



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)  
BOARD OF DIRECTORS AGENDA  
REGULAR MEETING  
APRIL 24, 2026 – 9:00 AM  
HYBRID MEETING**

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

**Capitola City Council Chambers  
420 Capitola Avenue  
Capitola, CA**

**Zoom [Link](#)  
Dial In: 1-669-900-6833  
Meeting ID: 850 1627 1053**

The Board of Directors Meeting agenda packet can be found online at [www.scmetro.org](http://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@scmetro.org](mailto:boardinquiries@scmetro.org). 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
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
Director Larry Pageler	County of Santa Cruz
Ex-Officio Director Alma Márquez	Cabrillo College
Ex-Officio Director Edward Reiskin	UC Santa Cruz

\* 2120 4<sup>th</sup> Ave., Seattle, WA

\*\* 100 N. 1<sup>st</sup> Street, Phoenix, AZ

\*\*\*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 ROLL CALL**

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

**4 ANNOUNCEMENTS**

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

4.2 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.

**5 BOARD OF DIRECTORS COMMENTS**

**6 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.

6.1 Email from John Daugherty dated 4/1/26 with METRO Response

6.2 Email from Kevin Maguire dated 4/12/26

6.3 Email from Brian Peoples dated 4/19/26

**7 LABOR ORGANIZATION COMMUNICATIONS**

**8 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.

- 9.1 ACCEPT AND FILE: PRELIMINARY APPROVED CHECK AND ACH JOURNAL DETAIL FOR THE MONTH OF MARCH 2026**  
Chuck Farmer, Chief Financial Officer
- 9.2 ACCEPT AND FILE MINUTES OF:**  
**A. FEBRUARY 18, 2026 METRO ADVISORY COMMITTEE**  
**B. MARCH 27, 2026 BOARD OF DIRECTORS REGULAR MEETING**  
**C. APRIL 17, 2026 PLANNING & PROJECTS STANDING COMMITTEE**  
Corey Aldridge, CEO/General Manager
- 9.3 ACCEPT AND FILE: THE FINANCIAL UPDATE FEBRUARY 2026 RESULTS**  
Chuck Farmer, Chief Financial Officer
- 9.4 ACCEPT AND FILE: THE METRO SYSTEM RIDERSHIP REPORTS FOR THE FOURTH QUARTER OF FY25**  
John Urgo, Chief Planning and Innovation Officer
- 9.5 APPROVE: CONSIDER A RESOLUTION DESIGNATING THE CEO/GENERAL MANAGER AS THE AUTHORIZED AGENT TO SUBMIT A GRANT APPLICATION AND EXECUTE ACTIONS NECESSARY TO RECEIVE FORMULA FUNDS FROM THE FY26 LOW CARBON TRANSIT OPERATIONS PROGRAM**  
Derek Toups, Planning and Innovation Deputy Director
- 9.6 APPROVE: RECOMMENDED ACTION ON TORT CLAIMS**  
Gregory Strecker, Safety, Security and Risk Management Director
- 9.7 APPROVE: CONSIDERATION OF AWARD OF CONTRACT TO PALAMERICAN SECURITY, LLC FOR SECURITY GUARD SERVICES IN AN AMOUNT NOT TO EXCEED \$2,906,671**  
Gregory Strecker, Safety, Security and Risk Management Director
- 9.8 APPROVE: RESOLUTION AUTHORIZING THE EXECUTION OF AN OPTION AGREEMENT FOR THE DEVELOPMENT OF AN AFFORDABLE HOUSING DEVELOPMENT AT THE WATSONVILLE TRANSIT CENTER**  
John Urgo, Chief Planning & Innovation Officer & Julie Sherman, General Counsel

## **REGULAR AGENDA**

- 10 PRESENTATION OF EMPLOYEE LONGEVITY AWARDS FOR:**  
**(5 YEARS) JOHNNY RAMIREZ, BUS OPERATOR**  
**(5 YEARS) MANASI SABNIS, HR ANALYST II**  
**(30 YEARS) MICHELLE FITZPATRICK, BUS OPERATOR**  
Board Chair Koenig
- 11 PRELIMINARY BUDGET AND SERVICE REDUCTION SCENARIOS IF TIRCP REPLACEMENT FUNDING IS NOT SECURED**  
Chuck Farmer, Chief Financial Officer  
John Urgo, Chief Planning and Innovation Officer

**12 CEO ORAL REPORT**

Corey Aldridge, CEO/General Manager

**13 ANNOUNCEMENT OF NEXT MEETING: FRIDAY, MAY 15, 2026 AT 9:00 AM  
AT THE METRO ADMIN OFFICE, 110 VERNON STREET, SANTA CRUZ**

Board Chair Koenig

**14 ADJOURNMENT**

Board Chair Koenig

## **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](mailto: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@scmetro.org](mailto:boardinquiries@scmetro.org) 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](http://www.scmetro.org) subject to staff's ability to post the document before the meeting.

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# WRITTEN COMMUNICATIONS TO THE BOARD OF DIRECTORS

**From:** [Rina Solorio](#)  
**To:** [REDACTED]  
**Cc:** [Donna Bauer](#); [Rina Solorio](#)  
**Subject:** FW: Why METRO ParaCruz renewals so cruel?  
**Date:** Thursday, April 9, 2026 9:02:40 AM  
**Attachments:** [image001.png](#)

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John,

Thank you for taking the time to share your concerns and for giving me the opportunity to review your experience. Your feedback is important, and I am truly sorry for the confusion you encountered with the updated eligibility process.

To ensure I fully understood what occurred, I reached out directly to ADAride . It appears that some of the questions asked were ones that would normally be addressed by METRO ParaCruz rather than ADAride. This contributed to the confusion you experienced. I have shared this feedback with ADAride's owner so it can be addressed, and so that questions intended for ParaCruz are redirected appropriately. We expect a high level of professionalism and clarity from all our partners.

I understand you did not receive your renewal notice, and I am very sorry for the inconvenience that caused. While mail delivery is outside of our control once sent, I recognize that not receiving the letter added to the challenges you faced.

I also understand how seeing older procedures in the current Customer Guide may have contributed to your confusion. The updated guide is in its final stages and will be brought before the committees for review and input.

In accordance with ADA requirements, METRO ParaCruz has up to 21 days to process an eligibility application once both the Application and the Healthcare Verification Form have been received.

Thank you again for taking the time to share your experience and speaking with me over the phone regarding the specifics of your case. I appreciate the opportunity to address your concerns, and your feedback will help us improve how we support our riders moving forward.

Best,

**Rina Solorio**

**PARACRUZ** SANTA CRUZ METRO  
Assistant Operations Manager

[paracruz.com](http://paracruz.com) | [scmetro.org](http://scmetro.org) | [@santacruzmtd](https://twitter.com/santacruzmtd) | [facebook.com/santacruzmetro](https://facebook.com/santacruzmetro)



**PARACRUZ**

*Be a Part of METRO's Movement*

# WRITTEN COMMUNICATIONS TO THE BOARD OF DIRECTORS

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**From:** A JOHN DAUGHERTY JR [REDACTED]  
**Sent:** Wednesday, April 1, 2026 1:06 PM  
**To:** boardinquiries <[boardinquiries@scmetro.org](mailto:boardinquiries@scmetro.org)>  
**Subject:** Why METRO ParaCruz renewals so cruel?

**This Message Is From an Untrusted Sender**

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April 1, 2026

Good Afternoon Directors,

Why are eligible people needing METRO ParaCruz renewals treated so cruelly?

I served METRO for over 31 years, working in Customer Service and then providing more than 20 years one-to-one training, employee training and group outreach to understand the ADA and safely ride METRO as METRO Accessible Services Coordinator.

On Friday, March 13, I called to make a paratransit ride reservation. I was told, by the person who took my call, Veronica, that my eligibility had expired last month.

I had not received notice of this change. I asked her why. She explained that a notice had been sent out over a month ago. I had to contact the subcontractor, ADA Rides, and request a new application form.

She repeated the long distance phone number for me to call.

I called that number, and spoke to an ADA Rides representative. He said that eligibility forms would be mailed to me.

I then went to the temporary customer service office on Front Street. The representative explained to me that there was a one time eligibility extension for two weeks.

I was scared now: The ADA rides representative had stated that I would receive the eligibility forms in 7 to 10 business days.

Two weeks is 10 business days.

I received a one time two week extension because the pleasant and helpful Front Street representative, Aiya (sp?), sent a message.

I received a phone message on Saturday March 14 extending my eligibility for two

# WRITTEN COMMUNICATIONS TO THE BOARD OF DIRECTORS

weeks.

I was denied booking paratransit rides on Friday March 13, though.

The one time two week extension is not enough time to receive the mailed form, take it to the doctor, and then mail it to ADA Rides.

The ADA Rides representative could not tell me when a notice was mailed to me, or if it was returned for any reason.

Can someone from Metro tell me?

I , and thousands of eligible paratransit riders certified by METRO ParaCruz , had eligibility renewals mailed to us and then mailed back as a signed form confirming no change in our status .

Two weeks ago I went online (scmtd.com) and found the ADA Rides eligibility procedure. It is confusing.

I also found that the procedure I followed is still listed in the METRO ParaCruz Customer Guide, on Page 7 of 17.

Last week I received my application. I spoke with a METRO Manager who extended my eligibility one week and offered assistance with the application.

I phoned ADA Rides last Friday, March 27. The phone conversation did not go well.

I reviewed the application with the representative, asking how a doctor or other professional was supposed to answer questions about street crossing and other application questions.

The representative could not answer my questions.

At the 10 minute mark the representative hung up the phone.

This onerous process blocks my METRO ParaCruz renewal.

Thank you, John Daugherty

[REDACTED]  
Santa Cruz, CA. 95060  
[REDACTED]

Sent from my iPhone

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# WRITTEN COMMUNICATIONS TO THE BOARD OF DIRECTORS

**From:** [REDACTED]  
**To:** [Donna Bauer](#); [boardinquiries](#); [MAC](#)  
**Subject:** Rebecca Downings Nextdoor question: What would make it easier for you to ride the bus?  
**Date:** Sunday, April 12, 2026 10:27:17 AM

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To the SC Metro Board, Santa Cruz County Regional Transportation Commission and the Elderly and Disabled Transportation Advisory Committee,

Thank you for soliciting public input on unmet transit and paratransit needs. I am submitting comments from the perspective of a daily Highway 1 commuter, local transportation advocate, and founder of C.O.A.S.T. (Community Oversight for Accountable, Sustainable Transportation). My comments address both the practical barriers that prevent choice riders from using transit and the structural service gaps that affect transit-dependent residents. The data I reference below comes directly from Metro's own Q2 FY25 KPI Report presented to the Board of Directors on February 28, 2025.

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## WHY PEOPLE DON'T RIDE THE BUS: THE HONEST LIST

Public agencies rarely say this plainly, so I will. The following are the real, documented reasons choice riders — people who have access to a car — do not use Metro, and why fare prices and marketing campaigns have not changed that calculus:

**1. Total trip time is prohibitive.** I drive from Capitola to Watsonville in approximately 12 minutes. The equivalent bus trip — walk to stop, wait, ride, potentially transfer, walk to destination — takes 45 to 75 minutes or more. For anyone with children, a job, or time constraints, that gap is not bridgeable by goodwill toward transit. Headways of 20 to 30 minutes on core corridors mean a missed bus is a 20-to-30-minute penalty on top of an already long trip.

**2. First and last mile connectivity is unsolved.** Bus stops are frequently a quarter to a half mile or more from trip origins and destinations. For an able-bodied rider with nothing to carry in good weather, this is manageable. For an elderly rider, a disabled rider, someone with groceries, medical equipment, a child, work tools, or a bicycle that won't fit on a full rack — it is a dealbreaker.

**3. Reliability is insufficient for trip-chaining.** Most adults are not making single-purpose trips. They are going to work, then the pharmacy, then picking up a child, then the grocery store. A car handles trip-chaining seamlessly. A bus system with 20-to-30-minute headways and routes that don't connect those destinations in sequence does not.

**4. The passenger environment is a documented operational reality** — not a perception problem. Metro's own Q2 FY25 KPI Report records 52 passenger incidents in a single quarter — boarding, on-board, and alighting — putting the system on pace to significantly exceed the 134-incident annual average. More tellingly, Metro's pass-up data shows that 11.3% of all

# WRITTEN COMMUNICATIONS TO THE BOARD OF DIRECTORS

fixed-route pass-ups are categorized as Intoxicated/Belligerent/Biohazard, and Metro explicitly lists hygiene as a routine pass-up reason alongside smoking, vaping, and no shoes. A veteran Metro bus driver wrote publicly that "there are a lot of upset or agitated people who ride the bus on a regular basis" — her words, not mine, after 17 years behind the wheel. These are not anecdotal complaints from non-riders. They are Metro's own operational metrics, presented to its own board. Declining to acknowledge them in transit planning documents does not make them less real to the choice rider considering whether to leave their car at home.

**5. Cargo and carrying capacity.** You cannot bring a week of groceries, a surfboard, construction tools, a stroller, a wheelchair that doesn't fold, a pet, or most of the physical materials of daily life onto a bus. For residents who need to transport goods as part of their daily routine, the bus is simply not a functional option regardless of frequency or price.

**6. Free fares did not convert choice riders.** Metro eliminated fares and ridership among choice riders did not surge. This is important data. Price was not the primary barrier. Time, reliability, and experience are — and those require structural service changes, not just subsidies.

**7. The network serves UCSC commute patterns, not county resident patterns.** Metro's own KPI data confirms that UCSC routes account for 56.5% of all systemwide passenger pass-ups — 403 pass-ups on UCSC routes in Q2 FY25 alone, up 241.5% year over year, with 82.4% due to full bus capacity. The system is being overwhelmed by UCSC demand. Meanwhile, local routes — serving actual county residents traveling to healthcare, employment, and services — account for just 2.5% of pass-ups with 87.5% of those caused by behavioral issues rather than capacity. The route network reflects this imbalance: service is concentrated on corridors and schedules that serve campus commute times, leaving residents in Aptos, Live Oak, Scotts Valley, and South County poorly served for their actual travel needs.

**8. The ridership productivity data reveals who the system is actually built for.** Metro's Q2 FY25 KPI report shows combined UCSC passengers per service hour at **45.6** — more than double the systemwide average of 20.9, and more than four times the local route average of 9.7. In transit planning terms, UCSC routes are by far the most "productive" in the system. But productivity metrics measure utilization, not equity. A system optimized around a single institutional user that generates 45.6 passengers per hour on its routes — while contributing less than 8% of operating costs and nothing toward capital — is not a regional public transit system. **It is a university shuttle operation funded by county taxpayers. The RTC's 2050 Regional Transportation Plan should explicitly address this structural misalignment rather than planning around it as if it were a natural feature of the county's transit landscape**

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## SPECIFIC UNMET NEEDS

**1. Reliable, frequent service on the Highway 1 corridor between Watsonville and Santa Cruz.** The AM and PM congestion patterns on this corridor are well documented from firsthand daily observation. Northbound congestion begins at Freedom Boulevard between approximately 7:30 and 9:30 AM, backing up toward Mar Monte Avenue. Southbound

# WRITTEN COMMUNICATIONS TO THE BOARD OF DIRECTORS

congestion begins near Soquel Drive around 3:00 PM, clearing near Rio Del Mar by approximately 7:00 PM. Bus-on-shoulder is a step forward, but buses sharing the same congestion corridor do not offer a meaningful time advantage over driving during peak periods. Express service with limited stops and guaranteed travel time is the missing piece.

**2. Meaningful Scotts Valley and Summit corridor service.** Scotts Valley residents have essentially no viable transit option to Santa Cruz or employment centers. This is a significant equity and congestion gap.

**3. Late-night and early-morning service for healthcare and service workers.** Many of the county's most transit-dependent workers — healthcare aides, hospitality workers, agricultural workers — work shifts that begin before 6:00 AM or end after 10:00 PM. Current service hours do not accommodate them.

**4. Medical appointment connectivity for elderly and disabled residents.** Lift Line and ParaCruz serve a critical function but face documented capacity constraints. Metro's own KPI data shows ParaCruz cost per trip has risen to \$96 in Q2 FY25 — up \$21 over the prior year — driven in part by a 14.6% decline in trips due to the outsourced eligibility process producing fewer qualified applicants. A missed connection for a dialysis or cancer treatment patient is not a minor inconvenience. It is a health crisis. The eligibility barrier deserves immediate review.

**5. Trip-chaining routes.** Service connecting major residential areas to grocery stores, pharmacies, healthcare facilities, and employment centers in a single route or timed transfer — not just downtown Santa Cruz — would serve county residents far better than the current hub-and-spoke model.

**6. Capacity on UCSC routes** — or a fundamental restructuring of who pays for it. Metro's KPI data shows 403 UCSC pass-ups in Q2 FY25 alone, a 241.5% increase year over year. Buses are being passed full. Yet UCSC contributes less than 8% of Metro's operating costs and nothing toward capital, while UCSC routes represent 56.5% of all systemwide pass-ups. Adding service hours to accommodate UCSC demand without requiring the university to fund those hours is not a transit solution. It is a county subsidy to a billion-dollar institution.

