/30/2025	96649 Mike Montes-Valenciano (1172)	REIMBURSEMENT	\$50.40
12/30/2025	96719 Celine Chambers (1552)	REIMBURSEMENT	\$55.37
12/30/2025	96720 Christopher Leonard (1088)	REIMBURSEMENT	\$98.64
12/30/2025	96721 Greg Strecker (1518)	REIMBURSEMENT	\$1,058.91
12/30/2025	96722 Greg Strecker (1518)	REIMBURSEMENT	\$1,849.40
12/30/2025	96723 Holly Alcorn (956)	REIMBURSEMENT	\$1,056.13
12/30/2025	96724 Katherine Davies-Janes (1466)	REIMBURSEMENT	\$150.00
12/30/2025	96725 Oscar Herrera (820)	REIMBURSEMENT	\$58.00
12/30/2025	96726 Valentin Zarate (787)	REIMBURSEMENT	\$150.00

Grand Total	\$1,772,971.39
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Attachment A

DECEMBER 2025 ACH PAYMENTS



Payment Type	Payment Date	Payee	Line Item Description2	Total
EFT	12/1/2025	NEW FLYER OF AMERICA INC	Forty-four (44) 40ft Hydrogen Buses Project: 23-0001. Bus #3124	\$ 1,188,590.89
	12/5/2025	UNITED PARCEL SERVICE	P/U 11/11	\$ 84.64
	12/10/2025	NEW FLYER OF AMERICA INC	Forty-four (44) 40ft Hydrogen BusesProject: 23-0001	\$ 1,188,590.89
	12/19/2025	UNITED PARCEL SERVICE	FREIGHT P/U 12.2.25	\$ 98.09
		DISTRICT PARTNERS LLC	MARC KUBICKI 11/03-11/16/2025 CONSULTING HOURS	\$ 17,980.00
		KRUEGER TRANSPORT LLC	Task Order No. 2 for Messer Permanent Hydrogen Fueling Station - Design	\$ 37,658.79
		KUBA INC	Kuba - Open-loop Fare Payment System through CAL ITP	\$ 85,691.77
	12/23/2025	AGUIRRE, CIRO	Retiree Reimbursement - January 26	\$ 17.84
		AITKEN, ANGELA	Retiree Reimbursement - January 26	\$ 130.19
		ALLEN, ROBERT	Retiree Reimbursement - January 26	\$ 24.06
		ANDRADE, GERALD	Retiree Reimbursement - January 26	\$ 57.17
		ARCHIBEQUE, JUANITA	Retiree Reimbursement - January 26	\$ 66.55
		AVILES, PATRICIA	Retiree Reimbursement - January 26	\$ 33.27
		BASS, BETTY	Retiree Reimbursement - January 26	\$ 33.27
		BOYD, MICHAEL	Retiree Reimbursement - January 26	\$ 66.55
		BREGANTE, BATTISTA	Retiree Reimbursement - January 26	\$ 24.06
		BRONDSTATTER, CHERYL	Retiree Reimbursement - January 26	\$ 33.27
		BROWN, KENNETH	Retiree Reimbursement - January 26	\$ 66.55
		BURKET, JANET	Retiree Reimbursement - January 26	\$ 33.27
		CANALES, DONNA	Retiree Reimbursement - January 26	\$ 35.68
		CAPELLA, KATHLEEN	Retiree Reimbursement - January 26	\$ 57.17
		CASANEGA, RICHARD	Retiree Reimbursement - January 26	\$ 24.06
		CAVATAIO, PASQUALE	Retiree Reimbursement - January 26	\$ 48.13
		CENTER, DOUGLAS	Retiree Reimbursement - January 26	\$ 24.06
		CHANDLEY, PAUL	Retiree Reimbursement - January 26	\$ 109.19
		CLAYTON, MICHAEL	Retiree Reimbursement - January 26	\$ 24.06
		COTTER, ROBERT	Retiree Reimbursement - January 26	\$ 66.55
		CRUISE, RICHARD	Retiree Reimbursement - January 26	\$ 33.27
		CUMMINGS, PATRICIA	Retiree Reimbursement - January 26	\$ 57.17
		DIAZ, OLIVIA	Retiree Reimbursement - January 26	\$ 92.07
		DOBBS, LILLIAN	Retiree Reimbursement - January 26	\$ 24.06
		EMERSON, WILLIAM	Retiree Reimbursement - January 26	\$ 66.55
		FENN, MARILYN	Retiree Reimbursement - January 26	\$ 33.27
		FLORES, JUAN	Retiree Reimbursement - January 26	\$ 92.07
		FRANCIS, RUFUS	Retiree Reimbursement - January 26	\$ 35.68
		GABRIEL, RICHARD	Retiree Reimbursement - January 26	\$ 33.27
		GABRIELE, BERNARD	Retiree Reimbursement - January 26	\$ 17.51
		GABRIELE, CATHLEEN	Retiree Reimbursement - January 26	\$ 17.51
		GALE, TERRY	Retiree Reimbursement - January 26	\$ 66.55
		GARCIA, DANIEL	Retiree Reimbursement - January 26	\$ 33.27
		GARCIA, SAMUEL	Retiree Reimbursement - January 26	\$ 33.27
		GROBMAN, BRUCE	Retiree Reimbursement - January 26	\$ 24.06
		HERNANDEZ, JUAN	Retiree Reimbursement - January 26	\$ 57.17
		HILL, ANDREW	Retiree Reimbursement - January 26	\$ 33.27
		HILTNER, THOMAS	Retiree Reimbursement - January 26	\$ 116.78
		JUSSEL, PETE	Retiree Reimbursement - January 26	\$ 24.06
		KAMEDA, TERRY	Retiree Reimbursement - January 26	\$ 33.27
		KELLY, ELOISE	Retiree Reimbursement - January 26	\$ 24.06
		KONNO, DAVID	Retiree Reimbursement - January 26	\$ 42.63
		LAWSON, LOIS	Retiree Reimbursement - January 26	\$ 33.27
		LEFFLER, JEAN	Retiree Reimbursement - January 26	\$ 33.27
		LONGNECKER, LLOYD	Retiree Reimbursement - January 26	\$ 66.55
		LUCIER, MARILYN	Retiree Reimbursement - January 26	\$ 24.06
		LYNCH, GLENN	Retiree Reimbursement - January 26	\$ 66.55
		MACHADO, MARGARET	Retiree Reimbursement - January 26	\$ 24.06
		MALPHRUS, BRENDA	Retiree Reimbursement - January 26	\$ 28.58
		MARTIN, DAWN	Retiree Reimbursement - January 26	\$ 66.55
		MARTINEZ, MANUEL	Retiree Reimbursement - January 26	\$ 131.13
		MARTINEZ, MARK	Retiree Reimbursement - January 26	\$ 57.17
		MCFADDEN, IAN	Retiree Reimbursement - January 26	\$ 20.98
		MCHALE, BRIAN	Retiree Reimbursement - January 26	\$ 66.55
		MELLON, JOHN	Retiree Reimbursement - January 26	\$ 24.06
		MOREAU, DAVID	Retiree Reimbursement - January 26	\$ 109.19

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EFT	12/23/2025	MORR, BONNIE	Retiree Reimbursement - January 26	\$ 57.17
		MUNGUIA, GUSTAVO	Retiree Reimbursement - January 26	\$ 48.13
		NABOR, GLEN	Retiree Reimbursement - January 26	\$ 33.27
		NAUKKARINEN, JUKKA	Retiree Reimbursement - January 26	\$ 33.27
		NELSON, EDWARD	Retiree Reimbursement - January 26	\$ 24.06
		NELSON, RICHARD	Retiree Reimbursement - January 26	\$ 66.55
		NIETO, MANUEL	Retiree Reimbursement - January 26	\$ 48.13
		NORTH, JEFFREY	Retiree Reimbursement - January 26	\$ 109.19
		NORTHON, M	Retiree Reimbursement - January 26	\$ 139.90
		O'DONNELL, SHAWN	Retiree Reimbursement - January 26	\$ 66.55
		OROZCO, RICHARD	Retiree Reimbursement - January 26	\$ 131.13
		PAULSON, STEVEN	Retiree Reimbursement - January 26	\$ 66.55
		PEREZ, ANTONIO	Retiree Reimbursement - January 26	\$ 48.13
		PICARELLA, FRANCIS	Retiree Reimbursement - January 26	\$ 24.06
		POLANCO, JOSE	Retiree Reimbursement - January 26	\$ 66.55
		PRECIADO, MARY LOU	Retiree Reimbursement - January 26	\$ 24.06
		PRICE, HARRY	Retiree Reimbursement - January 26	\$ 66.55
		PRINCE, DEBRA	Retiree Reimbursement - January 26	\$ 33.27
		PRUDDEN, RICHARD	Retiree Reimbursement - January 26	\$ 66.55
		PYE, GINA	Retiree Reimbursement - January 26	\$ 66.55
		RAMIREZ, MANUEL	Retiree Reimbursement - January 26	\$ 17.84
		RHODES, BRUCE	Retiree Reimbursement - January 26	\$ 33.27
		ROCHA, SHERRI	Retiree Reimbursement - January 26	\$ 28.58
		ROSS, ELISABETH	Retiree Reimbursement - January 26	\$ 33.27
		ROSS, EMERY	Retiree Reimbursement - January 26	\$ 33.27
		ROY, ARLEN	Retiree Reimbursement - January 26	\$ 33.27
		RYLANDER, REED	Retiree Reimbursement - January 26	\$ 48.13
		SANCHEZ, ASCENCION	Retiree Reimbursement - January 26	\$ 66.55
		SCARGILL, RAYMOND	Retiree Reimbursement - January 26	\$ 66.55
		SCHRAEDER, PAUL	Retiree Reimbursement - January 26	\$ 48.13
		SCILLA, JOSEPH	Retiree Reimbursement - January 26	\$ 33.27
		SILVA, EDUARDO	Retiree Reimbursement - January 26	\$ 24.06
		STARKEY, THOMAS	Retiree Reimbursement - January 26	\$ 28.58
		STICKEL, THOMAS	Retiree Reimbursement - January 26	\$ 48.13
		TOLENTINO, SALVADOR	Retiree Reimbursement - January 26	\$ 53.94
		TRENT, VICKI	Retiree Reimbursement - January 26	\$ 28.58
		TUTTLE-CALLIS, CHERI	Retiree Reimbursement - January 26	\$ 116.78
		VALDEZ, JOSE	Retiree Reimbursement - January 26	\$ 57.17
		VAN DE VEER, JOHN	Retiree Reimbursement - January 26	\$ 116.78
		VANDERZANDE, ED	Retiree Reimbursement - January 26	\$ 66.55
		VEST, SHELLY	Retiree Reimbursement - January 26	\$ 33.27
		VONWAL, YVETTE	Retiree Reimbursement - January 26	\$ 33.27
		WALTER, KEVIN	Retiree Reimbursement - January 26	\$ 48.13
		WHITE, LESLIE	Retiree Reimbursement - January 26	\$ 33.27
		WILLIS, GREGORY	Retiree Reimbursement - January 26	\$ 130.19
		WILSON, BONNIE	Retiree Reimbursement - January 26	\$ 66.55
		WOODBIDGE, ELIZABETH	Retiree Reimbursement - January 26	\$ 109.19
		YEO, BILL	Retiree Reimbursement - January 26	\$ 26.97
EFT Total				\$ 2,524,095.97
Manual	12/19/2025	U.S. BANK - CAL-CARD	MISC EXPENSES, TRAVEL & TRAINING	\$ 19,923.23
Manual Total				\$ 19,923.23
GRAND TOTAL				\$ 2,544,019.20

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**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)
BOARD OF DIRECTORS MEETING MINUTES*
ADMIN OFFICE, 110 VERNON STREET, SANTA CRUZ, CA
DECEMBER 19, 2025 – 9:00 AM**

A regular meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District (METRO) convened on Friday, December 19, 2025, as a hybrid meeting.

The Board Meeting agenda packet can be found online at www.SCMTD.com. *Minutes are “summary” minutes, not verbatim minutes. Audio recordings of Board meeting open sessions are available to the public upon request.

This document was created with accessibility in mind. With the exception of certain third party and other attachments, it passes the Adobe Acrobat XI Accessibility Full Check. If you have any questions about the accessibility of this document, please email your inquiry to accessibility@scmttd.com.

1 CALLED TO ORDER at 9:01 AM by Board Chair Downing.

2 SAFETY DEBRIEF

Gregory Strecker, Safety, Security & Risk Management Director, provided a debriefing on safety, emphasizing METRO’s response to an active threat, fire, earthquake and/or medical emergency, and the evacuation routes.

3 ROLL CALL

Director Martinez announced she is participating remotely for just cause under AB 2449 due to the need to provide care for a family member. The following Directors were **present**, representing a quorum:

Director Rebecca Downing	County of Santa Cruz
Director Jimmy Dutra <i>AR 9:39 AM</i>	City of Watsonville
Director Shebreh Kalantari-Johnson	City of Santa Cruz
Director Manu Koenig	County of Santa Cruz
Director Fabian Leonor	County of Santa Cruz
Director Donna Lind	City of Scotts Valley
Director Monica Martinez	County of Santa Cruz
Director Scott Newsome	City of Santa Cruz
Director Melinda Orbach	City of Capitola
Ex-Officio Director Alta Northcutt	Cabrillo College
Ex-Officio Director Edward Reiskin	UC Santa Cruz

Corey Aldridge	CEO/General Manager
Julie Sherman	General Counsel

4 ANNOUNCEMENTS

- 4.1 Today’s meeting was broadcast by Community Television of Santa Cruz County.
- 4.2 Maria Avila from Language Line Services provided Spanish interpretation services for today’s meeting.

5 BOARD OF DIRECTORS COMMENTS

Director Orbach attended METRO's holiday party and commended staff for putting on a festive event.

Board Chair Downing thanked METRO staff for coordinating and attending the committee and Board meetings in 2025. Conducting Board meetings beyond this room are challenging and she appreciates all the work that staff does so that METRO can hold its meetings throughout the county. She also thanked the Board Members for their work and the members of the public, both in person and online, for attending. METRO always wants to hear from you and we appreciate the time you take to share your thoughts and opinions with us.

Hearing nothing further, Board Chair Downing moved to the next agenda item.

6 ORAL AND WRITTEN COMMUNICATIONS TO THE BOARD OF DIRECTORS

Brian Peoples, Trail Now, expressed concern on how METRO's representation on the Santa Cruz County Regional Transportation Commission (RTC) recently voted on securing a grant. He asked METRO's representatives on the RTC to be supportive of METRO.

Hearing nothing further, Board Chair Downing moved to the next agenda item.

7 LABOR ORGANIZATION COMMUNICATIONS

Jaime Renteria, SMART Chairperson, Local 23, read his letter submitted to the Board Members. He emphasized it is crucial that METRO doesn't shut down its hydrogen fueling system and the need to continue serving the public.

Olivia Martinez, SEIU Region 2 Director, commented that SEIU supports the hydrogen system. However, SEIU is concerned about how the Board conducted the community meeting and potentially violated the Brown Act. Their concern centers on transparency and ethical processes.

Hearing nothing further, Board Chair Downing moved to the next agenda item.

8 ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS

There were five additional communications to the Board of Directors that will be added to the agenda packet.

Hearing nothing further, Board Chair Downing moved to the next agenda item.

CONSENT AGENDA

All items appearing on the Consent Agenda are recommended actions which are considered to be routine and will be acted upon as one motion. All items removed will be considered later in the agenda. The Board Chair will allow public input prior to the approval of the Consent Agenda items.

9.1 ACCEPT AND FILE: PRELIMINARY APPROVED CHECK JOURNAL DETAIL FOR THE MONTH OF NOVEMBER 2025

Chuck Farmer, Chief Financial Officer

- 9.2 ACCEPT AND FILE MINUTES OF:
A. OCTOBER 15, 2025 METRO ADVISORY COMMITTEE MEETING
B. NOVEMBER 21, 2025 BOARD OF DIRECTORS REGULAR MEETING
Corey Aldridge, CEO/General Manager
- 9.3 APPROVE: RECOMMENDED ACTION ON TORT CLAIMS
Gregory Strecker, Safety, Security and Risk Management Director
- 9.4 ACCEPT AND FILE: FINANCIAL UPDATE AS OF NOVEMBER 2025
Chuck Farmer, Chief Financial Officer
- 9.5 APPROVE: CONSIDERATION OF CONTRACT AWARD TO CAPUZZI CONSULTING GROUP INC. FOR RAPID CORRIDORS DESIGN AND ENGINEERING
John Urgo, Chief Planning and Innovation Officer
- 9.6 APPROVE: APPOINTMENT TO THE METRO ADVISORY COMMITTEE (MAC)
Corey Aldridge, CEO/General Manager
- 9.7 APPROVE: CONSIDERATION OF ELECTRONIC PAYMENT ACCEPTANCE SERVICES UNDER STATE AGREEMENT NO. 5-10-99-02 WITH ELAVON, INC. FOR PAYMENT PROCESSING OF CONTACTLESS CREDIT/DEBIT CARD TRANSACTIONS ON METRO BUSES
John Urgo, Chief Planning and Innovation Officer

There were no public comments.

Hearing nothing further, Board Chair Downing called for a voice vote.

ACTION: MOTION TO APPROVE THE CONSENT AGENDA AS PRESENTED

MOTION: DIRECTOR KOENIG

SECOND: DIRECTOR LEONOR

MOTION PASSED WITH 8 AYES (Directors Downing, Kalantari-Johnson, Koenig, Leonor, Lind, Martinez, Newsome, and Orbach). Director Dutra was absent.

REGULAR AGENDA

Board Chair Downing announced that Item 15 will be heard before Item 14.

10 UPDATE ON BALLOT MEASURE SURVEY RESULTS

Sara LaBatt, EMC Research, spoke to her presentation (attached) and provided a summary of the ballot measure survey with likely voters in Santa Cruz County. This study was conducted in November 2025. She covered the methodology used and key findings. She reviewed public awareness and attitudes towards METRO and taxes, revenue measure wording, initial support for a measure, support and opposition motivations, components that voters prioritize in maintaining METRO service and the communities who benefit from this service, and conclusions of the survey.

Discussion followed on:

- The weight of the 12-year provision of these results and how it compares to other measures EMC Research has worked on
- Free fare programs
- Opposition voters
- Providing a breakdown of potential voters by location within the county to Board Members
- Educating and providing personal interaction with community (e.g., community meetings, social media, TV, canvassing neighborhoods, etc.)
- Whether potential voters understand the new tax rates in their jurisdictions if passed and the financial impacts
- Traffic impacts and those that rely on METRO's service
- Affordable housing projects approved and tied to transit service

Jared Boigon, Team CIVX, spoke to the presentation and provided an overview of the process used with public agencies for ballot measure planning purposes.

Additional discussion continued on:

- Board Member reelection efforts conflicting with ballot measure
- Understanding the alternatives if a measure does not pass
- Opportunity to educate voters and the tools METRO can use
- Visual advertising (e.g., 90X running on Hwy. 1)
- Citizen initiative process
- Contingency planning in parallel to a potential measure
- Providing direction to staff to agendize a broader discussion item for the January 2026 Board meeting along with a request to Legal Counsel to provide training on ballot measure advocacy

Ms. LaBatt and Mr. Boigon addressed all questions.

Mr. Renteria commented that SMART is willing to help but needs guidance on the matter so it is done properly.

Board Members thanked both Ms. LaBatt and Mr. Boigon for their informative presentation.

Hearing nothing further, Board Chair Downing moved to the next agenda item.

11 METRO ADVISORY COMMITTEE (MAC) SEMI-ANNUAL ORAL UPDATE

Veronica Elsea, MAC Chair, commented that MAC Members have continued their excellent attendance of participating in the quarterly meetings and on tasks in between meetings, and thanked the membership for their work in 2025. She reviewed the issues covered with staff in the past year. She announced the 2026 MAC meeting schedule and encouraged Board Members to attend. She thanked Board Chair Downing for including MAC in the "A Week Without Driving" campaign. She praised Chuck Farmer, Chief Financial Officer, for providing a clear and thorough budget update to MAC. She thanked Customer Service for working with MAC on understanding the new transit app. The committee looks forward to welcoming Bobi Wood, Mobility Training Coordinator, to the February meeting.

She thanked CEO Aldridge for approving MAC holding special meetings, if needed, for time-sensitive issues that may arise between the quarterly meetings. She thanked James Von Hendy, outgoing MAC Member, for serving on MAC.

Board Chair Downing thanked Ms. Elsea for her leadership and to all the MAC Members for their work. She encouraged other Board Members to attend the meetings because MAC does bring a unique perspective and it is important for us to hear it so that we can make decisions that benefit everyone. Director Lind agreed and added she had attended MAC meetings and found them informative.

There were no public comments.

Hearing nothing further, Board Chair Downing moved to the next agenda item.

12 APPROVE ADOPTING A RESOLUTION TO RENAME PACIFIC STATION TO THE ROTKIN TRANSIT CENTER

Shebreh Kalantari-Johnson, Donna Lind, and Scott Newsome, METRO Board Directors spoke to this item. Director Kalantari-Johnson said this is an opportunity to recognize Mike Rotkin's decades of serving Santa Cruz County, shaping public transportation, and expanding opportunities to communities we care about. He was rooted in equity, access, and sustainability. This is an opportunity to visibly honor Mr. Rotkin and recognize our shared values in our community for decades to come. I want to acknowledge and thank Madelyn McCaul, Mr. Rotkin's wife, for being here today and being Mr. Rotkin's rock and sounding board in his roles beyond METRO.

Director Newsome mentioned that Mike meant a great deal to our community and had a very positive impact over his 46 years in public service, both on this Board and the Santa Cruz City Council. He touched the lives of many people as a mentor, both at UCSC and the political world. I think this is a wonderful way for us to recognize his legacy and remember his work in the City of Santa Cruz.

Director Lind stated she had known Mike for 50 years and appreciated his dedication and passion. He was the first to step forward to help a new Board Member or someone new to politics. He had a huge heart. She provided an anecdotal story of when she worked on the police force and everyone joked about arresting the mayor in Santa Cruz because Mike had been arrested in Santa Cruz. He felt so passionate about issues that he was willing to be arrested. That fun sense of humor is going to be missed but we won't forget him. This is a wonderful way to remember him for decades to come.

Board Chair Downing added that Mike touched the lives of many people in the county but there are many who never met or knew him and now will have an understanding of his impact on this county if this resolution passes.

There were no public comments.

Hearing nothing further, Board Chair Downing called for a voice vote.

ACTION: MOTION TO APPROVE A RESOLUTION TO RENAME PACIFIC STATION TO THE ROTKIN TRANSIT CENTER

MOTION: DIRECTOR KALANTARI-JOHNSON SECOND: DIRECTOR NEWSOME

MOTION PASSED WITH 9 AYES (Directors Downing, Dutra, Kalantari-Johnson, Koenig, Leonor, Lind, Martinez, Newsome, and Orbach).

Madelyn McCaul, thanked the Board for consideration and passage of this resolution on behalf of her whole family.

The meeting was paused for a break at 10:49 AM and resumed at 11:01 AM.

13 UPDATE ON CHANGES TO THE RALPH M. BROWN ACT (SB 707)

In light of the time, this matter will be agendized for the January 23, 2026 meeting.

14 MOBILE HYDROGEN FUELING STATION

Corey Aldridge, CEO/General Manager, introduced John Urgo, Chief Planning and Innovation Officer. Mr. Urgo provided a summary of how and why METRO started down the path of hydrogen buses, the grant funding sought and received, defining the agency's goals, the state mandate on transitioning to zero-emission vehicles, and the challenges of using battery-electric buses. At that time, switching to hydrogen seemed the best option. However, replacing the volume of buses needed at this agency, and other transit agencies, put incredible demand pressure on the industry with only one vehicle manufacturer, New Flyer. This put New Flyer in the position to dictate the schedule. We were not able to align the delivery of the buses with the permanent fueling station being built. Therefore, the temporary fueling station was pursued to get these buses in service.

Corey Aldridge, CEO/General Manager, added that Plug Power Inc. (Plug) had a mobile hydrogen fueler available that could be set up and running within months. One of the conditions of the contract was for Plug to comply with all local, state and federal ordinances. However, that did not materialize and the fueler was louder than anticipated. We reached out to Plug to mitigate the noise. Plug's solution was to install a muffler, but the installation kept getting pushed out for months and was finally installed in November. It was supposed to reduce the noise by 40 dB (decibel) and bring the fueler into compliance with the local noise ordinance but the noise was only reduced by 10-15 dB. We continued to hear from the community how loud and intrusive the noise is to their lives. We had a town hall meeting this past week with the surrounding neighbors to review the results of a noise study that was performed and listened to their concerns.

METRO is a lifeline for many people in our community. Without METRO, they can't get to work, appointments, school, etc. If we stop using the hydrogen buses currently in service, METRO will need to cut service by 5%, affecting routes throughout the county. We continue to work with Plug for a solution and the current Plug proposal is to swap out the 3" stack (muffler) with an 8" stack. It has shipped and should be here Monday, December 22, and will be installed immediately. We hope that will further reduce the level of noise and bring it into compliance.

Outside of that, Plugs has another proposed fix of installing surge tanks but that will require more time to install. This is a liquid hydrogen fueler so it stores hydrogen at -400 degrees. As the hydrogen moves into the tank, it heats up and expands. At some point, when it hits 100% pressure, it has to be released. We can release that pressure by filling buses or have it manually vent into the air. We've changed the venting process so that it doesn't vent overnight. Starting Monday, December 22, we will change our fueling hours from 9:00 AM – 3:00 PM and manually vent at 6:00 PM. The hope is that changing out the stack will eliminate all of these noise issues. Until we have the results from that we continue to work on contingency plans to minimize the sound to daytime hours. We are actively working on mitigating the noise as much as possible and holding Plug accountable on what they said they will do. We have held back the last 20% of what we owe them and we are working with Legal Counsel on writing a Notice of Default letter. We need to figure out METRO's path forward and have the Board weigh in with the direction they would like the agency to take.

CEO Aldridge walked through the recommended action detailed in the staff report.

Discussion followed on:

- Legal recourse with Plug Power Inc.
- Steps METRO is taking to avoid venting outside the hours described
- Addressing the concern brought up earlier in this meeting regarding an allegation of a violation of the Brown Act. Legal Counsel Sherman clarified the meeting in question was a staff-led community meeting and there was not a quorum of the Board in attendance.
- Decibel reduction with the 8" stack modification
- Installation of surge tanks, if needed
- Hiring experts in the hydrogen field
- Under the Biden administration, capital funding was only being awarded to battery-electric or hydrogen fuel-cell bus purchases
- ARCHES (Alliance for Renewable Clean Hydrogen Energy Systems) funding
- Contingency plans if compliance is not achieved
- Timeline for permanent fueling system
- Leasing a gaseous hydrogen fueler
- Issues with battery-electric buses
- Status of older buses
- What other transit agencies are doing

Staff addressed all concerns.

Jill Damashek, member of the Ocean Street Extension neighborhood, commented that there is a lack of accountability of management and the implementation of the hydrogen bus project. She expressed concern about the neighborhood living with this noise for six months and how changing the hours does not help us. She has no confidence that METRO or its vendor are able to bring this issue into compliance.

Mike Nussbaum, also a neighbor, felt it was audacious that METRO opted to go with hydrogen buses and be an early adopter. He understands it is a learning process and supports public transportation but felt the agency is too reliant on its vendors. He suggested getting an architectural acoustics consultant and putting an enclosure around the fueler.

Mr. Renteria said we can't quit this process and need to keep moving forward.

Gwyn Rhabyt, member of the Ocean Street Extension neighborhood, expressed that METRO communications have noticeably improved and felt the community meeting held Tuesday evening was valuable. The noise for some of us is a bit quieter but for others, not so much. The seriousness of the Board's response at the November meeting was valuable. It prompted more frequent and more substantive engagement on the part of staff and he thanked the Board for taking this seriously. However, independent measurements in the noise study report confirm that METRO is currently breaking the law and has been doing so for six months. Given the past promises from both METRO and Plug have been broken repeatedly, any community buy in is going to require significant teeth in a proposal.

Jessy Beckett Parr, member of the Ocean Street Extension neighborhood, mentioned there has been proactive communication and testing along with the community meeting. She thanked Directors Martinez and Kalantari-Johnson for their support. Her understanding was that the Board was clear that if the interim noise mitigation didn't work that the fueler would be shut down. Reducing service levels by 5% is a lot for people who rely on the bus. However, we need a guarantee from this Board that there is going to be continued accountability.

Rohan Tuli, member of the public, commented that there have been issues with this rollout; however, there is a path forward. Having these new buses allows service to be maintained and he thanked the Board and METRO staff for working through these issues.

Mr. Renteria reminded the Board there are issues with electric-battery buses as well and that METRO doesn't have that infrastructure in place.

Veronica Hamilton, member of the public, spoke in favor of maintaining the hydrogen fueling station but at reduced hours. We should do whatever we can to reduce the sound and our bus routes are vital to the community. Students at UCSC need those routes intact.

Hearing nothing further, Board Chair Downing called for a voice vote.

ACTION: MOTION TO APPROVE THE RECOMMENDED ACTION OF DIRECTING STAFF REGARDING CONTINUED INTERIM OPERATION OF THE MOBILE HYDROGEN FUELER, INCLUDING AUTHORIZATION TO PROCEED SUBJECT TO DEFINED MITIGATION REQUIREMENTS, ENFORCEABLE DEADLINES, COST ACCOUNTABILITY, CONTINGENCY ACTIONS, AND REPORTING BACK TO THE BOARD, AS FOLLOWS:

- **DIRECT STAFF TO IMMEDIATELY ISSUE AND ENFORCE A FORMAL BREACH-OF-CONTRACT NOTICE TO PLUG POWER.**

- **AFFIRM THAT THE MOBILE HYDROGEN FUELER MAY CONTINUE OPERATING ON A TEMPORARY, INTERIM BASIS ONLY WHILE ADDITIONAL NOISE MITIGATION EFFORTS ARE UNDERWAY, VIA CONDITIONS OUTLINE BELOW.**
- **STARTING ON DECEMBER 22, 2025, FUELING HOURS WILL BE FROM 9AM TO 3PM, WITH THE LAST MANUAL VENT AT 6PM, WITH LOCKOUT CONTROLS PREVENTING EVENING AND OVERNIGHT FUELING.**
- **DIRECT PLUG POWER TO INSTALL THE 8-INCH STACK MODIFICATION IMMEDIATELY UPON DELIVERY ON DECEMBER 22, WITH INSTALLATION TO BE COMPLETED WITHIN TWO (2) BUSINESS DAYS.**
- **DIRECT STAFF TO CONDUCT INTERNAL PRELIMINARY SOUND MEASUREMENTS FOLLOWING INSTALLATION, AND IF FOUND TO BE IN COMPLIANCE, PROCEED IMMEDIATELY TO HAVE AN INDEPENDENT SOUND CONSULTANT COMPLETE AN OFFICIAL NOISE STUDY TO VERIFY THE PRELIMINARY RESULTS.**
- **DIRECT STAFF, IN THE EVENT OF NON-COMPLIANCE, TO REQUIRE PLUG POWER, AT ITS SOLE COST, TO IMPLEMENT AND TEST ADDITIONAL ENGINEERED MITIGATION MEASURES INCLUDING SURGE TANKS.**
- **DIRECT STAFF TO SUSPEND OPERATION OF THE PLUG POWER MOBILE LIQUID HYDROGEN FUELER IF COMPLIANCE IS NOT ACHIEVED AFTER MITIGATION OPTIONS ARE EXHAUSTED OR BY JANUARY 31, 2026, WHICHEVER COMES FIRST.**
- **DIRECT STAFF TO CONTINUE, THROUGHOUT THE INTERIM OPERATION PERIOD, PARALLEL EVALUATION OF ALTERNATIVE FUELING OPTIONS, INCLUDING THIRD-PARTY SOLUTIONS AND A GASEOUS HYDROGEN FUELER, TO ENSURE MINIMAL DISRUPTION OF SERVICE IF THE PLUG POWER MOBILE LIQUID HYDROGEN FUELER CANNOT MEET THE REQUIRED STANDARDS.**
- **DIRECT STAFF TO PROVIDE UPDATES TO THE BOARD AND NEIGHBORING RESIDENTS FOR WHICH WE HAVE EMAIL ADDRESSES, FOLLOWING EACH DEFINED MILESTONE OR EVENT, INCLUDING INTERNAL PRELIMINARY SOUND RESULTS, COMPLIANCE DETERMINATIONS, SERVICE IMPACT IMPLICATIONS, AND A CLEAR RECOMMENDATION REGARDING CONTINUED OPERATION, DISCONTINUATION OF THE MOBILE LIQUID HYDROGEN FUELER, WITH A FORMAL UPDATE AT THE JANUARY BOARD MEETING.**
- **AMEND ORIGINAL MOTION TO ENGAGE AN INDEPENDENT ACOUSTIC ENGINEER TO HELP PROBLEM SOLVE IF VENDOR'S SOLUTION(S) DO(ES) NOT COMPLY WITH THE SANTA CRUZ CITY NOISE ORDINANCE.**

MOTION: DIRECTOR MARTINEZ SECOND: DIRECTOR KALANTARI-JOHNSON

MOTION PASSED WITH 9 AYES (Directors Downing, Dutra, Kalantari-Johnson, Koenig, Leonor, Lind, Martinez, Newsome, and Orbach).

15 CONSIDERATION OF A RESOLUTION OF APPRECIATION FOR OUTGOING BOARD MEMBER

Rebecca Downing, Board Chair, read the resolution.

Ex-Officio Director Northcutt explained that she is in a different position at Cabrillo College now and wants her team to have an opportunity to serve on the METRO Board and have greater access to information to better serve Cabrillo College students. She introduced Alma Márquez, Cabrillo's Student Support Specialist, who has been chosen to sit on the Board in 2026.

Director Lind commented that Ex-Officio Director Northcutt has been a mentor to many students who have gone on to fulfilling careers in public politics. Director Dutra commented that Ex-Officio Director Northcutt has been his rock and appreciates her support and loyalty not only to Cabrillo College but to the City of Watsonville. She always voiced her opinions on topics and has been a great voice for who she represents and we will miss her on this Board.

Board Chair Downing thanked Ex-Officio Director Northcutt for her service on the METRO Board and at Cabrillo College. The passion and energy of working on behalf of students really showed and you kept us informed and mindful of their needs as we made our decisions. We are grateful and wish you well in your new adventure.

Mr. Renteria commented that he is sorry to see her go but wished her all the best.

Ms. Márquez thanked Ex-Officio Director Northcutt for giving her this opportunity.

Hearing nothing further, Board Chair Downing called for a voice vote.

ACTION: MOTION TO APPROVE A RESOLUTION OF APPRECIATION FOR OUTGOING BOARD MEMBER ALTA NORTHCUTT

MOTION: DIRECTOR DUTRA

SECOND: DIRECTOR KOENIG

MOTION PASSED WITH 9 AYES (Directors Downing, Dutra, Kalantari-Johnson, Koenig, Leonor, Lind, Martinez, Newsome, and Orbach).

16 CEO ORAL REPORT

Corey Aldridge, CEO/General Manager, did not provide an oral update to expedite the meeting, and will email the report to the Board Members instead.

17 ANNOUNCEMENT OF NEXT MEETING: FRIDAY, JANUARY 23, 2026 AT 9:00 AM AT THE SCOTTS VALLEY CITY COUNCIL CHAMBERS, 1 CIVIC CENTER DRIVE, SCOTTS VALLEY, CA

Board Chair Downing

18 ADJOURNMENT

Board Chair Downing adjourned the meeting at 12:40 PM

Respectfully submitted,

Donna Bauer

Sr. Executive Assistant



SANTA CRUZ
METRO

Survey of Likely Voters
Santa Cruz Metropolitan Transit District
Revenue Measure

Executive Summary Presentation
December 19, 2025



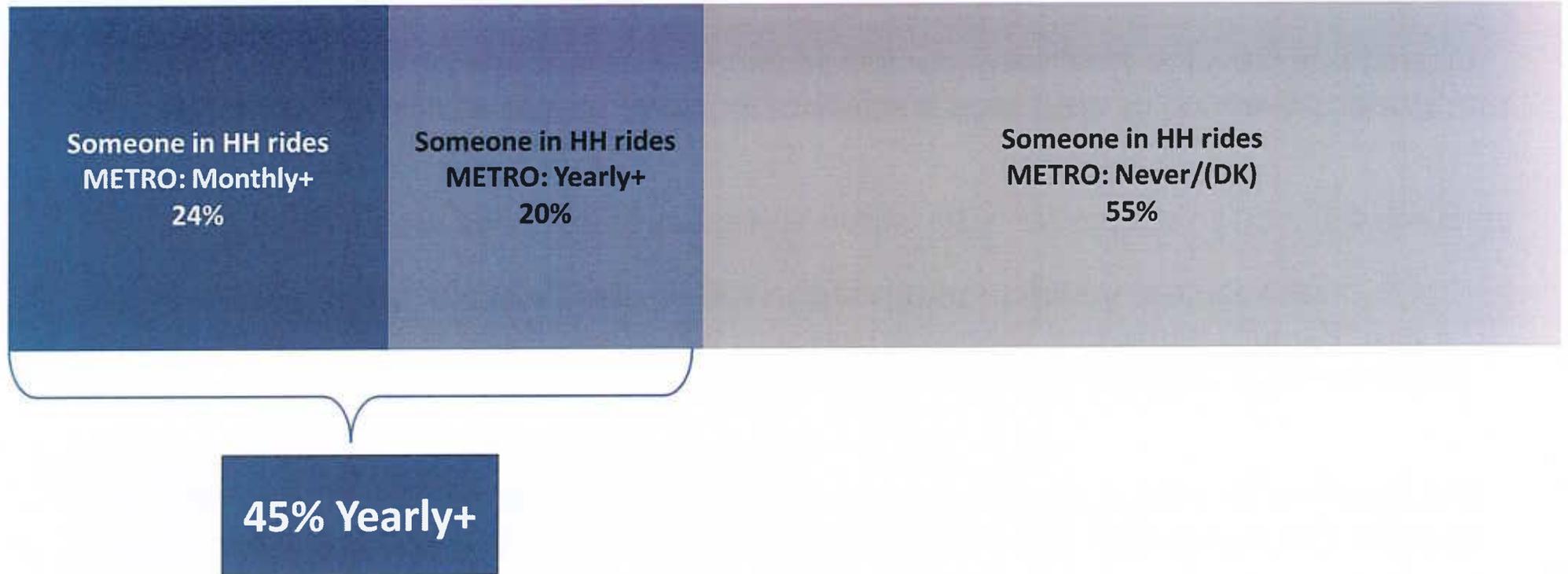
Methodology



- ▶ Mixed-mode (telephone/web) random sample survey of likely 2026 Santa Cruz County voters, conducted November 9-17, 2025
- ▶ Offered in English and Spanish
- ▶ 600 interviews; overall margin of error ± 4.0 percentage points
- ▶ Split sample design employed to assess two different ballot question models
 - 300 interviews conducted per sample; margin of error ± 5.6 percentage points
- ▶ Where applicable, results compared with previous Santa Cruz County voter surveys

Please note that due to rounding, some percentages may not add up to exactly 100%.

METRO Ridership Among Voters (Self-Reported)



**Showing combined frequency of respondent or others in household riding Santa Cruz METRO buses or ParaCruz services.*

Key Findings



- ▶ Santa Cruz County voters are slightly more optimistic than last year, and nearly **eight in ten have a favorable opinion** of Santa Cruz METRO. A majority believe high-quality bus service benefits the entire community.
- ▶ Over half have seen or heard something recently about METRO, with mentions largely positive. While there is some awareness that METRO needs additional funding, that feeling is **not urgent**, and few seem aware of the threat of drastic service cuts.
- ▶ **Support for a half-cent sales tax today is just under 60%**, regardless of how the question is framed.
- ▶ Providing **additional information about the measure does little to increase support**, but the survey does reveal potential vulnerabilities around taxes, cost of living, and trust in government.

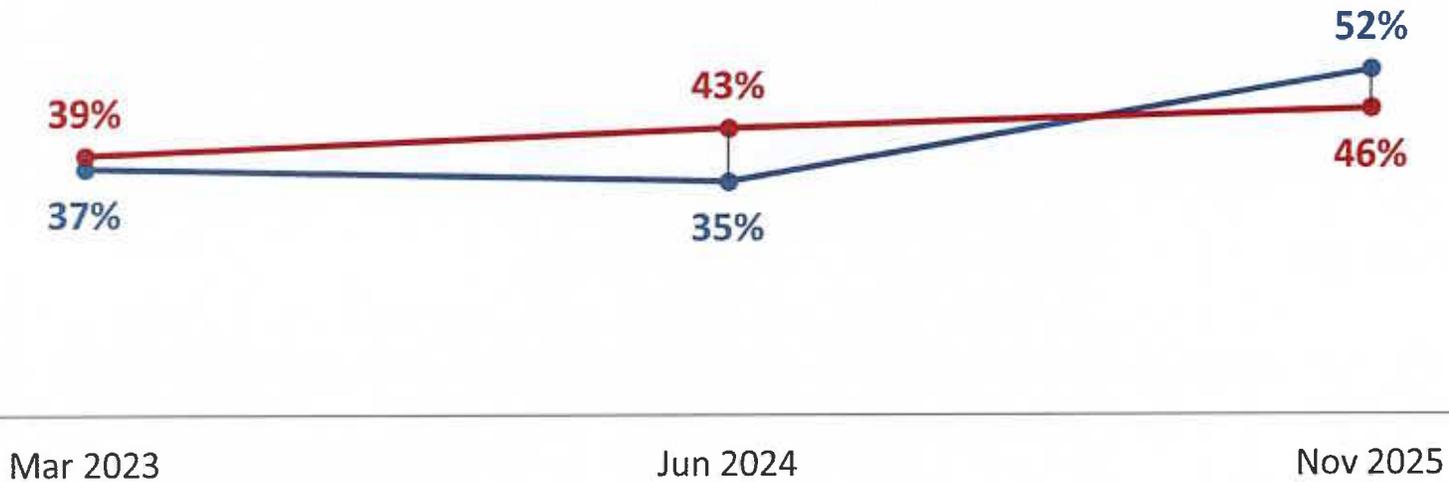
Right Direction/Wrong Track



Voters are a bit more optimistic than they were in 2024.

Do you feel that things in Santa Cruz County are generally going in the right direction, or do you feel things have gotten pretty seriously off on the wrong track?

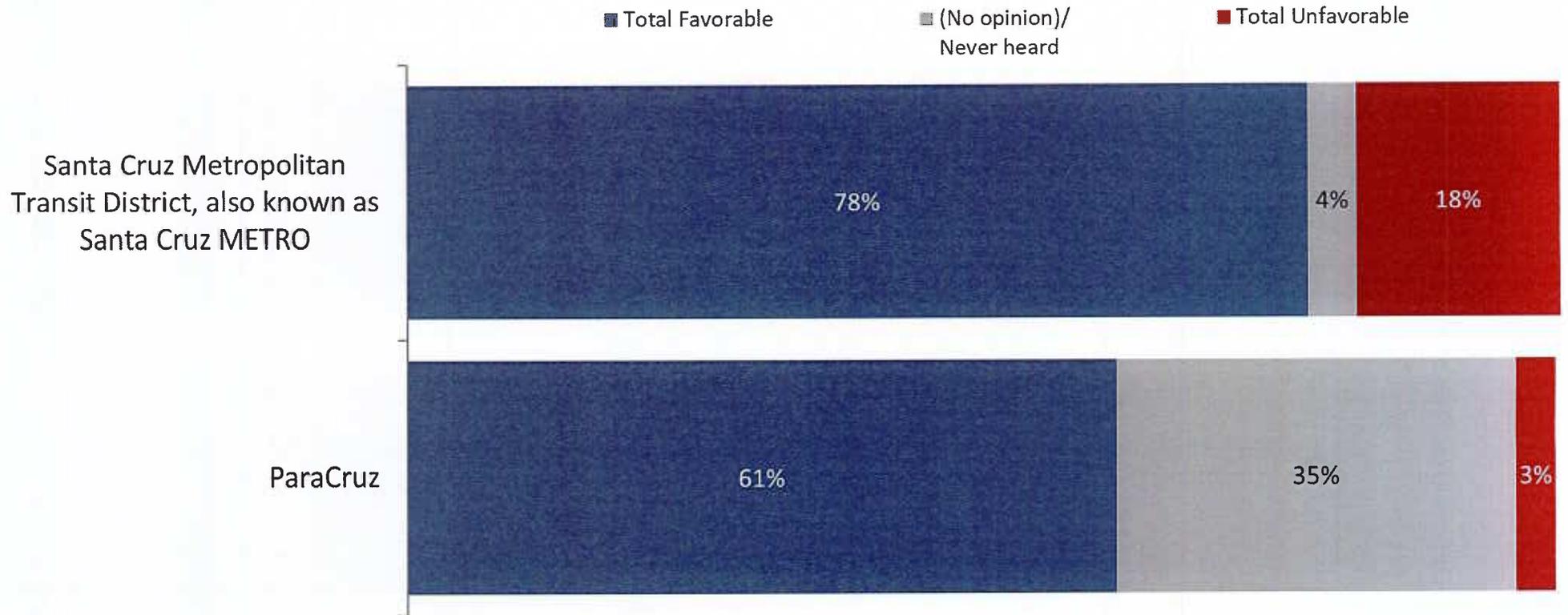
● Right Direction ● Wrong Track



Favorable Ratings



Almost eight in ten Santa Cruz voters view Santa Cruz METRO favorably. While awareness of ParaCruz is lower, voters who are familiar with it express very positive opinions.



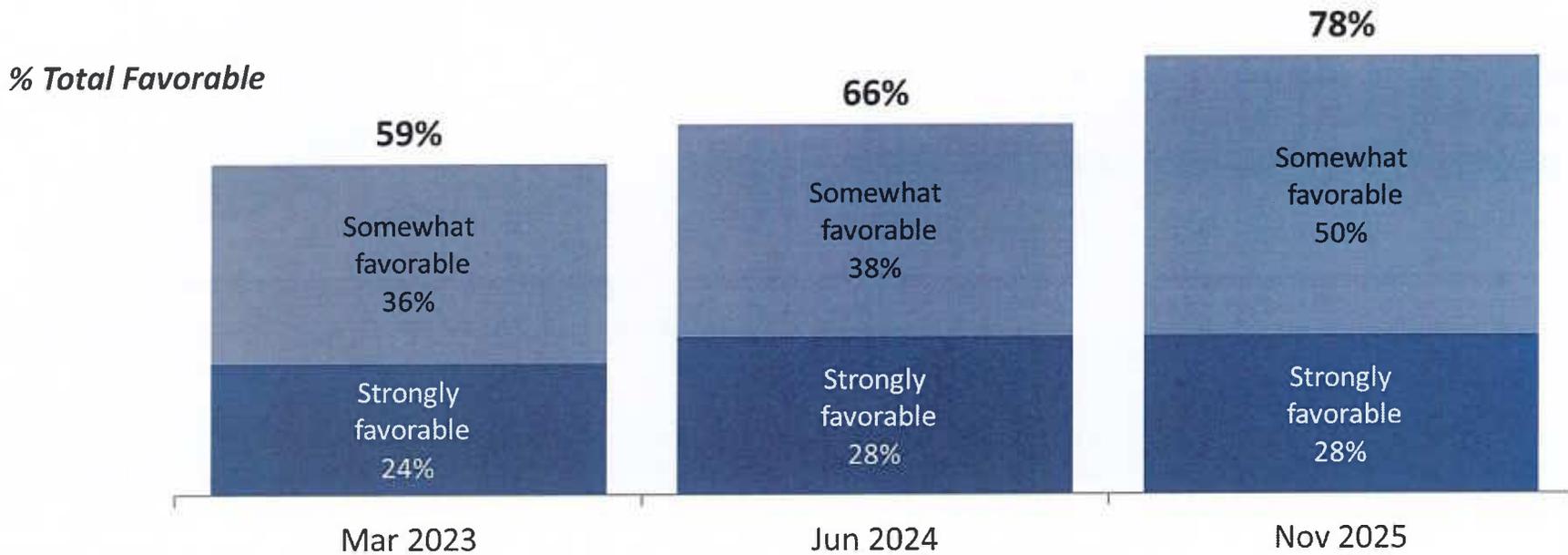
What is your opinion of each of the following people and organizations?

25-9726 Santa Cruz Metro Revenue Measure Research | 6

Santa Cruz METRO Favorable Rating Over Time



Eight in ten voters have a favorable opinion of Santa Cruz METRO, significant growth from earlier surveys.



What is your opinion of each of the following people and organizations?

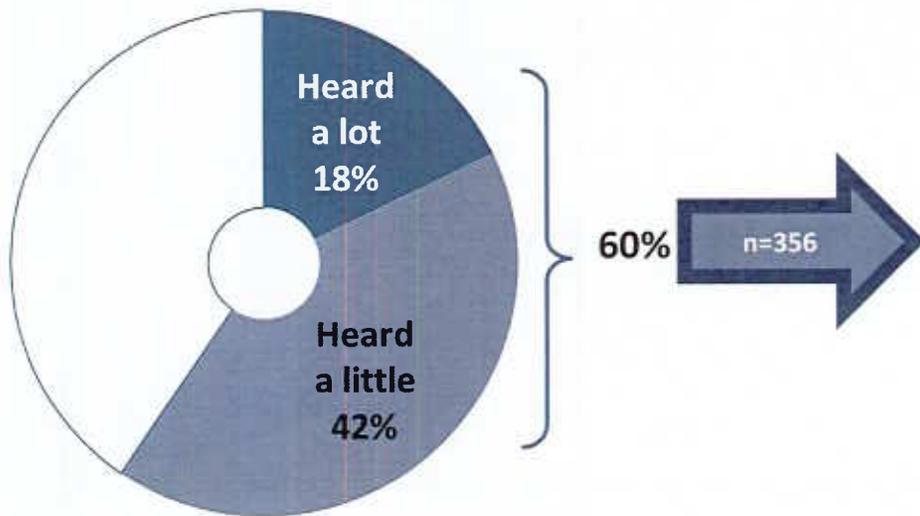
25-9726 Santa Cruz Metro Revenue Measure Research | 7

Santa Cruz METRO Awareness



Just over half have heard or seen something about Santa Cruz METRO. Most mentions are generally positive, with just a few mentioning potential for cuts.

Before getting this poll, had you heard or seen anything recently about Santa Cruz METRO?



Increased service/System improvements
Cutting routes New bus lanes
Environmentally friendly buses/New buses
New transit center
Advertisements/News/Social Media
Empty buses/Low Ridership
Bus route changes
Bus wraps/design
Deficit/Wasteful spending

Public Transit Attitudes



A majority agree that high-quality bus service benefits the entire community, including half of non-riders.

Having high-quality, reliable bus service in this area benefits everyone, even people who don't ride it

■ Agree ■ (Don't know) ■ Disagree



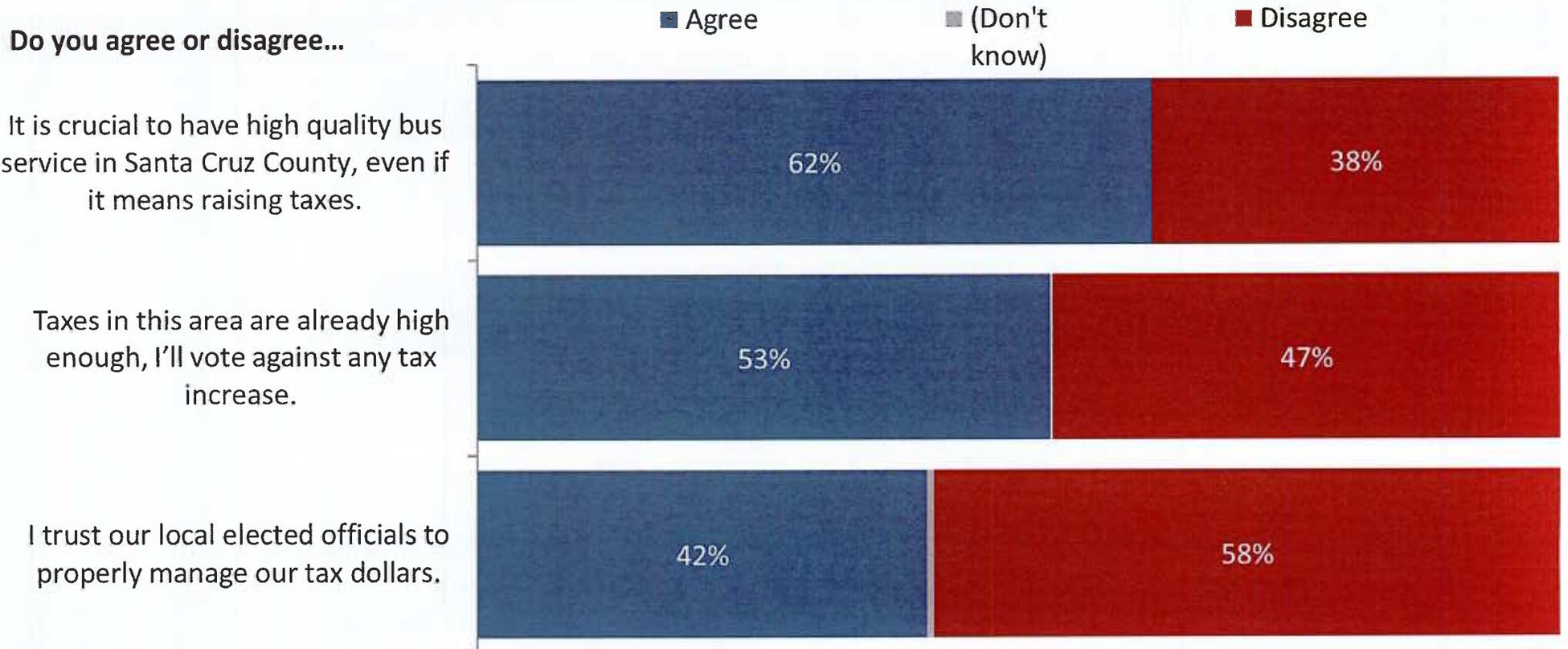
Please indicate whether you agree or disagree with the following statements.

25-9726 Santa Cruz Metro Revenue Measure Research | 9

Tax Attitudes



Six-in-ten voters say high-quality bus service is essential even if means raising taxes, yet most also feel taxes are already too high and would vote against any further tax increase and express low trust in government spending.



Please indicate whether you agree or disagree with the following statements

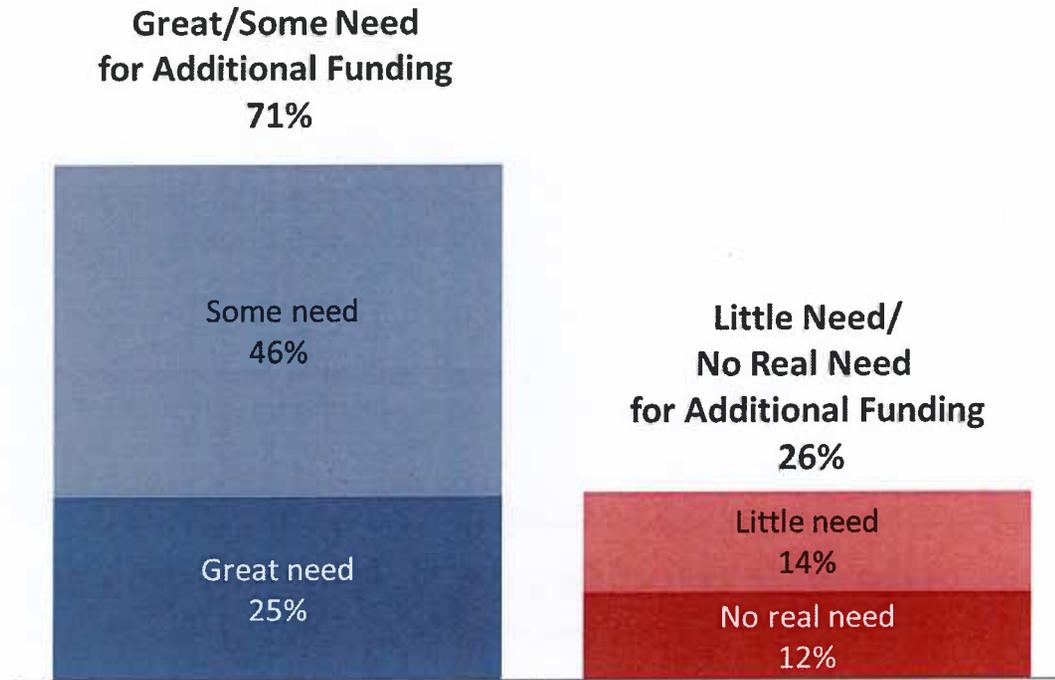
25-9726 Santa Cruz Metro Revenue Measure Research | 10

Need for Public Transit Funding



Seven-in-ten voters say that the public has at least some need for public transit funding, but intensity is relatively low.

As you may know, you live in the Santa Cruz METRO Service area, which runs the public bus system in your area. For public transportation in the County, would you say that Santa Cruz METRO has...?



Would you say that public transit in your area has...?

25-9726 Santa Cruz Metro Revenue Measure Research | 11

Revenue Measure Wording



Each survey respondent heard or read only one version of the transportation revenue measure, assigned at random.

[Split A] Full Model Ballot Question

To reduce traffic, protect local air quality, and protect Santa Cruz County's public transportation for everyone including seniors, people with disabilities, students, youth, and commuters, by: maintaining affordable, reliable, predictable transit service; supporting bus cleanliness/ safety; improving bus frequency; enhancing connections to regional transit; and reducing pollution from aging buses; shall Santa Cruz Metropolitan Transit District's Ordinance levying a 1/2¢ sales tax, providing \$27,000,000 annually for 12 years, requiring locally-controlled funds, public spending disclosure, and independent audits, be adopted?

[Split B] Simplified Ballot Question

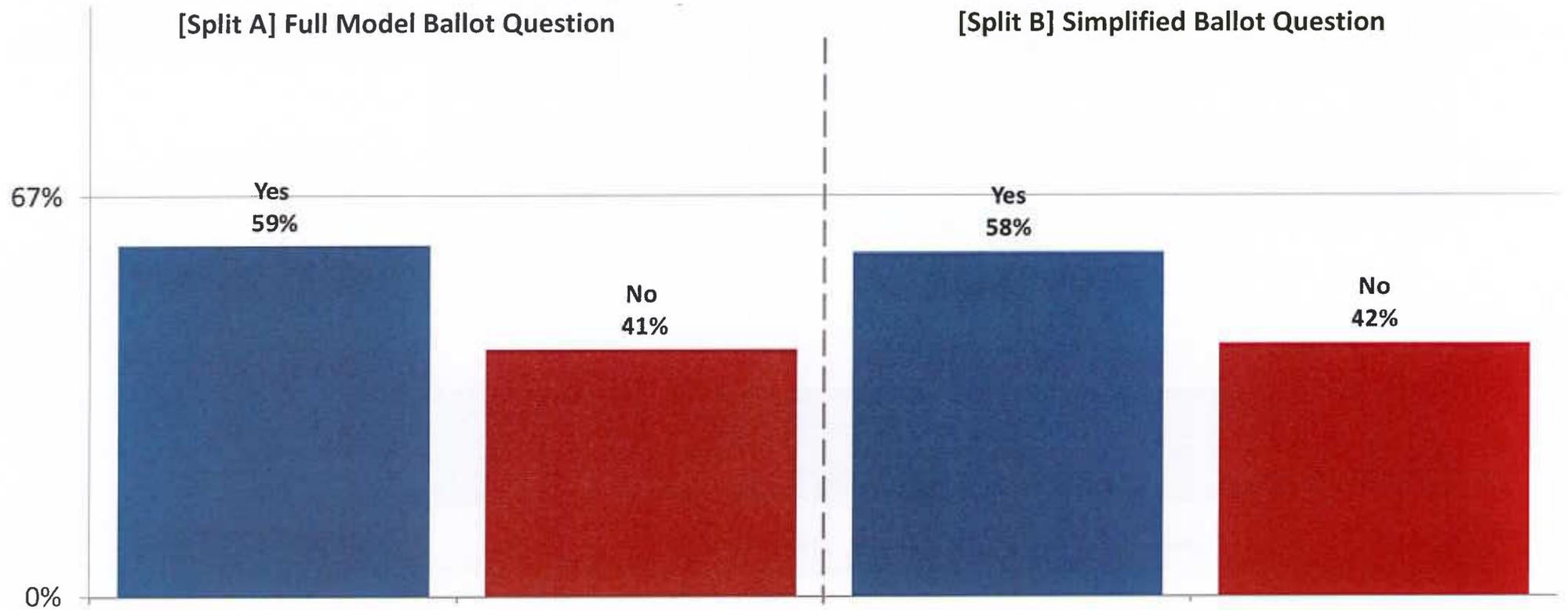
To maintain and protect clean, safe, affordable, reliable public transit for Santa Cruz County, including specialized service for seniors and people with disabilities, bus passes for K-12 students, and maintaining existing bus routes, shall Santa Cruz Metropolitan Transit District's Ordinance levying a 1/2¢ sales tax, providing \$27,000,000 annually for 12 years, requiring locally-controlled funds, public spending disclosure, and independent audits, be adopted?

*Sample size for each split = 300n, MoE=±5.6 % points

Initial Vote



Initial support for the revenue measures tested is below two-thirds for either model tested, with no statistical difference between the two ballot questions.

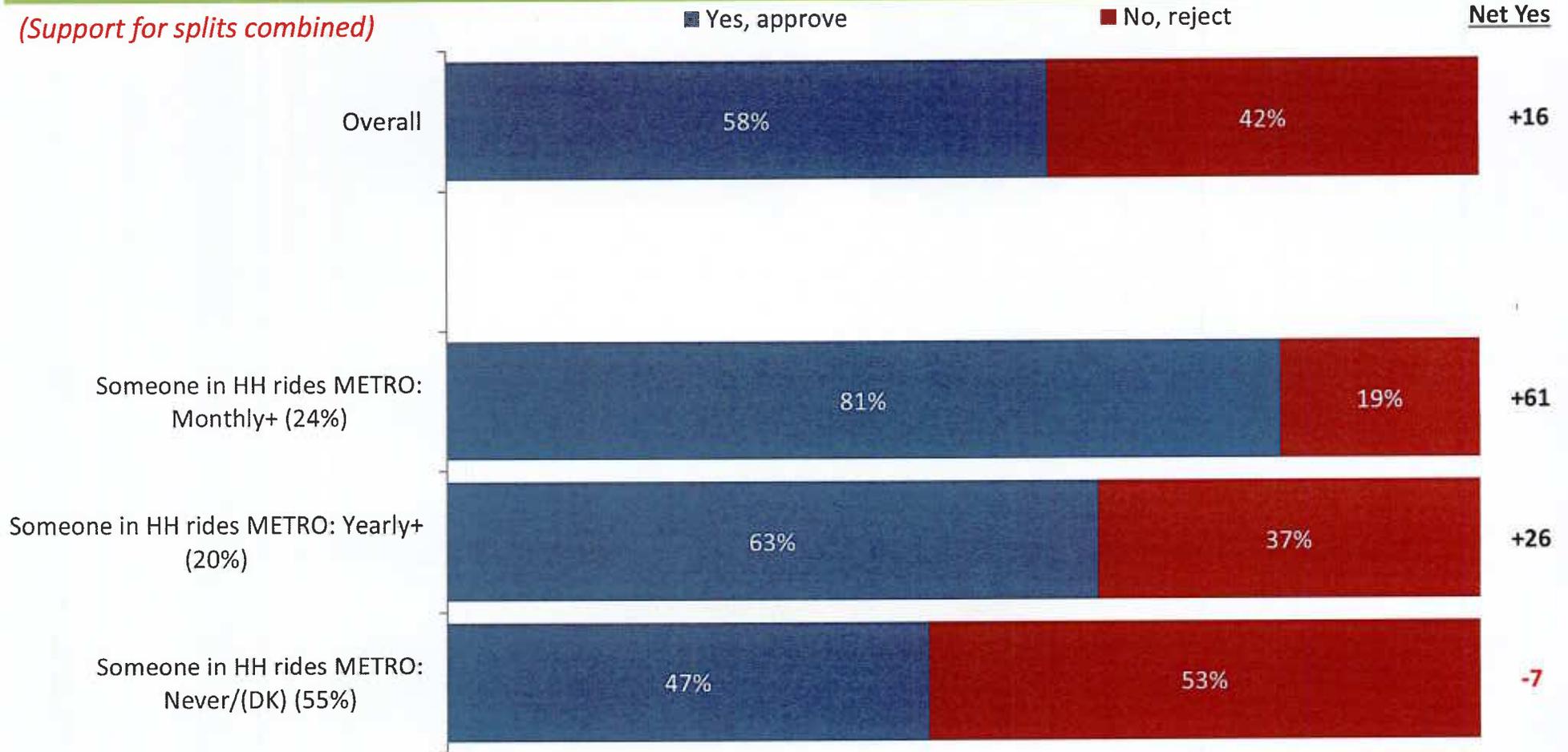


*Sample size for each split = 300n, MoE=±5.6 % points

Initial Vote by Ridership



(Support for splits combined)



Support and Opposition Motivations



Why would you support this measure?

Supporters focused on supporting reliable access to transit for those who rely on it, the collective benefit of transit for the general community (including traffic relief) and their belief that transit was likely under-resourced. For this group, **it was worth higher taxes to support transit service in the county.**

"Any additional public transportation is positive for the community. Especially if it's frequent and inexpensive."

"Traffic!"

"Bus transportation is important. We don't all have cars."

"It's very important for seniors, children, students, and people with disabilities."

Why would you oppose this measure?

Opponents focused on the cost of the tax, concerns about whether they could trust it would do what was promised, and whether it would benefit them personally. Their **opposition was driven more by taxes and skepticism than the idea of supporting transit.**

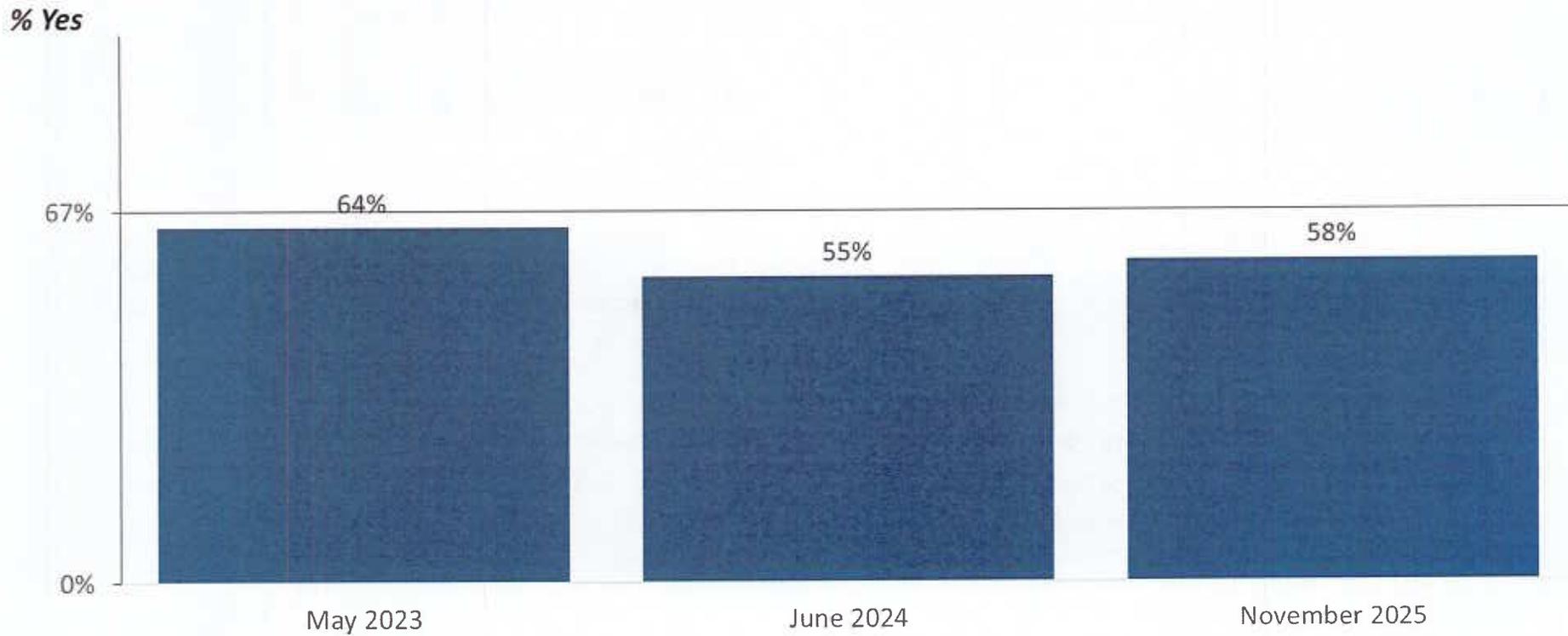
"Yet another money grab that will be mismanaged and wasted."

"Budget is already bloated."

"Not sure that the tax will equal greater ridership."

"We just can't afford any more tax. The taxpayers are tapped out."

½ Cent Sales Tax Support Over Time

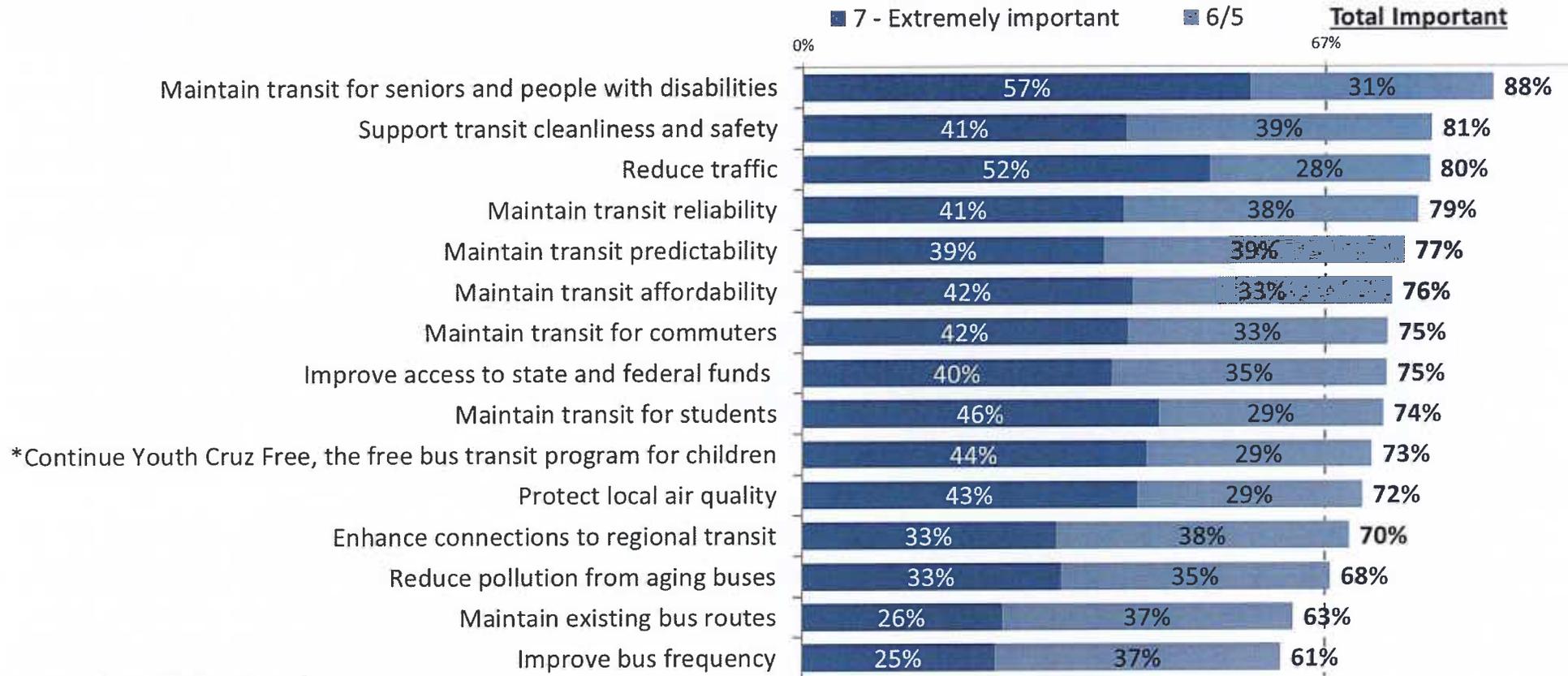


NOTE: While all surveys tested a ½ cent sales tax for Santa Cruz METRO, specific question wording differed for each poll

Importance of Components



Voters prioritize maintaining METRO service.



How important is that item to you?
 *Abbreviated label

25-9726 Santa Cruz Metro Revenue Measure Research | 17

Top Information

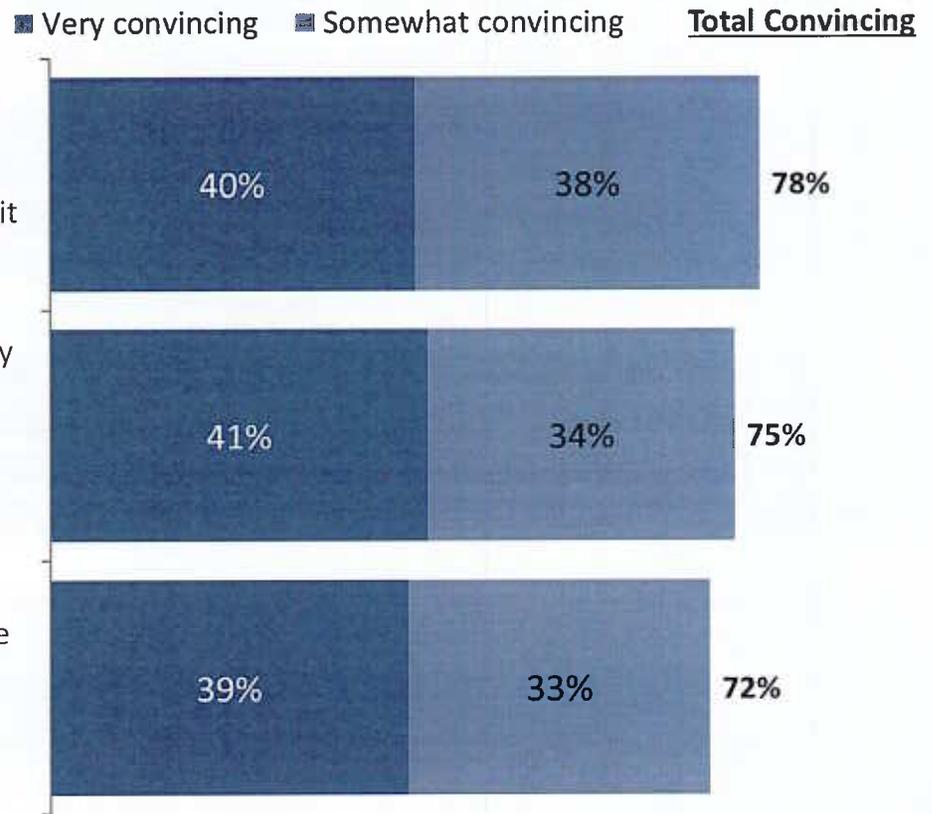


Messages that emphasize maintaining transit service for those who rely on it, including seniors and riders with disabilities, youth and students, and vulnerable communities, are the most convincing reasons to support the measure.