The RTC should formally ask whether UCSC would consider operating dedicated shuttle service connecting campus to primary student neighborhoods — a model already in practice at Stanford, UC San Diego, and dozens of major research universities — as a condition of regional transportation planning support for the university's 2040 growth scenario.

**7. Load data transparency by trip, not just VMT.** Metro's KPI report tracks total ridership and ridership per hour but does not publish boarding and alighting data by individual trip departure. A route that runs full at 8:00 AM and empty at 10:00 AM tells a very different resource allocation story than aggregate boardings suggest. This granular data should inform frequency decisions and be made publicly available.

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## A STRUCTURAL OBSERVATION FOR THE RECORD

Metro's own Q2 FY25 data tells a story the agency rarely states plainly in public:

# WRITTEN COMMUNICATIONS TO THE BOARD OF DIRECTORS

**Traffic accidents are up 107.7% year-over-year**, with the YTD total of 109 already exceeding the full three-year annual average of 105 — with two quarters still remaining in the fiscal year. The COO flagged this trend as "concerning" at the February board meeting, attributing it to 100+ new operators. Passenger incidents are running at 92 YTD through Q2 — on pace to significantly exceed the 134-incident annual average. Pass-ups systemwide have reached 957 YTD, with UCSC routes accounting for 541 of them.

**These metrics describe a system under significant operational strain** — expanded rapidly through the Reimagine Metro program using one-time TIRCP grant funding that expires in 2027, with a structural deficit projected to reach \$18 million once those funds are gone.

**The unmet needs framework assumes the current service model is the correct foundation and asks what is missing at the margins.** I would encourage the RTC to also ask a more fundamental question: does Metro's current route structure, frequency distribution, and coverage actually match where Santa Cruz County residents — not UCSC students — live, work, and access services? And is the system being expanded at a pace and scale that its safety, reliability, and financial metrics can actually support?

**County residents who are transit-dependent** — elderly, disabled, low-income, those without vehicles — deserve a system optimized around their actual travel patterns, operated safely, and funded sustainably. The data suggests we are not there yet.

Thank you for including these comments in the public record.

Sincerely,

Kevin Maguire

Santa Cruz County Resident

Founder, C.O.A.S.T. (Community Oversight for Accountable, Sustainable Transportation)

# WRITTEN COMMUNICATIONS TO THE BOARD OF DIRECTORS



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## Delivering a Trail for Watsonville: Time for Equitable Investment

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**From** Brian Peoples [REDACTED]

**Date** Sun 4/19/2026 7:01 AM

**To** Felipe Hernandez <felipe.hernandez@santacruzcountyca.gov>

**Cc** skalantari-johnson@santacruzca.gov <skalantari-johnson@santacruzca.gov>; Justin Cummings <justin.cummings@santacruzcountyca.gov>; Felipe Hernandez <felipe.hernandez@santacruzcountyca.gov>; Kim De Serpa <kimberly.deserpa@santacruzcountyca.gov>; Manu Koenig <manu.koenig@santacruzcountyca.gov>; Fred Keeley <fkeeley@santacruzca.gov>; Andy Schiffrin <andy.schiffrin@santacruzcountyca.gov>; Matt Machado <matt.machado@santacruzcountyca.gov>; Corey Aldridge <caldridge@scmetro.org>; Steve Clark <sclark@scottsvally.gov>; Monica Martinez <monica.martinez@santacruzcountyca.gov>; Eduardo Montesino <eduardo.montesino@watsonville.gov>; Rebecca Downing <rebeccad@transparentseas.com>; Gerry Jensen <gjensen@ci.capitola.ca.us>; fabian@communitylifeservices.org <fabian@communitylifeservices.org>; leonorfabian72@gmail.com <leonorfabian72@gmail.com>; Sarah Christensen <schristensen@scrtc.org>; Regional Transportation Commission <info@scrtc.org>; boardinquiries <boardinquiries@scmtd.com>

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Supervisor Hernandez,

Watsonville and South County deserve transportation investments that deliver real results—and deliver them soon. As plans move forward, it's important to focus on solutions that are financially achievable and can actually be built in the near term. The current proposal for an "Ultimate Trail" from Aptos to Watsonville, with an estimated cost approaching \$1 billion, highlights the challenge: when projects become too expensive, they risk delaying or preventing any improvements from reaching the communities that need them most.

There is a clear and proven path forward. In Santa Cruz, the approach has been to remove the rails and ties and construct an interim trail that is affordable, environmentally responsible, and can be completed much sooner. Applying this same model from Watsonville to Aptos would allow construction to begin earlier, stretch limited funding further, and finally deliver a continuous trail connection for South County residents.

By prioritizing a practical, buildable trail now—rather than waiting on a higher-cost, long-term concept—we can ensure Watsonville receives the same level of investment and progress already moving forward in Santa Cruz.

Let's work together to support a solution that brings a safe, accessible, and equitable trail to Watsonville and South County—so this community can finally see real progress on the ground.

NOTE: Below is RTC's estimate for Ultimate Trail to Watsonville

Best regards,

# WRITTEN COMMUNICATIONS TO THE BOARD OF DIRECTORS

Brian Peoples

Trail Now

Segment	Grand Total (2026)	Grand Total YOE (2035)
Segment 13	\$ 59,900,000	\$ 85,300,000
Segment 14	\$ 83,100,000	\$ 118,300,000
Segment 15	\$ 74,400,000	\$ 105,900,000
Segment 16	\$ 144,500,000	\$ 205,700,000
Segment 17	\$ 71,500,000	\$ 101,800,000
Segment 18	\$ 36,000,000	\$ 51,300,000
Segment 18 Alt 1	\$ 83,100,000	\$ 118,200,000
Segment 19	\$ 3,800,000	\$ 5,400,000
Segment 20	\$ 26,400,000	\$ 37,600,000
<b>Grand Total</b>	<b>\$ 582,700,000</b>	<b>\$ 829,500,000</b>



**DATE:** April 24, 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 MARCH 2026**

**I. RECOMMENDED ACTION**

**That the Board of Directors accept and file the preliminary approved Check and ACH Journal Detail for the Month of March 2026**

**II. SUMMARY**

- This staff report provides the Board of Directors (Board) with a preliminary approved Check and ACH Journal Detail for the Month of March 2026.
- 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 March 2026 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 March 2026 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 March 2026

Prepared by: Holly Reeves, Accounting Specialist

**IX. APPROVALS**

Chuck Farmer, CFO



Corey Aldridge, CEO/General Manager



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# Attachment A

## MARCH 2026 CHECK PAYMENTS



Check Date	Check Number	Supplier	Memo	Payment Amount
3/2/2026	97589	ABC BUS INC	REVENUE VEHICLE PARTS	\$ 689.88
3/2/2026	97590	ACUITY SPECIALTY PRODUCTS INC	REVENUE VEHICLE PARTS	\$ 268.14
3/2/2026	97591	AMAZON CAPITAL SERVICES INC.	CREAMER / MMF	\$ 45.82
3/2/2026	97592	AT&T	S/P 01/10/26 - 02/09/26 / INTERNET FOR DISTRICT	\$ 2,597.30
3/2/2026	97593	B & H FOTO & ELECTRONICS CORP	ORG INV 241057533	\$ 470.52
3/2/2026	97594	BFS GROUP LLC	WO# 227195 / FIELD / SHOVEL GLOVES	\$ 108.61
3/2/2026	97595	BRASS KEY LOCKSMITH INC	WO# 227143 / OPS / RE-KEY OFFICE	\$ 355.00
3/2/2026	97596	CATTO'S GRAPHICS INC.	MUGS FOR STAFF ANNIVERSARY PROGRAM	\$ 721.05
3/2/2026	97597	CITY OF WATSONVILLE UTILITIES	ORGANICS CART/TRASH / WTC	\$ 2,206.96
3/2/2026	97598	CLEAN ENERGY	LNG 2.9.26	\$ 13,783.01
3/2/2026	97599	COAST PAPER & SUPPLY INC.	CLEANING SUPPLIES / MMF	\$ 654.66
3/2/2026	97600	COMMUNITY PRINTERS INC.	YOUTH CRUZ FREE FLYER ENGLISH/SPANISH	\$ 278.78
3/2/2026	97601	CTSJPA (CALTIP)	JAN 2026 CLAIMS	\$ 136,498.70
3/2/2026	97602	CUMMINSINC	REVENUE VEHICLE PARTS	\$ 6,207.69
3/2/2026	97603	EAST BAY TIRE CO.	TIRES AND TUBES REVENUE/ NON REVENUE VEHICLES	\$ 10,320.99
3/2/2026	97604	EMPLOYNET INC	MRK INTERNS WEEKENDDATE: 2/15/2026	\$ 2,987.69
3/2/2026	97605	FIRST ALARM SECURITY & PATROL	PATROL SERVICES FOR JANUARY 2026	\$ 3,000.00
3/2/2026	97606	GILLIG LLC	REVENUE VEHICLE PARTS	\$ 5,683.08
3/2/2026	97607	GOLDEN BAY FENCE PLUS IRON WORKS INC	JKS GATE HARDWARE / PROJECT ID 19-0013 / OPS	\$ 7,094.02
3/2/2026	97608	GRAINGER	REVENUE VEHICLE PARTS	\$ 326.91
3/2/2026	97609	HARTFORD LIFE AND ACCIDENT INS	FEBRUARY 2026 - LIFE & AD&D	\$ 20,322.36
3/2/2026	97610	HUNT & SONS INC.	FUELS AND LUBRICANTS REVENUE VEHICLES	\$ 2,616.17
3/2/2026	97611	JASE EQUIPMENT SERVICES INC	ONSITE ASSESMENT & TRAINING COMPLETED 1/13/26 / SBF	\$ 1,380.00
3/2/2026	97612	JASON HAMILTON	REVENUE VEHICLE PARTS 1721; 343273	\$ 485.00
3/2/2026	97613	KELLEY'S SERVICE INC.	REVENUE VEHICLE PARTS CREDIT FROM K-3272915 0401; 34	\$ 257.73
3/2/2026	97614	KIMBALL MIDWEST	PARTS & SUPPLIES NON INVENTORY	\$ 810.12
3/2/2026	97615	LAW OFFICES OF MARIE F. SANG	CL# 23004270	\$ 252.70
3/2/2026	97616	MARK THOMAS & COMPANY INC	SERVICES THRU 01/25/26 / 24-0009 / WTC LOT	\$ 14,352.61
3/2/2026	97617	MISSION UNIFORM	TOWELS MOPS MATS / MMF	\$ 698.86
3/2/2026	97618	MODEL 1 COMMERCIAL VEHICLES INC	REVENUE VEHICLE PARTS PC	\$ 193.60
3/2/2026	97619	MOHAWK MFG. & SUPPLY CO.	REVENUE VEHICLE PARTS	\$ 1,114.56
3/2/2026	97620	NORTH BAY FORD LINC-MERCURY	REVENUE VEHICLE PARTS PC	\$ 144.58
3/2/2026	97621	PACIFIC CREST ENGINEERING INC	SERVICES THRU 01/31/26 / 19-0013 / JKS GATES	\$ 1,697.50
3/2/2026	97622	PACIFIC GAS & ELECTRIC	S/P 01/23/26 - 02/23/26 / SBF ELECTRICAL	\$ 49,149.70
3/2/2026	97623	PIED PIPER EXTERMINATORS INC.	MONTHLY PEST CONTROL / CEC	\$ 237.00
3/2/2026	97624	POWER BUSINESS TECHNOLOGY LLC	CONTRACT USAGE CHARGE FOR THE 01/25/26 TO 02/24/26 I	\$ 1,247.96
3/2/2026	97625	VERIZON WIRELESS	S/P 1/23/25 - 2/22/26	\$ 1,515.24
3/6/2026	97626	ASHLEY DONDLINGER	PP5-2026	\$ 160.00
3/6/2026	97628	FRANCHISE TAX BOARD	PP5-2026	\$ 500.00
3/6/2026	97629	SANTA CRUZ COUNTY SHERIFF DEPARTMEN	PP5-2026	\$ 327.08
3/6/2026	97630	SEIU LOCAL 521	PP5-2026	\$ 4,341.80
3/6/2026	97631	SELF INSURED SERVICES COMPANY	PP5-2026	\$ 2,509.93
3/6/2026	97632	SMART-TRANSPORTATION DIVISION	PP5-2026	\$ 17,039.76
3/6/2026	97633	AAA BUSINESS SUPPLIES DBA: AAA WORKSF	OFFICE SUPPLIES	\$ 592.10
3/6/2026	97634	AMAZON CAPITAL SERVICES INC.	REVENUE VEHICLE PARTS	\$ 180.53
3/6/2026	97635	AT&T	S/P 01/19/26 - 02/18/26 / MAIN ACCT	\$ 9,331.39
3/6/2026	97636	BFS GROUP LLC	REVENUE VEHICLE PARTS 1612; 346914	\$ 56.84
3/6/2026	97637	CINTAS CORPORATION NO.2	FIRST AID KIT RESTOCK / CEC	\$ 649.71
3/6/2026	97638	CLEAN ENERGY	LNG 2.11.26	\$ 62,019.68
3/6/2026	97639	COAST PAPER & SUPPLY INC.	CLEANING SUPPLIES / MMF	\$ 142.15
3/6/2026	97640	COMCAST BUSINESS	S/P 03/06/26 - 04/05/26 / VER INTERNET	\$ 295.62
3/6/2026	97641	COMMUNITY TELEVISION OF	REGULAR BOARD MEETING COVERAGE ON JANUARY 23 2026	\$ 491.25
3/6/2026	97642	CRYSTAL SPRINGS WATER CO.	WATER DELIVERY / CEC	\$ 146.30
3/6/2026	97643	CUMMINSINC	REVENUE VEHICLE PARTS	\$ 1,419.27
3/6/2026	97644	D & G SANITATION	PORTA POTTY SERVICES / WTC LOT	\$ 2,214.58
3/6/2026	97645	DYNAMIC SECURITY TECHNOLOGIES INC	TOOL CAGE DOOR LOCK PROGRAMINIG / MMF	\$ 751.64