[SENIORS/DISABLED] As our population ages, more seniors and people with disabilities are relying on public transit to get around. This measure helps maintain and improve ParaCruz, METRO’s senior and disabled transit service, preserving their independence and mobility.

[YOUTH/STUDENTS] Many students rely on METRO to get to school safely and on time. This measure will allow the K-12 Youth Cruz Free transit program to continue and preserve frequent service to UC Santa Cruz and Cabrillo College, ensuring students get to school on time and ready to learn.

[VULNERABLE COMMUNITIES] We need to support our most vulnerable communities, where lower income working families may not have reliable access to transportation. This measure helps create better opportunities for people in these communities to work, go to school, and care for their families.



How convincing is that statement as a reason to vote for the proposed measure?

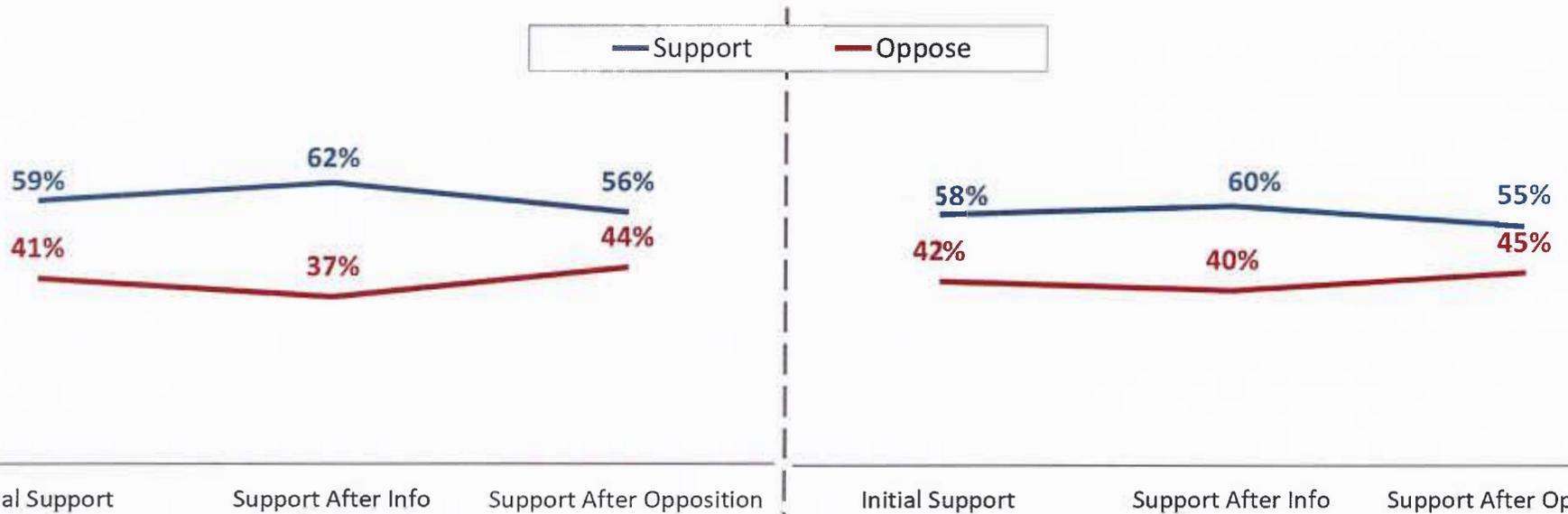
Measure Support Progression



While support grows as voters hear more information about a measure, general opposition messaging is effective at eroding support.

[Split A] Full Model Ballot Question

[Split B] Simplified Ballot Question



Opponents of this measure say that with the struggling economy and rising costs of living we simply can't afford more taxes right now. There are higher priorities for our tax dollars, especially since the buses in our area look new and few people ever ride them. There is already plenty of money for transit, officials just need to make hard choices and live within their means like the rest of us.

Finally, after everything you have heard, would you vote yes to approve or no to reject a 1/2¢ sales tax for Santa Cruz Metropolitan Transportation District?

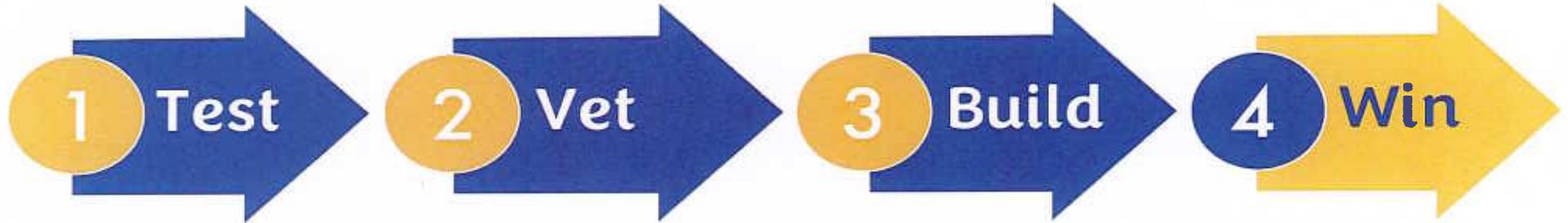
Conclusions



- ▶ Santa Cruz County voters recognize the need for increased funding for transit, view Santa Cruz METRO favorably, and **feel it is important to maintain METRO service** for the benefit of the entire community.
- ▶ While a measure that supports transit service while easing traffic congestion is appealing to a majority of Santa Cruz County voters, **voters are not recognizing the urgency needed to overcome concerns** about additional taxes, government waste, and cost of living.
- ▶ **Increased transparency** with the public about the potential for severe service cuts will be an important part of ensuring the public knows what is at stake with a measure.



Ballot Measure Planning



- ✓ Needs Identified
- ✓ Tax Rate
- ✓ Tracking Voter Survey
- ✓ Election Timing
- ✓ Political Landscape

- ✓ Non-Advocacy Communication
- ✓ Existing comms
- ✓ Informational mailers / digital ads
- ✓ Internal and external audiences
- ✓ Seek feedback
- ✓ Refine proposal
- ✓ Community readiness?

- ✓ Ballot Resolution/ Ordinance
- ✓ 75 words
- ✓ Projects & Programs
- ✓ Ballot Argument & Signers
- ✓ Official Vote (>88 days pre Election)
 - March 6 (Primary)
 - Aug 7 (General)

- ✓ Volunteer leaders
- ✓ Fundraising
- ✓ Website/Social
- ✓ Endorsements
- ✓ Grassroots
- ✓ Lawn Signs
- ✓ Mailers
- ✓ Digital Ads
- ✓ Get Out the Vote

**Campaigns must be privately funded*



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Attachment



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510.550.8924



Jared Boigon
jboigon@teamcivx.com
415.816.3412



Bill Maxfield
Bill@millermxfield.com
831.227.6469



DATE: January 23, 2026
TO: Board of Directors
FROM: Chuck Farmer, Chief Financial Officer
SUBJECT: ACCEPT AND FILE THE FINANCIAL UPDATE NOVEMBER 2025 RESULTS

I. RECOMMENDED ACTION

That the Board of Directors accept and file the Financial Update November 2025 Results

II. SUMMARY OF ISSUES

An analysis of Santa Cruz Metropolitan Transit District's (METRO) financial status is prepared monthly in order to inform the Board of Directors (Board) regarding METRO's actual revenues and expenses in relation to the adopted operating and capital budgets for the fiscal year.

This staff report is the web-accessible companion document to the attached PowerPoint presentation titled "Financial Update November 2025 Results."

Staff recommends that the Board accept and file the attached report.

III. DISCUSSION/BACKGROUND

Below are the written explanations of the various charts and graphs in the attached Financial Update November 2025 Results. The fiscal year has elapsed 42%.

Slide 1

(Cover) Financial Update November 2025 Results

Slide 2

(Cover) November 2025 Financial Results

Slide 3

November 2025 Operating Surplus/(Deficit) Actual vs. Budget

- Actuals are \$0.2M favorable to budget – excludes UAL/Bond Payment, Retiree Obligations
 - Passenger Fares – unfavorable by \$105K
 - Labor, Regular – favorable by \$212K, due to funded/vacant positions
 - Fringe Benefits – favorable by \$19K
 - Labor, OT – unfavorable by \$131K, increased overtime, primarily for Bus Operators, Operations, Fleet Mechanics
 - Non-Personnel – favorable by \$204K

Slide 4

November 2025 Operating Revenue and Expenses

- Operating Revenue, net unfavorable by \$105K
 - Passenger Fares - unfavorable by \$74K
 - Special Transit Fares – unfavorable by \$31K
- Operating Expense, net favorable by \$305K – Favorable wages primarily driven by open headcount, slightly offset by overtime
 - Labor Regular – favorable by \$212K
 - Labor OT – unfavorable by \$131K
 - Fringe Benefits – favorable by \$19K, excludes UAL and Retiree Obligations related costs
 - Non-Personnel – favorable by \$204K, excludes Bond payment related costs
- Operating Surplus/(Deficit) favorable by \$200K
 - Farebox/Contracts Recovery – 13.2% vs 14.3% budget
- Non-Operating Revenue/(Expense), net unfavorable by \$170K– driven by lower sales tax revenue and lower State grant receipts, primarily related to TIRCP
 - Sales Tax/including Measure D – unfavorable by \$165K
 - Federal/State Grants – unfavorable by \$114K
 - Pension UAL/Bond Payment costs – favorable by \$11K
 - Retiree Obligations – favorable by \$130K
 - All Other – unfavorable by \$33K
- Operating Surplus/(Deficit) before Transfers favorable by \$30K

Slide 5

(Cover) YTD November 2025 Financial Results

Slide 6

YTD November 2025 Operating Surplus/(Deficit) Actual vs. Budget

- Actuals are \$0.8M favorable to budget – excludes UAL/Bond Payment and Retiree Obligations
 - Passenger Fares – unfavorable by \$244K
 - Labor Regular – favorable by \$278K, due to funded/vacant positions
 - Labor OT – unfavorable by \$736K, driven by overtime for Bus Operators, Fleet, and Operations departments

- Fringe Benefits – favorable by \$31K
- Non-Personnel – favorable by \$1,464K, primarily due to timing of spend related to Marketing programs and deferred Bridge Loan payments

Slide 7

YTD November 2025 Operating Revenue and Expenses

- Operating Revenue, net unfavorable by \$244K
 - Passenger Fares - unfavorable by \$115K
 - Special Transit Fares – unfavorable by \$129K
- Operating Expense, net favorable by \$1,037K– primarily driven by open headcount, delayed marketing spend, and timing of bridge-loan interest payment
 - Labor Regular – favorable by \$278K
 - Labor OT – unfavorable by \$736K
 - Fringe Benefits – favorable by \$31K, excludes UAL/Retiree Obligation related costs
 - Non-Personnel – favorable by \$1,464K, excludes Bond payment related costs
- Operating Surplus/(Deficit) \$794K favorable
 - Farebox/Contracts Recovery – 13.3% vs 13.6% budget
- Non-Operating Revenue/(Expense), net favorable by \$1.1M – primarily driven by favorable retiree obligations, higher sales tax revenue and higher drawdowns from FTA 5307 grant funding - Sales tax of \$14.1M is 1.8% higher than budget
 - Sales Tax/including Measure D – favorable by \$244K
 - Federal/State Grants – favorable by \$191K
 - Pension UAL/Bond Payment costs – favorable by \$53K
 - Retiree Obligations – favorable by \$675K
 - All Other – unfavorable by \$38K
- Operating Surplus/(Deficit) before Transfers favorable by \$1,919K

Slide 8

(Cover) YTD November 2025 Capital Spending Results

Slide 9

YTD November 2025 Capital Spend

Total Capital Projects spending month to date is \$3,825K against full year revised budget of \$89.5M, which was approved in September 2025; Year to Date spending:

- Construction Related Projects – spending of \$3,761K against budget of \$36,903K
- IT Projects – spending of \$107K against budget of \$1,192K
- Facilities Repair & Improvements – spending of \$157K against budget of \$2,047K
- Revenue Vehicle Replacement – spending of \$18,798K against budget of \$47,757K
- Revenue Vehicle Electrification Projects – no spending, no budget
- Non-Revenue Vehicle Replacement – spending of \$190K against budget of \$209K
- Fleet & Maintenance Equipment – no spending, against a budget of \$933K
- Office Equipment – no spending, no budget
- Miscellaneous – no spending against budget of \$500K

Slide 10

(Cover) Questions

IV. STRATEGIC PLAN PRIORITIES ALIGNMENT

This report pertains to METRO’s Financial Stability, Stewardship & Accountability.

V. FINANCIAL CONSIDERATIONS/IMPACT

Favorable budget variances in Operating Revenues and Expenses contribute to favorable budget variance in Operating Balance, YTD November 2025.

VI. ALTERNATIVES CONSIDERED

There are no alternatives to consider, as this is an accept and file Financial Update Report.

VII. ATTACHMENTS

Attachment A: Financial Update November 2025 Results Presentation

Prepared by: Finance Department

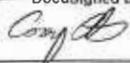
Board of Directors
January 23, 2026
Page 5 of 5

VIII. APPROVALS

Chuck Farmer, Chief Financial Officer

A handwritten signature in black ink, appearing to read "Chuck", written over a horizontal line.

Corey Aldridge, CEO/General Manager

DocuSigned by:

AEECB86501A2443...

A DocuSigned signature box containing a handwritten signature in black ink, appearing to read "Corey", written over a horizontal line. The text "DocuSigned by:" is above the signature, and "AEECB86501A2443..." is below it.

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Financial Update November 2025 Results

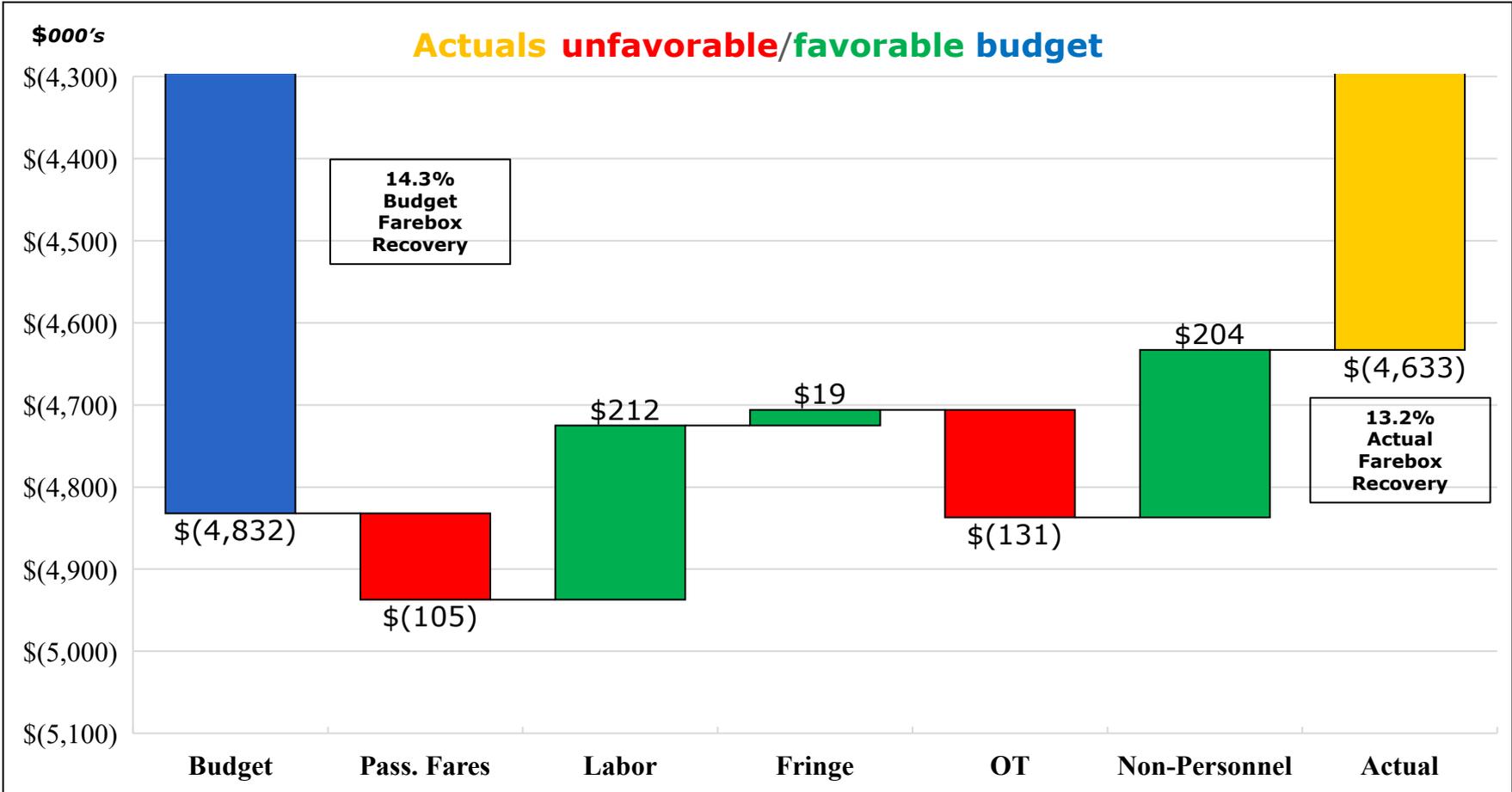
Board of Directors
January 23, 2026

Chuck Farmer, Chief Financial Officer

November 2025 Financial Results

November 2025 Operating Surplus/(Deficit) Actual vs. Budget

Overall \$0.2M favorable

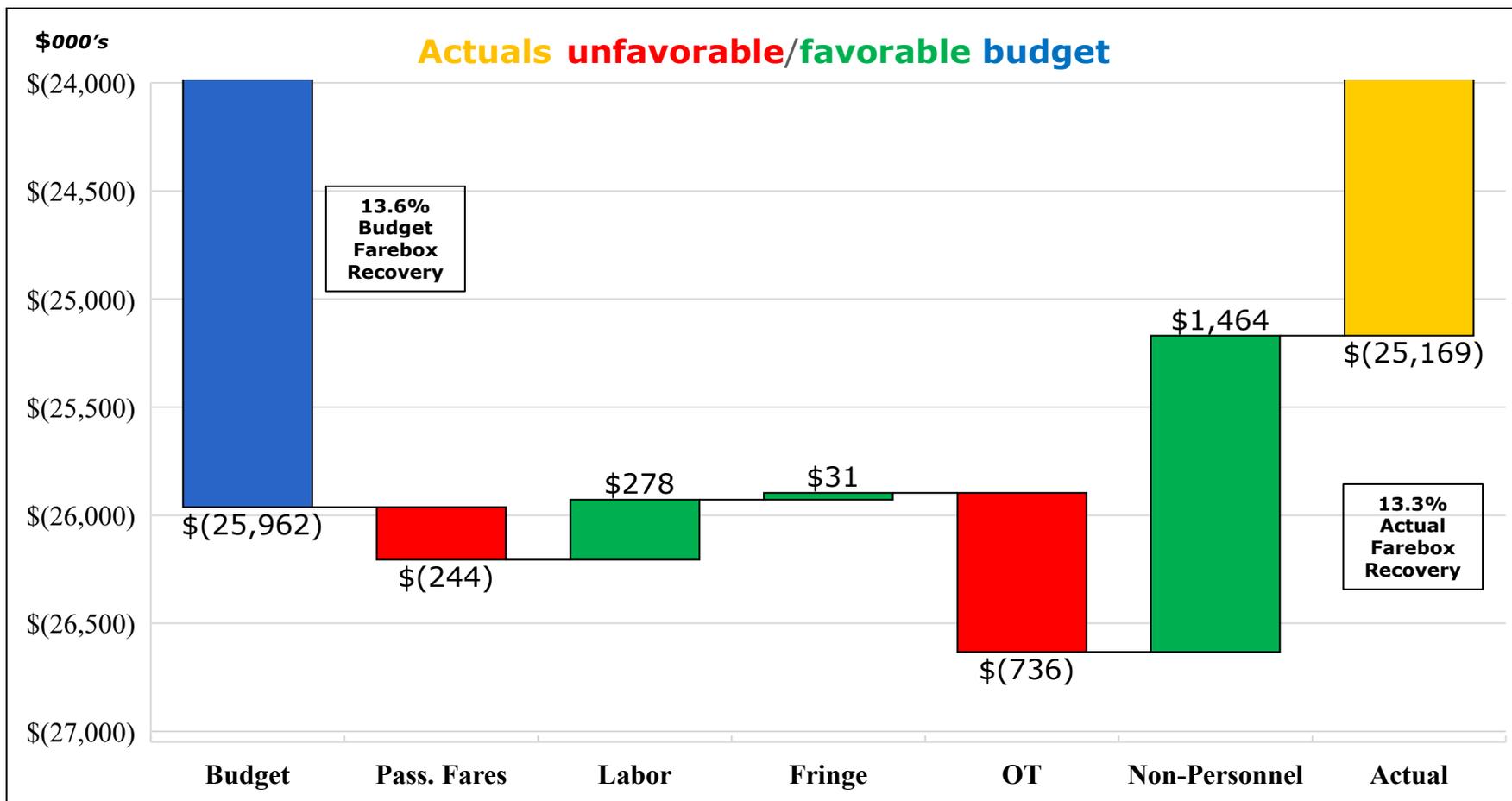


Note: All November figures reflect closed month-end actuals. May not foot due to rounding.

YTD November 2025 Financial Results

YTD November 2025 Operating Surplus/(Deficit) Actual vs. Budget

Overall \$0.8M favorable



Note: All November figures reflect closed month-end actuals. May not foot due to rounding.

YTD November 2025

Operating Revenue and Expenses

\$ 000's	Actual	Budget	Fav/ (Unfav)
Operating Revenue			
Passenger Fares	\$ 1,239	\$ 1,353	(\$ 115)
Special Transit Contracts	2,618	2,747	(129)
Total Operating Revenue	\$ 3,857	\$ 4,101	(\$ 244)
Operating Expense			
Labor - Regular	\$ 10,928	\$ 11,207	\$ 278
Labor - OT	1,183	447	(736)
Fringe (excludes UAL & Retiree costs)	8,946	8,977	31
Non-Personnel (excludes Bond costs)	7,968	9,432	1,464
Total OpEx	\$ 29,025	\$ 30,063	\$ 1,037
Operating Surplus/(Deficit)	(\$ 25,168)	(\$ 25,962)	\$ 794
<i>Farebox/Contracts Recovery</i>	<i>13.3%</i>	<i>13.6%</i>	<i>(0.4%)</i>
Non-Operating Revenue/(Expense)			
Sales Tax/including Measure D	\$ 14,132	\$ 13,888	\$ 244
Federal/State/Local Grants	10,460	10,269	191
Pension UAL/Bond Interest Payment	(1,082)	(1,136)	53
Retiree Obligations	(1,851)	(2,526)	675
All Other	851	889	(38)
Total Non-Operating Revenue/(Expense)	\$ 22,510	\$ 21,385	\$ 1,125
Operating Surplus/(Deficit) before Transfers	(\$ 2,658)	(\$ 4,577)	\$ 1,919

- Operating Surplus/(Deficit) is favorable \$794K, primarily driven by open headcount, delayed marketing spend, and timing of bridge-loan interest payment.
- Non-Operating Revenue/(Expense) \$1.1M favorable, primarily driven by favorable retiree obligations, higher sales tax revenue and higher drawdowns from FTA 5307 grant funding.

11.3A.7

YTD November 2025 Capital Spending Results

YTD November 2025 Capital Spend

\$000's	Month to	Year to	Portfolio Total *	
	Date	Date	Budget	% Spend
Project Category:	Actuals	Actuals		
Construction	\$ 67	\$ 3,761	\$ 36,903	10.2%
IT Projects	104	107	1,192	9.0%
Facilities Upgrades and Improvements	41	157	2,047	7.7%
Revenue Vehicle Replacements and Campaigns	3,613	18,798	47,757	39.4%
Revenue Vehicle Fleet Electrification	-	-	-	0.0%
Non-Revenue Vehicle Purchases and Replacements	-	190	209	90.9%
Fleet Maintenance and Equipment	-	-	933	0.0%
Office Equipment	-	-	-	0.0%
Miscellaneous Projects	-	-	500	0.0%
Total	\$ 3,825	\$ 23,013	\$ 89,541	25.7%

For the Month

- Spending includes payment for three hydrogen 40' buses.

Year-to-Date

- Construction: \$3.8M, driven by the Watsonville Parking Lot (\$2.9M), Hydrogen Fueling Stations (\$0.6M), and Watsonville Station Redevelopment (\$0.2M).
- Revenue Vehicle Replacements & Campaigns: \$18.8M YTD, primarily for the purchase of 15 hydrogen buses.

* Revised Budget Adopted September 2025

11.3A.9

Questions?



DATE: January 23, 2026

TO: Board of Directors

FROM: Chuck Farmer, Chief Financial Officer

**SUBJECT: ACCEPTANCE OF AUDITED FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED JUNE 30,
2025**

I. RECOMMENDED ACTION

That the Board of Directors formally accept the audited financial statements and reports prepared by the firm of Brown Armstrong, Certified Public Accountants, for the year ended June 30, 2025.

II. SUMMARY

- The **Financial Statements with Independent Auditor's Report** (Attachment A) prepared by the firm Brown Armstrong, Certified Public Accountants present Santa Cruz METRO's financial position as of June 30, 2025. The auditors have found that Santa Cruz METRO's financial statements present fairly, in all material respects, the financial position of Santa Cruz METRO as of June 30, 2025.
- In the **Independent Auditor's Report on Compliance Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with the Statutes, Rules, and Regulations of the California Transportation Development Act and the Allocation Instructions and Resolutions of the Transportation Commission** (page 63-64), the auditors found nothing that came to their attention that indicated Santa Cruz METRO failed to comply with the Statutes, Rules, and Regulations of the California Transportation Development Act, and the allocation instructions and resolutions of the Santa Cruz County Regional Transportation Commission (SCCRTC) during the course of their audit.
- In the **Schedule of Findings and Questioned Costs** (pages 65-66), the auditors identified no findings associated with their testing of major federal program expenditures in connection with their audit performed under *Government Auditing Standards* (GAS) and in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
- The **Required Communication to the Board of Directors in Accordance with Professional Standards** letter (Attachment B) provides information related to the auditor's responsibilities under generally accepted auditing standards as well as observations arising from the audit.

III. DISCUSSION/BACKGROUND

Attachment A – Santa Cruz METRO’s Financial Statements with Independent Auditor’s Report

The **Independent Auditor’s Report** (pages 1-3) attests that the audit was conducted 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. The auditors have found that Santa Cruz METRO’s financial statements present fairly, in all material aspects, the financial position of Santa Cruz METRO as of June 30, 2025.

While the basic financial statements and notes (pages 18-47) provide information about Santa Cruz METRO’s financial position in detail, the **Management’s Discussion and Analysis** (pages 4-17) presents narrative highlights of the financial statements, an overview of the agency’s financial activities, and information that enhances overall financial disclosure. This report was prepared by Santa Cruz METRO management and staff.

The **Statement of Net Position** (pages 18-19) present current and noncurrent assets and liabilities on a full accrual basis. Net position (deficit) represents the difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources.

The **Statement of Revenues, Expenses and Changes in Fund Net Position** (page 20) present Santa Cruz METRO’s revenues, expenses and the net impact these activities had on its net position for the year.

The **Statement of Cash Flows** (pages 21-22) demonstrate how changes in balance sheet accounts and income affect cash and cash equivalents.

The **Notes to Basic Financial Statements** (pages 23-47) are an integral component of the financial statement report, as they provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of Santa Cruz METRO’s operations and significant accounting policies, as well as clarify financial information unique to Santa Cruz METRO.

The **Required Supplementary Information (RSI)** section of the report highlights information that is considered essential for placing the financial statements and note information in an appropriate context, in accordance with generally accepted accounting principles:

- The Schedule of Changes in the Net Pension Liability and Related Ratios (pages 48-49) and the Schedule of Contributions - Pension (page 50) for Santa Cruz METRO’s defined benefit pension plan present multiyear trend information that show whether the actuarial value of the plan assets is

increasing or decreasing over time relative to the actuarial accrued liabilities for benefits

- The Schedule of Changes in the Net Other Postemployment Benefits (OPEB) Liability and Related Ratios (page 51-52) and the Schedule of Contributions - OPEB (page 53-54) are required under current standards for accounting and financial reporting for OPEB plans (GASB 75), implemented in FY18. At this time, Santa Cruz METRO has not prefunded the liability for retiree medical or other postemployment benefits.

The Statement of Operating Expenses (page 55) is presented as **Supplementary Information**, showing the total operating costs that were reported in the financials in further detail, broken out by natural expense classification.

Attachment B - Required Communication to the Board of Directors in Accordance with Professional Standards

The **Required Communication to the Board of Directors in Accordance with Professional Standards** is a letter from the auditors that serves to communicate to those charged with governance the scope of audit procedures performed, significant findings or misstatements, and other information, such as significant accounting estimates, audit adjustments, any difficulties or disagreements with management, and other matters that are not communicated in the audited financial statements.

Attachment C – Santa Cruz METRO’s Measure D Fund Financial Statements with Independent Auditor’s Report

As a recipient agency of Measure D funds, Santa Cruz METRO is required to submit separate independently audited financial statements of Measure D funds received and used annually to the SCCRTC, for review by the Measure D Taxpayer Oversight Committee. The FY25 Measure D audited financial statements were timely submitted to the SCCRTC along with Santa Cruz METRO’s district-wide audited financial reports.

IV. STRATEGIC PLAN PRIORITIES ALIGNMENT

This pertains to METRO’s Financial Stability, Stewardship & Accountability

V. FINANCIAL CONSIDERATIONS/IMPACT

There is no fiscal impact from the Board’s formal acceptance of the financial statements and audit reports. However, in order to continue to receive Transportation Development Act (TDA) payments from the SCCRTC, the final audit must be submitted to the SCCRTC within 180 days of the end of the fiscal year. Santa Cruz METRO has met this TDA compliance requirement and the SCCRTC has accepted the FY25 audited financial statements.

In addition, Santa Cruz METRO is required to submit annual audit reporting packages to numerous governmental agencies within specified deadlines in order to meet grant compliance requirements and continue to receive Federal, State and Local grant awards and funding. Santa Cruz METRO has timely submitted the FY25 audited financial statements to all required grantor agencies.

VI. CHANGES FROM COMMITTEE

None.

VII. ALTERNATIVES CONSIDERED

N/A

VIII. ATTACHMENTS

Attachment A: Santa Cruz METRO Financial Statements with Independent Auditor's Report for the year ended June 30, 2025

Attachment B: Required Communication to the Board of Directors in Accordance with Professional Standards (letter from Brown Armstrong, CPAs)

Attachment C: Santa Cruz METRO Measure D Fund Financial Statements with Independent Auditor's Report for the year ended June 30, 2025

Prepared by: Bianca Lemus-Jimenez, Accountant II

Board of Directors
January 23, 2026
Page 5 of 5

IX. APPROVALS:

Chuck Farmer, Chief Financial Officer 

Corey Aldridge, CEO/General Manager 

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Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2025

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT JUNE 30, 2025

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Attachment A

FINANCIAL SECTION

Attachment A



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Santa Cruz Metropolitan Transit District (Santa Cruz METRO) as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Santa Cruz METRO's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Santa Cruz METRO, as of June 30, 2025, and the respective changes in financial position, and cash flows thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Santa Cruz METRO and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Santa Cruz METRO's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Attachment A

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Santa Cruz METRO's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Santa Cruz METRO's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions – Pension, Schedule of Changes in the Net Other Postemployment Benefits (OPEB) Liability, and Schedule of Contributions – OPEB, as presented in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Santa Cruz METRO's basic financial statements. The accompanying Statement of Operating Expenses and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Operating Expenses and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, on our consideration of Santa Cruz METRO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Santa Cruz METRO's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Santa Cruz METRO's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 15, 2025

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

Introduction

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of Santa Cruz Metropolitan Transit District (Santa Cruz METRO or the District) provides a narrative and analytical overview of the financial activities of Santa Cruz METRO with selected comparative information for the fiscal year ended June 30, 2025. Following the MD&A are the basic financial statements of Santa Cruz METRO together with the notes thereto, which are essential for a full understanding of the data contained in the financial statements.

Activities and Highlights

Santa Cruz METRO is an independent special-purpose district formed in 1969 by the legislature of the State of California for the purpose of providing fixed route bus service to the general public in Santa Cruz County. Santa Cruz METRO assumed direct operation of federally mandated Americans with Disabilities Act (ADA) complementary paratransit (Paracruz) services in November 2004. Prior to 2004, the paratransit service was delivered under contract. Santa Cruz METRO also operates the Highway 17 (Commuter) Express bus service to Santa Clara County in cooperation with the Santa Clara Valley Transportation Authority (VTA), Amtrak, San Joaquin Joint Powers Authority (SJJPA), and the Capitol Corridor Joint Powers Authority (CCJPA). Overseeing the employees who work in the public interest, the Chief Executive Officer (CEO)/General Manager coordinates the operation of Santa Cruz METRO according to the policy and direction of the governing Board of Directors (Board), composed of eleven directors and two ex-officio directors as described in Note 1.A.

The Financial Statements

Santa Cruz METRO's basic financial statements are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. Santa Cruz METRO reports its financial results using one enterprise fund under the accrual basis of accounting, which records revenue when earned and expenses when incurred.

The Statement of Net Position reports complete information on Santa Cruz METRO's assets and deferred outflows of resources, as well as liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the agency is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Position reports the operating revenues and expenses, non-operating revenues and expenses, and capital contributions. Federal capital grant expenses are listed in the Schedule of Expenditures of Federal Awards and are included in the current year increase in capital assets.

The Statement of Cash Flows reports the sources and uses of cash for the fiscal year resulting from *operating activities*, *non-capital financing activities* (operating grants and sales tax receipts), *capital and related financing activities* (capital acquisitions and disposals), and *investing activities* (interest and rental receipts). The net result of these activities, added to the cash balances at the beginning of the year, reconciles to the cash balances (current plus restricted) at the end of the current fiscal year on the Statement of Net Position.

The Notes to Basic Financial Statements are an integral component of the report, as they provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of Santa Cruz METRO's operations and significant accounting policies as well as clarify financial information unique to Santa Cruz METRO.

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Following the basic financial statements and footnotes is the Required Supplementary Information, which provides a schedule of changes in the net pension liability, schedule of contributions to Santa Cruz METRO's defined benefit pension plan, schedule of changes in the net other postemployment benefits (OPEB) liability, and schedule of contributions to the OPEB plan.

The Statement of Operating Expenses, located in the Supplementary Information section of the financial statements, reports expenses in greater detail.

Financial Highlights

- Assets and deferred outflows of resources of Santa Cruz METRO exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended June 30, 2025, resulting in a Total Net Position of \$27.7 million, an increase of \$27.5 million from the prior year Net Position of \$169.6 thousand at June 30, 2024.
- Of this amount, \$118.5 million consisted of Net Investment in Capital Assets, which reflects investment in capital assets used for operational and administrative functions (e.g., facilities, vehicles, and equipment), net of accumulated depreciation, amortization, and related debt. Accordingly, these assets are not available for future spending.
- The remaining balance of Total Net Position is an Unrestricted Net Position Deficit of \$90.8 million, primarily resulting from Santa Cruz METRO's pension obligations of \$21.3 million, Other Postemployment Benefits (OPEB) such as retiree medical benefit obligations of \$118.4 million, and pension obligation bond debt of \$43.5 million as of June 30, 2025. The Net Pension Liability and Net OPEB Liability are required to be accounted for under Governmental Accounting Standards Board (GASB) Statement No. 68, and GASB Statement No. 75, respectively, and represent future long-term retiree pension and benefits obligations, however they do not significantly affect the District's ability to meet immediate (short-term) operational cash flow needs. Therefore, although the projected long-term pension and OPEB obligation costs have generated a deficit net position balance on the financial statements, Santa Cruz METRO is able to utilize current, available funds to pay for ongoing obligations for pension and retiree medical expenses as they come due.
- Total passenger fares increased by \$75 thousand, a 2.8% increase, to \$2.8 million, and Special Transit fares increased by \$94 thousand, a 1.5% increase, to \$6.5 million. Santa Cruz METRO introduced several fare-free initiatives, such as the Youth Cruz Free program for K-12 students, California Clean Air Day, and Earth Day, as well as events like Big Basin's Art in the Park and the Pacific Station redevelopment transition. These initiatives aim to boost ridership, promote sustainability, and enhance service awareness. Santa Cruz METRO saw an increase in Special Transit fares, primarily due to expanded partnerships with local public agencies, including the City and County, which support community transportation needs.
- Operating expenses of \$72.1 million (excluding depreciation and amortization) for the year ending June 30, 2025, reflect an increase of 13.3% over the prior year, compared to an 18.2% increase for the year ended June 30, 2024, over the previous year. This significant growth is driven by Santa Cruz METRO's ongoing Reimagine METRO initiative, which aims to enhance service reliability, increase frequency on key routes, and expand transit access across the region. A major factor contributing to the expense increase is higher labor costs, as Santa Cruz METRO hired additional bus operators and staff to meet the demands of the expanded services. These investments reflect Santa Cruz METRO's focus on improving service quality.