# Attachment A

3/6/2026	97646	EAST BAY TIRE CO.	TIRES AND TUBES REVENUE/ NON REVENUE VEHICLES	\$	3,677.14
3/6/2026	97647	EMPLOYNET INC	W/E 02/15/2026 24.0HRS ACCOUNTING CLERK	\$	806.40
3/6/2026	97648	ENAMEL PINS INC DBA: GS-JJ	PRINTING	\$	1,844.90
3/6/2026	97649	FIRST ALARM SECURITY & PATROL	SECURITY SERVICES AT ALL LOCATIONS FOR JANUARY 2026	\$	89,206.58
3/6/2026	97650	FLYERS ENERGY LLC	FUEL AND LUBRICANTS NON REVENUE VEHICLES 2.15.26-2.:	\$	13,704.56
3/6/2026	97651	GILLIG LLC	REVENUE VEHICLE PARTS	\$	1,098.86
3/6/2026	97652	GRAINGER	PADLOCKS FIBER DISC GRAFFITI REMOVER / PARTS INV	\$	769.38
3/6/2026	97653	KELLEY'S SERVICE INC.	REVENUE VEHICLE PARTS	\$	2,157.08
3/6/2026	97654	KIMBALL MIDWEST	PARTS & SUPPLIES NON INVENTORY	\$	879.82
3/6/2026	97655	KJRB INC.	OUTSIDE REPAIR REVENUE VEHICLES 2224; 346900	\$	1,598.00
3/6/2026	97656	MIP V WASTE (ECI) LP DBA: GREENWASTE RI	S/P 02/01/26 - 02/28/26 / PRC	\$	1,278.67
3/6/2026	97657	MISSION UNIFORM	TOWELS MATS MOPS / MMF	\$	640.70
3/6/2026	97658	PACIFIC GAS & ELECTRIC	S/P 01/28/26 - 02/27/26 / OPS	\$	7,251.51
3/6/2026	97659	PIED PIPER EXTERMINATORS INC.	MONTHLY PEST CONTROL / MMF	\$	835.50
3/6/2026	97660	PLUG POWER HYDROGEN HOLDINGS INC DB	01/2026 HYDROGEN FUEL	\$	55,988.39
3/6/2026	97661	SANTA CRUZ METRO TRANSIT W/C	02/26 W/C REPLENISH	\$	63,890.69
3/6/2026	97662	SCARBOROUGH LBR & BLDG SUPPLY	WO# 227159 / SVT / POLE COMPASS	\$	28.57
3/6/2026	97664	SMARTSHEET INC.	SUBSCRIPTION RENEWAL	\$	4,866.60
3/6/2026	97665	SNAP-ON INDUSTRIAL A DIVISION	EMPLOYEE TOOL REPLACEMENT	\$	1,600.24
3/6/2026	97666	THE HOSE SHOP INC	WO# 227149 / SBF / HOSE	\$	19.81
3/6/2026	97667	UPS STORE #1128	STORE #1426- 4/25/25 - 9/15/25 LIVE SCANS - PRE EMP	\$	360.00
3/6/2026	97668	USSC ACQUISITION CORP DBA: FOGMAKER I	REVENUE VEHICLE PARTS PC4123; 343214	\$	67.62
3/6/2026	97669	VERIZON WIRELESS	02/02-03/01/2026 SAFETY SECURITY & RISK MANAGEMENT A	\$	50.04
3/9/2026	97670	ARASELI CAMPOS (1061)	TRAINING REIMBURSEMENT	\$	1,496.25
3/9/2026	97671	COREY ALDRIDGE (1607)	TRAVEL REIMBURSEMENT	\$	942.57
3/9/2026	97672	DANIEL ZARAGOZA (764)	MEETING REIMBURSEMENT	\$	55.22
3/9/2026	97673	HOLLY REEVES (956)	TUITION REIMBURSEMENT	\$	1,090.80
3/9/2026	97674	JOSHUA CHELISE (1106)	TRAVEL REIMBURSEMENT	\$	106.58
3/9/2026	97675	MARGARITA BARRANCO	CUSTOMER REFUND - MARGARITA BARRANCO #29695	\$	76.00
3/9/2026	97676	MICHAEL BOIS (1299)	TRAVEL REIMBURSEMENT	\$	2,087.72
3/9/2026	97677	MICHELLE FITZPATRICK (478)	EXAM REIMBURSEMENT	\$	150.00
3/9/2026	97678	PEDRO GUTIERREZ (819)	EXAM REIMBURSEMENT	\$	150.00
3/9/2026	97679	ROBERT BROWN (1354)	EXAM REIMBURSEMENT	\$	150.00
3/9/2026	97680	CLEAN ENERGY	LNG 2.17.26	\$	5,924.60
3/9/2026	97681	LANGUAGE LINE SERVICES INC	OVER-THE-PHONE & ON-SITE INTERPRETATION	\$	547.50
3/9/2026	97682	LUTRON SERVICE INC	ANNUAL SERVICE INSPECTION & SUB FOR OPS LIGHTING	\$	5,265.00
3/9/2026	97683	MID VALLEY SUPPLY INC.	WO# 227165 / SVT / FEMALE NAPKIN DISPENSER	\$	497.99
3/9/2026	97684	MODEL 1 COMMERCIAL VEHICLES INC	REVENUE VEHICLE PARTS PC	\$	829.90
3/9/2026	97685	NORTH BAY FORD LINC-MERCURY	REVENUE VEHICLE PARTS	\$	185.13
3/9/2026	97686	NVB EQUIPMENT INC.	OUTSIDE REPAIR REVENUE VEHICLES 5535; 342185	\$	1,533.06
3/9/2026	97687	OVERHEAD DOOR CO. OF SALINAS	WO# 227118 / SBF / ROLLE UP DOOR REPAIR	\$	1,327.00
3/9/2026	97688	POWER BUSINESS TECHNOLOGY LLC	CYAN & YELLOW TONERS EQUIPMENT # PB13800 CONTRACT	\$	31.90
3/9/2026	97689	QUEST DIAGNOSTIC INC.	02/26/26 PRE EMP & PROF & TECH QUEST INVOICES FOR CLI	\$	460.00
3/9/2026	97690	SAFETY-KLEEN SYSTEMS INC	WO# 227250 / PARTS WASHER HAZARDOUS WASTE DISPOSA	\$	5,486.90
3/9/2026	97691	SANTA CRUZ AUTO PARTS INC.	REVENUE VEHICLE PARTS	\$	3,079.16
3/9/2026	97692	SPX TECHNOLOGIESINC.	PARTS & SUPPLIES NON INVENTORY	\$	1,087.11
3/9/2026	97693	THE AFTERMARKET PARTS CO LLC	REVENUE VEHICLE PARTS	\$	37,748.26
3/9/2026	97694	THERMO KING OF SALINAS INC	REVENUE VEHICLE PARTS PC1704; 346045	\$	52.36
3/9/2026	97695	TOM LOPES DISTRIBUTING INC	FUELS AND LUBRICANTS REVENUE VEHICLES	\$	4,701.79
3/9/2026	97696	VEHICLE MAINTENANCE PROG INC	REVENUE VEHICLE PARTS	\$	6,486.40
3/9/2026	97697	VISION COMMUNICATIONS	OUTSIDE REPAIR OTHER VEHICLES NR7325; 346400	\$	4,130.82
3/9/2026	97698	ZORO TOOLS INC.	WO# 227214 / OPS - EV CHARGING CORD REPLACEMENT	\$	275.58
3/13/2026	97699	ACCO-WILSON INC	WO# 227188 / SBF / REPAIR HEATER	\$	1,389.38
3/13/2026	97700	ACTION TOWING & ROAD SVC CORP	OUTSIDE REPAIR REVENUE VEHICLES 1003; 347320	\$	1,020.25
3/13/2026	97701	ADARIDE.COM LLC	02/2026 ELIGIBILITY SERVICES	\$	8,740.00
3/13/2026	97702	AMAZON CAPITAL SERVICES INC.	OFFICE SUPPLIES	\$	838.29
3/13/2026	97703	B & H FOTO & ELECTRONICS CORP	COMPUTER SUPPLIES	\$	4,587.22
3/13/2026	97704	BFS GROUP LLC	WO# 227110 / OPS / RED GLOSS	\$	289.81
3/13/2026	97705	BRASS KEY LOCKSMITH INC	WO# 227224 / VER / BLANK KEYS	\$	26.30
3/13/2026	97706	CASEY PRINTING INC	HEADWAYS SPRING 2026	\$	11,613.75
3/13/2026	97707	CATTO'S GRAPHICS INC.	HATS FOR FAC & FLEET	\$	1,611.68
3/13/2026	97708	CFM STRATEGIC COMMUNICATIONS INC	FEDERAL LEGISLATIVE SERVICES FOR FEBRUARY 2026	\$	6,643.00
3/13/2026	97709	CINTAS CORPORATION NO.2	FIRST AID KIT RESTOCK / WTC	\$	316.51

# Attachment A

3/13/2026	97710	CLEAN ENERGY	S/C 01/02/26 TO REPLACE NOZZLE / SBF	\$	20,710.80
3/13/2026	97711	COAST PAPER & SUPPLY INC.	CLEANING SUPPLIES / MMF	\$	40.61
3/13/2026	97712	EAST BAY TIRE CO.	TIRES AND TUBES REVENUE/ NON REVENUE VEHICLES	\$	5,348.03
3/13/2026	97713	EMPLOYNET INC	W/E 02/22/2026 17.0HRS FINANCE	\$	2,466.00
3/13/2026	97714	GARDA CL WEST INC.	03/2026 SERVICES ACCT#189686	\$	13,116.93
3/13/2026	97715	GRAINGER	PAINT ROLLERS COVERS & FRAMES / PARTS INV	\$	437.50
3/13/2026	97716	KELLEY'S SERVICE INC.	REVENUE VEHICLE PARTS	\$	151.18
3/13/2026	97717	KIMBALL MIDWEST	REVENUE VEHICLE PARTS 346400	\$	361.78
3/13/2026	97718	KJRB INC.	OUTSIDE REPAIR OTHER VEHICLES NR7022; 347250	\$	426.00
3/13/2026	97719	LOOKOUT LOCAL INC	TRANSIT EMPLOYEE APPRECIATION DAY ADS	\$	1,880.00
3/13/2026	97720	LUMINATOR TECH GROUP GLOBAL	REVENUE VEHICLE PARTS	\$	658.50
3/13/2026	97721	MANSFIELD OIL CO OF GAINSVILLE	FUEL AND LUBRICANTS REVENUE VEHICLES 02/23/2026	\$	21,779.78
3/13/2026	97722	MISSION UNIFORM	TOWELS MATS MOPS / MMF	\$	679.59
3/13/2026	97723	NINJAONE LLC	REMOTE SOFTWARE RENEWAL	\$	5,905.80
3/13/2026	97724	PACIFIC GAS & ELECTRIC	S/P 02/03/26 - 03/05/26 / SVT. WTC PNR	\$	3,701.33
3/17/2026	97725	BOBI WOOD (1767)	MILEAGE REIMBURSEMENT	\$	102.51
3/17/2026	97726	COREY ALDRIDGE (1607)	REIMBURSEMENT	\$	77.67
3/17/2026	97727	DAWN CRUMMIE (1150)	HR EVENT REIMBURSEMENT	\$	126.78
3/17/2026	97728	DUSTIN BIRT (1390)	BOOT REIMBURSEMENT	\$	250.00
3/17/2026	97729	EDDIE TORRES MORENO (1044)	EXAM REIMBURSEMENT	\$	150.00
3/17/2026	97730	GREGORY NOLEN (927)	BOOT REIMBURSEMENT	\$	193.00
3/17/2026	97731	JEREMY DAVINER	CUSTOMER REFUND - VERONICA MASON#10131	\$	14.00
3/17/2026	97732	PATRICK FORTHUN (872)	EXAM REIMBURSEMENT	\$	150.00
3/17/2026	97733	SUZIE MISTRY (1400)	TRANSIT APPRECIATION REIMBURSEMENT	\$	1,800.00
3/18/2026	97734	ANDREW J. O'KEEFE II	MEDIA SERVICES SUBSCRIPTION MARCH	\$	4,000.00
3/18/2026	97735	AVAAP USA LLC	ERP IMPLEMENTATION	\$	7,215.00
3/18/2026	97736	B & H FOTO & ELECTRONICS CORP	LAPTOPS FOR MARCH NEW HIRES	\$	4,816.51
3/18/2026	97737	CATTO'S GRAPHICS INC.	UNIFORMS AND LAUNDRY; SHIPPING AND HANDLING	\$	2,785.27
3/18/2026	97738	CELTIS VENTURES INC.	MISC CAMPAIGNS 1/1/26 - 1/31/26	\$	15,098.13
3/18/2026	97739	CITY OF SANTA CRUZ-FINANCE DEP	APRIL 26 RENT	\$	2,085.21
3/18/2026	97740	CUMMINSINC	REVENUE VEHICLE PARTS	\$	473.67
3/18/2026	97741	DOCTORS ON DUTY MEDICAL	01/2026 EXAMS - PARACRUZ	\$	4,151.00
3/18/2026	97742	FEDEX OFFICE	MRKTG POSTERS FOR TRANSIT APPRECIATION DAY	\$	864.22
3/18/2026	97743	GIRO INC.	ORG INV 12-31-2025	\$	104,532.00
3/18/2026	97744	MGP XI REITLLC	APRIL 26 RENT	\$	2,646.00
3/18/2026	97745	MILLER MAXFIELD INC	HEADWAYS SPRING	\$	18,390.63
3/18/2026	97746	MISSION UNIFORM	TOWELS MATS PARACRUZ ACCT#290374	\$	2,166.00
3/18/2026	97747	OPENPATH SECURITY INC	5 CLOUD SUBSCRIPTIONS FOR GATE	\$	720.00
3/18/2026	97748	OPPENHEIMER INVESTIGATIONS GROUP LLP	LEGAL SERVICES RENDERED 02/01/2026-02/05/2026	\$	6,986.00
3/18/2026	97749	PIED PIPER EXTERMINATORS INC.	MONTHLY PEST CONTROL / SVT	\$	67.00
3/18/2026	97750	PORTOLA SYSTEMS INC.	ORG INV 12/01/2025	\$	538.00
3/18/2026	97751	QOVO SOLUTIONS INC.	MOBILE SURVEILLANCE BEACH ST	\$	1,800.00
3/18/2026	97752	RICOH USA INC CA	OPS COPIER 03/01/2026 TO 03/31/2026	\$	163.76
3/18/2026	97753	SANTA CRUZ MUNICIPAL UTILITIES	S/P 02/01/26 - 02/28/26 / SBF IRRIGATION	\$	88.76
3/18/2026	97754	SANTA CRUZ VIBES MEDIA LLC	ADVERTISING	\$	4,645.00
3/18/2026	97755	SHAW YODER ANTWIH	LEGISLATIVE REPRESENTATION FOR MARCH 2026	\$	5,700.00
3/18/2026	97756	SNAP-ON INDUSTRIAL A DIVISION	TOOLS UNDER \$10000 DC9123; 314855	\$	472.79
3/18/2026	97757	SOQUEL III ASSOCIATES	APRIL 26 RENT	\$	19,335.72
3/18/2026	97758	STAPLES INC	OFFICE SUPPLIES	\$	1,478.66
3/18/2026	97759	TEXTMARKS INC.	CAD/AVL SUBSCRIPTION 12 MONTHS	\$	15,588.00
3/18/2026	97760	THE AFTERMARKET PARTS CO LLC	REVENUE VEHICLE PARTS	\$	2,109.99
3/18/2026	97761	THE HOSE SHOP INC	WO# 227245 / MMF / COUPLER & TAPE	\$	13.47
3/18/2026	97762	THERMO KING OF SALINAS INC	REVENUE VEHICLE PARTS 11018; 346997	\$	2,061.17
3/18/2026	97763	TURBO IMAGES CORP DBA: TURBO IMAGES	OUTSIDE REPAIR REVENUE VEHICLES 11022 WO#345949; 11	\$	2,018.77
3/18/2026	97764	US BANK NATIONAL ASSOCIATION	02/25-03/25/2026 EQUIPMENT LEASE CONTRACT#500-0723:	\$	1,712.94
3/18/2026	97765	VERIZON WIRELESS	S/P 02/02/26 - 03/01/26 / FLEET TABLET & ON CALL PHONE	\$	206.54
3/18/2026	97766	VERIZON WIRELESS	S/P 02/02/26 - 03/01/26 / FACILITIES TABLETS	\$	300.30
3/18/2026	97767	VERIZON WIRELESS	X6086 1300/1325 TABLETS 2/2-3/1/26	\$	100.10
3/18/2026	97768	VERIZON WIRELESS	02-02-26 - 03-01-26 OPS TABLETS	\$	300.30
3/18/2026	97769	WORKFORCEQA LLC	PRE EMP & PROF TECH - WORKFORCE 02/2026- DOT/DRUG T	\$	68.00
3/20/2026	97770	ASHLEY DONDLINGER	PP6-2026	\$	160.00
3/20/2026	97771	FRANCHISE TAX BOARD	PP6-2026	\$	500.00
3/20/2026	97772	SANTA CRUZ COUNTY SHERIFF DEPARTMEN	PP6-2026	\$	327.08