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- In fiscal year 2025, Santa Cruz METRO's capital assets (after the application of accumulated depreciation and amortization) of \$121.6 million reflect a net increase of \$24.5 million over the previous year. Santa Cruz METRO's investment in capital assets continues to grow as we prioritize sustainable and efficient transit solutions. This year, the increase is primarily attributed to the acquisition of twenty 40' Hydrogen Fuel Cell Buses from New Flyer, which support our ongoing efforts to modernize and expand our fleet. Additionally, progress has been made on the Pacific Station Redevelopment project in collaboration with the City of Santa Cruz, the development of the permanent hydrogen fueling station and the completion of the temporary hydrogen fueling station. See the Financial Activities – Capital section of the MD&A for more information about capital projects and Note 4 to the financials for a schedule of changes in capital asset balances. Capital procurements are funded by a combination of federal, state, and local grants; Measure D sales tax proceeds; Operating and Capital Reserves; and significant support from the State Transit Assistance – State of Good Repair (STA-SGR) program, which continues to play a critical role in helping Santa Cruz METRO maintain and improve its transit infrastructure.

Financial Activities – Operations

The following discussion provides an overview of the financial activities related to operations (operating revenue and expense) for the fiscal year ended June 30, 2025. Financial activities related to capital (e.g., buses, equipment, and facilities improvements) are discussed later in this report.

Operating Revenue and Expense:

Santa Cruz METRO utilizes six primary sources of revenue to operate its public transit services: passenger fares, sales and use taxes, local transportation funds such as the Transportation Development Act (TDA) and State Transit Assistance Fund (STA), federal funds, state funds, and other non-transportation related revenues (including advertising income, investment income, and rental income). Operating expenses are classified into the following basic categories: labor and fringe benefits, services, mobile and other materials and supplies, utilities, insurance costs (casualty and liability), taxes, miscellaneous expense, interest, leases, and rental expenses. These categories are consistent with the Uniform System of Accounts (USOA) and National Transit Database (NTD) reporting.

As with many transit and public agencies across the region and throughout the state, Santa Cruz METRO faced financial challenges in the decade pre-pandemic, due to significant increases in operating and capital costs with lagging increases in operating or capital contributions. Operating expenses nearly doubled in the last ten years, primarily in the categories of labor and fringe benefits due to substantial increases in the retirement and medical insurance costs. Faced with rising costs, Santa Cruz METRO is continually analyzing the economic and political landscape and redesigning its operations to align expenses with available revenue streams for the current and future fiscal years. Additionally, Santa Cruz METRO is not only responding to financial challenges but also actively seeking federal, state, and local support to deliver world-class public transit services to Santa Cruz County. To showcase this envisioned future Santa Cruz METRO introduced major bus service charges by implementing the Youth Fare Free program throughout the system as part of the Reimagine METRO initiative, launched in 2024 and fully implemented in 2025.

Santa Cruz METRO receives a ½-cent sales tax levied on all taxable sales in Santa Cruz County, collected and administered by the California Department of Tax and Fee Administration (CDTFA). Additionally, in November 2016, the majority of Santa Cruz County approved Measure D, a ½-cent sales tax measure designed to fund a comprehensive and inclusive package of transportation improvements. Santa Cruz METRO receives 16% of net Measure D sales tax proceeds, in accordance with the set percentages detailed in the Measure D Expenditure Plan for direct allocations. Total sales tax receipts account for approximately 38% of Santa Cruz METRO's operating revenue sources as per the fiscal year 2025 Budget, adopted in June 2024. Actual sales tax revenues slightly exceeded budget projections, which resulted in favorable budget variance of less than 1% and a minimal unfavorable year-over-year variance of 0.04%.

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Two other major sources of funding for public transportation, the Local Transportation Fund (LTF) and the State Transit Assistance Fund (STA), provided by the TDA, account for approximately 20% of Santa Cruz METRO's operating revenue sources as per the fiscal year 2025 Budget, adopted in June 2024. The funds are allocated to areas of each county based on population, taxable sales, and transit performance and mirrored the trends in taxable sales, fuel prices, and consumption in 2025 and 2024. The year-over-year decrease in TDA-LTF and TDA-STA was 2.4%, and 12.3%, respectively. Fluctuations in revenue sources year-over-year are frequent and in direct correlation to the economy. Periods of economic downturns translate into sharp declines in sales and use tax revenues, and local and state transportation funds (TDA-LTF and TDA-STA) and vice versa.

System performance during the fiscal year was marked by ridership and service recovery. In 2022, Santa Cruz METRO set a goal of doubling ridership in five years, to seven million passenger trips by fiscal year 2027, a level last achieved in the early 2000s. To achieve this goal, ridership would need to increase 15% per year on average. The goal was exceeded in the last two fiscal years as reflected in the Ridership section below. The increase was largely driven by expanded service at the University of California, Santa Cruz (UCSC) routes, as well as the full restoration and enhancements of local service. Special Transit Fares reflected the growth in ridership and service hours and increased by 1.5% year-over-year.

Santa Cruz METRO continued charging eligible operating expenses to the traditional Federal Transit Administration (FTA) 5307 grants – the Urbanized Area Formula Funding Program (49 U.S.C. 5307). Funding is apportioned based on legislative formulas. For urbanized areas of 50,000 to 199,999 in population, the formula is based on population, low-income population, and population density. These urbanized areas are also eligible to receive Small Transit Intensive Cities (STIC) funds if transit service provided in the urbanized area meets or exceeds the STIC performance criteria. FTA funds were used to support eligible operating expenses and maintain transit services during the fiscal year. Total FTA operating assistance accounted for approximately 15% of total revenue, or \$11.9 million.

Operating expenses increased by 33% year-over-year, with personnel expenses, comprising 62% of total operating expenses, increasing by 17% as a direct result of the significant increase in Bus Operators in the second half of fiscal year. As service hours increased, overtime costs continued to increase in fiscal year 2025, following the trend for the last two years. Paid absences increased 10% year-over-year and remained relatively high, due to fiscal year-end contractual payouts and the increased headcount.

Non-personnel operating expenses, materials and supplies and other expenses, excluding Settlement Costs, increased by 23% year-over-year, in correlation with service levels. Additionally, high inflation and supply chain issues heavily contributed to the year-over-year increases in the costs of fuels and lubricants, tires, and vehicle parts to name a few.

Ridership:

At the end of fiscal year 2025, Santa Cruz METRO's fixed-route bus system consisted of 22 Local routes and 1 Commuter route over Highway 17. The number of rides provided was approximately 4,680,000. Ridership increased again by 840,000 rides, which is a 22% increase over the previous year.

System performance in fiscal year 2025 was characterized by steady recovery of ridership and the full implementation of Phase 2 of the Reimagine METRO initiative, which involved a 40% increase in service and four high frequency routes operating every 20 minutes or better between Watsonville, Santa Cruz, and UCSC.

Fiscal year 2025 ridership increased by 22% compared to fiscal year 2024, reaching just over 4.6 million annual boardings. This growth was largely driven by an increase in service on Santa Cruz METRO's most productive routes, as well as continued growth in student ridership from UCSC, Cabrillo College, and K-12 riders, which increased 22%, 46%, and 41%, respectively, compared to fiscal year 2024. Highway 17 commuter express ridership increased 28% in fiscal year 2025.

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Paracruz, Santa Cruz METRO's paratransit service, provided 66,498 paratransit rides to mobility-impaired patrons on 32 specially equipped minibuses and minivans during fiscal year 2025. This represents an 8.75% decrease in ParaCruz ridership from the prior year, due to the third party certification eligibility process.

Financial Analysis

Following are the condensed comparative financial statements, which highlight key financial data. Certain significant year-to-year variances are discussed following the statements.

Statements of Net Position:

	2025	2024	2025 to 2024 Increase/(Decrease)	
			Amount	%
Assets				
Current Assets	\$ 96,945,637	\$ 92,454,662	\$ 4,490,975	4.9%
Restricted Assets	20,340,716	20,954,099	(613,383)	-2.9%
Non-Current Assets	119,846	164,439	(44,593)	-27.1%
Capital Assets - Net	121,618,953	97,168,197	24,450,756	25.2%
Total Assets	\$ 239,025,152	\$ 210,741,397	\$ 28,283,755	13.4%
Deferred Outflows of Resources				
Pension and OPEB Contributions	\$ 29,702,966	\$ 26,516,420	\$ 3,186,546	12.0%
Total Deferred Outflows of Resources	\$ 29,702,966	\$ 26,516,420	\$ 3,186,546	12.0%
Liabilities				
Current Liabilities	\$ 20,625,437	\$ 14,108,610	\$ 6,516,827	46.2%
Non-Current Liabilities	12,891,655	17,993,602	(5,101,947)	-28.4%
Other Long-Term Liabilities	185,701,155	174,416,376	11,284,779	6.5%
Total Liabilities	\$ 219,218,247	\$ 206,518,588	\$ 12,699,659	6.1%
Deferred Inflows of Resources				
Leases	\$ 155,616	\$ 214,045	\$ (58,429)	-27.3%
Pension and OPEB Deferrals	21,689,067	30,355,598	(8,666,531)	-28.6%
Total Deferred Inflows of Resources	\$ 21,844,683	\$ 30,569,643	\$ (8,724,960)	-28.5%
Net Position				
Net Investment in Capital Assets	\$ 118,510,054	\$ 93,474,650	\$ 25,035,404	26.8%
Unrestricted Net Position (Deficit)	(90,844,866)	(93,305,064)	2,460,198	2.6%
Total Net Position (Deficit)	\$ 27,665,188	\$ 169,586	\$ 27,495,602	16213.4%

2025 vs 2024 Analysis

Key changes include:

- *Current assets* was primarily driven by a \$18.26 million increase in grants receivable, reflecting higher reimbursable expenditures on capital and operating grants. The increase was partially offset by a \$14.38 million decrease in cash and cash equivalents, as Santa Cruz METRO used accumulated cash to fund capital projects and operational needs during the year. Sales taxes and other receivables increased slightly by \$0.17 million due to timing of receipts, while inventory and prepaid expenses increased by \$0.14 million and \$0.31 million, respectively. These changes resulted in the overall growth in Current Assets for the fiscal year.

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- *Restricted assets* decreased by \$0.61 million, or 2.9%, to \$20.34 million. Restricted assets consist of cash held with fiscal agents and trustee accounts for debt service, capital projects, and other legally restricted purposes. The slight decrease reflects the use of restricted cash for capital project spending, especially projects funded by Measure D, STA-SGR, and Transit and Intercity Rail Capital Program (TIRCP) grants.
- *Non-current assets* (long-term lease receivables) decreased by \$0.04 million, or 27.1%, to \$119,846. The decrease corresponds to the scheduled amortization and collection of long-term lease receivables related to retail tenant leases at Santa Cruz METRO's Watsonville and Scotts Valley transit centers.
- *Capital assets*, net increased by \$24.5 million, or 25.2%, to \$121.6 million. This significant increase is the result of \$35.07 million in Construction-in-Progress (CIP) for major capital projects, including fleet procurements and facility improvements. In addition, new capitalized additions were recorded for revenue vehicles and operational equipment in support of Santa Cruz METRO's fleet replacement initiatives. These increases were partially offset by annual depreciation and amortization expense of \$7.1 million and by normal amortization of right-to-use and subscription assets. Overall, the increase reflects Santa Cruz METRO's continued investment in long-term infrastructure and clean-energy fleet modernization.
- *Deferred outflows of resources* increased by \$3.19 million, or 12.0%, to \$29.70 million. This was driven by higher OPEB contributions recognized under GASB Statement No. 75; updated pension contributions under GASB Statement No. 68; and actuarial assumption changes, including discount rates, expected earnings, and demographic updates. The increase represents changes in actuarial reporting and funding levels for Santa Cruz METRO's pension and OPEB plans.
- *Current liabilities* increased by \$6.5 million, or 46.2%, to \$20.6 million. The increase is primarily attributable to accounts payable and accrued liabilities increasing by \$6.7 million, reflecting timing of vendor payments and year-end accruals on major capital projects; the current portion of pension obligation bonds of \$2.81 million, now due within one year; higher current lease and subscription liabilities (GASB Statement No. 87/96) totaling \$0.56 million; and increases in payroll-related liabilities associated with wage and benefit growth. This increase is consistent with the scale of capital activity and operating expenditures in FY25.
- *Non-current liabilities* decreased by \$5.10 million, or 28.4%, to \$12.89 million. This decrease is primarily due to reductions in long-term unearned revenue as grant-funded capital expenditures were incurred and recognized as revenue under eligibility guidelines. Significant decreases occurred in Measure D, STA-SGR, and Low Carbon Transit Operations Program (LCTOP) balances, reflecting the spending down of previously deferred grant funds. Unearned revenue for FTA remained unchanged, while STA increased slightly due to timing of grant allocations.
- *Other long-term liabilities* increased by \$11.28 million, or 6.5%, to \$185.70 million. Key drivers include net pension liability decreased by \$3.3 million, driven by actuarial updates and investment performance; workers' compensation liability increased by \$0.52 million based on updated actuarial loss estimates; subscription liability decreased by \$0.36 million, tied to Software-as-a-Service (SaaS) contract obligations under GASB Statement No. 96; lease liability decreased by \$0.16 million, reflecting payments for right-to-use assets under GASB Statement No. 87; pension obligation bonds amortized normally, reducing the non-current portion; and net OPEB liability increased by \$17.3 million, driven by actuarial updates and investment performance.
- *Deferred inflows of resources* Deferred inflows decreased by \$8.72 million, or 28.5%, to \$21.84 million. This decrease was driven by significant reductions in deferred pension and OPEB actuarial inflows, \$8.67 million total, due to amortization of prior-year differences and updated actuarial valuations, and a \$.058 million decrease in deferred inflows from leases under GASB Statement No. 87, based on Santa Cruz METRO's tenant lease agreements

Attachment A

Statements of Revenues, Expenses, and Changes in Fund Net Position:

	2025	2024	2025 to 2024	
			Increase/(Decrease) Amount	%
Operating Revenues	\$ 9,340,773	\$ 9,172,032	\$ 168,741	1.8%
Operating Expenses	79,213,363	69,939,687	9,273,676	13.3%
Net Operating Loss	(69,872,590)	(60,767,655)	(9,104,935)	-15.0%
Non-Operating Revenues	67,162,503	61,357,732	5,804,771	9.5%
Capital Contributions	30,205,689	5,789,130	24,416,559	421.8%
Change in Net Position	\$ 27,495,602	\$ 6,379,207	\$ 21,116,395	331.0%

2025 vs 2024 Analysis

Operating Revenues (Passenger and Special Transit Fares) of \$9.3 million reflect an increase of \$169 thousand, or 1.8% increase, over prior year revenues, primarily due to the steady ridership and implemented service enhancements (Phases 1 and 2 of the Reimagine METRO initiative).

Operating Expenses of \$79.2 million reflect a year-over-year increase of \$9.3 million, or 13.3%, due to several factors: OPEB adjusting entries for GASB Statements No. 68 and No. 75, GASB Statement No. 10 that requires Santa Cruz METRO to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported liability and physical damage claims, and the increase in the number of funded positions.

Non-Operating Revenues increased overall by \$5.8 million, or 9.5%, over last year revenues primarily due to increased funding from the State of California through the Senate Bill (SB) 125/Transit and Intercity Rail Capital Program (TIRCP) which funds Phases 1 and 2 of the Reimagine METRO initiative.

Capital Grant Contributions represents the total amount of capital grant and Measure D sales tax funds that were used to subsidize the purchase of facilities improvements and capital equipment, including revenue vehicles, during fiscal year 2025. The receipt and application of capital funds can fluctuate year over year based on a variety of factors including project eligibility conditions, formula-based funding criteria, government procurement processes, the economy, etc. Capital grant contributions increased by \$24.4 million, or 422%, from last year.

Budgetary Highlights

The annual Operating and Capital budgets are used as management tools to monitor revenues and expenses, evaluate operating performance, and track the progress of capital projects at any given time. The District's Board approves these items prior to implementation. The fiscal year 2025 Board-adopted budget totaled \$134.2 million, consisting of \$72.5 million for Operating Revenue and Expenses and \$61.7 million for Capital Projects. The District finished fiscal year 2025 with operating expenses of \$93.34 million, net of depreciation, workers' compensation claims incurred but not reported (IBNR), and pension and OPEB actuarial adjustments. Capital expenses for fiscal year 2025 totaled \$31.53 million, which included spending on major fleet procurements, facility improvements, and multiyear capital projects funded through federal, state, and local grants.

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Financial Activities – Capital

Capital Program:

In fiscal year 2025, Santa Cruz METRO spent \$31.5 million on the purchase of capital assets and on new and ongoing capital projects. A total of \$30.2 million of these capital additions were paid for with capital contributions funded by a variety of sources, including the FTA, STA, STA-SGR, LCTOP, STIP, and Measure D local sales tax allocations. A total of \$1.3 million of these capital purchases were made using Capital Reserve Funds.

Noteworthy capital project activity in fiscal year 2025 includes:

- Pacific Station Redevelopment with City of Santa Cruz – The ongoing construction of the new location of the Pacific Station in downtown Santa Cruz will bring over 120 units of deeply affordable housing to the City of Santa Cruz. The old Pacific Station building was closed in February 2024 and subsequently demolished to make way for the construction of a mixed-use facility, a Bike Hub, and an improved transit center with real-time passenger information (RTPI) signage and other multimodal improvements. This project will include affordable housing, retail spaces, and a state-of-the-art transit hub. As a key part of Santa Cruz METRO’s vision for improved transit access and community integration, this redevelopment highlights our commitment to modernizing infrastructure and supporting sustainable urban development. Transit operations were temporarily relocated to ensure service continuity during the construction phase.
- Hydrogen Fuel Cell Zero-Emission Buses (HFCZEBs) – Santa Cruz METRO accepted the majority of the forty-four (44) new 40’ New Flyer HFCEBs, which will replace older diesel and Compressed Natural Gas buses that have reached the end of their useful life. Santa Cruz METRO placed an order for fifty-three (53) HFCZEBs in December 2023 and anticipates receiving all of the 40’ and the additional nine (9) 60’ HFCZEBs in FY26. When these buses are in operation, Santa Cruz METRO will reduce energy consumption and harmful emissions, while increasing the efficiency and reliability of Santa Cruz METRO’s fleet.
- New Portable Hydrogen Refueling Trailer – The Hydrogen Fuel Cell Zero-Emission Buses (HFCZEBs) will be placed into service before the Santa Cruz METRO can complete the permanent hydrogen fueling station. To meet the agency’s immediate need for interim hydrogen fueling infrastructure and fueling services, Santa Cruz METRO employed Plug Power to construct a portable fueler.
- New Hydrogen Fueling Station and Maintenance Facility Upgrades – To support the new Hydrogen Fuel Cell Zero-Emission Buses (HFCZEBs), Santa Cruz METRO will build a permanent hydrogen fuel station to be constructed at the Judy K. Souza Operations Facility and will include both HFCEB fueling and over the fence retail fueling accessible to the public. The maintenance facility will be used to serve and operate the new HFCEBs. The maintenance bays will be retrofitted from Compressed Natural Gas to Hydrogen and will comply with the national Fire Protection Association safety and compliance standards.
- Rapid Bus Enhancements – Soquel Drive and Main Street Corridor – Santa Cruz METRO will implement Rapid Corridors improvement designed to speed up bus service in the corridor that connects Santa Cruz to Watsonville, where Route 1 and Route 2 operate. This project that will introduce enhanced passenger amenities (e.g., real-time signage, improved shelter and seating) at over 80 bus stops, transit signal priority (TSP) at 60 intersections, queue jumps at seven locations, improved pedestrian access to rapid stops, through six new crosswalks and high visibility improvements at 2 intersections, and reconfigured bus access including bidirectional bus only lane and intersection changes at the Santa Cruz Pacific Station Transit Center.

Attachment A

- Bus Stop Facilities Upgrades and Improvements – Santa Cruz METRO installed 23-bus shelters, 23 benches, and 18 trashcans at various bus stops in its service area. The project allowed Santa Cruz METRO to address challenges related to waste management and aesthetic appeal at the agency’s bus stops. Improving amenities at bus stops encourage more people to use public transit, as more passengers are willing to wait for buses when they have protection from the elements and the facilities are clean.
- Watsonville Station Redevelopment – In collaboration with Mid Pen, Santa Cruz METRO will construct 65 deed restricted affordable units in a 100% affordable development above the Watsonville transit center in downtown Watsonville. The project will also fund station retrofitting costs to improve transit connections to Santa Cruz, including accommodating new zero-emission buses. Mid Pen worked to complete the designs for the station, which will offer mixed-use retail/commercial space, a Bike Hub, and an improved transit center with real-time passenger information (RTPI) signage and other multimodal improvements.

Future Outlook

In July 2025, Santa Cruz METRO started the new fiscal year with a balanced budget and an updated multi-year financial plan that identifies a structural operating gap beginning in the next decade without new, ongoing revenues. This plan still provides a clear road map for the delivery of service and planned capital improvements, while highlighting the need for a durable local funding source.

Years of fiscally responsible decisions, enhanced focus on service productivity and sustainability coupled with a favorable economic environment have strengthened Santa Cruz METRO’s financial position, but cost escalation and the sunset of temporary funding streams now require a shift from short-term stability to long-term sustainability. The renewed focus on prudent financial planning by shoring up Operating and Capital reserve levels allows Santa Cruz METRO the ability to navigate difficult times, respond to short-term crisis and funding disruptions, and deliver on the agency’s goals established by the Board of Directors in October 2022 to: 1) double ridership in five years, 2) procure only zero-emission buses going forward, and 3) develop 125+ units of affordable housing on Santa Cruz METRO owned property by the end of the decade.

In the past 24 months, Santa Cruz METRO has initiated an array of transformative operating and capital projects valued more than \$250 million in projects funded through an array of competitive and discretionary federal, state, and regional grants to support the agency’s transition to zero-emission technology and increase service to respond to customer needs and attract new ridership. In fiscal year 2026 and beyond, Santa Cruz METRO’s focus will be on completing the implementation of the various plans and projects supported by this infusion of funding while simultaneously securing long-term local revenue to preserve and grow the service and capital program beyond the current 15-year fiscal horizon.

Doubling Ridership in Five Years

Reimagine METRO

Decades of service reductions have left Santa Cruz METRO operating 30% less service than it did 20 years ago, with annual ridership following a similar trend over the intervening decades. At the beginning of the COVID-19 pandemic, ridership briefly declined 90%. Changing commute patterns, driven in large part by the increased prevalence of remote work, have reduced ridership during peak demand periods while midday ridership is steadily increasing. Meanwhile, increased traffic congestion, a lingering effect of the pandemic when more commuters took to their cars, has forced Santa Cruz METRO to continually make schedule adjustments. Slower speeds make transit service more costly to operate and less attractive to customers. This trend will continue to negatively impact transit operations unless Santa Cruz METRO can work with the cities and counties in which it operates to create dedicated roadway space for Santa Cruz METRO buses.

Attachment A

In October 2022, the Santa Cruz METRO Board of Directors set an agency goal to double ridership within five years to levels last seen in the mid-2000s. To aid in this effort, Santa Cruz METRO hired renowned transit planning consultants Jarrett Walker and Associates in December 2022 to develop a plan to "reimagine" Santa Cruz METRO.

In 2023, the Reimagine Santa Cruz METRO plan completed 1) an evaluation of Santa Cruz METRO's current fixed route system; 2) designed two alternative scenarios illustrating different policy directions that the Santa Cruz METRO bus network might take, focusing on the tradeoffs between ridership and coverage goals; 3) developed final network scenarios matching three financial projections, one with current resources and two with additional financial resources; and 4) conducted a process of interaction with stakeholders, city councils, the Santa Cruz METRO Board, and the public that provided opportunities to provide substantive and impactful input to the plan.

In fiscal year 2024, Santa Cruz METRO began implementation of the Reimagine Santa Cruz METRO plan. The first phase of Reimagine Santa Cruz METRO, implemented in December 2023, included:

- 10% increase in service compared to current levels, and 25% more than in spring 2023
- Higher-frequency service in high transit demand areas
- Simpler, more direct routes, especially in Watsonville
- Improved transfers with shorter wait times and no additional fare
- Changes to route numbers and names

Updates to some bus stop locations, as well as revised street coverage. In fiscal year 2025, the Santa Cruz METRO Board adopted a second phase of bus service changes that were implemented between July 2024 and September 2025. These changes included:

- Increased, 20-minute frequency on two cross-county corridors serving Watsonville and Mid-County
- New routes and service to the UCSC and Cabrillo College campuses, Santa Cruz METRO's highest and second highest ridership generators
- Increased service on the Highway 17 commuter express route to San Jose

The Phase 2 service improvements resulted in a service increase of 40% compared to FY24 and 33% over pre-COVID conditions and brought frequent service, with buses scheduled every 20 minutes or better, to within a 1/2-mile of 100,000 Santa Cruz County residents.

Fiscal year 2025 ridership increased by 22% compared to fiscal year 2024, reaching just over 4.6 million annual boardings. This growth was largely driven by an increase in service on Santa Cruz METRO's most productive routes, as well as continued growth in student ridership from UCSC, Cabrillo College, and K-12 riders, which increased 22%, 46%, and 41%, respectively. Highway 17 commuter express ridership increased 28% in fiscal year 2025. In a survey of riders completed in FY25, 86% of riders supported the service changes and 43% of respondents reported that they now ride Santa Cruz METRO more often as a result.

Funding for these service improvements is being provided by a \$32 million formula grant from the State of California TIRCP, which Santa Cruz METRO began receiving in 2024 and which will fund the program through an initial pilot period of three years. With enhanced service in place, and ridership on the rise, Santa Cruz METRO is preparing a 0.5 percent countywide sales tax measure targeted for the November 2026 ballot, which will be Santa Cruz METRO's first dedicated sales tax since 1978, to fund the improved service in perpetuity. This measure is now the central strategy for extending the life of the Reimagine METRO service plan beyond the current 15-year fiscal window.

Attachment A

Speed and Reliability Improvements

While Reimagine METRO is focused on where buses go and how often they run, a complementary planning effort – the Rapid Corridors Project – is focused on improving the speed, reliability and accessibility of Santa Cruz METRO’s core intercity routes. Throughout Santa Cruz County, Santa Cruz METRO buses travel along congested streets and corridors without the benefit of transit supportive elements such as bus only lanes, queue jumps, or bus boarding islands. This means travel by bus takes significantly longer and is less reliable than private automobile. In fiscal year 2021, Caltrans awarded Santa Cruz METRO a Caltrans Sustainable Transportation Planning Grant (STPG) to fund the Watsonville – Santa Cruz Intercity Transit Speed and Reliability Study. In fiscal year 2022, staff awarded a consultant contract to Kimley-Horn to assist in evaluating traffic and travel conditions along the primary transit corridors connecting Watsonville and Santa Cruz. In fiscal year 2023, Santa Cruz METRO released a final report identifying \$24.1 million worth of improvements aligned to the following strategies: bus bulbs and transit islands, enhanced bus stop amenities, bus stop consolidation and relocation, transit signal priority, improved pedestrian crossings, queue jumps, transit only lanes, and intersection improvements. Together, these improvements are anticipated to result in a 15% increase in the number of people within a ¼ mile of a high-quality bus stop and up to 40% faster travel time between Santa Cruz and Watsonville.

Santa Cruz METRO was awarded \$7.5 million towards the construction of these improvements in 2023 and in fiscal year 2024 staff worked with regional partners to identify additional funding. In fiscal year 2025, Santa Cruz METRO was awarded \$14 million in state funding which, combined with other sources, is expected to fully fund the Rapid Corridors program. Project design is anticipated to kick off in February 2026 with construction to start in 2027.

Not only will the project support ridership growth and equity – 50% of survey respondents indicated they would ride Santa Cruz METRO more if service was faster and more reliable – but the time savings achieved on the corridor will translate directly to financial savings for Santa Cruz METRO in terms of saved operator wages, fuel and the need for additional vehicles to operate the same amount of service. As congestion intensifies, these speed and reliability investments are now essential to protecting the productivity and affordability of the Reimagine METRO network.

In addition, staff continues to coordinate with the Santa Cruz County Regional Transportation Commission (RTC), Caltrans, and Santa Cruz County on the Watsonville – Santa Cruz Multimodal Corridor Program (WSC-MCP), including the Highway 1 Auxiliary Lanes/Bus On Shoulder component and Soquel Avenue/Drive to Freedom Boulevard bicycle/pedestrian improvements. In fiscal year 2021, the California Transportation Commission approved over \$100 million in funding for the WSC-MCP Cycle 2 Project, which broke ground in 2023 and will construct auxiliary lanes on Highway 1 between Soquel Ave. and State Park Drive and add buffered/protected bike lanes and transit signal priority (TSP) on Soquel Drive along the same segment. This was followed by an additional award in FY25 that fully funds the Bus On Shoulder program.

Santa Cruz METRO’s priority is to secure true, reliable bus-on-shoulder operations that deliver meaningful travel-time savings, rather than diluted alternatives that fail to meet rider needs.

Attachment A

Marketing Initiatives

In 2025, Santa Cruz METRO participated in more than 100 outreach events across Santa Cruz County, including Earth Day, California Clean Air Day, and the Santa Cruz County Fair. Together with county partners, Santa Cruz METRO also launched the inaugural Week Without Driving initiative to highlight the daily realities faced by the nearly 30% of Americans who do not drive due to age, ability, income, or preference. With growing congestion, limited rural mobility options, and the need to elevate transportation equity, Santa Cruz METRO and the County recognized an opportunity to lead a countywide educational campaign. The initiative raised awareness of mobility gaps, encouraged multimodal travel, and sparked meaningful dialogue about long-term transportation investment. It generated significant engagement and visibility, earning proclamations from the State of California, the County Board of Supervisors, the RTC, and all local cities, while also receiving strong media coverage through live radio interviews and multiple news stories. Santa Cruz METRO hosted ridealongs with local officials to provide firsthand insight into the challenges faced by non-drivers, and a free-fare day on October 1 boosted participation and encouraged residents to try transit. Social media content from Santa Cruz METRO and partner agencies further expanded campaign reach and online engagement.

Santa Cruz METRO also continued to promote the Reimagine METRO service changes through a countywide campaign that emphasized the benefits of the new system and highlighted the rider support received to date. Additional marketing efforts focused on raising environmental awareness and showcasing the emissions savings achieved by choosing public transit over personal vehicles. These initiatives supported Santa Cruz METRO's Zero-Emission Transition Plan, reinforced the One Ride at a Time campaign, and promoted the Youth Cruz Free Program to increase youth ridership.

In 2025, Santa Cruz METRO's Marketing Department received several prestigious awards recognizing the impact of these efforts, including:

- American Public Transportation Association (APTA) AdWheel Grand Award for Best Comprehensive Campaign for Santa Cruz METRO's One Ride at a Time Program
- California Association of Public Information Officials (CAPIO) STAR Award for Best Promotion of a Public Agency for Santa Cruz METRO's One Ride at a Time Program
- APTA AdWheel Award for Best Educational Initiative in Print Media and Overall Comprehensive Campaign for Santa Cruz METRO's One Ride at a Time Program
- 1 Platinum Hermes Creative Award for Best Digital Marketing Campaign for Youth Cruz Free and 2 Honorable Mentions Hermes Creative Awards for Santa Cruz METRO's How to Ride Video and Next Stop social media video series.

Beyond recognition, Santa Cruz METRO strengthened rider experience in 2025 by conducting its first onboard survey since COVID, gathering valuable feedback to guide service improvements. The agency also launched Transit App Royale countywide, providing riders with enhanced access to real-time schedules, route information, and service alerts.

Looking ahead, Santa Cruz METRO will launch a new mobile-responsive website in early 2026, designed to provide easy access to service maps, real-time data, and schedules, while also highlighting marketing and planning initiatives. Customer outreach will be expanded through targeted emails, social media, and community engagement, supported by refreshed collateral promoting One Ride at a Time and Youth Cruz Free.

Going forward, Santa Cruz METRO's marketing and communications strategy will be explicitly aligned with building public understanding and support for the 2026 sales tax measure and advancing Santa Cruz METRO's long-term vision for equitable, sustainable, and community-driven transit.

Attachment A

Zero-Emission Vehicle Transition

Santa Cruz METRO has set an ambitious goal of purchasing only zero emission buses (ZEB) moving forward, converting the entire bus fleet to zero-emission by 2037. Phase 1 of this plan involved the procurement and deployment of four battery electric buses (BEB) on the Watsonville Circulator Route, which was completed in fiscal year 2022. Phase 2 focuses on converting 100% of Santa Cruz METRO's fleet serving Watsonville to ZEB by 2027. Phase 3 will involve the full transition of Santa Cruz METRO's fleet to ZEB by the end of 2037, through a mix of fuel cell electric buses (FCEB) and BEBs. This will put the agency ahead of the California Air Resources Board (CARB) mandate that all transit agencies in California operate 100% ZEB by 2040.

In fiscal year 2023, Santa Cruz METRO was awarded nearly \$90 million in federal and state grants, including nearly \$40 million in highly competitive state TIRCP funds and \$20 million in FTA Bus and Bus Facilities funds to procure up to 53 FCEBs (the largest purchase in North America), construct a hydrogen fueling facility, complete necessary maintenance facility upgrades, and provide workforce training in FCEB technology. In fiscal year 2024, Santa Cruz METRO signed a bus purchase agreement to procure the 53 FCEBs and awarded contracts to construct both mobile and permanent hydrogen fueling facilities. In fiscal year 2025, Santa Cruz METRO took delivery of most of the fleet order and the mobile fueler, completed the maintenance facility upgrades, began workforce training and entered the design phase of the permanent hydrogen fueling facility, which will break ground in December 2025 and is expected to be operational by the end of FY26.

In fiscal years 2026-2027, staff will be working to deliver the transition to hydrogen fuel while seeking additional funds to convert the entire Santa Cruz METRO fleet to zero-emission technology. Successful execution of this transition requires not only capital funding, but also long-term operating support, facility readiness, and sustained workforce development.

Supporting Affordable Housing Development in Santa Cruz County

The housing market in the Santa Cruz – Watsonville area is by many measures one of the least affordable in the country. In the last on-board survey (2025), over half of respondents reported household incomes below \$50,000, with 62% of Santa Cruz METRO customers lacking access to a private automobile, whether by choice or necessity. Providing access to affordable housing near transit corridors is critical to supporting future ridership, equity, and sustainability goals. Access to high quality transit also makes housing more affordable by reducing the need to build expensive parking, while the ability to live a car-free or car-light lifestyle reduces the costs of transportation for residents.

In the next three years, Santa Cruz METRO is planning and advancing 200+ affordable housing units at Santa Cruz METRO transit centers and facilities, including Pacific Station, the Watsonville Transit Center, and the Soquel Park and Ride. In fiscal year 2024, Santa Cruz METRO and the City of Santa Cruz broke ground on a project to redevelop Santa Cruz METRO's downtown transit hub, Pacific Station, and adjacent City owned properties into 126 affordable housing units and a new bus station and tarmac. Santa Cruz METRO's 2023 TIRCP award also included \$8 million in funding to redevelop the Watsonville Transit Center into a mixed-use, affordable housing development with a new transit center. In fiscal year 2024, Santa Cruz METRO received a \$2 million regional Rural Energy for America Program (REAP) 2.0 grant from AMBAG and began preconstruction activities. In fiscal year 2025, staff began the design and entitlement process, with the project expected to break ground in early 2027.

Together, these investments link affordable housing directly to high-frequency transit, supporting the Board's ridership, equity, and climate objectives while helping address one of the most constrained housing markets in the nation.

Economic Factors and Next Year's Budget

State law requires Santa Cruz METRO to adopt an annual budget by resolution of the Board. In the spring preceding the start of each fiscal year, staff presents an annual budget based on established District goals, objectives and performance measures to the Board.

Attachment A

The Santa Cruz METRO Board approves the annual budget prior to implementation. Once adopted, the Board has the authority to amend the budget. While the legal level of budgetary control is at the entity level, the District maintains stricter control at departmental and line-item levels to serve various needs. Any increase to the expense budget at a consolidated requires the approval of the Board.

During the fiscal year, the adopted Operating and Capital budgets are used as management tools to monitor revenues and expenses and evaluate operating performance at any given time. The Board of Directors monitors budget-to-actual performance through monthly staff reports and presentations. Department managers monitor budget-to-actual performance on an accrual basis and meet with the Finance team periodically to review significant budget variances.

The Board adopted the fiscal year 2026 Operating budget on June 27, 2025, totaling Revenue of \$78,904,683, Operating Expenses of \$82,918,533, and Transfers of \$3,973,850.

Total Operating Revenues are expected to decrease 3.6% compared to the fiscal year 2025 budget primarily due to the anticipated decreases in Sales Tax and TDA – STA. Modest increases are anticipated in Passenger and Special Transit Fares.

Total Operating Expenses are projected to increase 5 % compared to the fiscal year 2025 budget, driven by Labor and Fringe and Fringe benefits increases such as cost-of-living adjustments, anticipated higher medical costs, as well as a significant increase in FTEs (primarily Bus Operators). Non-personnel expenses are projected to increase by 16.4% in relation to increased service levels.

Budgeted transfers are a combination of commitments made to maintain assets in a state of good repair, pre-funding of pension and other postemployment benefits liabilities, as well as excess fungible revenues set aside to be used in the future for Capital and/or Operating expenses.

The Capital Budget Portfolio, adopted by the Board in June 2025, is \$84,246,785, approximately 80% of which (or \$67,859,185) is anticipated to be spent by the end of fiscal year 2026. Over 70% of the fiscal year 2026 Capital Budget Portfolio is allocated to bus replacement projects and related infrastructure.