# Attachment A

3/20/2026	97773	SEIU LOCAL 521	PP6-2026	\$	4,196.38
3/20/2026	97774	SELF INSURED SERVICES COMPANY	PP6-2026	\$	2,485.73
3/20/2026	97775	SMART-TRANSPORTATION DIVISION	PP6-2026	\$	17,611.65
3/23/2026	97776	SELF INSURED SERVICES COMPANY	03/2026 VISION	\$	10,102.50
3/23/2026	97777	SELF INSURED SERVICES COMPANY	03/2026 DENTAL	\$	41,476.50
3/23/2026	97778	9280-0366 QUEBEC INC DBA: TRANSIT	MONTHLY FEE MARCH	\$	6,162.50
3/23/2026	97779	ALLDATA LLC	DUES AND SUBSCRIPTIONS 4.4.26-4.4.27	\$	1,500.00
3/23/2026	97780	AMAZON CAPITAL SERVICES INC.	OFFICE SUPPLIES	\$	1,566.69
3/23/2026	97781	AT&T	S/P 02/10/26 - 03/09/26 / INTERNET FOR DISTRICT	\$	2,597.30
3/23/2026	97782	BFS GROUP LLC	WO# 227258 / FIELD / DRILL KNIFE WIPES	\$	245.46
3/23/2026	97783	CENTER FOR TRANSPORTATION AND	FEB 26 ZERO EMISSION VEH	\$	6,413.36
3/23/2026	97784	CLEAN ENERGY	LNG 2.25.26	\$	23,486.86
3/23/2026	97785	COMCAST BUSINESS	S/P 03/21/26 - 04/20/26 / CEC INTERNET	\$	249.82
3/23/2026	97786	CUMMINSINC	REVENUE VEHICLE PARTS	\$	2,862.32
3/23/2026	97787	DUNN-EDWARDS CORPORATION	WO# 227299 / VER / PAINT	\$	502.00
3/23/2026	97788	EAST BAY TIRE CO.	TIRES AND TUBES REVENUE/ NON REVENUE VEHICLES	\$	12,488.82
3/23/2026	97789	EMPLOYNET INC	MRK INTERNS WEEKENDDATE: 2/22/2026	\$	4,093.25
3/23/2026	97790	FASTENAL COMPANY INC	WO# 227286 / VER / HEX CAP SCREW	\$	347.69
3/23/2026	97791	FIRST ALARM	S/P 04/01/26 - 06/30/26 / OPS	\$	2,930.49
3/23/2026	97792	FIRST ALARM SECURITY & PATROL	PATROL SERVICES AT ALL LOCATIONS FOR FEBRUARY 2026	\$	79,045.46
3/23/2026	97793	FLEX TECHNOLOGY GROUP LLC DBA: FLEXTI	OFFICE SUPPLIES	\$	578.39
3/23/2026	97794	FRONTIER COMMUNICATIONS - 3025	S/P 03/16/26 - 04/15/26 / SKYLINE TO RIVER	\$	54.34
3/23/2026	97795	GILLIG LLC	REVENUE VEHICLE PARTS	\$	4,119.24
3/23/2026	97796	GRAINGER	FIBER DISC BATTERIES / PARTS INV	\$	644.85
3/23/2026	97797	HANSON BRIDGETT LLP	MATTER # 032117.001002	\$	63,396.10
3/23/2026	97798	HUNT & SONS INC.	FUEL AND LUBRICANTS REVENUE VEHICLES	\$	9,161.60
3/23/2026	97799	JOBBER'S EQUIPMENT WAREHOUSE	RUNAWAY VALVE / PARTS INV	\$	641.33
3/23/2026	97800	K&D LANDSCAPING INC	MONTHLY LANDSCAPING ALL LOCS	\$	3,333.00
3/23/2026	97801	KELLEY'S SERVICE INC.	PARTS & SUPPLIES NON INVENTORY	\$	747.95
3/23/2026	97802	KIMBALL MIDWEST	PARTS & SUPPLIES NON INVENTORY	\$	938.35
3/23/2026	97803	KJRB INC.	OUTSIDE REPAIR REVENUE VEHICLES 2805; 347430	\$	1,534.50
3/23/2026	97804	LAW OFFICES OF MARIE F. SANG	CL# 25021038	\$	740.05
3/23/2026	97805	LUMINATOR TECH GROUP GLOBAL	REVENUE VEHICLE PARTS	\$	1,317.00
3/23/2026	97806	MID VALLEY SUPPLY INC.	MISC CLEANING SUPPLIES / MMF	\$	1,909.00
3/23/2026	97807	MNG PARTNERSHIP HOLDINGS LLC DBA: CAL	MARCH 2026 NOTICE OF PUBLIC HEARING ON 03/27/2026 E	\$	238.40
3/23/2026	97808	MOHAWK MFG. & SUPPLY CO.	REVENUE VEHICLE PARTS	\$	1,074.47
3/23/2026	97809	MPRESS DIGITALINC	LARGE PRINT HEADWAYS	\$	2,493.79
3/23/2026	97810	NIDAL HALABI & NADA ALGHARIB	PRINTING	\$	70.24
3/23/2026	97811	NORTH BAY FORD LINC-MERCURY	REVENUE VEHICLE PARTS PC	\$	153.58
3/23/2026	97812	SANTA CRUZ MUNICIPAL UTILITIES	S/P 02/07/26 - 03/09/26 / MMF	\$	12,153.19
3/23/2026	97813	SCOTT'S VALLEY WATER DISTRICT	S/P 02/01/26 - 02/28/26 / SVT	\$	258.27
3/23/2026	97814	WATSNEWS LLC	MARCH2026 NOTICE OF PUBLIC HEARING ON 03/27/2026 E	\$	402.84
3/26/2026	97815	COREY ALDRIDGE (1607)	TRAVEL REIMBURSEMENT	\$	768.25
3/26/2026	97816	EDUARDO RAMIREZ GARCIA (1744)	EXAM REIMBURSEMENT	\$	125.00
3/26/2026	97817	JUAN SERRANO (1184)	EXAM REIMBURSEMENT	\$	150.00
3/26/2026	97818	MANUEL MADRIGAL (1134)	EXAM REIMBURSEMENT	\$	125.00
3/26/2026	97819	MICHAEL BOIS (1299)	TRANSIT APPRECIATION DAY REIMBURSEMENT	\$	97.45
3/26/2026	97820	RYAN MACDONELL (776)	TRANSIT APPRECIATION DAY REIMBURSEMENT	\$	176.14
3/26/2026	97821	SUZIE MISTRY (1400)	TRANSIT APPRECIATION DAY REIMBURSEMENT	\$	56.42
3/26/2026	97822	WESLEY GUILD (995)	TRAVEL REIMBURSEMENT	\$	81.83
3/26/2026	97823	WESLEY GUILD (995)	TRAVEL REIMBURSEMENT	\$	101.57
3/30/2026	97824	ADAMS ELLEN	RETIREE REIMBURSEMENT APR 26	\$	33.27
3/30/2026	97825	ANN DORICE	RETIREE REIMBURSEMENT APR 26	\$	28.58
3/30/2026	97826	ARCHIBEQUE ELEANOR	RETIREE REIMBURSEMENT APR 26	\$	21.32
3/30/2026	97827	BAN MARK	RETIREE REIMBURSEMENT APR 26	\$	57.17
3/30/2026	97828	BARRY BARTHOLOMEW	RETIREE REIMBURSEMENT APR 26	\$	24.06
3/30/2026	97829	BLAIR GARY	RETIREE REIMBURSEMENT APR 26	\$	24.06
3/30/2026	97830	BLIGHT KAREN	RETIREE REIMBURSEMENT APR 26	\$	33.27
3/30/2026	97831	BRONDSTATTER WALLACE	RETIREE REIMBURSEMENT APR 26	\$	66.55
3/30/2026	97832	BROWN ERNEST	RETIREE REIMBURSEMENT APR 26	\$	66.55
3/30/2026	97833	BYTHEWAY MARY	RETIREE REIMBURSEMENT APR 26	\$	24.06
3/30/2026	97834	CONTRERAS-NAVARRO FRANCISCO	RETIREE REIMBURSEMENT APR 26	\$	33.27
3/30/2026	97835	CUMMINS MAJOR	RETIREE REIMBURSEMENT APR 26	\$	66.55

# Attachment A

3/30/2026	97836	DANIEL REBECCA	RETIREE REIMBURSEMENT APR 26	\$	33.27
3/30/2026	97837	DEVIVO WILLIAM	RETIREE REIMBURSEMENT APR 26	\$	52.64
3/30/2026	97838	DOBBS LILLIAN	RETIREE REIMBURSEMENT APR 26	\$	24.06
3/30/2026	97839	DORFMAN IRIS	RETIREE REIMBURSEMENT APR 26	\$	33.27
3/30/2026	97840	DRAKE JUDITH	RETIREE REIMBURSEMENT APR 26	\$	24.06
3/30/2026	97841	ELIA LARRY	RETIREE REIMBURSEMENT APR 26	\$	24.06
3/30/2026	97842	ESCARCEGA MIGUEL	RETIREE REIMBURSEMENT APR 26	\$	66.55
3/30/2026	97843	FALLAU NICHOLAS	RETIREE REIMBURSEMENT APR 26	\$	17.84
3/30/2026	97844	FLAGG PAULA	RETIREE REIMBURSEMENT APR 26	\$	17.84
3/30/2026	97845	GALLOWAY SCOTT	RETIREE REIMBURSEMENT APR 26	\$	24.06
3/30/2026	97846	GARBEZ MANNY	RETIREE REIMBURSEMENT APR 26	\$	24.06
3/30/2026	97847	GRANADOS-BOYCE MARIA	RETIREE REIMBURSEMENT APR 26	\$	57.17
3/30/2026	97848	GROSJEAN DOUGLAS	RETIREE REIMBURSEMENT APR 26	\$	48.13
3/30/2026	97849	HANSEN MARK	RETIREE REIMBURSEMENT APR 26	\$	28.58
3/30/2026	97850	HERNANDEZ MARGARITO	RETIREE REIMBURSEMENT APR 26	\$	24.06
3/30/2026	97851	HOLCOMB MICHAEL	RETIREE REIMBURSEMENT APR 26	\$	66.55
3/30/2026	97852	HYMAN JOE	RETIREE REIMBURSEMENT APR 26	\$	66.55
3/30/2026	97853	JACINTO FRANK	RETIREE REIMBURSEMENT APR 26	\$	57.17
3/30/2026	97854	LEGORRETA PETE	RETIREE REIMBURSEMENT APR 26	\$	42.63
3/30/2026	97855	LOGIUDICE FRED	RETIREE REIMBURSEMENT APR 26	\$	33.27
3/30/2026	97856	LORENZANO JAMES	RETIREE REIMBURSEMENT APR 26	\$	116.78
3/30/2026	97857	LUNA SUZANNE	RETIREE REIMBURSEMENT APR 26	\$	53.94
3/30/2026	97858	MCDONALD JANIE	RETIREE REIMBURSEMENT APR 26	\$	29.88
3/30/2026	97859	MCDONALD KEVIN	RETIREE REIMBURSEMENT APR 26	\$	24.06
3/30/2026	97860	MESECK MARGARITA	RETIREE REIMBURSEMENT APR 26	\$	24.06
3/30/2026	97861	MILLER FOREST	RETIREE REIMBURSEMENT APR 26	\$	24.06
3/30/2026	97862	MITCHELL LISA	RETIREE REIMBURSEMENT APR 26	\$	17.51
3/30/2026	97863	MITCHELL TODD	RETIREE REIMBURSEMENT APR 26	\$	17.51
3/30/2026	97864	MUNGIOLI LARRY	RETIREE REIMBURSEMENT APR 26	\$	33.27
3/30/2026	97865	O'HAGIN JUSTINA	RETIREE REIMBURSEMENT APR 26	\$	33.27
3/30/2026	97866	OWENS ROLAND	RETIREE REIMBURSEMENT APR 26	\$	109.19
3/30/2026	97867	PARHAM WALLACE	RETIREE REIMBURSEMENT APR 26	\$	66.55
3/30/2026	97868	PETERS TERRIE	RETIREE REIMBURSEMENT APR 26	\$	33.27
3/30/2026	97869	RAMOS ROSALIO	RETIREE REIMBURSEMENT APR 26	\$	146.10
3/30/2026	97870	REED KATHY	RETIREE REIMBURSEMENT APR 26	\$	26.97
3/30/2026	97871	REGAN MICHAEL	RETIREE REIMBURSEMENT APR 26	\$	57.17
3/30/2026	97872	RODRIGUEZ VALENTIN	RETIREE REIMBURSEMENT APR 26	\$	53.94
3/30/2026	97873	ROWE RUBY	RETIREE REIMBURSEMENT APR 26	\$	83.51
3/30/2026	97874	RUIZ ESTEVAN	RETIREE REIMBURSEMENT APR 26	\$	57.17
3/30/2026	97875	SALGUEIRO MICHAEL	RETIREE REIMBURSEMENT APR 26	\$	57.17
3/30/2026	97876	SERRATO JUAN	RETIREE REIMBURSEMENT APR 26	\$	57.17
3/30/2026	97877	SLATER ROBYN	RETIREE REIMBURSEMENT APR 26	\$	95.40
3/30/2026	97878	SWART RANDY	RETIREE REIMBURSEMENT APR 26	\$	48.13
3/30/2026	97879	SYREN LESLYN	RETIREE REIMBURSEMENT APR 26	\$	90.93
3/30/2026	97880	THOMAS RUSSELL	RETIREE REIMBURSEMENT APR 26	\$	66.55
3/30/2026	97881	TOVAR SERENA	RETIREE REIMBURSEMENT APR 26	\$	33.27
3/30/2026	97882	WADSWORTH RITA	RETIREE REIMBURSEMENT APR 26	\$	24.06
3/30/2026	97883	WHITNEY LUCERE	RETIREE REIMBURSEMENT APR 26	\$	66.55
3/30/2026	97884	WU PETER	RETIREE REIMBURSEMENT APR 26	\$	28.58
3/30/2026	97885	WYANT JUDI	RETIREE REIMBURSEMENT APR 26	\$	33.27
3/30/2026	97886	YANCY TERRY	RETIREE REIMBURSEMENT APR 26	\$	33.27
3/30/2026	97887	72 HOUR LLC	OUTSIDE REPAIR REVENUE VEHICLES PC	\$	4,007.52
3/30/2026	97888	ABC BUS INC	REVENUE VEHICLE PARTS	\$	3,519.74
3/30/2026	97889	ACCO-WILSON INC	WO# 227318 / VER / QUARTERLY HVAC PM	\$	1,248.00
3/30/2026	97890	ACTION TOWING & ROAD SVC CORP	OUTSIDE REPAIR REVENUE VEHICLES 0523; 347251	\$	1,311.75
3/30/2026	97891	AMAZON CAPITAL SERVICES INC.	OFFICE SUPPLY-HR	\$	513.65
3/30/2026	97892	AT&T	S/P 02/19/26 - 03/18/26 / MAIN ACCT	\$	6,988.91
3/30/2026	97893	ATHENS INSURANCE SERVICE INC	APRIL 2026 MONTHLY FEES & ANNUAL FEE 2026	\$	6,965.00
3/30/2026	97894	BATTERY SYSTEMS INC.	REVENUE VEHICLE PARTS	\$	5,214.72
3/30/2026	97895	BRASS KEY LOCKSMITH INC	WO# 227238 / SBF & OPS / REKEY LOCKS	\$	472.13
3/30/2026	97896	CITY OF SANTA CRUZ/PARKING	APR2026 CS PARKING PASSES	\$	900.00
3/30/2026	97897	CITY OF WATSONVILLE UTILITIES	ORGANICS CART & TRASH CAN / WTC	\$	2,209.28
3/30/2026	97898	CLEAN ENERGY	LNG 3.2.26	\$	23,933.18

# Attachment A

3/30/2026	97899	COMMUNITY PRINTERS INC.	5 PHOTOTEX FLYERS 5X7 4/0-- FREE FARES STICKERS	\$	164.63
3/30/2026	97900	CROSSLINE SUPPLY LLC	REVENUE VEHICLE PARTS	\$	422.54
3/30/2026	97901	CTSJPA (CALTIP)	FEB 26 CLAIMS	\$	12,106.87
3/30/2026	97902	CUMMINSINC	REVENUE VEHICLE PARTS	\$	12,030.17
3/30/2026	97903	D&D COMPRESSOR INC	SOLBERG FILTERS / PARTS INV	\$	305.36
3/30/2026	97904	EAST BAY TIRE CO.	TIRES AND TUBES REVENUE/ NON REVENUE VEHICLES	\$	10,010.15
3/30/2026	97905	EMPLOYNET INC	MRK INTERNS WEEKENDDATE: 3/8/2026	\$	3,673.80
3/30/2026	97906	FASTENAL COMPANY INC	TOOLS UNDER \$10000	\$	267.98
3/30/2026	97907	FLYERS ENERGY LLC	FUEL AND LUBRICANTS NON REVENUE VEHICLES 3.1.26-3.1	\$	17,393.77
3/30/2026	97908	FRONTIER COMMUNICATIONS - 6145	03/13-04/12/2026 SKYLINE TO OCEAN	\$	108.46
3/30/2026	97909	GILLIG LLC	REVENUE VEHICLE PARTS	\$	1,469.95
3/30/2026	97910	GRAINGER	EMPLOYEE TOOL REPLACEMENT	\$	249.50
3/30/2026	97911	GRANITE ROCK COMPANY	WO# 227288 / FIELD / AGG BASE	\$	477.09
3/30/2026	97912	JOHNSON CONTROLS INC	S/P 04/01/26 - 06/30/26 / WTC	\$	773.78
3/30/2026	97913	KELLEY'S SERVICE INC.	REVENUE VEHICLE PARTS	\$	5,045.04
3/30/2026	97914	KJRB INC.	OUTSIDE REPAIR REVENUE VEHICLES 2216; 346998	\$	2,192.00
3/30/2026	97915	LAW OFFICES OF MARIE F. SANG	CL# 20000168	\$	1,028.85
3/30/2026	97916	LUMINATOR TECH GROUP GLOBAL	REVENUE VEHICLE PARTS	\$	219.50
3/30/2026	97917	MAXIMUM OIL SERVICE LLC	HAZARDOUS WASTE DISPOSAL OF USED OIL & ANTIFREEZE /	\$	387.00
3/30/2026	97918	MDC SYSTEMS INC	WO# 227331 / MMF / BI-ANNUAL CALIBRATION	\$	3,238.00
3/30/2026	97919	MISSION UNIFORM	TOWELS MATS MOPS / MMF	\$	836.41
3/30/2026	97920	MODEL 1 COMMERCIAL VEHICLES INC	REVENUE VEHICLE PARTS PC4523; 347696	\$	45.73
3/30/2026	97921	MOHAWK MFG. & SUPPLY CO.	REVENUE VEHICLE PARTS	\$	711.28
3/30/2026	97922	MPRESS DIGITALINC	ROUTE BROCHURES	\$	148.16
3/30/2026	97923	NORTH BAY FORD LINC-MERCURY	REVENUE VEHICLE PARTS PC 1709; 347846	\$	103.61
3/30/2026	97924	PACIFIC GAS & ELECTRIC	02/07-03/15/2026 PARACRUZ ACCT#8175294351-4	\$	2,027.89
3/30/2026	97925	PACIFIC TRUCK PARTS INC.	TOOLS UNDER \$10000	\$	1,307.63
3/30/2026	97926	PIED PIPER EXTERMINATORS INC.	MONTHLY PEST CONTROL / CEC	\$	237.00
3/30/2026	97927	QUADIENT FINANCE USA INC	1300 POSTAGE RELOAD MARCH	\$	500.00
3/30/2026	97928	RICOH USA INC CA	03/14/-04/13/2026 BASE PARACRUZ ACCT#4218837	\$	77.38
3/30/2026	97929	RIVERSIDE LIGHTING INC.	WO# 227271 / VER / EMERGENCY LIGHTS	\$	112.52
3/30/2026	97930	ROMAINE ELECTRIC CORP	REVENUE VEHICLE PARTS	\$	2,664.29
3/30/2026	97931	SANTA CRUZ RECORDS MNGMT INC	MONTHLY SHREDDING / VER OPS MMF CEC	\$	385.00
3/30/2026	97932	SCARBOROUGH LBR & BLDG SUPPLY	WO# 227258 / FIELD / WOOD TAKES KNIFES SNIPS	\$	224.42
3/30/2026	97933	THE AFTERMARKET PARTS CO LLC	REVENUE VEHICLE PARTS	\$	49,998.27
3/30/2026	97934	THE JANEK CORPORATION	REVENUE VEHICLE PARTS	\$	1,772.01
3/30/2026	97935	THERMO KING OF SALINAS INC	REVENUE VEHICLE PARTS	\$	16,161.44
3/30/2026	97936	U.S. BANK - BOND	03/01/2026-02/28/2027 MEASURE G BOND	\$	2,525.00
3/30/2026	97937	VEHICLE MAINTENANCE PROG INC	REVENUE VEHICLE PARTS	\$	2,579.67
3/30/2026	97938	VISION COMMUNICATIONS	TSM-ME100-22 - 22" TOUCH SCREEN DISPATCH MONITOR M	\$	1,645.33
3/31/2026	97939	GRAINGER	TOOLS UNDER \$10000	\$	3,593.26
<b>GRAND TOTAL</b>				<b>\$</b>	<b>1,634,209.39</b>

# Attachment A

## MARCH 2026 ACH PAYMENTS



Payment Type	Payment Date	Payee	Line Item Description	Payment Amount
EFT	3/3/2026	NEW FLYER OF AMERICA INC	40 FT HYDROGEN BUS PROJ 23-0001	1,188,590.89
EFT	3/10/2026	ANDREW M AMEY DBA: AMEY CONSUL	FARE POLICY SUPPORT	2,070.00
EFT	3/10/2026	DISTRICT PARTNERS LLC	FINANCIAL ANALYST 01/26-02/08/2026 CONSULTING HOUR	11,600.00
EFT	3/10/2026	MESSER LLC	BUILDING PERMITS	42,054.15
EFT	3/10/2026	UNITED PARCEL SERVICE	FREIGHT OUT	51.87
EFT	3/12/2026	NEW FLYER OF AMERICA INC	40 FT HYDROGEN BUS PROJ 23-0001	1,188,590.89
Manual	3/13/2026	CALIFORNIA DEPARTMENT OF TAX	01-12/2025 HAZARDOUS WASTE FEES	373.44
EFT	3/18/2026	DISTRICT PARTNERS LLC	FINANCIAL ANALYST 02/09-02/22/2026 CONSULTING HOUR	11,600.00
EFT	3/18/2026	MESSER LLC	HYDROGEN FUEL STORAGE, COMPRESSION AND SISPEN	572,779.46
EFT	3/18/2026	NEW FLYER OF AMERICA INC	40 FT HYDROGEN BUS PROJ 23-0001	1,188,590.89
EFT	3/18/2026	UNITED PARCEL SERVICE	FREIGHT OUT	114.30
EFT	3/25/2026	NEW FLYER OF AMERICA INC	40 FT HYDROGEN BUS PROJ 23-0001	1,188,590.89
EFT	3/30/2026	ABACHERLI, ARLETTE	RETIREE REIMBURSEMENT APRIL 26	109.19
EFT	3/30/2026	AGUIRRE, CIRO	RETIREE REIMBURSEMENT APRIL 26	17.84
EFT	3/30/2026	AITKEN, ANGELA	RETIREE REIMBURSEMENT APRIL 26	130.19
EFT	3/30/2026	ALLEN, ROBERT	RETIREE REIMBURSEMENT APRIL 26	24.06
EFT	3/30/2026	ANDRADE, GERALD	RETIREE REIMBURSEMENT APRIL 26	57.17
EFT	3/30/2026	ARCHIBEQUE, JUANITA	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	AVILES, PATRICIA	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	BASS, BETTY	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	BOYD, MICHAEL	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	BREGANTE, BATTISTA	RETIREE REIMBURSEMENT APRIL 26	24.06
EFT	3/30/2026	BRONDSTATTER, CHERYL	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	BROWN, KENNETH	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	BURKET, JANET	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	CAPELLA, KATHLEEN	RETIREE REIMBURSEMENT APRIL 26	57.17
EFT	3/30/2026	CASANEGA, RICHARD	RETIREE REIMBURSEMENT APRIL 26	24.06
EFT	3/30/2026	CAVATAIO, PASQUALE	RETIREE REIMBURSEMENT APRIL 26	48.13
EFT	3/30/2026	CAWALING, GEORGE	RETIREE REIMBURSEMENT APRIL 26	92.07
EFT	3/30/2026	CENTER, DOUGLAS	RETIREE REIMBURSEMENT APRIL 26	24.06
EFT	3/30/2026	CHANDLEY, PAUL	RETIREE REIMBURSEMENT APRIL 26	109.19
EFT	3/30/2026	CLAYTON, MICHAEL	RETIREE REIMBURSEMENT APRIL 26	24.06
EFT	3/30/2026	COTTER, ROBERT	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	CRAMBLETT, LAWRENCE	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	CRUISE, RICHARD	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	CUMMINGS, PATRICIA	RETIREE REIMBURSEMENT APRIL 26	57.17
EFT	3/30/2026	DAVIDOSKI, PAUL	RETIREE REIMBURSEMENT APRIL 26	28.58
EFT	3/30/2026	DIAZ, OLIVIA	RETIREE REIMBURSEMENT APRIL 26	92.07
EFT	3/30/2026	EMERSON, WILLIAM	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	FENN, MARILYN	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	FLORES, JUAN	RETIREE REIMBURSEMENT APRIL 26	92.07
EFT	3/30/2026	FOUSE, BRENT	RETIREE REIMBURSEMENT APRIL 26	26.97
EFT	3/30/2026	FRANCIS, RUFUS	RETIREE REIMBURSEMENT APRIL 26	35.68
EFT	3/30/2026	GABRIEL, RICHARD	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	GABRIELE, BERNARD	RETIREE REIMBURSEMENT APRIL 26	17.51
EFT	3/30/2026	GABRIELE, CATHLEEN	RETIREE REIMBURSEMENT APRIL 26	17.51
EFT	3/30/2026	GALE, TERRY	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	GARCIA, DANIEL	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	GARCIA, SAMUEL	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	GOSE, JOHN	RETIREE REIMBURSEMENT APRIL 26	24.06
EFT	3/30/2026	GROBMAN, BRUCE	RETIREE REIMBURSEMENT APRIL 26	24.06
EFT	3/30/2026	HAMM, CAROLYN	RETIREE REIMBURSEMENT APRIL 26	24.06
EFT	3/30/2026	HERNANDEZ, JUAN	RETIREE REIMBURSEMENT APRIL 26	57.17
EFT	3/30/2026	HICKLIN, LUCILLE	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	HILL, ANDREW	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	HILTNER, THOMAS	RETIREE REIMBURSEMENT APRIL 26	116.78
EFT	3/30/2026	JUSSEL, PETE	RETIREE REIMBURSEMENT APRIL 26	24.06
EFT	3/30/2026	KALE, RICKEY	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	KAMEDA, TERRY	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	KELLY, ELOISE	RETIREE REIMBURSEMENT APRIL 26	24.06
EFT	3/30/2026	KONNO, DAVID	RETIREE REIMBURSEMENT APRIL 26	42.63
EFT	3/30/2026	LAWSON, LOIS	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	LEFFLER, JEAN	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	LONGNECKER, LLOYD	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	LUCIER, MARILYN	RETIREE REIMBURSEMENT APRIL 26	24.06

# Attachment A

EFT	3/30/2026	LYNCH, GLENN	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	MACHADO, MARGARET	RETIREE REIMBURSEMENT APRIL 26	24.06
EFT	3/30/2026	MALPHRUS, BRENDA	RETIREE REIMBURSEMENT APRIL 26	28.58
EFT	3/30/2026	MARTIN, DAWN	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	MARTINEZ, MANUEL	RETIREE REIMBURSEMENT APRIL 26	131.13
EFT	3/30/2026	MARTINEZ, MARK	RETIREE REIMBURSEMENT APRIL 26	57.17
EFT	3/30/2026	MCFADDEN, IAN	RETIREE REIMBURSEMENT APRIL 26	20.98
EFT	3/30/2026	MCHALE, BRIAN	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	MELLON, JOHN	RETIREE REIMBURSEMENT APRIL 26	24.06
EFT	3/30/2026	MOREAU, DAVID	RETIREE REIMBURSEMENT APRIL 26	109.19
EFT	3/30/2026	MORGAN, JEANETTE	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	MORR, BONNIE	RETIREE REIMBURSEMENT APRIL 26	57.17
EFT	3/30/2026	MULLIS, MICHAEL	RETIREE REIMBURSEMENT APRIL 26	116.65
EFT	3/30/2026	MUNGUIA, GUSTAVO	RETIREE REIMBURSEMENT APRIL 26	48.13
EFT	3/30/2026	NABOR, GLEN	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	NAUKKARINEN, JUKKA	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	NELSON, EDWARD	RETIREE REIMBURSEMENT APRIL 26	24.06
EFT	3/30/2026	NELSON, RICHARD	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	NIETO, MANUEL	RETIREE REIMBURSEMENT APRIL 26	48.13
EFT	3/30/2026	NORTH, JEFFREY	RETIREE REIMBURSEMENT APRIL 26	109.19
EFT	3/30/2026	NORTHON, M	RETIREE REIMBURSEMENT APRIL 26	139.90
EFT	3/30/2026	O'DONNELL, SHAWN	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	OJEDA, ROBERTO	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	OROZCO, RICHARD	RETIREE REIMBURSEMENT APRIL 26	131.13
EFT	3/30/2026	PAULSON, STEVEN	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	PEREZ, ANTONIO	RETIREE REIMBURSEMENT APRIL 26	48.13
EFT	3/30/2026	PICARELLA, FRANCIS	RETIREE REIMBURSEMENT APRIL 26	24.06
EFT	3/30/2026	POLANCO, JOSE	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	PRECIADO, MARY LOU	RETIREE REIMBURSEMENT APRIL 26	24.06
EFT	3/30/2026	PRICE, HARRY	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	PRINCE, DEBRA	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	PRINCE, PETER	RETIREE REIMBURSEMENT APRIL 26	57.17
EFT	3/30/2026	PRUDDEN, RICHARD	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	PYE, GINA	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	RAMIREZ, MANUEL	RETIREE REIMBURSEMENT APRIL 26	17.84
EFT	3/30/2026	RHODES, BRUCE	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	ROCHA, SHERRI	RETIREE REIMBURSEMENT APRIL 26	28.58
EFT	3/30/2026	ROSS, ELISABETH	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	ROSS, EMERY	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	ROY, ARLEN	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	RYLANDER, REED	RETIREE REIMBURSEMENT APRIL 26	48.13
EFT	3/30/2026	SANCHEZ, ASCENCION	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	SCARGILL, RAYMOND	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	SCHRAEDER, PAUL	RETIREE REIMBURSEMENT APRIL 26	48.13
EFT	3/30/2026	SCILLA, JOSEPH	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	SILVA, EDUARDO	RETIREE REIMBURSEMENT APRIL 26	24.06
EFT	3/30/2026	STARKEY, THOMAS	RETIREE REIMBURSEMENT APRIL 26	28.58
EFT	3/30/2026	STICKEL, THOMAS	RETIREE REIMBURSEMENT APRIL 26	48.13
EFT	3/30/2026	TOLENTINO, SALVADOR	RETIREE REIMBURSEMENT APRIL 26	53.94
EFT	3/30/2026	TRENT, VICKI	RETIREE REIMBURSEMENT APRIL 26	28.58
EFT	3/30/2026	TUTTLE-CALLIS, CHERI	RETIREE REIMBURSEMENT APRIL 26	116.78
EFT	3/30/2026	VALDEZ, JOSE	RETIREE REIMBURSEMENT APRIL 26	57.17
EFT	3/30/2026	VAN DE VEER, JOHN	RETIREE REIMBURSEMENT APRIL 26	116.78
EFT	3/30/2026	VANDERZANDE, ED	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	VEST, SHELLY	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	VONWAL, YVETTE	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	WALTER, KEVIN	RETIREE REIMBURSEMENT APRIL 26	48.13
EFT	3/30/2026	WHITE, LESLIE	RETIREE REIMBURSEMENT APRIL 26	33.27
EFT	3/30/2026	WILLIS, GREGORY	RETIREE REIMBURSEMENT APRIL 26	130.19
EFT	3/30/2026	WILSON, BONNIE	RETIREE REIMBURSEMENT APRIL 26	66.55
EFT	3/30/2026	WOODBIDGE, ELIZABETH	RETIREE REIMBURSEMENT APRIL 26	109.19
EFT	3/30/2026	YEO, BILL	RETIREE REIMBURSEMENT APRIL 26	26.97
Manual	3/16/2026	U.S. BANK - CAL-CARD	MISC EXPENSES TRAVEL & TRAINING	\$ 21,330.20
<b>GRAND TOTAL</b>				<b>\$ 5,422,389.80</b>

# MINUTES\*

MAC MEETING OF FEBRUARY 18, 2026



The METRO Advisory Committee (MAC) met on Wednesday, February 18, 2026. The meeting was held as a hybrid meeting. \*Minutes are “summary” minutes, not verbatim minutes.

1 **CALLED TO ORDER** at 6:08 PM by Chair de Wit.

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 **ACKNOWLEDGE NEW MAC MEMBER**

Chair de Wit welcomed Curtis Halpin to the METRO Advisory Committee.

4 **ROLL CALL**

Veronica Elsea announced she is participating remotely using just cause due to medical reasons. The following MAC Members were **present**, representing a quorum:

**Jessica de Wit, Chair**  
Becky Taylor, Vice Chair  
James Cruse  
**Veronica Elsea**

**Curtis Halpin**  
**Joseph Martinez**  
**Michael Pisano**

5 **COMMUNICATIONS TO THE METRO ADVISORY COMMITTEE**

Mr. Martinez inquired about the Headways being retired. Margo Ross, Chief Operations Officer, confirmed that the last Headways will be published in Spring 2026. Michael Bois, Communications and Marketing Manager, added that METRO will be adding route-specific guides to bus shelters and Customer Service booths during this transition. Ms. Elsea asked what the plan is for tourists. Mr. Bois mentioned that in addition to the route guides, there will be the Transit App and online tools available for trip planning. Mr. Pisano asked if QR codes will be available on the buses, bus shelters, and Customer Service booths to get the Transit App. Mr. Bois said the QR codes are currently in the Headways and in the Spring, we will use car cards on the buses to further promote the Transit App. With 700 bus shelters, the initial effort will probably be at the major bus shelters. Mr. Martinez asked who owns the downtown trolley and if it is still operated. Chair de Wit responded that the City of Santa Cruz owns that and it is not currently being utilized.

Hearing nothing further, Chair de Wit moved to the next agenda item.

6 **RECEIVE AND FILE MINUTES FROM THE METRO ADVISORY COMMITTEE MEETING OF OCTOBER 15, 2025**

Ms. Elsea suggested amending the minutes on Item 8 to reflect that riders didn’t always know where to catch the fair bus and the Committee’s hope to improve on that in 2026.

There were no public comments.

**MOTION: ACCEPT AND FILE THE MINUTES FROM THE METRO ADVISORY COMMITTEE MEETING OF OCTOBER 15, 2025, AMENDING ITEM 8 AS STATED ABOVE.**

**MOTION: ELSEA**

**SECOND: PISANO**

**MOTION PASSED WITH 5 AYES: de Wit, Elsea, Halpin, Martinez and Pisano. Members Cruse and Taylor were absent.**

**7 COMMUNICATIONS FROM THE METRO ADVISORY COMMITTEE**

Ms. Elsea mentioned that she gave her semi-annual update to the Board of Directors on December 19, 2025 and provided an overview of the items covered and that it was well received by the Board Members.

There were no public comments.

Hearing nothing further, Chair de Wit moved to the next agenda item.

*Chair de Wit announced that Item 12 will be heard before Item 8.*

**8 RECAP OF SANTA CRUZ COUNTY WEEK WITHOUT DRIVING 2025**

Rebecca Downing, Board of Directors' Chair, spoke to her presentation and provided background on how the program was started and slowly grew into a national campaign. She provided her philosophy on the campaign and getting elected politicians to engage in this experience so when they write legislation, they have this lived experience. 2025 was the first year of promoting this campaign within Santa Cruz County and it involved multiple sponsors, including METRO. Several local events were attended to encourage public participation. She mentioned that planning for 2026 is underway and provided MAC members with ways in which they can participate.

MAC members thanked her for the update.

There were no public comments.

Hearing nothing further, Chair de Wit moved to the next agenda item.

**9 INTRODUCTION OF BOBI WOOD, MOBILITY TRAINING COORDINATOR**

Michael Bois, Communications and Marketing Manager, introduced Bobi Wood to MAC and mentioned her involvement in the community. Ms. Wood spoke about projects/events she is involved in.

Ms. Elsea suggested implementing a "Buddy System" with the senior population. She also mentioned meeting Ms. Wood in December and discussing the challenges of a visually impaired person with a dog. She thanked Ms. Wood for her time and said Ms. Wood was doing a great job.

There were no public comments.

Hearing nothing further, Chair de Wit moved to the next agenda item.

**10 UPDATE ON THE STATUS OF THE NEW METRO WEBSITE AND APPS**

Mr. Bois reported on the updates to the Splash Pass and Transit App. He also reported that the new website went live and requested any feedback be directed to staff. Ms. Elsea said she is having trouble navigating the website. Mr. Bois said the Customer Service team is available from 8:00 AM to 5:00 PM seven days a week (except holidays) to help and he also offered a one-on-one session.