Contacting Santa Cruz METRO's Financial Management

Santa Cruz METRO's financial report is designed to provide Santa Cruz METRO's Board of Directors, management, and the public with an overview of Santa Cruz METRO's finances. For additional information about this report, please contact Chuck Farmer, Chief Financial Officer, at 110 Vernon Street, Santa Cruz, CA 95060.

Attachment A

BASIC FINANCIAL STATEMENTS

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT STATEMENT OF NET POSITION JUNE 30, 2025

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 54,254,340
Sales Taxes and Other Receivables	6,911,018
Grants Receivables	33,282,686
Lease Receivable - Short Term	44,593
Inventory	1,314,479
Prepaid Expenses	1,138,521

Total Current Assets 96,945,637

RESTRICTED ASSETS

Cash and Cash Equivalents	<u>20,340,716</u>
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NON-CURRENT ASSETS

Lease Receivable - Long Term	<u>119,846</u>
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CAPITAL ASSETS

Building and Improvements	77,355,426
Revenue Vehicles	59,237,200
Operations Equipment	8,086,089
Other Equipment	2,809,177
Other Vehicles	1,261,120
Office Equipment	5,092,140

Total Depreciated Capital Assets	153,841,152
Less Accumulated Depreciation and Amortization	<u>(81,791,832)</u>

Total Depreciated Capital Assets Net of Accumulated Depreciation and Amortization	72,049,320
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Construction-in-Progress	35,066,607
Land	11,596,311
Right-to-Use Lease Asset, Net	223,652
Subscription Assets, Net	<u>2,683,063</u>

**Total Capital Assets, Net of Accumulated
Depreciation and Amortization** 121,618,953

Total Assets 239,025,152

DEFERRED OUTFLOWS OF RESOURCES

Deferred Amounts from Other Postemployment Benefits (OPEB)	20,947,611
Deferred Amounts from Pension Activities	<u>8,755,355</u>

Total Deferred Outflows of Resources 29,702,966

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

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
STATEMENT OF NET POSITION (Continued)
JUNE 30, 2025

LIABILITIES

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	8,987,207
Accrued Payroll and Employee Benefits	5,844,465
Interest Payable	665,350
Workers' Compensation Liabilities, Current	676,049
Other Accrued Liabilities	74,225
Security Deposit	5,760
Reserve for Damage Claims	1,011,611
Lease Liability, Current	162,701
Subscription Liability, Current	393,069
Pension Obligation Bonds, Current	2,805,000

Total Current Liabilities 20,625,437

NON-CURRENT LIABILITIES

Unearned Revenue - FTA	72,482
Unearned Revenue - State Transit Assistance (STA)	230,521
Unearned Revenue - State of Good Repair (SGR)	1,893,057
Unearned Revenue - Measure D	7,438,086
Unearned Revenue - LCTOP	3,257,509

Total Non-Current Liabilities 12,891,655

OTHER LONG-TERM LIABILITIES

Workers' Compensation Liabilities, Net of Current	2,631,976
Lease Liability, Net of Current	69,924
Liability - LOC	77,500
Subscription Liability, Net of Current	2,483,205
Pension Obligation Bonds, Net of Current	40,710,000
Net OPEB Liability	118,411,704
Net Pension Liability	21,316,846

Total Other Long-Term Liabilities 185,701,155

Total Liabilities 219,218,247

DEFERRED INFLOWS OF RESOURCES

Deferred Amounts from Leases	155,616
Deferred Amounts from OPEB Activities	21,621,372
Deferred Amounts from Pension Activities	67,695

Total Deferred Inflows of Resources 21,844,683

NET POSITION (DEFICIT)

Net Investment in Capital Assets	118,510,054
Unrestricted Net Position (Deficit)	<u>(90,844,866)</u>

Total Net Position (Deficit) \$ 27,665,188

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

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2025

OPERATING REVENUES	
Passenger Fares	\$ 2,797,424
Special Transit Fares	6,543,349
	<u>9,340,773</u>
Total Operating Revenues	<u>9,340,773</u>
OPERATING EXPENSES	
Wages, Salaries, and Employee Benefits	57,559,860
Materials and Supplies	5,604,269
Other Expenses	8,919,961
Depreciation and Amortization	7,129,273
	<u>79,213,363</u>
Total Operating Expenses	<u>79,213,363</u>
Net Operating Loss	<u>(69,872,590)</u>
NON-OPERATING REVENUES (EXPENSES)	
Sales and Use Taxes	29,684,863
Transportation Development Act (TDA) Assistance	8,701,057
State Transit Assistance (STA)	4,899,046
Federal Transit Administration (FTA) Section 5307 Operating Assistance	11,855,189
Transit and Intercity Rail Capital Program Operating Assistance	9,134,462
FTA Section 5311 Rural Operating Assistance	-
Low Carbon Transit Operations Program and Other Operating Assistance	828,531
Alternative Fuel Credit	304,584
Interest Income	2,749,182
Interest Expense	(1,502,968)
Rental Income	7,336
Other Revenue	433,444
Lease Revenue	58,429
Gain on Sale and Disposal of Property, Equipment, and Inventory	9,348
	<u>67,162,503</u>
Total Non-Operating Revenues (Expenses)	<u>67,162,503</u>
Net Loss Before Capital Contributions	<u>(2,710,087)</u>
CAPITAL CONTRIBUTIONS	
Grants Restricted for Capital Expenditures	30,205,689
	<u>30,205,689</u>
NET POSITION	
Change in Net Position	27,495,602
Net Position, Beginning of Year	<u>169,586</u>
Net Position, End of Year	<u>\$ 27,665,188</u>

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

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 9,870,334
Payments to Employees	(51,691,188)
Payments to Suppliers	(8,215,617)
Payments from Other	<u>(3,424,926)</u>
Net Cash Used in Operating Activities	<u>(53,461,397)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Operating Grants Received, Including Sales and Use Taxes	<u>63,693,522</u>
Net Cash Provided by Non-Capital Financing Activities	<u>63,693,522</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from Sale of Property and Equipment	9,348
Capital Grants Received	6,846,198
Capital Expenditures	(31,876,595)
Payments Made on Financed Purchase	(288,082)
Payments on Pension Obligation Bonds	(2,750,000)
Proceeds from Line of Credit	<u>77,500</u>
Net Cash Used in Capital and Related Financing Activities	<u>(27,981,631)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment and Rental Income Received	<u>2,756,518</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,992,988)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>89,588,044</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 74,595,056</u>
FINANCIAL STATEMENT PRESENTATION:	
Cash and Cash Equivalents	\$ 54,254,340
Cash and Cash Equivalents - Restricted	<u>20,340,716</u>
Total Cash and Cash Equivalents	<u>\$ 74,595,056</u>

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

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
STATEMENT OF CASH FLOWS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Net Operating Loss	\$ (69,872,590)
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities:	
Depreciation and Amortization	7,129,273
Loss on Sale of Assets	-
Changes in Assets and Liabilities:	
Decrease in Receivables	530,424
(Increase) in Lease Receivables	(863)
(Increase) in Inventory	(144,675)
(Increase) in Prepaid Expenses	(308,643)
Increase in Accounts Payable and Accrued Liabilities	6,687,706
(Decrease) in Interest Payable	(31,585)
Increase in Net Pension Liability	3,007,585
(Decrease) in Net OPEB Liability	(850,167)
Increase in Other Liabilities	963,338
Increase in Reserve for Damage Claims	<u>(571,200)</u>
Net Cash Used in Operating Activities	<u>\$ (53,461,397)</u>

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

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Santa Cruz Metropolitan Transit District (Santa Cruz METRO or the District) was formed February 9, 1969, following a favorable election in conformity with Section 9800 et. seq. of the Public Utilities Code (PUC). 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 Board of Directors (Board) consisting of eleven directors and two ex-officio directors representing the University of California, Santa Cruz and Cabrillo College govern Santa Cruz METRO. At June 30, 2025, the Board was as follows:

Chairperson:	Rebecca Downing	
Vice Chair:	Manu Koenig	
Members:	Jimmy Dutra	Scott Newsome
	Shebreh Kalantari-Johnson	Fabian Leonor
	Melinda Orbach	Vanessa Quiroz-Carter
	Donna Lind	Monica Martinez
	Elizabeth Madrigal	
Ex-Officios:	Edward Reiskin	Alta Northcutt

Santa Cruz METRO also serves the Highway 17 corridor into Santa Clara County to provide a commuter express service through a memorandum of understanding with the San Joaquin Joint Powers Authority (SJJPA), the Capitol Corridor Joint Powers Authority (CCJPA), and the Santa Clara Valley Transportation Authority (VTA). Amtrak Thruway bus service is also provided by Santa Cruz METRO on the same corridor.

B. Reporting Entity

Santa Cruz METRO and the Santa Cruz Civic Improvement Corporation (the Corporation) have a financial and operational relationship, which meets the reporting entity definition criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, for inclusion of the Corporation as a blended component unit of Santa Cruz METRO. Accordingly, the financial activities of the Corporation have been included in the basic financial statements of Santa Cruz METRO. For the fiscal year ended June 30, 2025, these activities were 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 Santa Cruz METRO for the construction and acquisition of major capital facilities.

The following are those aspects of the relationship between Santa Cruz METRO and the Corporation which satisfy GASB Statement No. 14/39 criteria.

Accountability:

1. Santa Cruz METRO's Board appointed the Corporation's Board of Directors.

Attachment A

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

B. Reporting Entity (Continued)

2. Santa Cruz METRO 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 Santa Cruz METRO.
 - Santa Cruz METRO exercises significant influence over operations of the Corporation as it is anticipated that Santa Cruz METRO will be the sole lessee of all facilities owned by the Corporation. Likewise, it is anticipated that Santa Cruz METRO'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 Santa Cruz METRO based upon the following:
 - Santa Cruz METRO has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation.

C. Basis of Accounting and Presentation

Santa Cruz METRO is accounted for as a Business-Type Activity, as defined by GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*, and its basic 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.

Santa Cruz METRO 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 fiscal 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 position categories, namely, net investment in capital assets, restricted net position, and unrestricted net position.

Contributed Capital/Reserved Retained Earnings:

Santa Cruz METRO 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 had 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*, Santa Cruz METRO changed its method of accounting for capital grants from capital contributions to reserved non-operating revenues. In accordance with GASB Statement No. 33, capital grants are required to be included in the determination of net income resulting in an increase in net revenue of \$30,205,689 for the fiscal year ended June 30, 2025.

Under GASB Statement No. 34, contributed capital and reserved retained earnings are presented in the net position section as net investment in capital assets.

Attachment A

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

C. Basis of Accounting and Presentation (Continued)

Proprietary Accounting and Financial Reporting:

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods, in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of Santa Cruz METRO are passenger fares and special transit fares. Operating expenses for Santa Cruz METRO include wages, salaries, employee benefits, professional services, materials and supplies, depreciation/amortization on capital assets, and other expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Net Position:

Net position represents the residual interest in Santa Cruz METRO's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. In accordance with GASB Statement No. 34, the net position section on the statements of net position was combined to report total net position and present it in three broad components: net investment in capital assets, restricted, and unrestricted. Net position invested in capital assets includes capital assets net of accumulated depreciation/amortization. Net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net position is unrestricted.

When both restricted and unrestricted resources are available for use, generally it is Santa Cruz METRO's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Cash and Cash Equivalents

Santa Cruz METRO considers all highly liquid investments with a maturity date within three months of the date acquired to be cash equivalents. Santa Cruz METRO deposits funds into an external investment pool maintained by Santa Cruz County. These deposits are considered cash equivalents. The Santa Cruz County 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, bankers' 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, Santa Cruz METRO considers all highly liquid investments (including restricted assets) to be cash equivalents.

E. Inventory

Inventory is carried at cost using the first-in/first-out (FIFO) method. Inventory held by Santa Cruz METRO consists of spare bus parts and operating supplies that are consumed by Santa Cruz METRO and are not for resale purposes.

F. Restricted Assets

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

Unspent grant funds from the State Transit Assistance (STA) and State Transit Assistance – State of Good Repair (STA-SGR) programs; the Low Carbon Transit Operations Program (LCTOP); and a portion of Measure D sales tax allocations are restricted for capital expenditures. Additionally, the District has \$5,044,743 of restricted cash deposited with a trustee to meet pension obligation bonds debt reserve fund requirements.

Attachment A

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

F. Restricted Assets (Continued)

Restricted assets at June 30, 2025, are as follows:

Cash and Cash Equivalents	
STA Grant	\$ 219,474
STA - State of Good Repair (SGR) Grant	4,522,986
Measure D	7,475,174
LCTOP Grant	2,812,047
Certificates of Deposit (CD)	116,310
Restricted Cash - FTA	72,482
Restricted Cash - Line of Credit (LOC)	77,500
Pension Obligation Bonds	5,044,743
 Total Restricted Assets	 \$ 20,340,716

G. Property and Equipment

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

Buildings and improvements	20-39 years
Revenue vehicles	12 years
Other vehicles and equipment	3-10 years

Depreciation/amortization expense on assets acquired with capital grant funds are transferred to net position, net investment in capital assets, 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 lives of the applicable assets, are charged to expense as incurred. Upon disposition, costs and accumulated depreciation/amortization are removed from the accounts and resulting gains or losses are included in operations.

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

H. Sales and Use Taxes Receipts

1979 Gross Sales Tax (1/2-cent): In June 1978, voters in Santa Cruz County approved Measure G which changed the basis of transit support for Santa Cruz METRO from property tax to a ½-cent sales and use tax effective January 1979. This ½-cent sales and use tax levied on all taxable sales in Santa Cruz County is collected and administered by the California State Board of Equalization. Actual receipts of Measure G sales and use tax for the fiscal year ended June 30, 2025, were \$27,72,915.

Attachment A

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

H. Sales and Use Taxes Receipts (Continued)

2017 Net Sales Tax (Measure D): This local ordinance to fund a comprehensive package of county-wide transportation improvements passed in November 2016 by over 2/3 of Santa Cruz County voters. The transportation tax measure levies a 0.5% sales and use tax on retail sales within Santa Cruz County for a thirty-year period, effective April 1, 2017. Measure D sales and use tax receipts are administered by the Santa Cruz County Regional Transportation Commission according to the Expenditure Plan identified in the ordinance. Santa Cruz METRO is allocated 16% of Measure D local sales and use tax receipts collected, net of administrative costs, to provide transit and paratransit service for seniors and people with disabilities. Measure D sales and use tax receipts were \$1,961,948 for the fiscal year ended June 30, 2025. During fiscal year ended June 30, 2025, \$1,961,948 of Measure D funds were earned and spent on operating expenses, and \$799,162 of Measure D funds were earned and spent on capital projects. At June 30, 2025, \$7,438,086 of Measure D funds were unspent and recorded as unearned (deferred) revenue.

Additionally, Santa Cruz METRO is allocated, through the Santa Cruz County Regional Transportation Commission, a portion of the 0.025% sales and use tax levied by the Transportation Development Act (TDA).

I. Operating Assistance Grants

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

J. Self-Insurance

Santa Cruz METRO is self-insured for the first \$250,000 of general and vehicular liability. For settlements in excess of \$250,000, Santa Cruz METRO has total coverage up to \$25,000,000 per occurrence. The District also self-insures for vehicle physical damage coverage with a deductible option of \$5,000 per vehicle and coverage up to \$30,000,000 per occurrence. Additionally, Santa Cruz METRO is self-insured up to \$350,000 for workers' compensation claims. Santa Cruz METRO has recorded a liability for estimated claims to be paid, including incurred but not reported (IBNR) claims.

K. Employee Benefits

Annual 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 Santa Cruz METRO service.

L. Payroll

Santa Cruz METRO contracted with the Santa Cruz County Auditor-Controller to provide payroll processing services through March 2024. Effective April 2024, payroll processing was brought in-house as part of the District's implementation of a new fully integrated cross-functional enterprise resource planning (ERP) system.

M. Pension Costs

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of Santa Cruz METRO's California Public Employees' Retirement System (CalPERS) pension plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Attachment A

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

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of Santa Cruz METRO's OPEB plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Accounting principles generally accepted in the United States of America require that the reported results must pertain to liability and asset information within certain defined timeframes.

O. Use of Estimates

The preparation of basic 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 basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. Leases and Subscription-Based Information Technology Arrangements

Leases are defined as contracts that convey control of the right-to-use another entity's underlying asset. As lessee, the District recognizes a lease liability and an intangible lease asset at the beginning of a lease, unless the lease is considered a short-term lease or transfers ownership of the underlying asset. The lease liability is the net present value of the future lease payments expected to be made over the course of the lease, using the District's incremental borrowing rate. The right-to-use asset is measured as the initial amount of the lease liability plus any initial direct costs and is amortized on a straight-line basis over its useful life. Re-measurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability. The District calculates the amortization of the discount on the lease liability and reports that amount as interest expense. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as expenses in the period the usage incurred.

As lessor, the District recognizes a lease receivable and deferred inflow of resources at the beginning of the lease term. The lease receivable is measured using the net present value of future lease payments to be received for the lease term. Periodic amortization of the discount on the receivable is reported as interest revenue for that period. Deferred inflows of resources are recognized as lease revenue on a straight-line basis over the term of the lease. This recognition does not apply to short-term leases or contracts that transfer ownership.

Subscription-Based Information Technology Arrangements (SBITAs) are contracts that convey control of the right-to-use another party's information technology (IT) software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. To determine whether a contract conveys control of the right-to-use the underlying IT assets, the District assesses both the right to obtain the present service capacity from use of the underlying IT assets and the right to determine the nature and manner of use of the underlying IT assets as specified in the contract. Contracts that solely provide IT support services are excluded from the definition of a SBITA. The subscription term is the period during which the District has a noncancellable right-to-use the underlying IT assets, plus the periods covered by the District's contract option to extend the SBITA if it is reasonably certain, based on all relevant factors, that it will exercise that option.

Attachment A

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

Q. Implementation of GASB Statements

GASB Statement No. 101 – *Compensated Absences*. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. There was no effect on the District's accounting and financial reporting.

GASB Statement No. 102 – *Certain Risk Disclosures*. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management evaluated the District's funding sources, banking relationships, major counterparties, and legal/contractual restrictions and concluded no concentrations met the statement's disclosure threshold as of June 30, 2025.

R. Future GASB Statements

GASB Statement No. 103 – *Financial Reporting Model Improvements*. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all fiscal years thereafter. The District will implement GASB Statement No. 103 when and where applicable.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all fiscal years thereafter. The District will implement GASB Statement No. 104 when and where applicable.

NOTE 2 – CASH AND CASH EQUIVALENTS

Total cash and cash equivalents (restricted and unrestricted) consist of the following at June 30, 2025:

Cash on Hand	\$	5,199
Demand Deposits		2,795,586
Certificates of Deposit (CD)		116,310
Deposits with Trustee		5,044,743
Deposits in Santa Cruz County Pooled Investment Fund		<u>66,633,218</u>
	\$	<u>74,595,056</u>

Attachment A

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

Cash on Hand and Cash in Banks

Investments Authorized by the California Government Code and Santa Cruz METRO's Investment Policy

The table below identifies the **investment types** that are authorized for Santa Cruz METRO by the California Government Code (or Santa Cruz METRO's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or Santa Cruz METRO's investment policy, where more restrictive) that address **interest rate risk, credit risk, and concentration of credit risk.**

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Negotiable CDs	5 years	None	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	None	None
Medium-Term Notes	5 years	None	None
Mutual Funds	N/A	None	None
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	5 years	None	None
Santa Cruz County Pooled Investment Fund	N/A	100%	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of Santa Cruz METRO's investments to market interest rate fluctuations is provided by the following table that shows the distribution of Santa Cruz METRO's investments by maturity:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Santa Cruz County Pooled Investment Fund	\$ 66,633,218	\$ 66,633,218	\$ -	\$ -	\$ -

Attachment A

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

Cash on Hand and Cash in Banks (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or Santa Cruz METRO's investment policy, and the actual rating as of year-end for each investment type. The column marked "exempt from disclosure" identifies those investment types for which GASB Statement No. 40 does not require disclosure as to credit risk:

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year-End		
				AAA	Aa	Not Rated
Santa Cruz County Pooled Investment Fund	\$ 66,633,218	N/A	\$ -	\$ -	\$ -	\$ 66,633,218

Concentration of Credit Risk

The investment policy of Santa Cruz METRO contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Santa Cruz METRO did not have any investments in any one issuer (other than external investment pools) that represent 5% or more of total Santa Cruz METRO's investments at June 30, 2025.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and Santa Cruz METRO's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: None of Santa Cruz METRO's deposits with financial institutions in excess of Federal Deposit Insurance Corporation limits were held in uncollateralized accounts.

Investment in Santa Cruz County Pooled Investment Fund

Santa Cruz METRO is a voluntary participant in the Santa Cruz County Pooled Investment Fund. The fair value of Santa Cruz METRO's investment in this pool is reported in the accompanying basic financial statements at amounts based upon Santa Cruz METRO's pro-rata share of the fair value provided by Santa Cruz County for the entire Santa Cruz County portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by Santa Cruz County, which are recorded on an amortized cost basis.

Attachment A

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

Cash on Hand and Cash in Banks (Continued)

Fair Value Measurements

Santa Cruz METRO categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset, either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based upon unobservable sources.

Santa Cruz METRO has the following recurring fair value measurements as of June 30, 2025:

		Fair Value Measurement Using		
Investments by Fair Value Level		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit (CD)	\$ 116,310	\$ 116,310	\$ -	\$ -
Total Investments Measured at Fair Value	116,310	\$ 116,310	\$ -	\$ -
 Investments Measured at Amortized Cost:				
Santa Cruz County Pooled Investment Fund	66,633,218			
Total Pooled and Directed Investments	\$ 66,749,528			

Investments in the Santa Cruz County Pooled Investment Fund totaling \$66,633,218 as of June 30, 2025, are measured at amortized cost, which approximates fair value.

NOTE 3 – RECEIVABLES

Sales taxes and other receivables at June 30, 2025 are as follows:

Sales and Use Tax Revenue	\$ 6,329,219
Other	581,799
	\$ 6,911,018

Grant receivables at June 30, 2025 are as follows:

Federal Grants	\$ 6,654,288
State Grants	26,628,398
	\$ 33,282,686

Attachment A

NOTE 4 – CHANGES IN CAPITAL ASSETS

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

	Balance July 1, 2024	Additions	Retirements	Transfers	Balance June 30, 2025
Non-Depreciated Assets					
Land	\$ 11,596,311	\$ -	\$ -	\$ -	\$ 11,596,311
Construction-in-Progress	8,514,938	31,528,750	-	(4,977,081)	35,066,607
Total Non-Depreciated Assets	20,111,249	31,528,750	-	(4,977,081)	46,662,918
Depreciated and Amortized Assets					
Building and Improvements	77,382,081	-	(26,655)	-	77,355,426
Revenue Vehicles	58,384,444	-	(428,576)	1,281,332	59,237,200
Operations Equipment	8,045,448	-	(329,190)	369,831	8,086,089
Other Equipment	2,334,544	-	-	474,633	2,809,177
Other Vehicles	1,310,305	-	(49,185)	-	1,261,120
Office Equipment	2,288,516	-	(47,661)	2,851,285	5,092,140
Right-to-Use Lease Asset	933,237	-	-	-	933,237
Total Depreciated/Amortized Assets	150,678,575	-	(881,267)	4,977,081	154,774,389
Less Accumulated Depreciation and Amortization	(76,732,573)	(6,650,111)	881,267	-	(82,501,417)
Depreciated/Amortized Assets Net of Accumulated Depreciation/Amortization	73,946,002	(6,650,111)	-	4,977,081	72,272,972
SBITA					
Software	3,945,423	51,279	-	-	3,996,702
Accumulated Amortization	(834,477)	(479,162)	-	-	(1,313,639)
Total SBITA, Net	3,110,946	(427,883)	-	-	2,683,063
Total Capital Assets, Net of Depreciation and Amortization	\$ 97,168,197	\$ 24,450,756	\$ -	\$ -	\$ 121,618,953

Depreciation and amortization expense for the fiscal year ended June 30, 2025, was \$7,129,273.

NOTE 5 – CAPITAL CONTRIBUTIONS

Santa Cruz METRO receives capital grants from the FTA, which provide financing for the acquisition of rolling stock and construction of facilities. Santa Cruz METRO also receives capital grants under the State TDA primarily for the acquisition of rolling stock, support equipment, and the purchase of furniture and fixtures. Additionally, a portion of sales tax allocations received through local Measure D are restricted for use on capital projects, as specified in Santa Cruz METRO's Measure D funds annual expenditure plan approved by the Santa Cruz County Regional Transportation Commission.

A summary of federal, state, and local capital grants and sales tax allocations for the fiscal year ended June 30, 2025, is as follows:

Federal Grants	\$ 5,337,209
Federal Tax Rebate	800,000
State Grants	23,269,318
Measure D Local Sales Tax Allocations	799,162
Total Capital Contributions	\$ 30,205,689

Attachment A

NOTE 6 – JOINT VENTURES (JOINT POWERS AUTHORITY WITH CalTIP)

Santa Cruz METRO participates in a joint power authority (JPA), the California Transit Indemnity Pool (CalTIP). The relationship between Santa Cruz METRO and the JPA is such that the JPA is not a component unit of Santa Cruz METRO for financial reporting purposes.

CalTIP arranges for and provides property and liability insurance for its 34 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 of the district pays a premium commensurate with the level of coverage requested and shares in surpluses and deficits proportionate to their participation in CalTIP.

Condensed audited financial information of CalTIP for the year ended April 30, 2025, (most recent information available) is as follows:

Total Assets	\$ 51,361,489
Total Liabilities	<u>20,347,608</u>
Fund Balance	<u>\$ 31,013,881</u>
Total Revenues	\$ 22,323,326
Total Expenditures	<u>18,534,540</u>
Net Increase in Fund Balance	<u>\$ 3,788,786</u>

CalTIP has not calculated Santa Cruz METRO's share of year-end assets, liabilities, or fund balance.

NOTE 7 – CONTINGENCIES

Santa Cruz METRO 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 the terms of the grants, Santa Cruz METRO believes that any required reimbursement will not be material.

Additionally, Santa Cruz METRO 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 basic financial statements.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

A. General Information About the Pension Plan

Plan Description

Santa Cruz METRO'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 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. Santa Cruz METRO selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board action. CalPERS issues a separate annual comprehensive financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Attachment A

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

A. General Information About the Pension Plan (Continued)

Funding Policy

There were 391 active members in the Plan as of June 30, 2025, who were required to contribute a percentage of their annual covered salary. Santa Cruz METRO 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 total minimum required employer contribution is the sum of the Plan's Normal Cost Rate (expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed annually). The required employer contribution for fiscal year 2025 was 11.00% and 10.83% of covered payroll. 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.

The Plan's provisions and benefits in effect at June 30, 2025, are summarized as follows:

Hire Date	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Benefit Formula	2.5%@55	2%@62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50	52
Monthly Benefits, as a Percentage of Eligible Compensation	2.000% - 2.500%	1.000%-2.500%
Required Employee Contribution Rates	8.000%	8.000%
Required Employer Normal Cost Contribution Rates	11.000%	10.830%
Required Annual Employer UAL Payment	\$55,486/month	\$55,486/month

Employees Covered – At June 30, 2025, the following employees were covered by the benefit terms for the Plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits	436
Inactive Employees Entitled to but not yet Receiving Benefits	267
Active Employees	391
Total	1,094

B. Net Pension Liability

Santa Cruz METRO's net pension liability for the Plan is measured as the total pension liability, less the Plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Attachment A

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

B. Net Pension Liability (Continued)

Actuarial Assumptions – The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	Varies by Entry Age and Service ⁽¹⁾
Investment Rate of Return	6.80% ⁽²⁾
Mortality	Derived using ⁽³⁾ CalPERS' Membership Data for all Funds

⁽¹⁾ Depending on age, service, and type of employment.

⁽²⁾ Net of pension plan investment and administrative expenses, including inflation.

⁽³⁾ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability for June 30, 2025, was 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90% discount rate for 2025 is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.90% for 2025 will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the reporting period ended June 30, 2025, the 6.90% discount rate was not reduced for administrative expenses.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Attachment A

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

B. Net Pension Liability (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return ^(1, 2)</u>
Global Equity - Cap-Weighted	30.0%	4.54%
Global Equity - Non-Cap-Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-Backed securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	<u>100.0%</u>	

⁽¹⁾ An expected inflation of 2.3% used for this period.

⁽²⁾ Figures are based on the 2021 Asset Liability Management study.

Attachment A

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

C. Changes in the Net Pension Liability

The changes in the net pension liability for the Plan follow:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2023 ⁽¹⁾	\$ 219,555,755	\$ 194,942,275	\$ 24,613,480
Changes in the year:			
Service Cost	3,863,735	-	3,863,735
Interest on the Total Pension Liability	14,869,369	-	14,869,369
Differences between Expected and Actual Experience	552,773	-	552,773
Changes in Benefit Terms	-	-	-
Changes in Assumptions	-	-	-
Contribution - Employer	-	2,617,084	(2,617,084)
Contribution - Employee	-	1,950,017	(1,950,017)
Net Investment Income ⁽²⁾	-	18,174,035	(18,174,035)
Administrative Expense	-	(158,625)	158,625
Benefit Payments, Including Refunds of Employee Contributions	(13,084,580)	(13,084,580)	-
Net Changes	6,201,297	9,497,931	(3,296,634)
Balance at June 30, 2024 ⁽¹⁾	\$ 225,757,052	\$ 204,440,206	\$ 21,316,846

⁽¹⁾ The plan fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance, and OPEB expense. This may differ from the Plan assets reported in the funding actuarial valuation report.

⁽²⁾ Net of administrative expenses.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Plan, calculated using the discount rate for the Plan, as well as what Santa Cruz METRO's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

1% Decrease	5.90%
Net Pension Liability	\$ 48,998,495
Current Discount Rate	6.90%
Net Pension Liability	\$ 21,316,846
1% Increase	7.90%
Net Pension Liability (Asset)	\$ (1,729,002)

Pension Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Attachment A

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

D. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2025, Santa Cruz METRO recognized a pension expense of \$6,784,455. At June 30, 2025, Santa Cruz METRO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 3,783,230	\$ -
Differences between Actual and Expected Experience	689,967	(67,695)
Changes in Assumptions	1,238,734	-
Net Differences Between Projected and Actual Earnings on Plan Investments	3,043,424	-
 Total	\$ 8,755,355	\$ (67,695)

The \$3,783,230 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability, as determined by CalPERS, in the measurement period ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30		
2025	\$	1,886,428
2026		4,642,721
2027		(616,644)
2028		(1,008,075)
2029		-
Thereafter		-
 Total	\$	4,904,430

E. Payable to the Pension Plan

At June 30, 2025, Santa Cruz METRO reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the fiscal year ended June 30, 2025.

NOTE 9 – DEFERRED COMPENSATION PLAN

Santa Cruz METRO 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 Santa Cruz METRO 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. Santa Cruz METRO employees participate in two such plans, the Great-West Life and Annuity Insurance (Great-West) plan and the other through CalPERS.

At June 30, 2025, all amounts held under the Great-West plan and the CalPERS plan are held in trust and are not reflected on the accompanying statements of net position as required under GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*.

Attachment A

NOTE 9 – DEFERRED COMPENSATION PLAN (Continued)

Complete financial statements for Great-West can be obtained from Great-West at P.O. Box 173764, Denver, Colorado 80217-3764. Complete financial statements for CalPERS can be obtained from CalPERS at Lincoln Plaza North, 400 Q Street, Sacramento, California 94229.

NOTE 10 – RISK MANAGEMENT

Santa Cruz METRO 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 Santa Cruz METRO carries commercial insurance. Santa Cruz METRO has also established limited risk management programs for workers' compensation, and general and vehicular liability, as described in Note 1.

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 IBNR.

The IBNR for workers' compensation was based on an actuarial study dated March 2022. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. Changes in the balances of claims liabilities are as follows:

Workers' Compensation Liabilities:	
Unpaid Claims, Beginning of Fiscal Year	\$ 2,634,307
Claim Payments	(920,632)
Other Adjustments (Including IBNRs)	<u>1,594,350</u>
Unpaid Claims Liability, End of Fiscal Year	<u>\$ 3,308,025</u>

NOTE 11 – TRANSPORTATION DEVELOPMENT ACT/CALIFORNIA CODE OF REGULATIONS

Santa Cruz METRO is subject to compliance with the TDA provisions; Sections 6634 and 6637 of the California Code of Regulations; and Sections 99267, 99268.1, and 99314.6 of the PUC.

Section 6634

Pursuant to Section 6634, a transit claimant is precluded from receiving monies from the Local Transportation Fund (LTF) and the STA Fund in an amount which exceeds the claimant's operating costs, less fares, federal funding, and local support. Santa Cruz METRO did not receive TDA, STA, or LTF 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. Santa Cruz METRO did maintain its accounts and records in accordance with the Uniform System of Accounts and Records for Transit Operators.

Sections 99267, 99268.1, and 99314.6

Santa Cruz METRO is defined in the TDA as an older operator, having started service prior to July 1, 1974. Older operators may qualify for TDA under the 50% expenditure limitation (PUC Section 99268.1) or the farebox recovery ratio (PUC Section 99268.2). Pursuant to the TDA, Santa Cruz METRO meets the 50% expenditure limitation required by PUC §99268 and does not use the alternative revenue ratio to determine eligibility for TDA funds.

Attachment A

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – Santa Cruz METRO provides post-retirement CalPERS medical benefits to qualified retired employees age 50 and older (including eligible dependents) who have completed at least five years of CalPERS eligible service. Santa Cruz METRO pays medical premiums depending on bargaining union and Public Employees’ Medical and Hospital Care Act (PEMHCA) contract requirements. If the retiree has ten years of Santa Cruz METRO eligible service, Santa Cruz METRO provides post-retirement dental and vision benefits for qualified retirees (including eligible dependents), and life insurance for the retiree only, until the retiree reaches age 65. The costs of providing these benefits are recognized when paid.

Employees Covered – As of the June 30, 2023 valuation, the following current and former employees were covered by the benefit terms for the OPEB Plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits	324
Inactive Employees Entitled to but not yet Receiving Benefits	26
Active Employees	310
 Total	 660

Contributions – The contribution requirements of OPEB Plan members and Santa Cruz METRO are established and may be amended by Santa Cruz METRO’s Board. These contributions are neither mandated nor guaranteed. Santa Cruz METRO has retained the right to unilaterally modify its payment for retiree health care benefits. For the fiscal year ended June 30, 2025, Santa Cruz METRO contributed \$5,382,611. Employees are not required to contribute to the OPEB Plan.

Net OPEB Liability – Santa Cruz METRO’s net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was the OPEB Plan Fiduciary Net Position of the OPEB trust held with CalPERS as of those dates. The following actuarial methods and assumptions were used:

Reporting Date	June 30, 2025
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	3.93%
Inflation	2.50%
Salary Increases	3.00%
Healthcare Cost Trend Rates	6.0% in 2025, fluctuating down to 4.8% by 2075
Mortality Rate	CalPERS 2021 Experience Study; Projected with MW Scale 2022

Attachment A

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The long-term expected rate of return on OPEB Plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	New Strategic Allocation	Real Return ^(1,2)
Global Equity - Cap-Weighted	30.00%	4.54%
Global Equity - Non-Cap-Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-Backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100.00%</u>	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.93% at June 30, 2025. The projection of cash flows used to determine the discount rate assumed that Santa Cruz METRO contributions will be sufficient to fully fund the obligation over a period not to exceed 30 years. Historic 30-year real rates of return for each asset class along with the assumed long-term inflation assumption were used to set the discount rate. The expected investment return was offset by the investment expenses of 15 basis points. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive members and beneficiaries. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Attachment A

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Net OPEB Liability – The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2024	\$ 101,104,575	\$ -	\$ 101,104,575
Changes in the Year:			
Service Cost	4,199,792	-	4,199,792
Interest	4,248,687	-	4,248,687
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	10,592,057	-	10,592,057
Changes in Assumptions	3,127,731	-	3,127,731
Contribution - Employer	-	4,861,138	(4,861,138)
Benefit Payments	(4,861,138)	(4,861,138)	-
Net Changes	17,307,129	-	17,307,129
Balance at June 30, 2025	\$ 118,411,704	\$ -	\$ 118,411,704

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of Santa Cruz METRO if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2024:

1% Decrease	2.93%
Net OPEB Liability	\$ 136,168,655
Current Discount Rate	3.93%
Net OPEB Liability	\$ 118,411,704
1% Increase	4.93%
Net OPEB Liability	\$ 103,981,356

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend – The following presents the net OPEB liability of Santa Cruz METRO, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage lower or one percentage point higher than the current healthcare cost trend rates for the measurement period ended June 30, 2024:

1% Decrease	2.93%
Net OPEB Liability	\$ 102,581,018
Current Discount Rate	3.93%
Net OPEB Liability	\$ 118,411,704
1% Increase	4.93%
Net OPEB Liability	\$ 138,374,285

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Attachment A

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Recognition of Deferred Outflows and Deferred Inflows of Resources – Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the fiscal year ended June 30, 2025, Santa Cruz METRO recognized OPEB expense of \$4,531,979. As of fiscal year ended June 30, 2025, Santa Cruz METRO reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 5,382,146	\$ -
Differences between Actual and Expected Experience	11,914,687	(5,592,068)
Changes in Assumptions	3,650,778	(16,029,304)
Total	\$ 20,947,611	\$ (21,621,372)

The \$5,382,146 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2024 measurement dates will be recognized as a reduction in the net OPEB liability in the measurement period ended June 30, 2025. In addition, future recognition of the deferred inflows of resources is shown below.