There were no public comments.

Hearing nothing further, Chair de Wit moved to the next agenda item.

## **11 UPDATE ON OPERATIONS**

Margo Ross, Chief Operations Officer, provided an update. METRO currently has 18 fuel-cell buses in service and they are working well. METRO starts construction tomorrow on the permanent fueler. We hope to have it commissioned in July and using it in August. We have one 60' articulated bus from New Flyer and training has begun for the Bus Operators. We have six more buses in production.

Mr. Martinez asked where the temporary fueler will be moved to in Watsonville. COO Ross said it would be located at the Beach Street property METRO purchased last year.

There were no public comments.

Hearing nothing further, Chair de Wit moved to the next agenda item.

## **12 SERVICE PLANNING UPDATE**

### **a. Quarterly Ridership Report**

John Urgo, Chief Planning and Innovation Officer, stated that Clever Devices lost some of METRO's ridership data for July and August but it has now been recovered. METRO also lost its Data Analyst in October, so METRO is missing three quarters of ridership reports. We've hired a Transportation Planner I and he will work to get the ridership reports restored.

### **b. Bus Stops**

#### **b.i. Update on Braille Bus Stop Signage**

There were no updates.

#### **b.ii. Update on Rapid Corridors Project**

The funding awarded for the project has been secured. METRO is going with a baseline funding agreement with Caltrans so it can receive \$13.8 million awarded on a competitive grant from the state. METRO is matching that with funding received in 2023 from the Transit and Intercity Rail Capital Program. Recently, METRO was awarded funding from the Affordable Housing and Sustainable Community grant that is funding the redevelopment of the Watsonville Transit Center with affordable housing, transit signal priority, and bus stop upgrades. Going forward, we will be focusing on developing the design process for this project.

### **c. Other Projects**

#### **c.i. Update on Reimagine METRO**

Mr. Urgo mentioned that METRO stopped making service changes for the last two quarters. Ridership is up 43% since we started the implementation of Reimagine METRO and is approaching 5 million rides per year. This project was funded with state money received in 2024 that provided three years of operating capacity to run Reimagine METRO. We are hoping to put a sales tax measure on the November 2026 ballot to sustain and grow that service.

**c.ii. Update on River Front Transit Center**

Mr. Urgo reported noted additional shelters were placed by METRO's Facilities Maintenance team.

**c.iii. Update on Pacific Station North**

Mr. Urgo reported that Pacific Station North is moving along and we are working on design issues with the tarmac and solar array canopy. It is scheduled to open in late 2026.

**c.iv. Update on Watsonville Transit Center**

Mr. Urgo mentioned the project is currently in the design process with MidPen Housing and going through the entitlement process with the City of Watsonville. The project is essentially fully funded.

Director Downing requested Mr. Urgo explain what the Rapid Corridor Project is for the benefit of the new MAC member. Mr. Urgo obliged.

There were no public comments.

Hearing nothing further, Chair de Wit moved to the next agenda item.

**13 COMMUNICATIONS TO THE METRO CEO/GENERAL MANAGER**

Hearing none, Chair de Wit moved to the next agenda item.

**14 COMMUNICATIONS TO THE METRO BOARD OF DIRECTORS**

Hearing none, Chair de Wit moved to the next agenda item.

**15 ITEMS FOR NEXT MEETING AGENDA**

- Service Planning Updates
- Update on 2026 Week Without Driving
- Update on Website and Apps
- Update on Operations
- Update on SB707

**16 DISTRIBUTION OF VOUCHERS**

Vouchers were distributed by Donna Bauer, Sr. Executive Assistant.

**17 ANNOUNCEMENT OF NEXT MEETING**

Chair de Wit announced the next MAC meeting will be held on Wednesday, May 20, 2026, at 6:00 PM at the METRO Admin Office, 110 Vernon Street, Santa Cruz.

**18 ADJOURNMENT**

Chair de Wit adjourned the meeting at 7:15 PM.

Respectfully submitted,

Donna Bauer  
Sr. Executive Assistant



**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)  
 BOARD OF DIRECTORS REGULAR MEETING MINUTES\*  
 ADMIN OFFICE, 110 VERNON STREET, SANTA CRUZ, CA  
 MARCH 27, 2026 – 9:00 AM  
 HYBRID MEETING**

A regular meeting of the Board of Directors of the Santa Cruz Metropolitan Transit District (METRO) convened on Friday, March 27, 2026, as a hybrid meeting.

The Board Meeting agenda packet can be found online at [www.scmetro.org](http://www.scmetro.org). \*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@scmtd.com](mailto:accessibility@scmtd.com).

**1 CALLED TO ORDER** at 9:00 AM by Board Chair Koenig.

**2 SAFETY DEBRIEF**

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

**3 ROLL CALL**

The following Directors were **present**, representing a quorum:

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

\*Attended virtually from 275 Main Street, Watsonville, CA

Corey Aldridge	CEO/General Manager
Julie Sherman	General Counsel

**4 RECESSED TO SCCIC MEETING AT 9:04 AM** by Board Chair Koenig. SCCIC President Kalantari-Johnson presided over the annual meeting.

**5 RECONVENED TO BOARD OF DIRECTORS’ MEETING AT 9:06 AM** by Board Chair Koenig

**6 ANNOUNCEMENTS**

6.1 Today's meeting was broadcast by Community Television of Santa Cruz County.

6.2 Language Line Services was unable to provide Spanish interpretation services.

**7 BOARD OF DIRECTORS COMMENTS**

Director Downing mentioned that she is working on the 2026 "Week Without Driving" campaign and suggested all of METRO's Board of Directors host a drive along within their jurisdictions.

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

**8 ORAL AND WRITTEN COMMUNICATIONS TO THE BOARD OF DIRECTORS**

Ben Finke, speaking as a representative of the Friends of Santa Cruz METRO, appealed to all who could help on their personal time to volunteer on the citizens' initiative. He provided their website for more details and contact information: <http://www.friendsofscmetro.org>.

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

**9 LABOR ORGANIZATION COMMUNICATIONS**

Jaime Renteria, Chairperson for SMART, Local 23, mentioned a kick-off event for Friends of Santa Cruz METRO happening March 27, 2026 at noon at 444 Front Street.

Gabrielle Gonzalez, SEIU, Local 521 - SEA Chapter President, said SEIU proposed an extension to the current MOU and asked the Board to address the current issue of wage compaction within SEIU positions. Ms. Gonzalez also requested clarity on the way discipline is currently addressed in-house and information on the fiscal cliff the agency is facing and how that will affect staffing.

Cristobal Rivera, SEIU, Local 521 - SEA Chapter Vice President, said union members dedicate every day to performing their jobs and keeping the community moving, and take pride in that. However, pride and dedication do not cover the bills and requested fair wages for the essential role members play every day.

Uriel Estrada, SEIU, Local 521 - VMU Chapter President, asked for fairness to be considered during negotiations. We are the only agency with the largest hydrogen fleet. Working on these buses has been challenging for the Mechanics team.

Ken Bare, President of SEIU, Local 521, supports METRO SEIU members. We've heard their concerns today and support them fully, not only backing them in their negotiations but also backing Friends of Santa Cruz METRO in their efforts to raise funds.

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

**10 ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS**

Having none, Board Chair Koenig 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.

- 11.1 ACCEPT AND FILE: PRELIMINARY APPROVED CHECK AND ACH JOURNAL DETAIL FOR THE MONTH OF FEBRUARY 2026  
Chuck Farmer, Chief Financial Officer
- 11.2 ACCEPT AND FILE MINUTES OF:  
FEBRUARY 27, 2026 BOARD OF DIRECTORS REGULAR MEETING  
MARCH 17, 2026 FINANCE & HR STANDING COMMITTEE MEETING  
MARCH 17, 2026 PLANNING & PROJECTS STANDING COMMITTEE MEETING  
Corey Aldridge, CEO/General Manager
- 11.3 ACCEPT AND FILE: THE FINANCIAL UPDATE JANUARY 2026 RESULTS  
Chuck Farmer, Chief Financial Officer
- 11.4 APPROVE: CONSIDERATION OF AUTHORIZING THE CEO/GENERAL MANAGER TO EXECUTE 2<sup>ND</sup> AMENDMENT TO THE CONTRACT WITH FLEET MAINTENANCE CONSULTING, INC. TO INCREASE THE AGREEMENT TOTAL BY \$94,000 FOR NEW FLYER BUS INSPECTIONS  
Margo Ross, Chief Operations Officer
- 11.5 APPROVE: RECOMMENDED ACTION ON TORT CLAIMS  
Gregory Strecker, Safety, Security and Risk Management Director
- 11.6 APPROVE: CONSIDERATION OF AWARD OF CONTRACT TO SHAW YODER ANTWIH SCHMELZER & LANGE FOR STATE LEGISLATIVE REPRESENTATION SERVICES IN AN AMOUNT NOT TO EXCEED \$217,170  
Corey Aldridge, CEO/General Manager

Michael Pimentel, Shaw Yoder Antwih Schmelzer & Lange, expressed appreciation for the long-time relationship between his firm and METRO. It's been an honor to represent METRO for several decades and thanked the Board for the continued show of support and faith in his agency's work with Santa Cruz METRO.

Hearing nothing further, Board Chair Koenig called for a roll call vote.

**ACTION: MOTION TO APPROVE THE CONSENT AGENDA AS PRESENTED**

**MOTION: DIRECTOR PAGELER**

**SECOND: DIRECTOR ORBACH**

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

## REGULAR AGENDA

- 12 PRESENTATION OF EMPLOYEE LONGEVITY AWARDS:  
(5 YEARS) CHUCK FARMER, CHIEF FINANCIAL OFFICER\*  
(10 YEARS) ROB WILLIS, FACILITIES MAINTENANCE SUPERVISOR  
(25 YEARS) JASON LOGIUDICE, LEAD MECHANIC\***

\*Denotes those in attendance to receive their certificates.

Board Chair Koenig recognized all for their years of service. CFO Farmer and Mr. Logiudice thanked the Board for their recognition.

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

- 13 APPROVE: FY27 AND FY28 PRELIMINARY OPERATING BUDGET AND FY27 CAPITAL BUDGET-PORTFOLIO**

Chuck Farmer, Chief Financial Officer, spoke to the presentation and requested the Board to adopt this preliminary budget to allow submittal of Santa Cruz METRO's Transportation Development Act (TDA) and State Transit Assistance (STA) claims to the Santa Cruz County Regional Transportation Commission (SCCRTC) by the April 1, 2026 deadline. He reviewed the preliminary revenue and expense budget assumptions and budget summary, full-time equivalents, FY27 operating budget, FY27 capital budget projects and available funding for them. He explained the capital contingency and concluded with the budget timeline.

Discussion followed on:

- COVID Recovery Fund depletion
- Non-Personnel operating expenses
- Fringe expenses
- Effect on hydrogen fuel costs since ARCHES (Alliance for Renewable Clean Hydrogen Energy Systems) lost its federal funding
- Non-Driver operations increase of outside repair equipment
- Decrease in outside repair revenues of vehicles
- Cost of hydrogen fuel exceeding cost of maintenance of older vehicles

Staff responded to all concerns.

Board Chair Koenig mentioned that this information was previously reviewed at the Finance & HR Standing Committee and it was requested by those members to have CFO Farmer present the final budget with two cut scenarios—one that is administrative heavy and the other that is service heavy where the agency would probably end up with something in between for this Board to consider.

There were no public comments.

Hearing nothing further, Board Chair Koenig called for a roll call vote.

**ACTION: MOTION TO ADOPT THE FY27 AND FY28 PRELIMINARY LINE-ITEM OPERATING BUDGETS AND FY27 CAPITAL BUDGET-PORTFOLIO TO ALLOW SUBMITTAL OF METRO'S TDA/STA CLAIMS TO THE SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION**

**MOTION: DIRECTOR KALANTARI-JOHNSON                      SECOND: DIRECTOR DOWNING**

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

**14      PUBLIC HEARING TO COMMENCE AT 9:00 AM OR AS SOON THEREAFTER AS THE MATTER CAN BE HEARD FOR:**

**A.    ADOPT MODIFIED FARE STRUCTURE AND POLICIES**

**PUBLIC HEARING OPENED AT 9:41 AM.**

Derek Toups, Planning and Innovation Deputy Director, spoke to the presentation (attached) and requested the Board of Directors adopt a resolution to modify the fare structure and policies. After receiving input from the Board Members of the Planning & Projects Standing Committee, Mr. Toups provided an update on Tap2Cruz, the proposed changes to METRO's existing fare structure and policies, potential fare revenue and equity impacts, how riders prefer to pay, transitioning to this new payment method, and driving toward greater cost efficiency.

There were no public comments.

**PUBLIC HEARING CLOSED AT 9:51 AM.**

Board Chair Koenig called for a roll call vote.

**ACTION: MOTION TO ADOPT THE MODIFIED FARE STRUCTURE AND POLICIES EFFECTIVE WITH THE LAUNCH OF TAP2CRUZ INTEGRATED TICKETING PROJECT**

**MOTION: DIRECTOR DOWNING    SECOND: PAGELER**

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

**15      APPROVE:      CONSIDERATION OF CONTRACT AWARD TO CAPUZZI CONSULTING GROUP, INC. FOR RAPID CORRIDORS PROJECT DESIGN AND ENGINEERING SERVICES IN AN AMOUNT NOT TO EXCEED \$2,723,000, SUBJECT TO CALIFORNIA TRANSPORTATION COMMISSION (CTC) APPROVAL OF FUNDING ALLOCATION REQUESTS**

John Urgo, Chief Planning and Innovation Officer, spoke to the presentation and requested the Board to approve the contract award to Capuzzi Consulting Group, Inc. Mr. Urgo provided a project overview of transforming Routes 1 and 2 into METRO's first rapid corridors, connecting Watsonville and Santa Cruz. He covered existing conditions on these routes, the needs identified in the analysis process, existing plans/projects that tie into this project, and the seven types of improvements and their benefits. He reviewed the outreach activities performed along with the project schedule and funding.

Discussion followed on:

- Accessibility to transit islands
- South County improvements
- Route 73 future improvements
- Coordination and communication with Santa Cruz City, County, and the public
- Construction design of pullouts
- Language in the design contract to adjust amenities if needed so METRO won't face a budget shortfall
- Transit signal prioritization

Staff addressed all concerns.

There were no public comments.

Hearing nothing further, Board Chair Koenig called for a roll call vote.

**ACTION: MOTION TO AWARD A CONTRACT TO CAPUZZI CONSULTING GROUP, INC. FOR RAPID CORRIDORS PROJECT DESIGN AND ENGINEERING SERVICES IN AN AMOUNT NOT TO EXCEED \$2,723,000, SUBJECT TO CALIFORNIA TRANSPORTATION COMMISSION (CTC) APPROVAL OF FUNDING ALLOCATION REQUESTS**

**MOTION: PAGELER**

**SECOND: NEWSOME**

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

#### **16 CEO ORAL REPORT**

Corey Aldridge, CEO/General Manager, reported:

- METRO's HR team celebrated Employee Appreciation Day on March 6, 2026 by presenting every employee with a special gift, recognizing their hard work, dedication, and commitment to riding the waves of excellence together.
- METRO proudly launched its new Employee Recognition Program on March 10, 2026. Along with being honored at METRO board meetings, employees celebrating milestone anniversaries will now receive a custom METRO anniversary pin and a monetary award redeemable for gift cards or METRO-branded apparel. Early feedback has been enthusiastic, and the program is already having a positive impact.
- On March 18, 2026, METRO celebrated National Transit Employee Appreciation Day. Riders and fellow employees honored METRO's incredible employees with heartfelt notes of appreciation, recognizing the essential role they play in keeping our community moving every day. To celebrate the occasion, METRO's Operations Department brought in a food truck as a special thank you for their dedication to safety, service, and helping riders reach their destinations.
- Since the last Board meeting, CEO Aldridge has given presentations on METRO's activities to the Democratic Club of North Santa Cruz County, Capitola City Council, and Santa Cruz County Business Council.

- Last week CEO Aldridge attended APTA's CEO Seminar in Monterey. This event provided an opportunity for transit CEOs across the country to discuss management policy and quality of life challenges unique to their roles.
- Earlier this week CEO Aldridge was in Sacramento to visit with state representatives and provide testimony to the Assembly Elections Committee on AB1919 that would provide METRO with the election procedures, authorizing statutes, and how local voters may pursue placing a citizens' initiative on the ballot. The bill was presented by Assemblymember Pellerin with additional testimony offered by Mr. Renteria, Chairperson of SMART, Local 23.

There were no public comments.

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

**17 REVIEW OF ITEMS TO BE DISCUSSED IN CLOSED SESSION**

General Counsel Sherman announced the two items to be discussed in closed session.

There were no public comments.

**ADJOURNED TO CLOSED SESSION AT 10:15 AM.**

**A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION PURSUANT TO GOVERNMENT CODE SECTION 54957(B)(1)**

**Agency Designated Representative:** Manu Koenig, Board Chair

**Title/Unrepresented Employee:** Corey Aldridge, CEO/GM

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

**Agency Negotiators:** Corey Aldridge, CEO/General Manager  
Patrick Glenn, Legal Counsel

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

**RECONVENED TO OPEN SESSION AT 11:11 AM.**

**18 REPORT OF CLOSED SESSION**

There was no reportable action taken during the closed session.