For the Fiscal Years Ended June 30,	
2026	\$ (4,678,530)
2027	(3,803,084)
2028	(1,013,672)
2029	1,833,185
2030	1,819,572
Thereafter	(213,378)
Total	\$ (6,055,907)

NOTE 13 – LONG-TERM DEBT

The following is a summary of Santa Cruz METRO's long-term debt activity for the fiscal year ended June 30, 2025:

	Balance June 30, 2024	Additions	Payments	Balance June 30, 2025	Due Within One Year
Lease Liability (Note 14)	\$ 520,707	\$ -	\$ (288,082)	\$ 232,625	\$ 162,701
Subscription Liabilities (Note 14)	3,172,840	-	(296,566)	2,876,274	393,069
Pension Obligation Bonds	46,265,000	-	(2,750,000)	43,515,000	2,805,000
Total Long-Term Debt	\$ 49,958,547	\$ -	\$ (3,334,648)	\$ 46,623,899	\$ 3,360,770

Attachment A

NOTE 13 – LONG-TERM DEBT (Continued)

Pension Obligation Bonds (POBs):

In fiscal year 2022, pension obligation bonds (POBs) were issued by the District to reduce its pension unfunded actuarial liability, with the intended purpose of achieving interest rate savings by issuing the bonds at interest rates which would be less than the assumed rate of return earned on proceeds placed in the CalPERS pension plan. The District issued its Sales Tax Revenue Bonds (Measure G), Series 2022 (Federally Taxable) under an Indenture of Trust, dated as of March 1, 2022, by and between the District and U.S. Bank National Association, as trustee, totaling \$51,750,000. Net proceeds of \$51,364,266 from the sale of the bonds were used to repay a portion of the District's unfunded accrued actuarial liability to CalPERS in March 2022.

The payment of debt service on the bonds is secured solely by Measure G sales tax revenues, which are received by the District from a 0.5% sales tax collected in the County of Santa Cruz, for deposit in the debt service fund in accordance with the Indenture. The Measure G sales tax revenues are the sole source of payment of the bonds.

The POBs are structured as fixed rate bonds with a 15-year final maturity and 10-year call (refinance) option, and were sold as a series of 15 bonds with 1 Year to 15 Year maturities, yielding interest rates from 1.539% to 3.842%, increasing with the term to maturity. The final maturity date is August 1, 2038.

The annual requirements to amortize the pension obligation bonds liability outstanding, including interest, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,805,000	\$ 1,342,107	\$ 4,147,107
2027	2,870,000	1,277,638	4,147,638
2028	2,940,000	1,207,319	4,147,319
2029	3,015,000	1,130,745	4,145,745
2030	3,100,000	1,047,064	4,147,064
2031-2035	17,035,000	3,699,770	20,734,770
2036-2039	11,750,000	681,548	12,431,548
Total	<u>\$ 43,515,000</u>	<u>\$ 10,386,191</u>	<u>\$ 53,901,191</u>

NOTE14 – LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Lessor Activities

Leases are the financings of the right-to-use an underlying asset; a lessor is required to recognize a lease receivable and a deferred inflow of resources for leases under GASB Statement No. 87, *Leases* (GASB 87).

Santa Cruz METRO had three leases as a Lessor for the use of building space at Watsonville Transit Center and Scotts Valley Transit Center that met the criteria for recognition as a lease receivable under GASB 87 as of the fiscal year ended June 30, 2025. Lease terms range from 3 to 10 years beginning on the contract commencement date, with fixed 3% – 3.5% annual lease escalations and options to extend the leases for a period ranging from 2 to 5 additional years. As of June 30, 2025, the value of the leases receivable was \$164,439, and the value of the deferred inflows of resources was \$155,616. The District recognized lease revenue of \$58,429 and interest revenue of \$5,267 associated with these leases during the fiscal year.

Attachment A

NOTE 14 – LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

(Continued)

Lessee Activities

Leases are financings of the right-to-use an underlying asset; a lessee is required to recognize a lease liability and an intangible (right-to-use) lease asset for leases under GASB 87.

Santa Cruz METRO had three leases as a Lessee that provided the right-to-use office facilities, printer/copiers and a parking lot that met the criteria for recognition as a lease liability under GASB 87 during the fiscal year ended June 30, 2025. The District is required to make principal and interest payments through fiscal year 2030. The leases have interest rates ranging from 1.29% to 3.71%. At June 30, 2025, the value of the lease liability was \$232,625. During the fiscal year ended June 30, 2025, the District recorded \$286,846 in amortization expense and \$8,793 in interest expense for the right-to-use these assets. The value of the right-to-use lease assets as of June 30, 2025, of \$933,237, with accumulated amortization of \$709,585, is classified as land, buildings, and office equipment in the table below:

Lease Asset Amount by Major Class of Underlying Asset:

<u>Asset Class</u>	<u>Lease Asset Value</u>	<u>Accumulated Amortization</u>	<u>Lease Asset Net</u>
Land	\$ 347,517	\$ (226,776)	\$ 120,741
Buildings	498,361	(463,130)	35,231
Office Equipment	87,359	(19,679)	67,680
Total	\$ 933,237	\$ (709,585)	\$ 223,652

Remaining payment obligations associated with the lease liability are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 162,701	\$ 2,826	\$ 165,527
2027	33,817	1,209	35,026
2028	17,086	741	17,827
2029	17,539	288	17,827
2030	1,482	3	1,485
Total	\$ 232,625	\$ 5,067	\$ 237,692

Subscription Based Information Technology Arrangements (SBITA) Liability:

Santa Cruz METRO has four subscription-based information technology arrangements (SBITAs) for the use of various software applications that meet the criteria of an SBITA per GASB Statement No. 96 (GASB 96), thus requiring these to be recorded by the District as intangible subscription assets with a corresponding subscription liability at June 30, 2025. The subscription assets will be amortized over the various lease terms, as the lease terms correspond with the District's ability to access the software under the subscription agreements. The District is required to make principal and interest payments through fiscal year 2032. As of June 30, 2025, the value of the subscription liability was \$2,876,274. The subscriptions have interest rates ranging from 0.13% to 4.0%. The value of the subscription assets as of June 30, 2025, was \$3,996,702 with accumulated amortization of \$1,313,639. The District recognized amortization expense of \$479,162 and interest expense of \$93,150 associated with these subscription agreements during the fiscal year. There are also no residual value guarantees in the agreement provisions.

Attachment A

NOTE 14 – LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS
(Continued)

Future payment obligations associated with the subscription liability are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 393,069	\$ 114,323	\$ 507,392
2027	378,929	99,328	478,257
2028	370,718	84,171	454,889
2029	394,454	69,532	463,986
2030	419,704	53,564	473,268
2031-2032	919,400	36,776	956,176
Total	<u>\$ 2,876,274</u>	<u>\$ 457,694</u>	<u>\$ 3,333,968</u>

NOTE 15 – STATE TRANSIT ASSISTANCE – STATE OF GOOD REPAIR (STA-SGR)

Santa Cruz METRO was allocated \$759,759 of State Transit Assistance – State of Good Repair (STA-SGR) program funds for fiscal year 2025. Interest earned on STA-SGR funds held in the Santa Cruz County Pooled Investment Fund during fiscal year 2025 was \$170,677. The unspent (unearned) balance of STA-SGR funds was \$1,893,057 at June 30, 2025.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events were evaluated by management through December 15, 2025, which is the date of issuance.

Attachment A

REQUIRED SUPPLEMENTARY INFORMATION

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS FOR THE FISCAL YEAR ENDED JUNE 30, 2025 LAST 10 YEARS

	Measurement Period 2023/24	Measurement Period 2022/23	Measurement Period 2021/22	Measurement Period 2020/21	Measurement Period 2019/20
Total Pension Liability					
Service Cost	\$ 3,863,735	\$ 3,544,420	\$ 3,606,454	\$ 3,290,053	\$ 3,235,943
Interest on Total Pension Liability	14,869,369	14,458,569	14,018,196	13,685,292	13,261,238
Differences between Expected and Actual Experience	552,773	716,743	(357,816)	276,385	651,255
Changes in Assumptions	-	-	6,547,600	-	-
Changes in Benefit Terms	-	249,237	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(13,084,580)	(12,439,034)	(11,915,732)	(11,211,777)	(10,527,796)
Net Change in Total Pension Liability	6,201,297	6,529,935	11,898,702	6,039,953	6,620,640
Total Pension Liability - Beginning	219,555,755	213,025,820	201,127,118	195,087,165	188,466,525
Total Pension Liability - Ending (a)	<u>\$ 225,757,052</u>	<u>\$ 219,555,755</u>	<u>\$ 213,025,820</u>	<u>\$ 201,127,118</u>	<u>\$ 195,087,165</u>
Plan Fiduciary Net Position					
Net Plan to Plan Resource Movement	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Employer	2,617,084	3,048,673	58,209,105	6,469,902	5,889,484
Contributions - Employee	1,950,017	1,484,514	1,468,844	1,514,329	1,552,782
Net Investment Income (Loss)	18,174,035	11,360,725	(13,028,949)	29,474,109	6,333,686
Administrative Expense	(158,625)	(140,914)	(97,797)	(130,738)	(180,179)
Benefit Payments	(13,084,580)	(12,439,034)	(11,915,732)	(11,211,777)	(10,527,796)
Other Miscellaneous Income/(Expense)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	9,497,931	3,313,964	34,635,471	26,115,825	3,067,977
Plan Fiduciary Net Position - Beginning	194,942,275	191,628,311	156,992,840	130,877,015	127,809,038
Plan Fiduciary Net Position - Ending (b)	<u>\$ 204,440,206</u>	<u>\$ 194,942,275</u>	<u>\$ 191,628,311</u>	<u>\$ 156,992,840</u>	<u>\$ 130,877,015</u>
Net Pension Liability [(a) - (b)]	<u>\$ 21,316,846</u>	<u>\$ 24,613,480</u>	<u>\$ 21,397,509</u>	<u>\$ 44,134,278</u>	<u>\$ 64,210,150</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.56%	88.79%	89.96%	78.06%	67.09%
Covered Payroll	\$ 21,171,152	\$ 19,231,794	\$ 19,399,968	\$ 19,677,351	\$ 18,956,899
Net Pension Liability as a Percentage of Covered Payroll	100.69%	127.98%	110.30%	224.29%	338.72%

Notes to Schedule:

Benefit changes. In 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015, there were no benefit changes.

Changes in assumptions. In 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of miscellaneous employees.

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (Continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2025 LAST 10 YEARS

	Measurement Period 2018/19	Measurement Period 2017/18	Measurement Period 2016/17	Measurement Period 2015/16	Measurement Period 2014/15
Total Pension Liability					
Service Cost	\$ 3,267,506	\$ 3,267,575	\$ 3,422,455	\$ 3,160,455	\$ 3,294,147
Interest on Total Pension Liability	12,800,717	12,278,470	12,002,686	11,775,833	11,234,261
Differences between Expected and Actual Experience	1,427,437	(1,025,273)	(1,952,270)	162,174	(414,257)
Changes in Assumptions	-	(1,231,759)	9,337,059	-	(2,564,554)
Changes in Benefit Terms	-	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(9,997,925)	(9,340,636)	(9,126,454)	(7,903,179)	(7,185,556)
Net Change in Total Pension Liability	7,497,735	3,948,377	13,683,476	7,195,283	4,364,041
Total Pension Liability - Beginning	180,968,790	177,020,413	163,336,937	156,141,654	151,777,613
Total Pension Liability - Ending (a)	<u>\$ 188,466,525</u>	<u>\$ 180,968,790</u>	<u>\$ 177,020,413</u>	<u>\$ 163,336,937</u>	<u>\$ 156,141,654</u>
Plan Fiduciary Net Position					
Net Plan to Plan Resource Movement	\$ -	\$ (285)	\$ 107	\$ -	\$ -
Contributions - Employer	5,300,243	4,686,264	4,047,221	3,991,447	4,086,806
Contributions - Employee	1,560,484	1,592,606	1,556,993	1,603,071	1,645,356
Net Investment Income (Loss)	7,933,310	9,742,558	12,015,977	608,702	2,493,939
Administrative Expense	(87,847)	(182,238)	(160,362)	(67,272)	(124,362)
Benefit Payments	(9,997,925)	(9,340,636)	(9,126,454)	(7,903,179)	(7,185,556)
Other Miscellaneous Income/(Expense)	285	(346,072)	-	-	-
Net Change in Plan Fiduciary Net Position	4,708,550	6,152,197	8,333,482	(1,767,231)	916,183
Plan Fiduciary Net Position - Beginning	123,100,488	116,948,291	108,614,809	110,382,040	109,465,857
Plan Fiduciary Net Position - Ending (b)	<u>\$ 127,809,038</u>	<u>\$ 123,100,488</u>	<u>\$ 116,948,291</u>	<u>\$ 108,614,809</u>	<u>\$ 110,382,040</u>
Net Pension Liability [(a) - (b)]	<u>\$ 60,657,487</u>	<u>\$ 57,868,302</u>	<u>\$ 60,072,122</u>	<u>\$ 54,722,128</u>	<u>\$ 45,759,614</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.82%	68.02%	66.06%	66.50%	70.69%
Covered Payroll	\$ 18,780,928	\$ 19,075,163	\$ 19,343,552	\$ 19,550,012	\$ 19,490,839
Net Pension Liability as a Percentage of Covered Payroll	322.97%	303.37%	310.55%	279.91%	234.77%

Notes to Schedule:

Benefit changes. In 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015, there were no benefit changes.

Changes in assumptions. In 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of miscellaneous employees.

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT SCHEDULE OF CONTRIBUTIONS – PENSION FOR THE FISCAL YEAR ENDED JUNE 30, 2025 LAST 10 YEARS

	Fiscal Year 2024-25	Fiscal Year 2023-24	Fiscal Year 2022-23	Fiscal Year 2021-22	Fiscal Year 2020-21
Actuarially Determined Contributions	\$ 2,617,084	\$ 3,048,673	\$ 58,209,105	\$ 6,469,902	\$ 5,889,484
Contributions in Relation to the Actuarially Determined Contributions	<u>(2,617,084)</u>	<u>(3,048,673)</u>	<u>(58,209,105)</u>	<u>(6,469,902)</u>	<u>(5,889,484)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Covered Payroll	\$ 21,171,152	\$ 19,231,794	\$ 19,399,968	\$ 19,677,351	\$ 18,956,899
Contributions as a Percentage of Covered Payroll	12.36%	15.85%	300.05%	32.88%	31.07%
	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17	Fiscal Year 2015-16
Actuarially Determined Contributions	\$ 5,300,243	\$ 4,686,264	\$ 4,047,221	\$ 3,991,447	\$ 4,086,806
Contributions in Relation to the Actuarially Determined Contributions	<u>(5,300,243)</u>	<u>(4,686,264)</u>	<u>(4,047,221)</u>	<u>(3,991,447)</u>	<u>(4,086,806)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Covered Payroll	\$ 18,780,928	\$ 19,075,163	\$ 19,343,552	\$ 19,550,012	\$ 19,490,839
Contributions as a Percentage of Covered Payroll	28.22%	24.57%	20.92%	20.42%	20.97%

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT SCHEDULE OF CHANGES IN THE NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY AND RELATED RATIOS FOR THE FISCAL YEAR ENDED JUNE 30, 2025 LAST 10 YEARS*

<i>Measurement Period Date</i>	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Total OPEB Liability				
Service Cost	\$ 4,199,792	\$ 3,529,856	\$ 5,453,027	\$ 6,234,396
Interest	4,248,687	3,936,412	2,729,994	3,632,144
Actual and Expected Experience Difference	10,592,057	4,402,808	-	(14,678,446)
Changes in Assumptions	3,127,731	(1,355,759)	(30,990,621)	347,863
Changes in Benefits Terms	-	-	-	(1,866,384)
Benefit Payments	(4,861,138)	(4,247,349)	(4,259,836)	(4,127,225)
Net Change in Total OPEB Liability	17,307,129	6,265,968	(27,067,436)	(10,457,652)
Total OPEB Liability - Beginning	101,104,575	94,838,607	121,906,043	132,363,695
Total OPEB Liability - Ending (a)	<u>\$ 118,411,704</u>	<u>\$ 101,104,575</u>	<u>\$ 94,838,607</u>	<u>\$ 121,906,043</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 4,861,138	\$ 4,247,349	\$ 4,259,836	\$ 4,127,225
Benefit Payments	(4,861,138)	(4,247,349)	(4,259,836)	(4,127,225)
Net Change in Plan Fiduciary Net Position	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability [(a) - (b)]	<u>\$ 118,411,704</u>	<u>\$ 101,104,575</u>	<u>\$ 94,838,607</u>	<u>\$ 121,906,043</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%
Covered Payroll	\$ 28,341,997	\$ 24,367,129	\$ 23,292,187	\$ 21,475,538
Net OPEB Liability as a Percentage of Covered Payroll	417.80%	414.92%	407.17%	567.65%

* Fiscal year 2018 was the 1st year of implementation; therefore, only eight years are shown.

Notes to the Schedule:

Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Attachment A

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
SCHEDULE OF CHANGES IN THE NET OTHER POSTEMPLOYMENT
BENEFITS (OPEB) LIABILITY AND RELATED RATIOS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
LAST 10 YEARS***

<i>Measurement Period Date</i>	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability				
Service Cost	\$ 5,853,462	\$ 5,638,591	\$ 5,259,186	\$ 5,708,352
Interest	3,574,866	3,522,407	3,452,776	3,047,381
Actual and Expected Experience Difference	-	(4,602,485)	-	-
Changes in Assumptions	2,720,145	9,172,330	2,643,408	(7,860,824)
Changes in Benefits Terms	-	-	-	-
Benefit Payments	(4,125,446)	(3,906,373)	(3,784,611)	(3,898,705)
Net Change in Total OPEB Liability	8,023,027	9,824,470	7,570,759	(3,003,796)
Total OPEB Liability - Beginning	124,340,668	114,516,198	106,945,439	109,949,235
Total OPEB Liability - Ending (a)	<u>\$ 132,363,695</u>	<u>\$ 124,340,668</u>	<u>\$ 114,516,198</u>	<u>\$ 106,945,439</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 4,125,446	\$ 3,906,373	\$ 3,784,611	\$ 3,898,705
Benefit Payments	(4,125,446)	(3,906,373)	(3,784,611)	(3,898,705)
Net Change in Plan Fiduciary Net Position	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability [(a) - (b)]	<u>\$ 132,363,695</u>	<u>\$ 124,340,668</u>	<u>\$ 114,516,198</u>	<u>\$ 106,945,439</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%
Covered Payroll	\$ 23,485,892	\$ 22,768,353	\$ 22,116,603	\$ 22,483,538
Net OPEB Liability as a Percentage of Covered Payroll	563.59%	546.11%	517.78%	475.66%

* Fiscal year 2018 was the 1st year of implementation; therefore, only eight years are shown.

Notes to the Schedule:

Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT SCHEDULE OF CONTRIBUTIONS – OPEB FOR THE FISCAL YEAR ENDED JUNE 30, 2025 LAST 10 YEARS*

	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Actuarially Determined Contributions	\$ 4,861,138	\$ 4,247,349	\$ 4,259,836	\$ 4,127,225
Contributions in Relation to the Actuarially Determined Contributions	(4,861,138)	(4,247,349)	(4,259,836)	(4,127,225)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 28,341,997	\$ 24,367,129	\$ 23,292,187	\$ 21,336,510
Contributions as a Percentage of Covered Payroll	17.15%	17.43%	18.29%	19.34%

Notes to the Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2025, were from the June 30, 2023 actuarial valuation.

Methods and Assumptions Used to Determine Contributions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Discount Rate	3.93%
Inflation	2.50%
Salary Increases	3.00%
Healthcare Cost Trend Rates	6.5% in 2025, fluctuating down to 3.9% by 2075
Mortality Rate	CalPERS 2021 Experience Study; Projected with MW Scale 2022

* Fiscal year 2018 was the 1st year of implementation; therefore, only eight years are shown.

Attachment A

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
LAST 10 YEARS***

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Actuarially Determined Contributions	\$ 4,125,446	\$ 3,906,373	\$ 3,784,611	\$ 3,898,705
Contributions in Relation to the Actuarially Determined Contributions	<u>(4,125,446)</u>	<u>(3,906,373)</u>	<u>(3,784,611)</u>	<u>(3,898,705)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 21,475,538	\$ 23,485,892	\$ 22,768,353	\$ 22,116,603
Contributions as a Percentage of Covered Payroll	19.21%	16.63%	16.62%	17.63%

Attachment A

SUPPLEMENTARY INFORMATION

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT STATEMENT OF OPERATING EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Labor	
Operators' salaries and wages	\$ 14,525,001
Other salaries and wages	10,798,188
Overtime	3,018,808
	<u>28,341,997</u>
Fringe Benefits	
Absence with pay	5,227,357
Pension plans	3,827,444
Vision, medical, and dental plans	9,140,744
Workers' compensation insurance	2,268,068
Disability insurance	560,198
Other fringe benefits	654,487
Other postemployment benefits	7,539,565
	<u>29,217,863</u>
Services	
Accounting	39,694
Administrative and banking	574,375
Professional and technical services	2,695,495
Security	1,056,869
Outside repairs	2,094,359
Other services	337,202
	<u>6,797,994</u>
Materials and Supplies Consumed	
Fuels and lubricants	2,457,849
Tires and tubes	467,931
Vehicle parts	1,947,947
Other materials and supplies	730,542
	<u>5,604,269</u>
Utilities	792,388
Casualty and Liability Costs	602,713
Taxes and Licenses	76,136
Miscellaneous Expenses	482,045
Equipment and Facility Lease	168,685
Depreciation and Amortization	7,129,273
Total Operating Expenses	<u>\$ 79,213,363</u>

Attachment A

OTHER SCHEDULES AND REPORTS

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
Federal Transit Administration (FTA)				
Cluster Defined by the Department of Transportation				
Section 3/5309 Consolidation				
Pacific Station Expansion FY2006 (Design/Engineering)	20.500	CA-04-0021	\$ -	\$ 3,746
			-	3,746
Section 9/5307				
Operating Assistance - FY 22 & 23 5307	20.507	CA-2024-121-01	-	11,855,189
			-	11,855,189
Section 5339				
FY19 5339 (b) Discretionary CA-2021-125-00	20.526	CA-2021-125-00	-	246,993
FY22 5339 (b) Discretionary CA-2022-231-00	20.526	CA-2022-231-00	-	1,680,000
FY23 5339 (b) Bus & Bus Facilities CA-2024-232-00	20.526	CA-2024-232-00	-	3,363,959
FY20 5339(a) Bus & Bus Facilities	20.526	CA-2021-029-00	-	72,511
			-	5,363,463
Total Federal Transit Cluster			-	17,222,398
Total Federal Transit Administration			-	17,222,398
Total Expenditures of Federal Awards			\$ -	\$ 17,222,398

See accompanying notes to schedule of expenditures of federal awards.

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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 (Santa Cruz METRO). 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.

NOTE 3 – INDIRECT COST RATE

Santa Cruz METRO has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Attachment A



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661-324-4971

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the 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, the financial statements of the Santa Cruz Metropolitan Transit District (Santa Cruz METRO), as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Santa Cruz METRO's basic financial statements, and have issued our report thereon dated December 15, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Santa Cruz METRO's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Santa Cruz METRO's internal control. Accordingly, we do not express an opinion on the effectiveness of Santa Cruz METRO's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Attachment A

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Cruz METRO's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Santa Cruz METRO's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Santa Cruz METRO's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 15, 2025

Attachment A



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Santa Cruz METRO's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Santa Cruz METRO's major federal programs for the fiscal year ended June 30, 2025. Santa Cruz METRO's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Santa Cruz METRO complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Santa Cruz METRO and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Santa Cruz METRO's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Santa Cruz METRO's federal programs.

Attachment A

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Santa Cruz METRO's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Santa Cruz METRO's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Santa Cruz METRO's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Santa Cruz METRO's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Santa Cruz METRO's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Attachment A

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 15, 2025

Attachment A



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH THE STATUTES, RULES, AND REGULATIONS OF THE CALIFORNIA TRANSPORTATION DEVELOPMENT ACT AND THE ALLOCATION INSTRUCTIONS AND RESOLUTIONS OF THE TRANSPORTATION COMMISSION

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

We have audited, 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; the U.S. Office of Management and Budget (OMB) *Compliance Supplement*; and the statutes, rules, and regulations of the California Transportation Development Act (TDA), the financial statements of the Santa Cruz Metropolitan Transit District (Santa Cruz METRO) as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated December 15, 2025.

Report on Compliance

As part of obtaining reasonable assurance about whether Santa Cruz METRO's 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. Additionally, we performed tests to determine that allocations made and expenditures paid by Santa Cruz METRO were made in accordance with the allocation instructions and resolutions of the Transportation Commission and in conformance with the TDA. Specifically, we performed each of the specific tasks identified in the California Code of Regulations Sections 6666 and 6667 that are applicable to Santa Cruz METRO. In connection with our audit, nothing came to our attention that caused us to believe Santa Cruz METRO failed to comply with the statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the Transportation Commission. 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.

Also, as part of our audit, we performed tests of compliance to determine whether certain state funds were received and expended in accordance with the applicable bond act and state accounting requirements.

Purpose of this Report

The purpose of this report is solely to describe the scope of our internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Santa Cruz METRO's internal control or on compliance. Accordingly, this report is not suitable for any other purpose.

Attachment A

Restriction on Use

This report is intended solely for the information and use of management and the Board of Directors of Santa Cruz METRO, the California Department of Transportation, the State Controller's Office, and officials of applicable grantor agencies. However, this report is a matter of public record and its distribution is not limited.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
December 15, 2025

Attachment A

FINDINGS AND QUESTIONED COSTS SECTION

Attachment A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2025

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

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 Awards

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 auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, under 2 CFR § 200.516? Yes No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Clusters</u>
	Federal Transit Cluster
20.500	Federal Transit – Capital Investment Grants
20.507	Federal Transit Formula Grants – Section 9
20.526	Bus and Bus Facilities Formula and Discretionary Programs

Dollar threshold used to distinguish type A and B programs: \$750,000

Auditee qualified as low risk auditee? Yes No

II. Findings Relating to Financial Statements Required Under Generally Accepted Government Auditing Standards

None.

III. Federal Award Findings and Questioned Costs

None.

Attachment A

IV. State Award Findings and Questioned Costs

None.

V. A Summary of Prior Audit (all June 30, 2024) Findings and Current Year Status

None.

Attachment B



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

We have audited the financial statements of Santa Cruz Metropolitan Transit District (Santa Cruz METRO) for the fiscal year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 14, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Santa Cruz METRO are described in Note 1 to the financial statements. During 2025, Santa Cruz METRO implemented Governmental Accounting Standards Board (GASB) Statement No. 101 - *Compensated Absences* and GASB Statement No. 102 - *Certain Risk Disclosures*. We noted no transactions entered into by Santa Cruz METRO during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting Santa Cruz METRO's financial statements were:

Management's estimate of the useful lives of capital assets for purposes of calculating annual depreciation expense to be reported in Santa Cruz METRO's results of operations. Estimated useful lives range from three to thirty-nine years. We evaluated the key factors and assumptions used to develop the estimate of useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of both its net pension liability and net other postemployment benefits (OPEB) liability are based on actuarial valuations that involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. We evaluated the key factors and assumptions used to develop the estimates of the net pension liability and net OPEB liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrued claims is based upon management's past experience. We evaluated the key factors and assumptions used to develop the estimate of the accrued claims in determining that it is reasonable in relation to the financial statements taken as a whole.

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STOCKTON
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Attachment B

Management's estimate of the discount rate for the purpose of calculating the right-to-use leased asset and liability, and leased revenue. We evaluated the key factors and assumptions used to develop the estimate of the discount rate for the purpose of calculating the right-to-use leased asset and liability, and leased revenue in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the discount rate for the purpose of calculating the subscription-based information technology arrangement (SBITA) asset and liability. We evaluated the key factors and assumptions used to develop the estimate of the discount rate for the purpose of calculating the SBITA asset and liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosures of capital assets, unpaid claims, pension plan, OPEB, lease liability, lease revenue, and SBITA in the notes to the basic financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such misstatements occurred during the course of our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 15, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Santa Cruz METRO's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Santa Cruz METRO's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Attachment B

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions – Pension, Schedule of Changes in the Net OPEB Liability and Related Ratios, and Schedule of Contributions – OPEB, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Statement of Operating Expenses and the Schedule of Expenditures of Federal Awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Santa Cruz METRO and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 15, 2025

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Attachment C

SANTA CRUZ METROPOLITAN
TRANSIT DISTRICT
MEASURE D PROGRAM

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
JUNE 30, 2025

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SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
MEASURE D PROGRAM
FOR THE YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Measure D Program of the Santa Cruz Metropolitan Transit District (Santa Cruz METRO), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Measure D Program of Santa Cruz METRO's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure D Program of Santa Cruz METRO, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Santa Cruz METRO and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Measure D Program of Santa Cruz METRO's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance

Attachment C

and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Santa Cruz METRO's internal control relating to the Measure D Program. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Measure D Program of Santa Cruz METRO's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure D Program and do not purport to, and do not, present fairly the financial position of Santa Cruz METRO as of June 30, 2025, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Measure D Program of Santa Cruz METRO's basic financial statements. The accompanying schedule of revenues, expenses, and changes in net position – budget and actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenses, and changes in net position – budget and actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, on our consideration of Santa Cruz METRO's internal control over financial reporting relating to the Measure D Program and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance relating to the Measure D Program and the results of that testing, and not to provide an opinion on the effectiveness of Santa Cruz METRO's internal control over financial reporting or on compliance relating to the Measure D Program. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Santa Cruz METRO's internal control over financial reporting and compliance relating to the Measure D Program.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 15, 2025

Attachment C

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
MEASURE D PROGRAM
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS

Cash and Investments	\$ 7,475,174
Intergovernmental Receivables	
Receivables from SCCRTC for Measure D Allocations	<u>762,074</u>
Total Assets	<u>\$ 8,237,248</u>

LIABILITIES AND NET POSITION

Liabilities	
Unearned Income	\$ 7,438,086
Interfund Payable	
Reimbursement for Capital Expenditures	<u>799,162</u>
 Total Liabilities	 <u>8,237,248</u>
 Net Position	
Restricted	<u>-</u>
 Total Net Position	 <u>-</u>
Total Liabilities and Net Position	<u>\$ 8,237,248</u>

See accompanying Notes to Financial Statements.

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SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
MEASURE D PROGRAM
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

REVENUES

Measure D Revenue	\$ 2,380,900
Interest Income	380,210
Total Revenues	<u>2,761,110</u>

EXPENSES

Transit Operations	1,961,948
Transit Capital	799,162
Total Expenses	<u>2,761,110</u>

REVENUES OVER EXPENSES

-

NET POSITION

Beginning of Year	<u>-</u>
End of Year	<u>\$ -</u>

See accompanying Notes to Financial Statements.

Attachment C

**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
MEASURE D PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

On November 8, 2016, the voters of Santa Cruz County, pursuant to the provisions of the Local Transportation Authority and Improvement Act (the Act), California Public Utilities Code, Division 19, Section 180000 et seq., adopted an ordinance approving the Santa Cruz County Transportation Improvement Plan Measure (Measure D), thereby authorizing Santa Cruz County Regional Transportation Commission (SCCRTC) to administer the proceeds from a retail transaction and use tax of one-half of one-percent (0.5%) that will last 30 years from the initial date of collection. The Measure D Ordinance authorizes SCCRTC to allocate, administer, and oversee the expenditure of all Measure D revenues and to distribute revenues no less than quarterly to local agencies (including Santa Cruz Metropolitan Transit District).

All transactions of the Measure D Program by the Santa Cruz Metropolitan Transit District (Santa Cruz METRO) are included as an enterprise fund in the basic financial statements of Santa Cruz METRO. These statements account for Santa Cruz METRO's share of revenues earned and expenses incurred under Santa Cruz METRO's Transportation for Seniors and People with Disabilities Program. The accompanying financial statements are for the Measure D Program only and are not intended to fairly present the financial position or results of operations of Santa Cruz METRO.

B. Basis of Accounting and Measurement Focus

Santa Cruz METRO uses an enterprise fund format to report its activities for financial statement purposes. The accompanying financial statements are prepared using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of when the related cash flows take place.

C. 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.

NOTE 2 – MEASURE D PROGRAM

Under Measure D, Santa Cruz METRO receives 16% of the proceeds (after administrative costs) of a one-half cent local sales tax, to be used for transportation-related expenses. Measure D was adopted with the intention that the funds generated by the sales tax will not fund transportation-related expenses previously paid for by existing funds, revenues, and other resources, but rather, will be used for additional projects and programs, so as to supplement (and not replace) the revenue funds designated and used for transportation programs and expenses.

Attachment C

NOTE 2 – MEASURE D PROGRAM (Continued)

Santa Cruz METRO must receive Board of Directors approval of a 5-year Program of Projects prior to expending Measure D funding on any project or program, in accordance with the requirements of the Measure D Master Funding Agreement. The approved 5-year Program of Projects is submitted to the SCCRTC annually, and includes information about each of the projects to be funded with the estimated annual Measure D revenues, allocated according to the Measure D Ordinance and Expenditure Plan.

The major project funded by Measure D was as follows:

Transportation for Seniors and People with Disabilities Program – To provide transit services to seniors and people with disabilities, and to purchase transportation capital improvements.

In fiscal year 2025, \$1,961,948 of Measure D sales tax proceeds were used to fund transit operator wages and benefits in order to increase Fixed-route service, sustain paratransit service levels, and maintain service reliability during the year. Measure D capital outlays of \$799,162 were used to fund construction activities related to the new downtown Santa Cruz Pacific Metro Station, the purchase of ten (10) articulated buses, and the acquisition of thirteen (13) OART buses and related bus components during the year. Certain Measure D-funded capital projects were completed and capitalized during the fiscal year, while others remained in construction-in-progress at June 30, 2025.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments are tracked and held in a separate Measure D fund account in the Santa Cruz County Pooled Investment Fund, and consisted of \$7,475,174 of Measure D sales tax allocations and interest earnings at June 30, 2025.

See Santa Cruz METRO's basic financial statements for disclosures related to the cash and investments as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 40. The basic financial statements may be obtained from Santa Cruz METRO at 110 Vernon Street, Santa Cruz, CA 95060.

NOTE 4 – INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables of \$762,074 represent the Measure D Program sales tax allocations for fiscal year 2025 that were received from SCCRTC after June 30, 2025.

NOTE 5 – UNEARNED INCOME

Measure D Program sales tax allocations that are allocated to Santa Cruz METRO during the year are restricted and reported as liabilities (unearned income) until spent on the specific purpose for which they were intended, as outlined in the 5-Year Program of Projects approved by the Santa Cruz METRO Board of Directors and submitted to the SCCRTC. The balance of unearned Measure D proceeds is currently committed as cost sharing on awarded capital grants in progress.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events were evaluated by management through December 15, 2025, which is the date of issuance.

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SUPPLEMENTARY INFORMATION

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**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
MEASURE D PROGRAM
SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Measure D Revenue	\$ 4,268,631	\$ 4,268,631	\$ 2,380,900	\$ (1,887,731)
Interest Income	-	-	380,210	380,210
Total Revenues	<u>4,268,631</u>	<u>4,268,631</u>	<u>2,761,110</u>	<u>(1,507,521)</u>
EXPENSES				
Transit Operations	1,961,948	1,961,948	1,961,948	-
Transit Capital	<u>2,306,683</u>	<u>2,306,683</u>	<u>799,162</u>	<u>1,507,521</u>
Total Expenses	<u>4,268,631</u>	<u>4,268,631</u>	<u>2,761,110</u>	<u>1,507,521</u>
REVENUES OVER EXPENSES	-	-	-	-
NET POSITION				
Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Attachment C

OTHER REPORTS

Attachment C



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the 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, the financial statements of the Measure D Program of the Santa Cruz Metropolitan Transit District (Santa Cruz METRO), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Measure D Program of Santa Cruz METRO's financial statements, and have issued our report thereon dated December 15, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Santa Cruz METRO's internal control over financial reporting (internal control) relating to the Measure D Program as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Santa Cruz METRO's internal control relating to the Measure D Program. Accordingly, we do not express an opinion on the effectiveness of Santa Cruz METRO's internal control relating to the Measure D Program.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Measure D Program of Santa Cruz METRO's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Attachment C

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure D Program's financial statements are free of material misstatement, we performed tests of Santa Cruz METRO's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance relating to the Measure D Program and the results of that testing, and not to provide an opinion on the effectiveness of Santa Cruz METRO's internal control or on compliance relating to the Measure D Program. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Santa Cruz METRO's internal control and compliance relating to the Measure D Program. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
December 15, 2025

Attachment C



www.ba.cpa
661-324-4971

INDEPENDENT AUDITOR'S REPORT ON MEASURE D PROGRAM COMPLIANCE

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

Opinion

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Measure D Program of the Santa Cruz Metropolitan Transit District (Santa Cruz METRO) as of and for the year ended June 30, 2025, and the related notes, and have issued our report thereon dated December 15, 2025.

In our opinion, management's assertion that Santa Cruz METRO complied, in all material respects, with the Measure D Program for the year ended June 30, 2025, is fairly stated in all material respects.

Basis for Opinion on Compliance

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 the Measure D Program. Our responsibilities under those standards and the Government Code are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Santa Cruz METRO and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the compliance requirements referred to above. Our audit does not provide a legal determination of Santa Cruz METRO's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance requirements referred to above.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Santa Cruz METRO's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government*

Attachment C

Auditing Standards, and the Measure D Program will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Santa Cruz METRO's compliance relating to the Measure D Program.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Measure D Program, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Santa Cruz METRO's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Santa Cruz METRO's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Measure D Program, but not for the purpose of expressing an opinion on the effectiveness of Santa Cruz METRO's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the Measure D Program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with the requirements referred to above will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements referred to above that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Attachment C

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
December 15, 2025

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DATE: January 23, 2026

TO: Board of Directors

FROM: Chuck Farmer, Chief Financial Officer

**SUBJECT: CONSIDERATION OF DECLARING VEHICLES AND/OR EQUIPMENT
AS EXCESS FOR PURPOSES OF DISPOSAL OR AUCTION**

I. RECOMMENDED ACTION

That the Board of Directors approve a resolution declaring vehicles and/or obsolete equipment as ready for disposal or auction and direct the CEO to dispose of the surplus item in conformance with METRO's Administrative Policy Number AP-2020 - Fixed Assets and Inventoried Items.

II. SUMMARY

- In accordance with Santa Cruz Metropolitan Transit District's (METRO's) policy on disposal of fixed assets, at least once per year Finance Department management shall recommend to the Board of Directors a list of items to be declared excess with appropriate action for disposal.
- Vehicles, property and/or equipment have exceeded their useful lives and are no longer needed by METRO.
- Staff recommends that the Board of Directors approve the resolution for the disposal or auction of excess property (Attachment A) and declare the item(s) listed in Exhibit A as excess and direct staff to take appropriate action for disposal.

III. DISCUSSION/BACKGROUND

The following vehicles identified in the Excess Vehicle & Equipment Listing (Exhibit A) have become obsolete and surpassed their useful life expectancy:

- NEW FLYER 35' BUS #2211: no. B2211
- NEW FLYER 35' BUS #2217: no. B2217
- NEW FLYER 35' BUS #2220: no. B2220
- NEW FLYER 35' BUS #2224: no. B2224
- NEW FLYER 35' BUS #2229: no. B2229
- 1998 NEW FLYER #9801: no. B9801
- 1998 NEW FLYER #9811: no. B9811
- 1998 NEW FLYER #9817: no. B9817

The assets recommended for disposal are fully depreciated, so there is no financial obligation to a granting agency with regard to the recommended disposal. METRO no longer has a need for the assets listed in Exhibit A; therefore, it is recommended that they be disposed of at this time.

The disposition of these assets has been coordinated with management and staff in processing them for disposal, e-waste, recycling or auction, as appropriate.

Staff recommends that the Board of Directors approve a resolution (Attachment A) and declare the items listed in Exhibit A as excess and direct staff to use appropriate action for disposal.

IV. STRATEGIC PLAN PRIORITIES ALIGNMENT

This report pertains to Financial Stability, Stewardship, & Accountability.

V. FINANCIAL CONSIDERATIONS/IMPACT

The estimated total gross market value of the assets included in the disposal list is approximately \$3,500 each. These assets have reached the end of their useful life and are obsolete. There is minimal financial impact as a result of these disposals.

Any revenue generated from the sale of equipment or inventory is recorded in the District's general ledger, to account 407090 "Gain/Loss on Disposal of Assets."

VI. CHANGES FROM COMMITTEE

N/A

VII. ALTERNATIVES CONSIDERED

- Keep the assets in the capital asset inventory. Staff does not recommend this alternative because the items have exceeded their useful life and/or are cost-prohibitive to repair and/or are no longer in use.

VIII. ATTACHMENTS

Attachment A: Resolution to Approve the Disposal or Auction of Excess Assets

Exhibit A: Excess Vehicle & Equipment Listing – as of January 23, 2026

Board of Directors
January 23, 2026
Page 3 of 3

IX: APPROVALS:

Approved as to fiscal impact:
Chuck Farmer, Chief Financial Officer

DocuSigned by:
Chuck Farmer
61B470E2B4D74F7...

Corey Aldridge, CEO/General Manager:

DocuSigned by:
Corey Aldridge
AEBCB86501A2443...

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Attachment A



BEFORE THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Resolution No.
On the Motion of Director:
Duly Seconded by Director:
The Following Resolution is Adopted:

RESOLUTION TO APPROVE THE DISPOSAL OR AUCTION OF EXCESS ASSETS

WHEREAS, the Santa Cruz Metropolitan Transit District (District), receives federal financial assistance from the Federal Transit Administration (FTA) to acquire real property, equipment and supplies, and rolling stock; and

WHEREAS, all such assets must be managed, used, and disposed of in accordance with applicable laws and regulations; and

WHEREAS, the FTA prescribes the method and delivers guidance to public transit operators to comply with grant management requirements in accordance with the regulations in *Title 49 Code of Federal Regulations, part 24 (49CFR 24)* and FTA Circular 5010.1E; and

WHEREAS, the acquisition cost of each item identified as excess is greater than \$5,000; and

WHEREAS, the District has determined that it is necessary to either dispose of the property, and/or to place the items up for auction.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Santa Cruz Metropolitan Transit District, that it determines and orders as follows:

1. The following assets are declared excess property on the Excess Vehicle & Equipment Listing as of 01/23/2026, "Exhibit A" and may be disposed of or auctioned as such:
 - NEW FLYER 35' BUS #2211: no. B2211
 - NEW FLYER 35' BUS #2217: no. B2217
 - NEW FLYER 35' BUS #2220: no. B2220
 - NEW FLYER 35' BUS #2224: no. B2224
 - NEW FLYER 35' BUS #2229: no. B2229
 - 1998 NEW FLYER #9801: no. B9801
 - 1998 NEW FLYER #9811: no. B9811
 - 1998 NEW FLYER #9817: no. B9817

Attachment A

Resolution No. _____
Page 2 of 3

PASSED AND ADOPTED this 23rd Day of January 2026 by the following vote:

AYES: DIRECTORS –

NOES: DIRECTORS –

ABSENT: DIRECTORS –

ABSTAIN: DIRECTORS –

APPROVED:

Rebecca Downing, Board Chair

ATTEST:

Corey Aldridge
CEO/General Manager

APPROVED AS TO FORM:

JULIE SHERMAN
General Counsel

Attachment A

Resolution No. _____
Page 3 of 3

EXHIBIT A, SANTA CRUZ METROPOLITAN TRANSIT DISTRICT RESOLUTION NO. _____

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
EXCESS VEHICLE & EQUIPMENT LISTING AS OF 01/23/2026

(Attached)

Exhibit A

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT EXCESS VEHICLE & EQUIPMENT LISTING AS OF 1/23/2026													
Vehicle #	Asset Tag #	Description	Acquisition Date	Total Cost	Grant	Cost	Accumulated Depreciation	Net Book Value	Est. Market Value	Reason for Disposal	Condition	VIN / SN	License #
2211	B2211.00A	NEW FLYER 35' BUS #2211	02/11/2003	490,222.09	DISTRICT	66,585.70	66,585.70	-	3,500.00	END USEFUL LIFE	POOR	5FYD2GL0X2002470E	116174E
	B2211.00H	NEW FLYER 35' BUS #2211	02/11/2003		SECT 9	266,342.81	266,342.81	-		END USEFUL LIFE	POOR		
	B2211.00C	MIDLIFE BUS REPAINT #2211	01/01/2018		SECT 3	2,902.48	2,902.48	-		END USEFUL LIFE	POOR		
	B2211.00F	ENGINE REPOWER #2211	12/01/2007		STATE	153,665.48	153,665.48	-		END USEFUL LIFE	POOR		
B2211.00L	MIDLIFE BUS REPAINT #2211	01/01/2018		STATE	725.62	725.62	-		END USEFUL LIFE	POOR			
2217	B2217.00A	NEW FLYER 35' BUS #2217	02/26/2003	496,486.01	DISTRICT	66,585.70	66,585.70	-	3,500.00	END USEFUL LIFE	POOR	5FYD2GL0L520024712	1161775
	B2217.00H	NEW FLYER 35' BUS #2217	02/26/2003		SECT 9	266,342.81	266,342.81	-		END USEFUL LIFE	POOR		
	B2217.00A	MID-LIFE BUS ENGINE OVERHAUL #2217	06/30/2015		DISTRICT	6,263.92	6,263.92	-		END USEFUL LIFE	POOR		
	B2217.00C	MIDLIFE BUS REPAINT #2217	04/01/2019		SECT 3	2,902.48	2,902.48	-		END USEFUL LIFE	POOR		
	B2217.00F	ENGINE REPOWER #2217	12/01/2007		STATE	153,665.48	153,665.48	-		END USEFUL LIFE	POOR		
B2217.00L	MIDLIFE BUS REPAINT #2217	04/01/2019		STATE	725.62	725.62	-		END USEFUL LIFE	POOR			
2220	B2220.00A	NEW FLYER 35' BUS #2220	02/14/2003	529,905.63	DISTRICT	66,585.70	66,585.70	-	3,500.00	END USEFUL LIFE	POOR	5FYD2GL0L20024715	1161702
	B2220.00H	NEW FLYER 35' BUS #2220	02/14/2003		SECT 9	266,342.81	266,342.81	-		END USEFUL LIFE	POOR		
	B2220.00C	MIDLIFE BUS REPAINT #2220	06/30/2017		SECT 3	2,902.48	2,902.48	-		END USEFUL LIFE	POOR		
	B2220.00C	ROLLING STOCK OVERHAUL #2220	05/01/2018		SECT 3	31,746.83	31,746.83	-		END USEFUL LIFE	POOR		
	B2220.00F	ENGINE REPOWER #2220	03/01/2008		STATE	153,665.48	153,665.48	-		END USEFUL LIFE	POOR		
	B2220.00F	ROLLING STOCK OVERHAUL #2220	05/01/2018		STATE	5,903.67	5,903.67	-		END USEFUL LIFE	POOR		
B2220.00L	ROLLING STOCK OVERHAUL #2220	05/01/2018		STATE	2,033.04	2,033.04	-		END USEFUL LIFE	POOR			
B2220.01F	MIDLIFE BUS REPAINT #2220	06/30/2017		STATE	725.62	725.62	-		END USEFUL LIFE	POOR			
2224	B2224.00A	NEW FLYER 35' BUS #2224	02/26/2003	490,222.09	DISTRICT	66,585.70	66,585.70	-	3,500.00	END USEFUL LIFE	POOR	5FYD2GL0L20024719	1161764
	B2224.00H	NEW FLYER 35' BUS #2224	02/26/2003		SECT 9	266,342.81	266,342.81	-		END USEFUL LIFE	POOR		
	B2224.00C	MIDLIFE BUS REPAINT #2224	03/31/2017		SECT 3	2,902.48	2,902.48	-		END USEFUL LIFE	POOR		
	B2224.00F	ENGINE REPOWER #2224	10/01/2008		STATE	153,665.48	153,665.48	-		END USEFUL LIFE	POOR		
	B2224.01F	MIDLIFE BUS REPAINT #2224	03/31/2017		STATE	725.62	725.62	-		END USEFUL LIFE	POOR		
2229	B2229.00A	NEW FLYER 40' BUS #2229	04/11/2003	534,401.86	DISTRICT	39,203.55	39,203.55	-	3,500.00	END USEFUL LIFE	POOR	5FYD2LL0220024624	1161776
	B2229.00H	NEW FLYER 40' BUS #2229	04/11/2003		SECT 9	302,588.53	302,588.53	-		END USEFUL LIFE	POOR		
	B2229.00C	MIDLIFE BUS REPAINT #2229	05/31/2017		SECT 3	2,902.48	2,902.48	-		END USEFUL LIFE	POOR		
	B2229.00C	ROLLING STOCK OVERHAUL #2229	05/01/2018		SECT 3	29,252.95	29,252.95	-		END USEFUL LIFE	POOR		
	B2229.00F	ENGINE REPOWER #2229	10/01/2008		STATE	153,665.48	153,665.48	-		END USEFUL LIFE	POOR		
	B2229.00F	ROLLING STOCK OVERHAUL #2229	05/01/2018		STATE	2,415.74	2,415.74	-		END USEFUL LIFE	POOR		
B2229.01F	MIDLIFE BUS REPAINT #2229	05/31/2017		STATE	725.62	725.62	-		END USEFUL LIFE	POOR			
B2229.01L	ROLLING STOCK OVERHAUL #2229	05/01/2018		STATE	4,647.51	4,647.51	-		END USEFUL LIFE	POOR			
5801	B9801.00A	1998 NEW FLYER #9801	05/05/1998	286,082.02	DISTRICT	66,253.96	66,253.96	-	3,500.00	END USEFUL LIFE	POOR	5FYD2SL04WU018344	E-1019702
	B9801.00C	1998 NEW FLYER #9801	05/05/1998		SECT 3	198,761.88	198,761.88	-		END USEFUL LIFE	POOR		
	B9801	S50 ENGINE KIT, CONV MUFFLER-EN142-EN	12/01/2008		STATE	21,066.18	21,066.18	-		END USEFUL LIFE	POOR		
9811	B9811.00A	1998 NEW FLYER #9811	04/27/1998	285,546.66	DISTRICT	34,452.06	34,452.06	-	3,500.00	END USEFUL LIFE	POOR	5FYD2SL04WU018354	E-1019712
	B9811.00H	1998 NEW FLYER #9811	04/27/1998		SECT 9	230,563.77	230,563.77	-		END USEFUL LIFE	POOR		
	B9811.01A	REMANUFACTURED ENGINE #9811	08/01/2007		STATE	20,530.83	20,530.83	-		END USEFUL LIFE	POOR		
9817	B9817.00A	1998 NEW FLYER #9817	05/05/1998	285,664.02	DISTRICT	57,561.44	57,561.44	-	3,500.00	END USEFUL LIFE	POOR	5FYD2SL04WU018360	E-1019718
	B9817.00C	1998 NEW FLYER #9817	05/05/1998		SECT 3	68,400.58	68,400.58	-		END USEFUL LIFE	POOR		
	B9817.00H	1998 NEW FLYER #9817	05/05/1998		SECT 9	139,052.81	139,052.81	-		END USEFUL LIFE	POOR		
	B9817.00F	S50 ENGINE KIT, CONV MUFFLER #9817	11/01/2007		STATE	20,849.19	20,849.19	-		END USEFUL LIFE	POOR		

[Signature]
 Department Manager Signature
 1/13/26
 Date

I hereby certify that the items have been disposed of according to District Policy AR-2020:
[Signature]
 Facilities Manager Signature
 1/13/26
 Date

DocuSigned by:
[Signature]
 AEBCEB5060448
 (for items with acquisition cost <= \$5,000)
 1/14/2026
 Date



DATE: January 23, 2026

TO: Board of Directors

FROM: John Urgo, Chief Planning and Innovation Officer

SUBJECT: CONSIDERATION OF AUTHORIZING THE CEO TO EXECUTE THE AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES (AHSC) PROGRAM AWARD AND ALL AMENDMENTS ON BEHALF OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT FOR THE WATSONVILLE METRO PROJECT

I. RECOMMENDED ACTION

That the Board of Directors approve a resolution authorizing the CEO to execute the 2025 Affordable Housing and Sustainable Communities (AHSC) program award and all amendments on behalf of the Santa Cruz Metropolitan Transit District (METRO) for the Watsonville Metro project.

II. SUMMARY

- On March 25, 2025, the California Department of Housing and Community Development ("Department") and the Strategic Growth Council ("SGC") issued an Affordable Housing & Sustainable Communities Program ("AHSC" or "AHSC Program") Notice of Funding Availability ("AHSC Program NOFA").
- The Santa Cruz Metropolitan Transit District (METRO), MidPen Housing Corporation and City of Watsonville submitted a joint application to the Department in response to the NOFA (the "Application"). Based on the Application, the Department made an award of Program funds (the "Program Award") pursuant to the conditional award letter, dated December 10, 2025.
- The Department and SGC have made a conditional commitment of AHSC Program funds to assist the Watsonville Metro project (the "Project") in the amount of \$39,008,124, including \$5,987,000 to METRO for transit operations and capital improvements.
- Staff is seeking Board approval to authorize the CEO to execute all grant agreements and amendments in connection with the Program Award.

III. DISCUSSION/BACKGROUND

The Affordable Housing and Sustainable Communities (AHSC) Program is administered by the California Strategic Growth Council (SGC) in partnership with the California Department of Housing and Community Development (HCD). The program provides competitive funding for integrated housing, transportation, and land-use projects that reduce greenhouse gas (GHG) emissions while supporting infill development, equitable access to opportunity, and high-quality public transit.

On March 25, 2025, HCD and SGC issued the AHSC Notice of Funding Availability (NOFA). In response, METRO partnered with MidPen Housing Corporation and the City of Watsonville to submit a joint AHSC application for the redevelopment of the Watsonville Transit Center site into a mixed-use, transit-oriented development that combines 100% affordable housing with substantial transit and active transportation investments.

On December 10, 2025, HCD issued a conditional award letter committing \$39,008,124 in AHSC funds to the Watsonville Transit Center – Infill Transit Oriented Development Project. The majority of this funding package consists of loan and grant components committed to the housing portion of the project; of the total, \$5,987,000 is committed to METRO for transit operations and capital improvements. The award reflects the State’s recognition of the Project’s strong integration of affordable housing, transit infrastructure, and greenhouse gas reduction strategies.

The AHSC Program award is a critical funding source enabling the redevelopment of the Watsonville Transit Center into a modern, integrated transit-oriented development that combines affordable housing, high-quality transit infrastructure, and active transportation improvements. The Project advances a long-standing METRO Board priority to leverage METRO-owned property to address the housing affordability crisis while strengthening the transit system that serves South County residents.

The Watsonville Transit Center site is uniquely positioned to support affordable housing due to its central downtown location, proximity to jobs, services, and community amenities, and its role as the primary transit hub for Watsonville and the Pajaro Valley. Through a partnership with MidPen Housing Corporation and the City of Watsonville, the Project will replace the existing at-grade transit facility with a new intermodal transit center and construct 75+ deed-restricted affordable housing units in a 100% affordable development. All residential units will be restricted to low- and very low-income households, consistent with METRO’s surplus land strategy and State housing policy objectives.

The AHSC award fills a critical gap in the Project’s financing plan by linking housing production directly to transit investments that reduce greenhouse gas emissions and builds on \$8.5 million awarded to METRO in 2023 from the State of California’s Transit and Intercity Rail Capital Program (TIRCP) specifically for a new intermodal transit facility and bike hub at the Watsonville Transit Center. In addition to supporting the construction of affordable housing above the transit center, the AHSC funds ensure that the new Watsonville Transit Center is designed to accommodate future service growth, zero-emission bus operations, and significantly improved passenger amenities. Without the AHSC award, delivery of both the housing and the upgraded transit center would likely be infeasible.

A significant portion of the AHSC Program Grant supports Sustainable Transportation Infrastructure (STI) investments to be delivered by METRO in and around the Watsonville Transit Center. These improvements are designed to increase transit speed, reliability, passenger comfort, and accessibility while supporting mode shift away from single-occupancy vehicles. Collectively, the

transit improvements funded through the AHSC award represent nearly \$6 million in direct investment in METRO's South County transit network.

Key METRO improvements funded through the AHSC award include:

- Transit Signal Priority (TSP) on the Main Street Corridor

AHSC funding will support the installation of transit signal priority at eight signalized intersections along Main Street between West Lake Avenue and Clifford Avenue, within one mile of the Watsonville Transit Center. This corridor serves multiple high-ridership routes connecting Watsonville and Santa Cruz. TSP will reduce bus delay at traffic signals, improve schedule adherence, and reduce overall travel times for thousands of daily riders.

- Enhanced Bus Stop Amenities

The Project will fund enhanced bus stop amenities at eight bus stops along the same Main Street corridor. Improvements include new passenger shelters, seating, lighting, and real-time passenger information displays. These upgrades address long-standing deficiencies in rider comfort and safety, particularly given that a majority of bus stops in the corridor currently lack shelters or seating.

- Route 2 Frequency Enhancements

AHSC funding will support increased service frequency on Route 2, one of METRO's highest-ridership intercity routes connecting Watsonville and Santa Cruz. The grant will allow the recent service increase on Route 2 from 30-minute headways to 20-minute headways to be sustained for a period of three years. This improvement responds directly to community feedback gathered through METRO's Reimagine METRO planning process, in which riders identified frequency as the single most important factor influencing transit use.

By increasing transit speed, frequency, and rider comfort, the Project will displace automobile vehicle miles traveled, reduce transportation-related GHG emissions, and lower household transportation costs for residents of the new affordable housing development and the broader Watsonville community.

METRO's role as a co-applicant includes delivery of transit-related capital improvements funded through the AHSC Program Grant component. Execution of the AHSC Standard Agreement (STD 213) and related documents is required to finalize the award, obligate funds, and proceed with implementation. The attached resolution satisfies HCD's requirements that the governing board authorize acceptance of the award and execution of all required agreements.

Staff is recommended the Board of Directors approve a resolution authorizing the CEO to execute the 2025 Affordable Housing and Sustainable Communities (AHSC) program award and all amendments on behalf of the Santa Cruz Metropolitan Transit District (METRO) for the Watsonville Metro Project.

IV. STRATEGIC PLAN PRIORITIES ALIGNMENT

This proposed action is consistent with the following Board Strategic Priorities:

1. Financial Stability, Stewardship & Accountability
2. Service Quality and Delivery
3. State of Good Repair
4. Strategic Alliances and Community Outreach

V. FINANCIAL CONSIDERATIONS/IMPACT

The AHSC Program award provides \$39,008,124 in combined loan and grant funding for the Project. The majority of this funding package is committed to the housing portion of the project; of the total, \$5,987,000 is committed to METRO for transit operations and capital improvements. The AHSC award builds on \$8.5 million in TIRCP funds awarded in 2023 for the transit center and bike hub components of the project. METRO's participation does not require a local cash match beyond commitments already identified in the AHSC application. Acceptance of the award obligates METRO to comply with the terms of the AHSC Standard Agreement, including expenditure eligibility, reporting, and project delivery milestones.

VI. CHANGES FROM COMMITTEE (Board Report ONLY)

N/A.

VII. ALTERNATIVES CONSIDERED

The Board could choose not to adopt the resolution and decline the AHSC award. Staff does not recommend this alternative, as doing so would forfeit \$39 million in State funding, jeopardize delivery of the Watsonville Transit Center redevelopment, and undermine METRO's long-standing affordable housing and transit-oriented development objectives.

VIII. ATTACHMENTS

Attachment A: Resolution authorizing the CEO to execute the 2025 Affordable Housing and Sustainable Communities (AHSC) program award and all amendments on behalf of the Santa Cruz Metropolitan Transit District (METRO) for the Watsonville Metro Project.

Prepared by: John Urgo, Chief Planning and Innovation Officer

Board of Directors
January 23, 2026
Page 5 of 5

IX. APPROVALS

Approved as to fiscal impact:
Chuck Farmer, Chief Financial Officer

DocuSigned by:
Chuck Farmer
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Corey Aldridge, CEO/General Manager

DocuSigned by:
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Attachment A



BEFORE THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Resolution No.
On the Motion of Director:
Duly Seconded by Director:
The Following Resolution is Adopted:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT ACCEPTING THE PROGRAM AWARD OBLIGATIONS AND AUTHORIZING THE CEO/GM TO EXECUTE THE PROGRAM AWARD DOCUMENTS FOR THE AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES (AHSC) PROGRAM ON BEHALF OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

WHEREAS, the California Department of Housing and Community Development ("Department") and the Strategic Growth Council ("SGC") have issued an Affordable Housing & Sustainable Communities Program ("AHSC" or "AHSC Program") Notice of Funding Availability, dated March 25, 2025 ("AHSC Program NOFA"); and

WHEREAS, the Santa Cruz Metropolitan Transit District (METRO), MidPen Housing Corporation, and the City of Watsonville, as co-applicants, applied to the Department in response to the NOFA (the "Application") and was determined to be an eligible Applicant; and based on the Application, the Department made an award of Program funds (the "Program Award") pursuant to the conditional award letter, dated December 10, 2025; and

WHEREAS, Department and SGC have made a conditional commitment of AHSC Program funds to assist the Watsonville Metro project (the "Project"), and such commitment was made to awardees pursuant to that certain conditional award letter, dated December 10, 2025 (the "Award Letter") in the following amount(s):

AHSC Program Award Component	Amount Awarded
AHSC Program Loan Award	\$26,168,604
AHSC Program Grant Award	\$12,839,520
Total:	\$39,008,124

WHEREAS, the AHSC Program Loan Award and AHSC Program Grant Award expressly identified above will hereinafter jointly be referred to as the “AHSC Program Award.”

NOW, THEREFORE, BE IT RESOLVED, that:

Section 1. METRO is hereby authorized and directed to act in connection with the Program Award.

Section 2. METRO is hereby authorized and directed to accept and incur an obligation for the Program Award. That in connection with the AHSC Program Award, the METRO is authorized and directed to enter into, execute, and deliver one or more STD 213, Standard Agreements for a sum not to exceed the full amount of the AHSC Program Award, and any and all other documents required or deemed necessary or appropriate to secure the AHSC Program Award from the Department and to participate in the AHSC Program, and all amendments thereto (collectively, the “Program Award Documents”).

Section 3. METRO acknowledges and agrees that it shall be subject to the terms and conditions specified in the STD 213, Standard Agreements, and that the Affordable Housing Sustainable Communities Program of 2024 NOFA and the Application will be incorporated by reference therein and made a part thereof. METRO also acknowledges and agrees that any and all activities, expenditures, information, and timelines represented and described in the Application are enforceable through the relevant STD 213, Standard Agreement(s). METRO also acknowledges and agrees that Program Award funds are to be expended only on the eligible uses and activities identified in the relevant STD 213, Standard Agreement(s).

Section 4. That Corey Aldridge, CEO/General Manager of METRO, or his designee, is hereby authorized to execute the Program Award Documents and all amendments on behalf of the METRO.

Section 5. This resolution shall take effect immediately upon its passage, and that any actions taken thus far in furtherance of the activities authorized by this resolution are hereby ratified.

PASSED AND ADOPTED this 23rd Day of January 2026 by the following vote:

AYES: Directors -

NOES: Directors -

ABSTAIN: Directors -

ABSENT: Directors -

Approved:

Rebecca Downing, Board Chair

Attest:

Corey Aldridge, CEO/General Manager _____

Approved as to form:

Julie A. Sherman, General Counsel _____

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DATE: January 23, 2026
TO: Board of Directors
FROM: Derek Toups, Planning and Innovation Deputy Director
SUBJECT: RESCISSION OF CONTRACT AWARD TO CAPUZZI CONSULTING GROUP, INC. FOR RAPID CORRIDORS PROJECT DESIGN AND ENGINEERING SERVICES IN AN AMOUNT NOT TO EXCEED \$2,601,000

I. RECOMMENDED ACTION

That the Board of Directors consider rescinding prior award of a contract to Capuzzi Consulting Group, Inc. for the Rapid Corridors Project Design and Engineering Services to ensure compliance with grant funding requirements; and direct staff to return the contract to the Board for consideration once all grant funding requirements are met.

II. SUMMARY

- At its meeting on December 19, 2025, the Board of Directors (Board) awarded a contract to Capuzzi Consulting Group, Inc. (Capuzzi) for professional design and engineering services to support the preparation of plans, specifications and cost estimates for the Rapid Corridors Project (Project).
- Following the December 19 Board action, the California Transportation Commission (CTC) advised that Board approval of a contract award prior to formal allocation of grant funds by the CTC board is inconsistent with grant requirements.
- To preserve eligibility for the awarded State funds, the CTC has advised Santa Cruz Metropolitan Transit District (METRO) to rescind the prior Board action. The contract to Capuzzi has not been finalized or executed and no work has commenced. The item will return to the Board for approval after the CTC formally allocates funding.

III. DISCUSSION/BACKGROUND

METRO received CTC grant funding to develop and implement capital improvements along a roughly 25-mile corridor that hosts METRO's bus Routes 1 and 2, which connect the cities of Watsonville and Santa Cruz through the City of Capitola and unincorporated sections of Santa Cruz County.

Although the contract to Capuzzi has not been executed, the CTC clarified that approving a contract award to Capuzzi, prior to the CTC board's formal allocation of funds, is treated as a commitment equivalent to executing a contract. Accordingly, CTC staff have advised that METRO rescind the contract award to Capuzzi and reconsider the item once all grant funding requirements are met.

Rescission of the prior Board approval to award this contract to Capuzzi is intended to cure this issue and maintain compliance with the CTC's funding requirements. Following the CTC's meeting on March 19-20, 2026, at which funding is expected to be formally allocated to METRO, staff will return to the Board to seek approval to award the design engineering services contract with Capuzzi.

IV. STRATEGIC PLAN PRIORITIES ALIGNMENT

This action will support the following Strategic Plan Priorities:

1. Financial Stability, Stewardship & Accountability

V. FINANCIAL CONSIDERATIONS/IMPACT

There is no fiscal impact associated with this action.

VI. CHANGES FROM COMMITTEE

N/A

VII. ALTERNATIVES CONSIDERED

None.

VIII. ATTACHMENTS

None.

Prepared by: Derek Toups, Planning and Innovation Deputy Director

Board of Directors
January 23, 2026
Page 3 of 3

IX. APPROVALS

Approved as to fiscal impact:
Chuck Farmer, Chief Financial Officer

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Chuck Farmer
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Corey Aldridge, CEO/General Manager

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Corey Aldridge
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THE BOARD OF DIRECTORS PROUDLY PRESENTS THIS

CERTIFICATE OF APPRECIATION

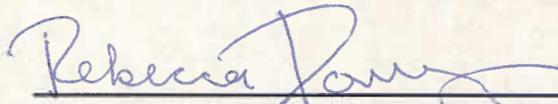
To

CATHY DOWNES

SENIOR FINANCIAL ANALYST

**FOR THE COMPLETION OF 5 YEARS OF SERVICE
BETWEEN 2021 AND 2026**

GIVEN THIS 23RD DAY OF JANUARY 2026



BOARD CHAIR



CEO/GENERAL MANAGER



THE BOARD OF DIRECTORS PROUDLY PRESENTS THIS

CERTIFICATE OF APPRECIATION

To

PETER RASMUSSEN

TRANSPORTATION PLANNER II

**FOR THE COMPLETION OF 10 YEARS OF SERVICE
BETWEEN 2016 AND 2026**

GIVEN THIS 23RD DAY OF JANUARY 2026



BOARD CHAIR



CEO/GENERAL MANAGER



BEFORE THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

Resolution No.
On the Motion of Director:
Duly Seconded by Director:
The Following Resolution is Adopted:

RESOLUTION OF APPRECIATION FOR THE SERVICES OF JAVIER FAVELA AS LEAD VEHICLE SERVICE WORKER FOR THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

WHEREAS, the Santa Cruz Metropolitan Transit District (METRO) was formed to provide public transportation to all of the residents of Santa Cruz County, and

WHEREAS, the provision of public transportation service requires a competent, dedicated workforce, and

WHEREAS, METRO, requiring an employee with expertise and dedication, appointed Javier Favela to serve in the position of Lead Vehicle Service Worker, and

WHEREAS, Javier Favela served as a member of the Maintenance Department of METRO for the time period of March 4, 2013 to January 4, 2026, and

WHEREAS, Javier Favela provided METRO with dedicated service and commitment during the time of his employment, and

WHEREAS, Javier Favela served METRO with distinction, and

WHEREAS, the service provided to the residents of Santa Cruz County by Javier Favela resulted in reliable, quality public transportation being available in the most difficult of times, and

WHEREAS, during the time of Mr. Favela's service, METRO improved existing and built new operating facilities, converted the fleet to a CNG propulsion system, developed accessible bus stops, improved ridership, responded to adverse economic conditions, assumed direct operational responsibility for the Highway 17 Express service and the Amtrak Connector service, and assumed direct operational responsibility for the ParaCruz service, and

WHEREAS, the quality of life in Santa Cruz County was improved dramatically as a result of the exemplary service provided by Javier Favela.

NOW, THEREFORE, BE IT RESOLVED, that upon his retirement as Lead Vehicle Service Worker, the Board of Directors of METRO does hereby commend his efforts in advancing public transit service in Santa Cruz County and expresses sincere appreciation on behalf of itself, the METRO staff and all residents of Santa Cruz County.

BE IT FURTHER RESOLVED, that a copy of this resolution be entered into the official records of the Santa Cruz Metropolitan Transit District.

PASSED AND ADOPTED this 23rd Day of January 2026 by the following vote:

AYES: Directors -

NOES: Directors -

ABSTAIN: Directors -

ABSENT: Directors -

Approved:

Rebecca Downing
Board Chair

Attest:

Corey Aldridge
CEO/General Manager

Approved as to form:

Julie Sherman, General Counsel

PLACEHOLDER

MOBILE HYDROGEN FUELING STATION

Corey Aldridge

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DATE: January 23, 2026
TO: Board of Directors
FROM: Julie Sherman and Shayna van Hoften, Legal Counsel
SUBJECT: CONSIDER ANALYSIS OF POTENTIAL REVENUE ENHANCEMENTS AND COMPONENTS OF POTENTIAL SALES TAX BALLOT MEASURE

I. RECOMMENDED ACTION

Evaluate and discuss potential revenue enhancement options, including components of a potential sales tax ballot measure.

II. SUMMARY

- At the direction of the Board of Directors (Board), Santa Cruz Metropolitan Transit District (Metro) staff has been assessing options to address an anticipated fiscal cliff.
- In particular, staff have evaluated the potential for a half-cent sales tax measure, which is Metro's best option for addressing its long-term financial needs.
- At the end of 2025, voter surveys indicated that a half-cent sales tax likely would not achieve the required two-thirds voter approval at this time. Accordingly, staff does not recommend that the Board proceed with consideration of a sales tax measure at this time. Absent another party stepping in to address Metro's needs, staff instead recommends continued public discussion related to the agency's needs and what it could accomplish with additional revenues.

III. DISCUSSION/BACKGROUND

Increased revenue is critical to ensuring the stability of Metro's service and will only become more important in the coming years as expenses continue to increase at a substantially higher rate than revenues. Metro has been actively engaged in developing solutions to address its anticipated fiscal cliff and prevent severe reductions in service.

As demonstrated by the revenue options guide, included as Attachment A, a sales tax measure is the most viable option for generating the level of revenue needed to meet Metro's operating and capital expense needs in the coming years. Alternatives either require a significant and substantive change to Metro's enabling legislation – which may not be feasible – or would be insufficient to address the magnitude of the structural deficit, even when combined.

As previously discussed and addressed in the first attachment to this report, Metro is authorized by its enabling legislation to implement a half-cent sales tax measure upon adoption by the Board and approval by two-thirds of Santa Cruz County voters. At the direction of the Board, Metro has conducted multiple public outreach surveys over several years to monitor the feasibility of a successful ballot measure for implementation of a sales tax. The most recent survey indicates that voter support for a half-cent sales tax is just under 60%. Voter support does not increase by framing a potential measure differently or by providing additional information (including positive messaging) about the measure. As a result, staff is not recommending that the Board consider calling for an election on a sales tax measure at this time. However, the poll results do allow Metro to further refine its plans for what a successful measure might look like in the future, or if pursued by other parties, such as via a citizen's petition, which would be subject to a lower (50%+1 simple majority) voter threshold.

Attachment B, Potential Sales Tax Ballot Measure Components, identifies the key elements staff, Metro's survey consultants, Metro's political consultants and legal counsel have compiled for what a sales tax measure might include, with input from Board Chair Downing, Vice Chair Koenig and a third member (Director Kalantari-Johnson). The components include a proposed ballot question based on voter surveys and input from Metro leadership and the Board ad hoc committee; an explanation of the purpose of a sales tax with related funding objectives and uses, and a mechanism for independent taxpayer oversight. These components can be used as the basis of continued polling and for continued agency and regional planning for a potential future ballot measure.

IV. FINANCIAL CONSIDERATIONS/IMPACT

There is no Board action recommended and therefore no related financial impact. Revenue generation options may be presented for further Board consideration in the future, along with related financial considerations and impacts.

V. ALTERNATIVES CONSIDERED

There are no alternatives to be considered at this time.

VI. ATTACHMENTS

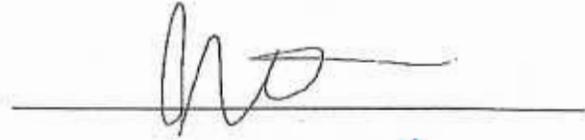
Attachment A: Revenue Options Guide

Attachment B: Potential Sales Tax Ballot Measure Components

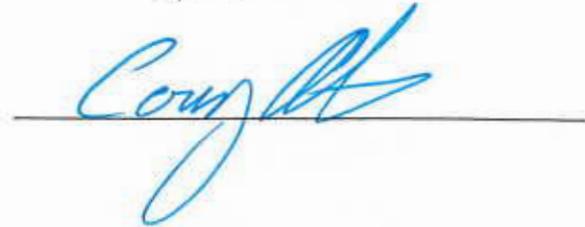
Prepared by: Julie A. Sherman, General Counsel

VII. APPROVALS

Julie A. Sherman, General Counsel



Corey Aldridge, CEO/General Manager



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Memorandum

TO: Santa Cruz Metropolitan Transit District Board of Directors

FROM: Julie Sherman and Shayna van Hoften, Legal Counsel

DATE: January 23, 2026

RE: Revenue Options Guide

This guide serves as a tool to assist the Santa Cruz Metropolitan Transit District (Metro) Board of Directors (Board) in ascertaining which of the revenue generation vehicles below (A) may be implemented without going to the voters (**green**); (B) could be implemented, but requires (1) going to the voters and/or (2) entering into a (likely long-term) agreement with one or more local agencies (**yellow**); or (C) may not be implemented without State legislation or further action by other agencies (**red**).