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

**19 ANNOUNCEMENT OF NEXT MEETING**

Board Chair Koenig announced the next regular Board meeting will be held on Friday, April 24, 2026 at 9:00 AM at the Capitola Council Chambers, 420 Capitola Avenue, Capitola.

**20 ADJOURNMENT**

Board Chair Koenig adjourned the meeting at 11:12 AM.

Respectfully Submitted,

Donna Bauer  
Sr. Executive Assistant

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**SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)  
PLANNING & PROJECTS STANDING COMMITTEE  
MEETING MINUTES\*  
APRIL 17, 2026 – 10:00 AM**

A regular meeting of the Planning & Projects Standing Committee of the Santa Cruz Metropolitan Transit District (METRO) was convened on Friday, April 17, 2026.

The Committee Meeting Agenda Packet can be found online at [www.scmetro.org](http://www.scmetro.org). \*Minutes are “summary” minutes, not verbatim minutes. Audio recordings of Board meeting open sessions are available to the public upon request.

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**1 CALLED TO ORDER** by Director Downing at 10:00 AM.

**2 SAFETY DEBRIEF**

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

**3 ROLL CALL:**

The following Directors were **present**, representing a quorum:

**Director Rebecca Downing  
Director Monica Martinez  
Director Scott Newsome  
Director Larry Pageler**

**County of Santa Cruz  
County of Santa Cruz  
City of Santa Cruz  
County of Santa Cruz**

**Directors Koenig and Lind** also attended the meeting in person, converting this standing committee to a Committee of the Whole.

Corey Aldridge  
Michael Conneran

METRO CEO/General Manager  
METRO General Counsel

**4 ORAL AND WRITTEN COMMUNICATIONS TO THE PLANNING & PROJECTS STANDING COMMITTEE**

Eduardo Montesino, Transit Supervisor, suggested there had been a Brown Act violation because there was no backup to Item 6 on the agenda.

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

**5 ADDITIONS OR DELETIONS FROM AGENDA/ADDITIONAL DOCUMENTATION TO SUPPORT EXISTING AGENDA ITEMS**

Having none, Director Downing moved to the next agenda item.

**6 PRELIMINARY BUDGET AND SERVICE REDUCTION SCENARIOS IF TIRCP REPLACEMENT FUNDING IS NOT SECURED**

Chuck Farmer, Chief Financial Officer, and John Urgo, Chief Planning and Innovation Officer, spoke to the item and shared a presentation (attached). CFO Farmer reviewed the key wins for METRO, service growth, and the outside funding secured. He explained how the end of TIRCP funding in FY27, without additional revenues, will cause a structural deficit. The expenses will continue to outpace the revenue without replacement funding. He and Mr. Urgo provided scenario assumptions for service and workforce reductions under a balanced budget scenario for FY28. Mr. Urgo reminded the Committee of how Reimagine METRO expanded access and mobility and how all those gains will be reversed with service cuts. CFO Farmer provided additional actions (not included in the scenarios) that can be used as additional levers if needed. He concluded with an illustrative timeline if no replacement funding is secured by July 2027.

Discussion followed on:

- Diesel and CNG (Compressed Natural Gas) costs
- ARCHES (Alliance for Renewable Clean Hydrogen Energy Systems) funding that was awarded to METRO
- Political environment and how that may be impacted at the midterm elections
- Timing of the ballot measure and AB1919
- If ballot measure qualifies for November election and passes, how long before METRO would start receiving those monies
- Making cuts in a responsible way to try and retain ridership and routes
- Uber vouchers
- Start reducing expenses immediately to recognize savings now
- Competing tax measures on November ballot
- Capital budget and matching cash funds
- Cuts to Fixed Route versus ParaCruz
- Ridership impacted if service is stopped at 9:00 PM
- Grant opportunities for Youth Cruz Free
- Securing regional funding
- Other consortiums opportunities being explored
- Maintaining the hydrogen fleet
- Overlapping routes to maintain as much frequency as possible
- Reduce service on UCSC and rely more on TAPS (Transportation and Parking Services) to service that area
- Review UCSC and Cabrillo agreements

*Director Martinez left the meeting at 11:00 AM.*

Staff addressed all concerns.

Mr. Montesino asked how much was in METRO's reserves and asked for clarification on ParaCruz being exempt from reductions. He encouraged Board Members and staff to continue working together to meet METRO's goals. He suggested involving the unions in the discussions now.

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

**7 ADJOURNMENT**

Director Downing adjourned the meeting at 11:12 AM.

Respectfully submitted,

Donna Bauer  
Sr. Executive Assistant

DRAFT

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# **Preliminary Budget and Service Reduction Scenario if TIRCP Replacement Funding is Not Secured**

Planning and Projects Standing Committee  
*April 17, 2026*

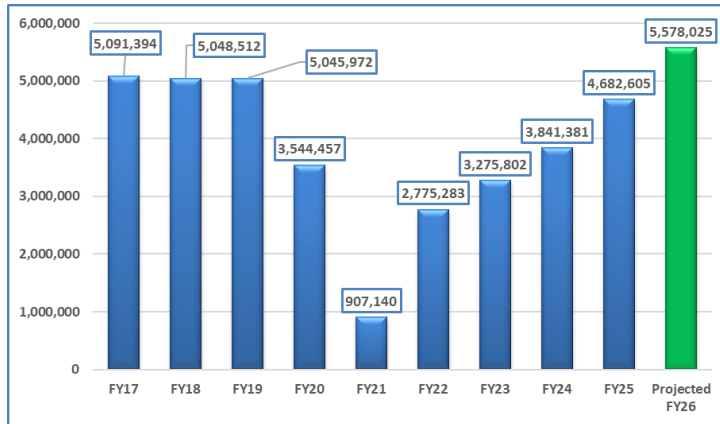
Chuck Farmer, Chief Financial Officer  
John Urgo, Chief Planning and Innovation Officer

## **Key Wins**

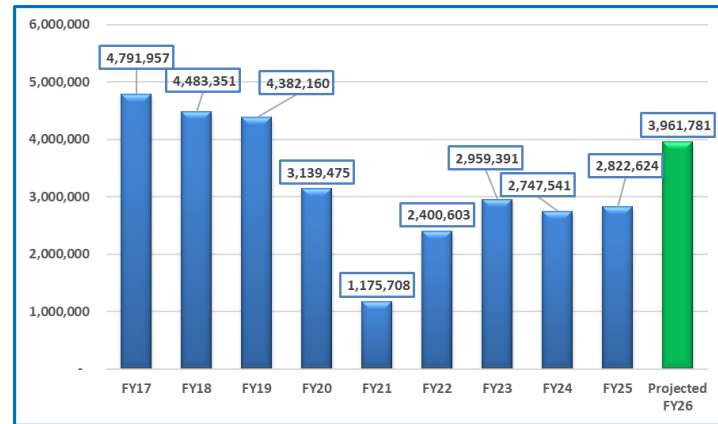
- **Secured ~\$414 million in grants over the last 7 years**
- **Rollout of Reimagine METRO**
- **Ridership expected to reach its highest level since 2011**
- **Implemented Youth Cruz Free fares resulting in a ~500% increase in ridership**
- **Major fleet, fueling, transit priority, and housing-linked projects underway**

# Service Growth is Working

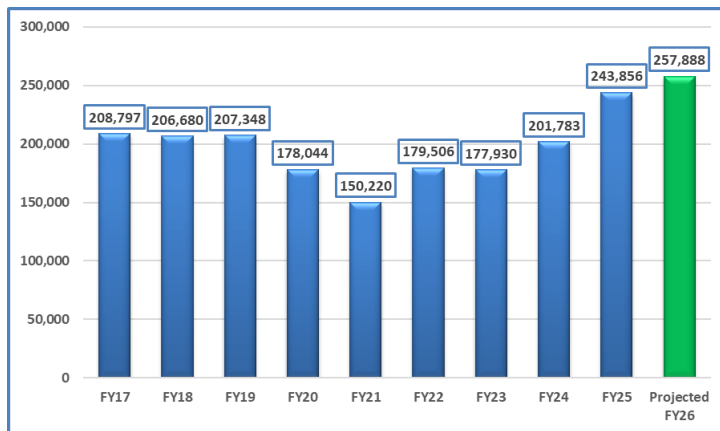
## Ridership



## Revenue



## Revenue Hours



- Ridership expected to exceed pre-COVID levels
- Fare Revenue is Recovering
- Revenue Hours have increased with Reimagine METRO

# METRO has been successful in securing outside funding

*(\$'s in Thousands)*

	FY20	FY21	FY22	FY23	FY24	FY25	FY26	Total
<b>Operating Grants</b>								
FTA 5307	\$7,282	\$7,297	\$11,210	\$11,972	\$12,178	\$12,422	\$13,009	\$75,371
COVID Grants	20,761	14,460	26,220	0	0	0	0	61,441
STA - SGR	723	738	743	781	636	760	1,040	5,421
TIRCP	0	0	0	0	28,339	0	0	28,339
LCTOP	969	489	1,075	1,243	1,193	1,198	844	7,011
FTA - 5311	191	199	258	263	289	304	0	1,504
TDA - LTF	7,930	7,097	8,593	10,167	8,912	8,701	9,552	60,952
TDA - STA	4,347	3,425	4,437	6,362	5,589	4,899	5,092	34,151
<b>Total Operating Grants</b>	<b>\$42,203</b>	<b>\$33,706</b>	<b>\$52,536</b>	<b>\$30,788</b>	<b>\$57,136</b>	<b>\$28,285</b>	<b>\$29,537</b>	<b>\$274,190</b>
<b>Capital Grants</b>								
TIRCP	\$0	\$0	\$0	\$38,589	\$1,726	\$4,000	\$0	\$44,315
VW Settlement	0	0	0	0	24,960	0	0	24,960
5339b - LONO	0	0	0	20,382	0	1,152	0	21,534
Congested Corridors	0	0	0	0	0	0	13,836	13,836
HVIP	600	0	0	0	12,900	0	0	13,500
AHSC	0	0	0	4,180	5,987	0	0	10,167
5339a - Bus & Bus Fac	569	524	505	520	795	0	0	2,913
EnergIIZE	0	0	0	0	2,800	0	0	2,800
ARCHES	0	0	0	151	0	0	2,000	2,151
Other Grants	0	0	330	918	0	1,922	818	3,988
<b>Total Capital Grants</b>	<b>\$1,169</b>	<b>\$524</b>	<b>\$835</b>	<b>\$64,740</b>	<b>\$49,168</b>	<b>\$7,074</b>	<b>\$16,654</b>	<b>\$140,164</b>
<b>Total Grants Awarded</b>	<b>\$43,372</b>	<b>\$34,230</b>	<b>\$53,370</b>	<b>\$95,528</b>	<b>\$106,304</b>	<b>\$35,359</b>	<b>\$46,191</b>	<b>\$414,354</b>

**Over \$414  
Million in  
Funding  
received in  
the past 7  
years**

## **Structural deficit begins with TIRCP ending**

- **TIRCP will be fully expended within FY27**
- **METRO facing structural deficit post TIRCP**
- **No replacement source of funding in place**
- **Without a replacement source of revenue, major service cuts, headcount reductions, expense cutbacks and capital projects that require a match will not happen**
- **Resulting in less frequent buses, later start times and earlier end times, fewer staff and support, smaller footprint on Santa Cruz County**

# Problem begins when TIRCP operating support ends in FY27

(\$'s in Thousands)

	FY26	FY27	FY28	FY29	FY30	FY31	FY32	CAGR
<b>Revenue Sources</b>								
Ridership	\$10,694	\$10,632	\$10,899	\$11,174	\$11,455	\$11,741	\$12,037	2.0%
Sales Taxes	30,536	32,522	33,173	33,836	34,513	35,203	35,907	2.7%
Federal & State Sources	26,309	27,947	27,668	27,925	26,342	26,610	26,617	0.2%
TIRCP	9,123	7,433	0	0	0	0	0	-100.0%
Other Revenue	1,188	1,408	1,268	775	783	791	799	-6.4%
<b>Total Sources of Cash</b>	<b>77,850</b>	<b>79,942</b>	<b>73,007</b>	<b>73,710</b>	<b>73,092</b>	<b>74,345</b>	<b>75,361</b>	<b>-0.5%</b>
<b>Expense Uses</b>								
Fully Loaded Labor	52,221	54,646	56,742	58,950	61,078	62,951	64,553	3.6%
Operating Expenses	19,153	20,797	21,261	21,396	21,504	21,801	22,668	2.8%
Bond Payments/UAL	5,497	6,273	6,755	7,236	7,153	7,029	7,029	4.2%
Retiree Obligations	4,992	5,355	5,786	6,253	6,758	7,305	7,888	7.9%
<b>Total Uses of Cash</b>	<b>81,864</b>	<b>87,070</b>	<b>90,545</b>	<b>93,835</b>	<b>96,494</b>	<b>99,085</b>	<b>102,137</b>	<b>3.8%</b>
<b>Change in Cash</b>	<b>(\$4,014)</b>	<b>(\$7,128)</b>	<b>(\$17,538)</b>	<b>(\$20,124)</b>	<b>(\$23,402)</b>	<b>(\$24,740)</b>	<b>(\$26,776)</b>	<b>37.2%</b>
<i>Revenue Sources Excluding TIRCP</i>	<i>\$68,727</i>	<i>\$72,509</i>	<i>\$73,007</i>	<i>\$73,710</i>	<i>\$73,092</i>	<i>\$74,345</i>	<i>\$75,361</i>	<i>1.5%</i>
<i>Change in Cash excluding TIRCP</i>	<i>(\$13,137)</i>	<i>(\$14,561)</i>	<i>(\$17,538)</i>	<i>(\$20,124)</i>	<i>(\$23,402)</i>	<i>(\$24,740)</i>	<i>(\$26,776)</i>	<i>12.6%</i>

- **Operating Costs continue to rise from wages, benefits and hydrogen fueling**
- **Revenue growth is not keeping pace with expense growth**
- **Without replacement funding, METRO must either draw down cash or cut service and staffing**

## Attachment

# Capital Projects funded by specific grants; however, METRO is required to use its cash to fund a certain portion of the project as a match

(\$'s in Thousands)

	FY26	FY27	FY28	FY29	FY30	FY31	FY32
<b>Capital Sources</b>							
Federal	\$5,752	\$12,390	\$0	\$0	\$0	\$0	\$0
TIRCP	11,050	8,030	12,577	0	0	0	0
State/Other	19,140	4,879	648	0	0	0	0
BRF ( STA - SGR , Measure D )	1,774	1,462	0	0	0	0	0
<b>Operating &amp; Capital Reserves</b>	<b>3,918</b>	<b>5,492</b>	<b>4,186</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Total Sources of Cash</b>	<b>41,634</b>	<b>32,252</b>	<b>17,411</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Capital Expenses</b>							
44 HFCBs	29,373	0	0	0	0	0	0
9 HFCBs	1,894	15,753	0	0	0	0	0
New Hydrogen Fueling Station + Project Management	2,449	8,000	0	0	0	0	0
Watsonville Station Redevelopment	801	500	8,695	0	0	0	0
Rapid Bus Enhancements - Soquel Drive & Main Street Corridor	7	1,500	8,217	0	0	0	0
Watsonville Parking Lot (Construction & Buildings)	2,918	1,259	0	0	0	0	0
Misc Capital Contingency	0	500	500	500	500	500	500
Temporary Fueling Station	1	1,941	0	0	0	0	0
7 Paracruz Vans	0	1,440	0	0	0	0	0
Maintenance Facility Upgrades	1,375	0	0	0	0	0	0
Contactless Fare Payment Systems	372	250	0	0	0	0	0
Other Capital Projects	2,445	1,110	0	0	0	0	0
<b>Total Uses of Cash</b>	<b>\$41,634</b>	<b>\$32,252</b>	<b>\$17,411</b>	<b>\$500</b>	<b>\$500</b>	<b>\$500</b>	<b>\$500</b>

**METRO will provide \$15.6M from Operating Reserves for projects from FY26 to FY32**

**9.2C.10**

Attachment

# Total METRO Cash Flow declines due to the conclusion of the TIRCP operating assistance

(\$'s in Thousands)