Revenue Generation Option	Description	Implementation Evaluation	Additional Considerations
Borrowing Money to Defray Expenses	Metro may borrow money for the purpose of defraying expenses lawfully incurred after the commencement of the fiscal year, but prior to the time moneys from the tax levy for the fiscal year are received by Metro. (Cal. Pub. Util. Code § 98260.) Indebtedness cannot exceed Metro's estimated tax revenues for the fiscal year. (<i>Id.</i>)	Board must adopt a resolution of necessity by 4/5 vote. (Cal. Gov. Code §§ 53824, 53825.) Certain advertising requirements must be met and sale must be made to the bidder offering the lowest interest rate or whose bid represents the lowest net cost to Metro. (<i>Id.</i> at §§ 53826, 53827.)	Temporary, gap-filling option. Not a long term revenue generating solution.
Revenue Contracts	Metro may enter into contracts with third-party vendors to raise revenues, such as through bus and/or bus stop advertisements, ground leases, naming rights, concessionaire services, etc.	Procurement of services would be subject to Metro's standard procurement rules.	<ul style="list-style-type: none"> • Bus advertising contracts may conflict with Metro's "One Ride at a Time" campaign. • Metro has avoided advertising on bus stops. • Metro has no excess real property available for lease. • Metro may develop further opportunities, but they are unlikely to provide significant revenues and may only help to offset minimal associated maintenance costs (e.g. bus stop advertising could offset the cost of maintaining bus stops).

Memo to Santa Cruz METRO
 January 23, 2026
 Page 2

Revenue Generation Option	Description	Implementation Evaluation	Additional Considerations
Cell Tower Leases or Right-of-Way Contracts	Metro may enter into contracts or leases with third-party vendors to locate cell towers on available Metro property and/or allow vendors to lay fiber optic cables on available Metro-owned right-of-way.	Metro may consider competition in entering into such contracts/leases.	Metro may have sufficient existing property to enter into one or more cell site leases. Cell site leases can generate between \$3,000 and \$10,000 in revenue per month. Metro does not have sufficient right-of-way available for laying of fiber optic cables.
Retail Transaction and Use Tax (Sales Tax)	Metro's Board may adopt a retail transactions and use tax ordinance, provided that two-thirds of the electors voting on the measure vote to authorize its enactment at a special election called for that purpose by the Board. (Cal. Pub. Util. Code § 98290.)	Local sales taxes generally are limited to 2% in each city such that no new sales taxes can be implemented by the city, the county where the city is located, or special district providing services in the city without a legislative exception. Metro has received a legislative exception that allows it to impose sales taxes that exceed the above limit if (1) the Board adopts the ordinance before January 1, 2035, and (2) the total tax rate is set at no more than 0.5%. (Cal. Pub. Util. Code § 98290(c).)	Voter-initiated sales tax measures have a lower (50%+1) voter-approval threshold. We are providing separate, substantive guidance on these options.
Bonded Indebtedness	Metro may incur bonded indebtedness to pay the cost of acquiring, constructing or completing the whole or any portion of any transit facilities, or for acquiring any works, lands, structures, rights, equipment, or other property necessary or convenient to carry out the objects, purposes, or powers of Metro. (Cal. Pub. Util. Code § 98310.)	This indebtedness cannot exceed 1% of the assessed value of all the taxable property of Metro. (Cal. Pub. Util. Code § 98310.) The Board must first pass a resolution by two-thirds vote that determines the necessity to incur bonded indebtedness. (<i>Id.</i> at § 98311.) Then, the Board may submit an ordinance proposing the sale of bonds for approval of to the voters at a special election. (<i>Id.</i>) Bonds can be issued with approval of 2/3 of all votes cast. (<i>Id.</i> at § 98317.)	Metro is authorized to issue bonds, but should consider how this would affect its existing debt service. Capital project bond revenue cannot be used to support operations or services. Metro also could seek legislative changes to alter the requisite approval process and potential use of bond proceeds.

Memo to Santa Cruz METRO
January 23, 2026
Page 3

Revenue Generation Option	Description	Implementation Evaluation	Additional Considerations
Federal, State, and Local Aid (Intergovernmental Agreements)	Metro may accept grants or loans from the U.S., State of California, or any agency thereof to finance acquisition, construction, maintenance, and operation of transit facilities. (Cal. Pub. Util. Code §§ 98241, 98263.)	With an intergovernmental agreement, Metro is not in the position of imposing a tax or fee, though its contracting partner may do so.	<ul style="list-style-type: none"> • Metro currently receives state and federal grants and may continue to apply for them when opportunities arise. • Metro could explore options for partnering with other agencies to obtain shares of revenues of their revenues to fulfill shared goals.
Non-Profit Public Benefit Corporation	A non-profit public benefit corporation may be formed for any public or charitable purpose, such as supporting public transportation services. (Cal. Corp. Code § 5111). "Charitable purposes include . . . governmental or municipal purposes." (<i>Lynch v. Spilman</i> , 67 Cal. 2d 251, 261 (1967).) Nonprofit public benefit corporations are specifically authorized to make donations for the public welfare or for civic or similar purposes. (Cal. Corp. Code § 5140(h).)	Metro, as a government agency, likely meets the definition of a "person" under the Corporations Code and may create a new nonprofit corporation. The process to form a nonprofit corporation is relatively simple, but requires time for obtaining tax exempt status, etc. Also, it takes time for a non-profit to build up its fundraising apparatus.	<p>A nonprofit corporation could fundraise for Metro, whether or not the nonprofit is formed by Metro.</p> <p>Nonprofits created by or with involvement of public agencies can be subject to government ethics and transparency laws.</p>
Mello-Roos Community Facilities Act	Metro could form or join a community facilities district (CFD) to enact a tax to finance maintenance and lighting of parkways, streets, roads, and open space. (Cal. Gov. Code § 53312.7, 53313). The tax could fund operating and/or capital costs. Any tax approved may only finance services to the extent they are additional to those provided before the establishment of the CFD. The CFD could finance planning, design, purchase, construction, expansion, improvement, or rehabilitation of any real or other tangible property with an estimated useful life of 5+ years. (<i>Id.</i> at § 53313.5). CFDs can apply to existing and/or new development.	Establishing a CFD requires a petition by members of the legislative body, voters or landowners of the proposed district. The legislative body must adopt a resolution and receive approval of a tax by 2/3 of its voters. (See Cal. Gov. Code § 53318 <i>et seq.</i>) (In a CFD with fewer than 12 registered voters, the vote is of landowners rather than the general electorate (e.g., developers of a new neighborhood).) Metro also can be part of a joint CFD with other agencies by agreement.	It does not appear that transportation services fall within the services that may be financed by a CFD. Even if transportation services <i>did</i> fall within the statutorily specified services, any special tax may only finance new services provided in the district and not existing services. As a result, any revenue would need to finance a public facility. It is difficult to assess in the abstract whether a particular facility will meet the requirements of the law for the formation of a CFD.

Memo to Santa Cruz METRO
January 23, 2026
Page 4

Revenue Generation Option	Description	Implementation Evaluation	Additional Considerations
Motor Vehicle Fuel Tax	Metro, the County or Santa Cruz County RTC could impose a motor vehicle fuel tax of \$0.01 per gallon (or, in the case of compressed natural gas, per 100 cubic feet thereof as measured at standard pressure and temperature) if the County approves a proposition pursuant to § 4 of Article XIX of the California Constitution. (Cal. Pub. Util. Code § 99500.)	To impose the tax, Metro would need 2/3 voter approval at a special election. (Cal. Pub. Util. Code § 99502.) This option would require further coordination with the County and Santa Cruz County RTC as only one entity per county can impose a gas tax.	Total gas tax revenues at the federal and state level are falling due to increased vehicle efficiency and use of electric vehicles. Also, the path to enactment is even more complicated than for a broadly-applicable sales tax, and is subject to more limits and lower fund-generating potential.
Property Taxes and Tax to Supplement Operation Revenues	Metro's enabling statute provides that it may levy property taxes for any lawful purpose subject to a maximum limit of \$0.05 per \$100 of assessed value of all real estate and personal property within Metro. (Cal. Pub. Util. Code § 98280.)	This is no longer an option under the State Constitution and Metro's Measure G (1978) removed its then-existing ability to impose a parcel tax became inoperable.	Metro could consider seeking State legislation to authorize a tax not based on property tax values.
Benefit Assessment	Metro may seek legislative authority to impose a benefit assessment to finance the maintenance and operation costs of a transit project.	The amount of the assessment imposed must be related to the benefit to the parcel. Requires adoption ordinance or resolution after notice and public hearing.	Revenue could not be used to pay the cost Metro's transit <i>operations</i> , but could be used to operate and maintain a specific transit <i>project</i> (like a specific transit center).
Taxes/Fees that can Only be Imposed by Other Agencies Absent Legislative Changes	<ul style="list-style-type: none"> • Vehicle License Fee (VLF) • Transient Occupancy Tax (TOT) • Utility User Tax (UUT) • Documentary Transfer Tax/Property Transfer Tax (Transfer Tax) • Business License Tax • Admissions Tax <p>(continued below)</p>	<ul style="list-style-type: none"> • <u>VLF</u>: May be imposed by cities and counties. • <u>TOT</u>: May be imposed by cities and counties. • <u>UUT</u>: May be imposed by cities and counties on utilities like electricity and gas. • <u>Transfer Tax</u>: May be imposed by cities and counties. • <u>Business License Tax</u>: May be imposed by cities and counties. • <u>Admissions Tax</u>: May be imposed by cities for admission to golf courses, theme parks, etc. 	<p>Metro does not have the authority to impose these taxes and fees. However, it can enter into intergovernmental agreements with other public entities to impose certain taxes and fees to benefit Metro.</p> <p>This revenue generally would not be guaranteed to go to Metro unless Metro is named as a recipient in a special tax expenditure plan.</p>

Memo to Santa Cruz METRO
 January 23, 2026
 Page 5

Revenue Generation Option	Description	Implementation Evaluation	Additional Considerations
	<p><i>(continued)</i></p> <ul style="list-style-type: none"> • Payroll Tax • Impact Fees • Marijuana Taxes and Fees <p><i>Note: Special districts cannot enact general taxes (subject to 50%+1 voter approval), whereas cities and counties can. Metro cannot pursue any of these taxes directly unless a new State law authorizes it.</i></p>	<ul style="list-style-type: none"> • <u>Payroll Tax</u>: May be imposed by local agencies authorized by law to tax earnings; very little use state-wide (e.g., San Francisco). • <u>Impact Fees</u>: Fees for large commercial developments may only be imposed by cities or counties with land use authority. • <u>Marijuana Taxes and Fees</u>: May be imposed by cities and counties. 	

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**Santa Cruz Metropolitan Transit District:
Potential Sales Tax Ballot Measure Components**

1. Ballot Question (based on District polling results and input from staff leadership and Board ad hoc committee):

To protect clean, safe, affordable, and reliable public transit in Santa Cruz County for everyone, including seniors, people with disabilities, students, youth, and working families; keep fares affordable; protect local air quality by replacing aging buses; and reduce traffic; shall Santa Cruz Metropolitan Transit District adopt an ordinance levying a ½ cent sales tax, raising \$27,000,000 annually [for X years or until ended by voters], with locally controlled funds that cannot be taken by federal or state governments, public spending disclosure, and independent taxpayer oversight?

2. Purpose: Enact a ½ cent tax to fund public transit

Subject to the limits imposed by this Ordinance, including Section 98290 of the Public Utilities Code of the California Public Utilities Code, which took effect January 1, 2024, the District hereby imposes, in the incorporated and unincorporated territory of Santa Cruz County, an additional retail transactions and use tax at the rate of one-half of one percent (0.5%), such tax (i) to be imposed beginning on the first day of the first calendar quarter commencing not less than 180 days after the approval of the retail transactions and use tax by the electors voting on the ballot measure set forth in Section [X] hereof, (ii) to remain in effect [for X years or until ended by the voters], and (iii) to be applied to fund public transit in Santa Cruz County.

More specifically, this Ordinance, if adopted, should be interpreted so as to:

- impose a new one-half of one percent (0.5%) retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and consistent with Article XIII C of the California Constitution;
- provide for the retail transactions and use tax to be imposed pursuant to the authority granted by Section 98290 of the Public Utilities Code;
- incorporate provisions identical to those of the Sales and Use Tax Law insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code;
- establish that the retail transactions and use tax be administered and collected by the Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the Department of Tax and Fee Administration in administering and collecting state transactions and use taxes as such terms are defined in the Sales and Use Tax Law;
- authorize the administration of the retail transactions and use tax in a manner that will, to the degree possible, be consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the retail transactions and use taxes and at the same time minimize the burden of record keeping upon persons subject to taxation under the provisions of this Ordinance;

- require that proceeds of the tax imposed by this Ordinance be used in accordance with applicable law and solely for the purposes set forth herein, including for the improvement, construction, maintenance, and operation of certain public transit projects, services and facilities;
- establish an independent taxpayers' oversight committee to review the utilization of tax revenues to ensure compliance with this Ordinance and its stated purposes; and
- authorize the issuance, from time to time, of limited tax bonds to finance transportation improvements consistent with this Ordinance, the Transit District Act and other applicable law.

3. Independent Taxpayers' Oversight Committee

Administration of the Sales Tax will be subject to annual review by a seven-member independent taxpayers' oversight committee to ensure Tax Proceeds are utilized in a way that is consistent with the stated purposes of this Ordinance. Members of the independent taxpayers' oversight committee will be appointed by the Board to represent groups such as:

- Seniors and people with disabilities,
- Youth transit riders and transit riders at local community colleges,
- Transit riders at the University of California – Santa Cruz,
- Environmental or sustainability-related organizations,
- Bike riders,
- Organized labor, and
- Private-sector employers.

4. Funding Objectives

Tax Proceeds must be used to support operating and capital needs of the County's primary public transit services, generally comprised of the METRO bus and ParaCruz paratransit services. When making funding decisions, the District shall prioritize the following funding objectives (which are not listed in order of priority or importance, and which may be expanded over time):

- Maintain and improve bus, paratransit, and other mobility services to better serve seniors, students/youth, disabled, low-income, and transit-dependent populations throughout the County
- Protect and expand the frequency of service on METRO's core bus routes
- Increase ridership, improve efficiency, and reduce traffic within the County by maintaining expanded service to incentivize more riders to choose public transit over driving
- Continue and expand free and reduced fare programs (like Youth Cruz Free) that make public transit more accessible for youth, senior, disabled, and low-income populations, and for commuters
- Maintain clean, safe, and accessible bus stops, transit centers, and passenger facilities, including investments in lighting, security, sanitation, and amenities that enhance rider and bus driver comfort and safety

- Facilitate technology-based solutions that improve METRO's efficiency, convenience and overall rider experience and access to transit information
- Implement services, programs and policies that better connect neighborhoods and communities with popular destinations to make transit the travel option of choice for more County residents and visitors
- Improve transit connections both within the County and between the County and the broader region
- Support fiscally responsible operations by maintaining balanced budgets, ensuring long-term financial sustainability, and prioritizing cost-effective service delivery

5. Uses of Funds

The District may use revenues generated by the Sales Tax to fund projects including, but not limited to, the following:

- Continue/expand free and reduced fare programs for youth/students, seniors and disabled riders
- Improve METRO bus service routes, frequency and hours, and continue implementation of the Reimagine METRO Plan
- Improve ParaCruz hours to serve seniors and disabled riders
- Offer new on-demand, point-to-point ParaCruz service options
- Launch shared ride and technology-enabled models to enhance service to all riders
- Launch tap-to-pay fare collection technology, connecting with systems in Monterey, Santa Clara and San Benito Counties
- Develop METRO's express bus network
- Utilize bus-only lanes on Hwy 1 for North-South cross-county express service between Watsonville and Santa Cruz
- Improve safety, accessibility, cleanliness and real-time bus arrival information at upgraded bus stops and transit stations
- Reduce air pollution by converting the METRO fleet to zero emission buses
- Improve safety and reliability of METRO's facilities and equipment
- Implement the Rapid Corridors Plan for faster bus service on high-traffic roads
- Improve service over Highway 17 to connect commuters and other riders to Diridon Station and San Jose
- Expanding real-time info for bus arrivals/service alerts
- Support emergency responders and protect the community during evacuations due to fire, extreme weather and other disasters

6. Amendability

The Board may amend the Ordinance in furtherance of its stated Purpose, including to maximize the District's access to additional federal, state, and regional revenues or to take into consideration unforeseen circumstances. The Board may only amend the Ordinance, if required, after (1) Adopting findings of necessity at a public meeting of the Board; (2) Publishing notice of a hearing to consider the amendments; (3) Holding a hearing and considering public input. Amendments shall require a two-thirds (2/3) vote of the Board.

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Santa Cruz METRO Board of Directors

January 23, 2026

Political Activities “Do’s and Don’ts”



Shayna M. van Hoften

(415) 995-5880 | SvanHoften@hansonbridgett.com





General Rule

Campaign and Political Activities

- **Can't** use agency resources to advocate or campaign for local ballot measure
- **Can** use agency resources to provide informational/educational materials that are neutral and balanced in timing, tenor and tone

Public officials and staff can campaign only on their own time and own dime!





When is the restriction triggered?

- Agency-proposed measure: When legislative body **votes** to place measure on the ballot
- Voter initiative: When petition measure proponents file **Notice of Intent** to begin circulating petition



Prohibited METRO Activities

- **No** using public funds/resources for campaigning, including to gather signatures for placing a measure on the ballot
 - “Resources” include time, means of communication (e.g., Santa Cruz METRO/other agency phone, phone number, email, website)
 - No traditional campaign expenditures like lawn signs, bumper stickers, billboards
- **No** using public funds/resources encouraging signing a petition, voting for or otherwise supporting a ballot measure
- **No** solicitation of officers or employees for political contributions or actions
- **Risks:** FPPC investigations and fines, lawsuits, bad press
- **Penalties:** Civil, criminal



What *can* METRO do?

Without expressing or urging support for or opposition to a ballot measure...

- Conduct public outreach, discuss, and adopt a plan for potential uses of funds generated by a ballot measure
- Use informational/educational language to communicate or gather input on potential impacts
- Inform/Educate, answer questions about:
 - An adopted plan for use of funds
 - Expected impacts of a successful or unsuccessful measure
- Use forms of communication that are typical for METRO (e.g., press releases, social media, newsletter)



What *can* METRO do?

Without expressing or urging support for or opposition to a ballot measure...

- Take a formal position on a ballot measure (which is *not* a license to advocate)
 - Present proposed position in open, public meeting
 - with all sides able to present input
 - using simple, measured, informative language
 - representing METRO's own position, and
 - not directing anyone on how to act in response to a petition or vote
- Then inform/educate about formal position taken by METRO



What can *you* do, personally?

- On your own time (nights/weekends/PTO): Campaign or advocate for or against a ballot measure or petition (only using non-governmental resources)
- When campaigning/advocating on your own time (and when using non-governmental resources like your own phone/Facebook page): It's OK to identify yourself as a METRO Director/staff member *if* you make clear you aren't speaking on behalf of METRO
- At your own home (not your office) / on your own car (not a METRO vehicle): put out lawn signs, use bumper stickers



Questions?

Shayna M. van Hoften

(415) 995-5880 | SvanHoften@hansonbridgett.com

Julie A. Sherman

(415) 995-5185 | JSherman@hansonbridgett.com



POLITICAL ACTIVITIES GUIDELINES

Please contact Santa Cruz METRO's General Counsel Julie Sherman at JSherman@hansonbridgett.com or (415) 995-5185 for help or if you have questions.

PURPOSE OF THESE GUIDELINES: This document provides guidance to Santa Cruz METRO directors and employees regarding how they can, and cannot, spend public resources and communicate about ballot measures. The guidance applies once either (1) there is a vote by a legislative body to place a measure on the ballot, or (2) a group of private stakeholders files a Notice of Intent to begin circulating a petition, which begins a process to gather signatures to put a measure on the ballot.

GENERAL RULE: Public resources (including, but not limited to, funds, staff time, offices, office supplies, phones, computers, phone lines, email addresses, websites, social media accounts, vehicles and uniforms) **may not** be used to advocate or campaign for or against an initiative or other ballot measure. Public resources **may** be used to develop, research, and/or plan for the effects of a ballot measure on Santa Cruz METRO, and to share the results of that work in an informational and educational way.

I. PERMITTED ACTIVITIES ON AGENCY TIME / WITH PUBLIC RESOURCES

- Directors and staff may participate in the development of a ballot measure, but should not use public resources to support or campaign to gather signatures for placement of a measure on the ballot.
- Directors and staff may research, conduct public outreach, discuss, and adopt a plan for potential uses of funds generated by a ballot measure in Santa Cruz METRO's geographic area. Such plans may be referenced in future Santa Cruz METRO communications regarding a ballot measure. Allowable related outreach includes purchasing ads and engaging in other activities to solicit public input regarding priorities for potential uses of funds. An example of a permissible social media ad might say: "How would you fix transportation in Santa Cruz County? Click here to share your input."
- The Board may adopt a resolution to support/endorse or oppose a ballot measure. The Board must allow public comment before taking action. As a precaution, it is advisable for any resolution to state that no public funds or resources will be used to support or oppose the ballot measure.
- Directors and staff may prepare and distribute informational/educational materials about a ballot measure that are objective, impartial, and factual. For example, a balanced and fact-based analysis of the effect of a ballot measure on Santa Cruz METRO and its customers is permissible.

- Directors and staff may respond to inquiries, participate in interviews and discussions, and make presentations about a ballot measure in an objective, impartial, and factual manner. If the Board adopts a resolution supporting or opposing a ballot measure, Directors and staff may state the position of the Board, refer to the resolution, and relay what it says.

II. PROHIBITED ACTIVITIES

- Directors and staff may not promote or oppose a ballot measure while “on the clock.” “On the clock” means during work hours, or when the Directors or staff are supposed to be available for and/or working on Santa Cruz METRO business.
- Directors and staff may not use public resources to advocate or campaign for or against a ballot measure. “Public resources” include, but are not limited to, funds, staff time, offices, office supplies, phones, computers, phone lines, email addresses, websites, social media accounts, vehicles and uniforms.
- Staff may not use public funds to purchase typical campaign materials like bumper stickers, t-shirts, advertising floats, or television or radio spots to promote or oppose a ballot measure.
- Directors and staff may not solicit contributions *specifically* from Santa Cruz METRO employees to support campaigns for or against a ballot measure.
- Directors and staff may not participate in any advocacy or campaign activities for or against a ballot measure while wearing a Santa Cruz METRO uniform or any other clothing or accessories with the Santa Cruz METRO name or logo, *even when acting on their own time*.
- Santa Cruz METRO may not place links to a ballot measure's advocacy or campaign website on Santa Cruz METRO's website or social media pages, in a Santa Cruz METRO email signature block, or in a Santa Cruz METRO newsletter/other publication. (Consult with the General Counsel there is if a desire to utilize links to campaigns both for *and* against the measure.)
- Directors and staff may not distribute advocacy or campaign materials through Santa Cruz METRO's internal communication system, send them using Santa Cruz METRO email or texting accounts, or post or distribute them at Santa Cruz METRO facilities or on Santa Cruz METRO vehicles.
- Directors and staff may not use their official positions or authority to attempt to influence others to support or oppose a ballot measure.

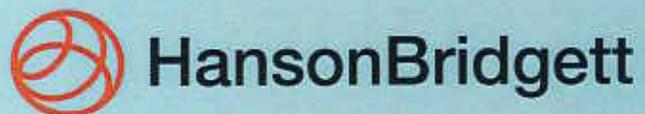
III. **PERMITTED ACTIVITIES “OFF THE AGENCY CLOCK” AND WITHOUT PUBLIC FUNDS OR RESOURCES**

Note: Employees who do not have set hours should talk with their managers and/or the General Counsel about what time counts as “on” or “off” the clock. Vacation, personal leave, and paid time off is always “off the agency clock.”

- Directors and staff may be official proponents of a citizens’ petition to place a measure on the ballot.
- Directors and staff may sign a petition to place a ballot measure on the ballot.
- Directors and staff may collect petition signatures “off the agency clock,” but may *not* use their official positions to influence other potential signatories, including other Santa Cruz METRO employees.
- Directors and staff may advocate for or against a ballot measure “off the agency clock” without using Santa Cruz METRO funds or resources, and without wearing a Santa Cruz METRO uniform or a t-shirt or accessory with the Santa Cruz METRO's name or insignia on it. Directors and staff should make clear that they are acting as individuals, not on behalf of Santa Cruz METRO, and not on Santa Cruz METRO time/during their work hours.
- Directors and staff may advocate “off the agency clock” by distributing campaign material through personal phones, email or texts, and on personal social media pages.
- Directors and staff may contribute their own money, resources and time to support or oppose a ballot measure. They also may put yard signs out at their homes, put bumper stickers on their own private vehicles, etc.
- Directors and staff may announce their own personal support or opposition to a ballot measure and try to convince others of the same position when “off the agency clock” and without using Santa Cruz METRO funds or other resources.
- Directors and staff may solicit campaign support from the public, or a group of the public not primarily consisting of Santa Cruz METRO employees, so long as the solicitation does not occur on Santa Cruz METRO time or use Santa Cruz METRO resources.

- IV. **RISKS/PENALTIES:** The Fair Political Practices Commission and/or District Attorney may investigate alleged use of Santa Cruz METRO resources for campaigning. Allegations often attract unflattering and ongoing media attention regarding individual people, agencies and campaigns. Investigations may result in criminal and civil fines and other penalties, and may require subjects to hire (and pay for) attorneys to represent them.

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HansonBridgett

SENATE BILL 707 BROWN ACT AMENDMENT

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT
JANUARY 23, 2026 BOARD OF DIRECTORS MEETING

AGENDA

- Traditional Teleconferencing Requirements
- Alternative Teleconferencing Requirements
- Eligible Subsidiary Bodies (Advisory Committee)
- Eligible Legislative Bodies
- Additional Brown Act Updates

Traditional Teleconferencing Rules (Pre-Covid Requirements) [Gov't Code § 54953(b)]

The traditional Brown Act teleconferencing requirements remain unchanged by SB 707. Under this approach:

- Each teleconference location must be identified on the notice and agenda for the meeting.
- The agenda must be posted at each teleconference location.
- Each teleconference location must be open and accessible to the public.
- Members of the public must be allowed to participate in the meeting from each noticed teleconference location.
- A quorum of the Board must participate in the meeting from locations within Metro's boundaries.
- All votes must be by roll call vote.

Alternative Teleconferencing Rules (former AB 2449 Requirements) **[Gov't Code §§ 54953.8–54953.8.7]**

SB 707 clarifies and expands the former AB 2449 requirements.

Allows Board members to participate remotely without opening their physical location to the public (do not have to put Board member location on the meeting agenda) or posting an agenda at the location, for either:

- (1) just cause basis; or
- (2) state or local emergency basis.

Alternative Teleconferencing Rules (former AB 2449 Requirements) **[Gov't Code §§ 54953.8–54953.8.7]**

For all meetings held under these rules, the following requirements apply:

- Public participation via:
 - Two-way audiovisual platform (video for public may be disabled), or
 - Two-way telephonic service + live webcast
- Agency must provide remote access details and allow real-time public comment
- No advance-only public comments; real-time participation required
- If remote access is disrupted, no action until restored; actions during disruption can be challenged
- Minutes must list remote members and statutory basis for remote participation
- Remote members must disclose if adults (18+) are present and their relationship with such adults

1. Just Cause [Gov't Code § 54953.8.3]

These additional procedural requirements for participating remotely for "just cause" remain the same (as under AB 2449):

- Board members are limited to participating remotely under the just cause basis two times per calendar year because the Board regularly meets once per month.
- Board members must notify Metro of the reason; the meeting minutes must note the reason, and two-way audio/video is required.
- The substantive reasons for just cause remote participation include:
 - Caregiving for family
 - Contagious illness or health needs
 - Official agency travel
 - Physical/family medical emergencies
 - **Protecting an immunocompromised close relative from exposure to illness (new)**
 - **Military service obligations (new)**

2. State or Local Emergency [Gov't Code § 54953.8.2]

The Board may hold Board meetings remotely under the state or local emergency basis:

- Allowed when a state or local emergency is officially proclaimed under California law
- No physical location required for public attendance; meetings can use two-way telephonic service without webcast
- Board must vote to reauthorize remote meetings every 45 days while the emergency remains active

Eligible Subsidiary Bodies **[Gov't Code § 54953.8.6]**

SB 707 provides an avenue for the Advisory Committee to meet fully remotely, if the following conditions are met:

- Board must make findings (initial + every 6 months) that:
 - Remote meetings enhance public access and improves attraction, retention, and diversity of committee members
- Advisory Committee votes to allow remote meetings
- A staffed in-jurisdiction physical location is open for public to access meeting from
- Members appear on camera
- Recommendations made remotely must be discussed at a regular Metro Board meeting before action; cannot be on consent calendar

Disability Accommodation Carve-Out [Gov't Code § 54953(c)]

SB 707 exempts Board members who participate remotely as a reasonable accommodation for a disability (as defined by the Americans with Disabilities Act, 42 U.S.C. § 12102) from the traditional and alternative teleconferencing requirements. Instead, the following requirements apply:

- Remote participation as a reasonable accommodation under the Americans with Disabilities Act is treated as in-person for quorum and location requirements.
- The Board member must participate through both audio and visual technology, except if their disability requires off-camera participation.
- The Board member must disclose if any other individuals aged 18 years or older are present in the room at the remote location and their relationship to the Board member.

Eligible Legislative Bodies (Effective July 1, 2026) **[Gov't Code § 54953.4]**

Beginning July 1, 2026, certain very large local agencies are designated as “eligible legislative bodies” and must follow enhanced teleconferencing and transparency requirements, such as translation of agendas, closed captioning for remote platforms, and outreach to certain groups.

Metro does not fall within the definition of eligible legislative body and therefore these new requirements do not apply to Metro.

QUESTIONS?

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DATE: January 23, 2026
TO: Board of Directors
FROM: Julie Sherman, General Counsel
SUBJECT: AUTHORIZING REMOTE MEETINGS FOR THE METRO ADVISORY COMMITTEE UNDER SENATE BILL 707

I. RECOMMENDED ACTION

That the Board of Directors:

A. Consider adopting a resolution authorizing the METRO Advisory Committee (MAC) to meet remotely under new procedures created by Senate Bill (SB) 707 for six months, with the understanding that similar resolutions would be required every six months hereafter to facilitate continuation of remote meetings.

II. SUMMARY

- SB 707 updates the Brown Act to allow certain advisory committees defined as "eligible subsidiary bodies" to meet fully remotely, and Legal Counsel has determined that the MAC qualifies as an eligible subsidiary body.
- To enable remote MAC meetings, the Board must adopt findings, through the attached resolution, confirming that public notice has been provided, the circumstances of the MAC have been considered, and remote participation will improve member recruitment, retention, and diversity.
- Adoption of the resolution would allow MAC members to participate remotely without posting their locations, while still ensuring a publicly accessible physical meeting site and compliance with technology requirements.

III. DISCUSSION/BACKGROUND

The Brown Act, codified at California Government Code section 54950 et seq., requires meetings of local legislative bodies to be open and accessible to the public. Rules cover everything from the contents, publication and posting of meeting notices and agendas; to the timing and structure of public comment; to the use of teleconferencing by local legislators.

The law has been modified via a string of executive orders and bills (including but not limited to Assembly Bill (AB) 361, AB 2449 and SB 707) over the past six years, initially to address pandemic-related needs for remote meetings.

On October 3, 2025, Governor Newsom signed SB 707 into law, which among other changes, amended the Brown Act to allow certain advisory committees defined as “eligible subsidiary bodies” to participate fully remotely.

Based on definitions set forth in SB 707, Legal Counsel advises that the MAC qualifies as an "eligible subsidiary body." As required by SB 707, before the MAC could begin meeting remotely, the Board would need to adopt a resolution making findings that (1) the Board has considered the circumstances of the MAC; (2) the public has been made aware of the type of remote participation being contemplated and has been provided with an opportunity to comment at this in-person meeting of the Board; and (3) fully remote, teleconference meetings of the MAC will improve the attraction, retention, and diversity of MAC members. The findings expressed in the attached resolution, which would need to be adopted again every six months, reflect that:

1. Staff has reviewed the operational needs of the MAC, which consist of volunteers who represent a broad geographic area. Requiring (a) in-person attendance, (b) limiting the frequency and reasons for remote participation, or (c) public disclosure of and access to private residences as required under the Brown Act’s traditional teleconference rules, are likely to (i) be a continuing barrier to service and (ii) hinder the MAC's ability to attract a quorum for every scheduled meeting.
2. Through the publication of this report and this public meeting, (a) the public has been notified that remote participation for this body will be provided through two-way audio-video Zoom teleconferencing, and (b) the public is being provided the opportunity to comment on the use of remote meeting technology.
3. Allowing remote participation will directly enhance METRO's ability to recruit and retain a diverse membership for the MAC. Use of remote meetings would remove barriers for individuals with disabilities, those with caregiving responsibilities, and those with jobs and other schedule limitations or lack of predictability.

If the Board adopts these findings, the MAC may then vote to authorize remote meetings. Thereafter, MAC members may participate from remote locations for any or no stated reason, and without posting their addresses or opening their locations to the public. They would, however, need to appear on camera during the entire open portion of each meeting and only shut off their cameras if they are having connectivity problems (or if needed as a reasonable accommodation for a disability). METRO still would be required to provide a staffed, publicly accessible physical location for each meeting.

IV. STRATEGIC PLAN PRIORITIES ALIGNMENT

This report aligns with METRO's Safety-First Culture and Strategic Alliances and Community Outreach.

V. FINANCIAL CONSIDERATIONS/IMPACT

None.

VI. CHANGES FROM COMMITTEE

N/A

VII. ALTERNATIVES CONSIDERED

None.

VIII. ATTACHMENTS

Attachment A: Authorizing Resolution Allowing the METRO Advisory Committee to Meet Remotely Pursuant to SB 707

Prepared by: Julie Sherman, General Counsel

Board of Directors
January 23, 2026
Page 4 of 4

IX. APPROVALS

Approved as to fiscal impact:
Chuck Farmer, Chief Financial Officer

DocuSigned by:
Chuck Farmer
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Corey Aldridge, CEO/General Manager

DocuSigned by:
Corey Aldridge
AEBCB86501A2443...

Attachment A



RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CRUZ METROPOLITAN TRANSIT DISTRICT APPROVING ALLOWING THE METRO ADVISORY COMMITTEE TO MEET REMOTELY PURSUANT TO SENATE BILL 707

Resolution No.
On the Motion of Director
Duly Seconded by Director
The following Resolution is adopted:

WHEREAS, on October 3, 2025, Governor Newsom signed Senate Bill 707 (SB 707), which amends the Ralph M. Brown Act (California Government Code 54950 et seq.); and

WHEREAS, effective January 1, 2026, SB 707 permits certain advisory committees, designated as “eligible subsidiary bodies,” to hold remote meetings once (1) a board of directors has considered the circumstances of the committee; (2) the board of directors finds that teleconference meetings of the eligible subsidiary body will improve the attraction, retention, and diversity of committee members; (3) the public has been made aware of the type of remote participation available and has been provided with an opportunity to comment at an in-person meeting of the board of directors concerning the transition to remote meetings; and (4) the eligible subsidiary body take subsequent action to approve their use of remote meetings; and

WHEREAS, “eligible subsidiary bodies” are defined as committees that serve exclusively in an advisory capacity and are not authorized to take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements, grants, or allocations of funds, nor have subject matter jurisdiction, as defined by charter, ordinance, resolution, or any formal action of the legislative body that created the subsidiary body, over elections, budgets, police oversight, privacy, removal or restriction of materials in public libraries, or taxes or related spending proposals; and

WHEREAS, the Santa Cruz Metropolitan Transit District (METRO) Board of Directors (Board) established the METRO Advisory Committee (MAC) to advise the Board on matters of policy and operations referred to MAC by the Board or the CEO/General Manager; and

WHEREAS, the MAC meets this definition of “eligible subsidiary bodies;” and

WHEREAS, the Board has considered the circumstances of the MAC and finds that allowing the MAC to hold remote meetings via Zoom teleconferencing under SB 707 would promote the attraction, retention, and diversity of MAC members; and

WHEREAS, the public has been made aware of the types of remote participation being contemplated and has been provided with an opportunity to comment at an in-person meeting of the Board regarding the use of remote meetings; and

WHEREAS, the Board desires to authorize the MAC to hold remote meetings, with the understanding that at least one staffed physical location will be made available to MAC members and the members of the public who wish to attend in person, though there will be no need for a quorum of the committees to attend in person, publish their respective remote locations, or open such locations to the public; and

WHEREAS, the Board further recognizes that any recommendations made by the MAC during a remote meeting must be presented to the Board through an oral report at one meeting before the Board may take action on such recommendations at a subsequent meeting; and

WHEREAS, the Board understands that SB 707 limits the authority granted hereunder to be in effect for up to six months.

NOW, THEREFORE, BE IT RESOLVED that the METRO Board of Directors (Board) hereby authorizes the METRO Advisory Committee to meet remotely as an eligible subsidiary body under Senate Bill 707; and

BE IT FURTHER RESOLVED, that this Resolution will be in effect for six months, and the Board directs staff to agendize reconsideration of the authority granted hereunder at the Board's June 2026 meeting.

PASSED AND ADOPTED this 23rd day of January 2026 by the following vote:

AYES: Directors -

NOES: Directors -

ABSTAIN: Directors -

ABSENT: Directors –

APPROVED:

REBECCA DOWNING, Board Chair

ATTEST:

COREY ALDRIDGE, CEO/General Manager

APPROVED AS TO FORM:

JULIE SHERMAN, District Counsel

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VERBAL PRESENTATION

CEO ORAL REPORT

Corey Aldridge

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