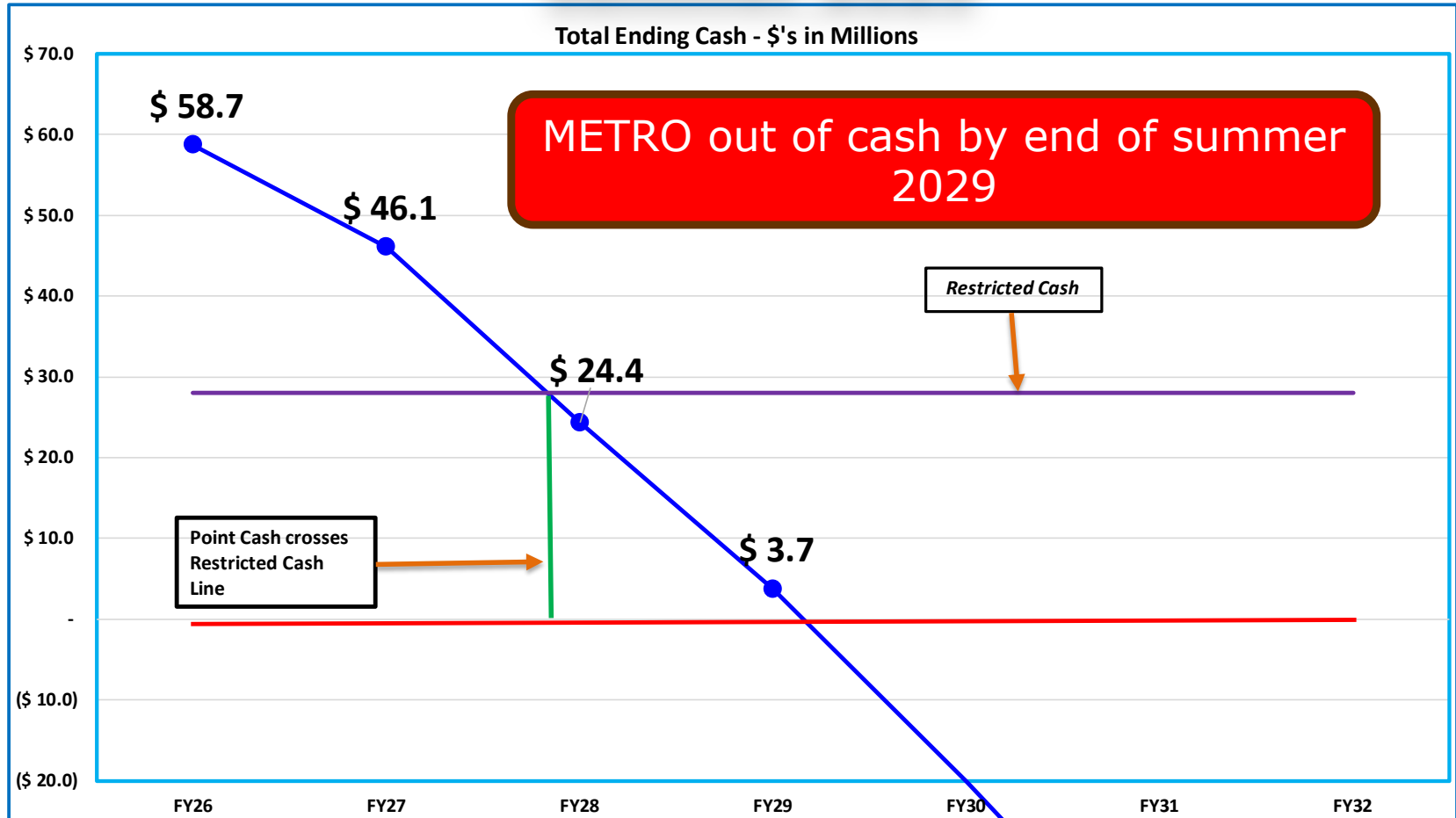
	FY26	FY27	FY28	FY29	FY30	FY31	FY32
<b>Beginning Cash Balance</b>	<b>\$66,633</b>	<b>\$58,701</b>	<b>\$46,081</b>	<b>\$24,357</b>	<b>\$3,732</b>	<b>(\$20,169)</b>	<b>(\$45,409)</b>
<b>Sources</b>							
Income Statement Sources	77,850	79,942	73,007	73,710	73,092	74,345	75,361
Capital Sources	37,716	26,761	13,225	0	0	0	0
<b>Total Sources of Cash</b>	<b>115,566</b>	<b>106,703</b>	<b>86,232</b>	<b>73,710</b>	<b>73,092</b>	<b>74,345</b>	<b>75,361</b>
<b>Uses</b>							
Income Statement Uses	81,864	87,070	90,545	93,835	96,494	99,085	102,137
Capital Uses	41,634	32,252	17,411	500	500	500	500
<b>Total Uses of Cash</b>	<b>123,498</b>	<b>119,323</b>	<b>107,956</b>	<b>94,335</b>	<b>96,994</b>	<b>99,585</b>	<b>102,637</b>
<b>Change in Cash</b>	<b>(7,932)</b>	<b>(12,620)</b>	<b>(21,725)</b>	<b>(20,624)</b>	<b>(23,902)</b>	<b>(25,240)</b>	<b>(27,276)</b>
<b>Ending Cash Balance</b>	<b>\$58,701</b>	<b>\$46,081</b>	<b>\$24,357</b>	<b>\$3,732</b>	<b>(\$20,169)</b>	<b>(\$45,409)</b>	<b>(\$72,686)</b>

- **Expense growth outpacing sources of cash**
- **Cash usage accelerating**

9.2C.11

Note: Capital Sources of Cash excludes METRO monies as highlighted in yellow in prior slide. Does not include grants receivable.

# Without replacement funding, cash runs out summer 2029



**Cash declines quickly dropping below the restricted cash level in spring 2028**

## **Balanced-budget scenario assumptions**

- **No replacement funding source is secured before TIRCP operating support ends**
- **METRO balances the budget beginning in FY28**
- **Reduction in Frequencies and Eliminations of Routes - roughly 40% lower than today**
- **Reductions to Support staff and Administration staff to match the smaller operating network**
- **These changes are shown to illustrate possible impacts, not an adopted service plan**

## **How the service reductions scenario was built**

- **Service was grouped by market and geography**
- **Reductions were allocated across rural, local, intercity, and UCSC**
- **Example impacts shown next illustrate the scale of cuts needed to balance FY28**
- **Final service decisions would require board action, public notice, and Title VI review**

# UCSC and Westside cuts could be ~40%

## UCSC and West Side

- Current service:
  - Route 18 @ **15** minutes
  - Route 19 @ **15** minutes
  - Route 16 @ **30** minutes
  - Most service runs until **midnight**



Today

Reduced Service



## UCSC and West Side

- Reduced service:
  - Route 18 @ **30** minutes
  - Route 19 @ **30** minutes
  - Route 16 @ **60** minutes
  - Most service runs until **9:00 pm**

# Live Oak service could become much less frequent, especially nights and weekends

## Live Oak

- Current service:
  - Route 1 @ **20** minutes peak / **30** minutes nights and weekends
  - Route 2 @ **20** minutes peak / **30** minutes nights and weekends
  - Most service runs until **midnight**



## Reduced Service

## Live Oak

- Reduced service:
  - Route 1 @ **30** minutes peak / **60** minutes nights and weekends
  - Route 2 @ **30** minutes peak / **60** minutes nights and weekends
  - Most service runs until **9:00 pm**

# Capitola and Aptos could lose frequency and local fixed-route coverage

## Capitola/Aptos

- Current service:
  - Route 1 @ **20** minutes peak / **30** minutes nights and weekends
  - Route 2 @ **20** minutes peak / **30** minutes nights and weekends
  - Route 73 @ **30** minutes peak / **60** minutes nights and weekends
  - Most service runs until midnight



## Reduced Service

## Capitola/Aptos

- Reduced service:
  - Route 1 @ **30** minutes peak / **60** minutes nights and weekends
  - Route 2 @ **30** minutes peak / **60** minutes nights and weekends
  - Route 73 @ **80** minutes
  - **Route 55 replaced with ParaCruz On-Demand Service**
  - Most service runs until **9:00 pm**



# Watsonville could see reduced frequency, route loss, and more on-demand replacement

## Watsonville

- Current service:
  - Route 1 @ **20** minutes peak / **30** minutes nights and weekends
  - Route 2 @ **20** minutes peak / **30** minutes nights and weekends
  - Route 73 @ **30** minutes peak / **60** minutes nights and weekends
  - Route 79 @ **30** minutes peak / **60** minutes nights and weekends



## Reduced Service

## Watsonville

- Reduced service:
  - Route 1 @ **30** minutes peak / **60** minutes nights and weekends
  - Route 2 @ **30** minutes peak / **60** minutes nights and weekends
  - Route 73 @ **80** minutes
  - Route 79 @ **60** minutes
  - **Route 78 discontinued**
  - **Route 72W replaced with ParaCruz On-Demand Service**



## **Reimagine METRO expanded access and mobility countywide**

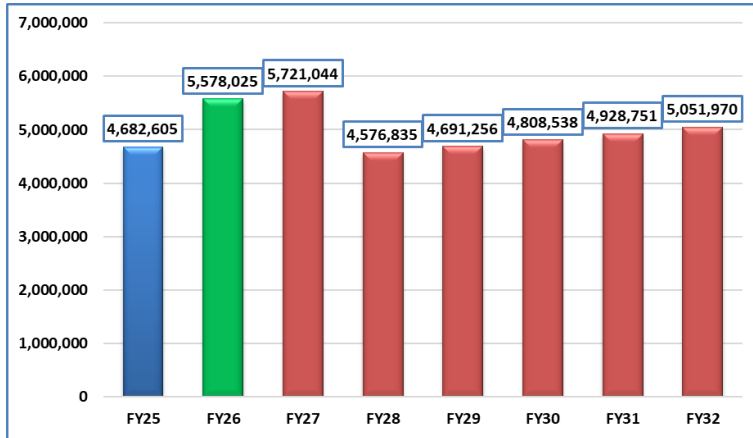
- **More than 100,000 residents and 50,000 jobs are within one-half mile of frequent service**
- **Ridership has grown more than 40% in two years**
- **FY26 ridership is projected to exceed pre-COVID levels**
- **Youth ridership has grown sharply under Youth Cruz Free**

## **Gains would be reversed under the balanced-budget cuts scenario**

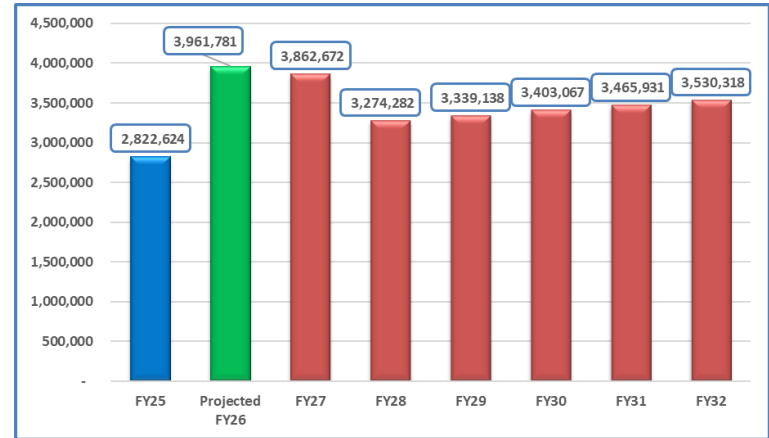
- **Much of the frequent transit network will be lost**
- **Recent ridership gains would likely erode**
- **Access to jobs, schools, and key destinations would worsen**
- **Youth mobility would be reduced by less frequent service**
- **Transit-supportive housing and development would be harder to advance**

# Balance-budget cuts would reduce service, ridership and fare revenue

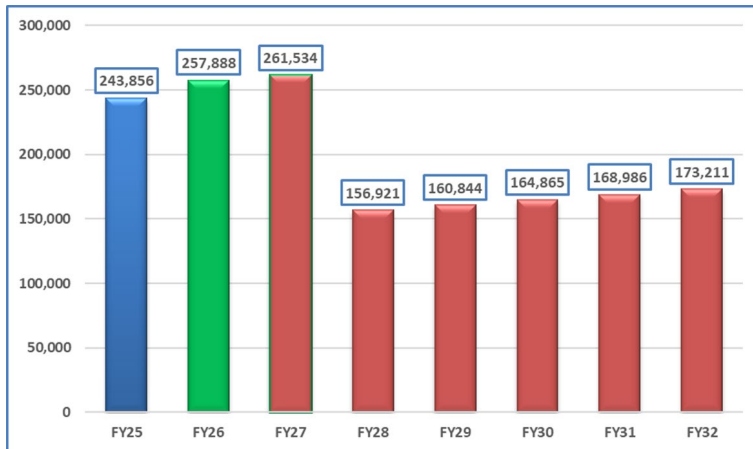
## Ridership



## Revenue



## Revenue Hours



- **20% lower ridership beginning in FY28**
- **15% lower fare revenue**
- **40% fewer revenue hours**

# Roughly 25% reduction in costs to balance the budget beginning in FY28

(\$'s in Thousands)	FY27	FY28	FY29	FY30
<b>Projected Budget Loss - March 2026</b>	<b>(\$7,128)</b>	<b>(\$17,538)</b>	<b>(\$20,124)</b>	<b>(\$23,402)</b>
<b><u>Changes In Budget</u></b>				
<b>Revenue Related</b>				
Reduction to Service - Fares	0	(653)	(654)	(655)
Tap to Pay - Fares	(155)	(158)	(161)	(164)
TDA - STA	0	0	(370)	(704)
LCTOP - Remove Youth Free	0	781	782	783
<b>Total Revenue Related</b>	<b>(155)</b>	<b>(30)</b>	<b>(403)</b>	<b>(740)</b>
<b>Expense Related</b>				
Personnel Actions	(1,155)	13,992	14,766	15,551
Marketing Reductions	583	411	424	437
Fuel Gallons/KG Reduction	0	2,816	2,802	2,688
External Repair and Equipment	414	458	470	483
Insurance Related	0	459	432	398
Cut Travel and Training 50%	0	185	189	193
Other - Includes Interest Income	(107)	225	599	381
<b>Total Expense Related</b>	<b>(264)</b>	<b>18,547</b>	<b>19,681</b>	<b>20,130</b>
<b>Total Changes in Cash</b>	<b>(\$419)</b>	<b>\$18,518</b>	<b>\$19,277</b>	<b>\$19,390</b>
<b>New Projected Profit/(Loss)</b>	<b>(\$7,546)</b>	<b>\$980</b>	<b>(\$846)</b>	<b>(\$4,010)</b>

**This is the scenario to Balance the Budget if no Replacement funding is found**

# The scenario would require major workforce reductions

- About \$18.4M in expense reductions
- 127 fewer budgeted positions
- About 31% lower staffing than current budget

**Operators**  
 Bus Operators  
 Paratransit Operators

**Support**  
 Fleet  
 Facilities  
 Operations  
 Inventory Management  
 Customer Service  
 Risk Management

**Administrative**  
 Admin  
 Finance  
 Human Resources  
 Marketing  
 Information Technology  
 Planning and Grants  
 Purchasing

(\$'s in Thousands)

	<u>FY28 - Budget</u>	<u>Reductions</u>	<u>New FY28</u>
Operators	\$34,187	\$9,759	\$24,428
Support	29,805	6,313	23,493
Administrative	14,011	2,296	11,714
<b>Total</b>	<b>\$78,003</b>	<b>\$18,368</b>	<b>\$59,635</b>

	<u>FY28 Headcount</u>	<u>Reductions</u>	<u>New FY28</u>
Operators	269	90	179
Support	105	25	80
Administrative	40	12	28
<b>Total</b>	<b>414</b>	<b>127</b>	<b>287</b>

- **FY28 Budget is based on the presented Budget at the March 2026 Board meeting**
- **This is a scenario to balance the budget if NO replacement funding is found**
- **This is a modeled scenario, not an adopted reduction plan**

## Attachment

# Positive Operating Cash Flow restored in FY28 due to service and cost reductions

	Budget FY26	Projected FY27	FY28	FY29	FY30	FY31	FY32
<i>(\$'s in Thousands)</i>							
<b>Operating Revenue</b>							
Passenger Fares	\$3,962	\$3,863	\$3,274	\$3,339	\$3,403	\$3,466	\$3,530
Special Transit Contracts	6,732	6,615	6,814	7,019	7,232	7,452	7,680
<b>Total Operating Revenue</b>	<b>\$10,694</b>	<b>\$10,477</b>	<b>\$10,088</b>	<b>\$10,359</b>	<b>\$10,635</b>	<b>\$10,918</b>	<b>\$11,210</b>
<b>Operating Expense</b>							
Labor - Regular	\$27,630	\$29,189	\$21,698	\$22,027	\$22,288	\$22,374	\$22,513
Labor - OT	935	935	716	731	745	760	765
Fringe	23,656	25,676	19,835	20,926	21,995	23,049	23,874
Non-Personnel	19,153	19,757	17,385	17,530	17,753	18,191	19,084
<b>Total Operating Expense</b>	<b>\$71,374</b>	<b>\$75,558</b>	<b>\$59,635</b>	<b>\$61,214</b>	<b>\$62,781</b>	<b>\$64,375</b>	<b>\$66,236</b>
<b>Operating Surplus/(Deficit)</b>	<b>(\$60,680)</b>	<b>(\$65,080)</b>	<b>(\$49,547)</b>	<b>(\$50,855)</b>	<b>(\$52,145)</b>	<b>(\$53,456)</b>	<b>(\$55,026)</b>
<i>Farebox/Contract Recovery</i>	<i>15.0%</i>	<i>13.9%</i>	<i>16.9%</i>	<i>16.9%</i>	<i>16.9%</i>	<i>17.0%</i>	<i>16.9%</i>
<b>Non-Operating Revenue/(Expense)</b>							
1979 Sales Tax/including Measure D	\$30,536	\$32,522	\$33,173	\$33,836	\$34,513	\$35,203	\$35,907
Federal/State Grants	26,309	27,947	28,449	28,337	26,421	26,390	26,128
TIRCP Grant	9,123	7,433	0	0	0	0	0
Retiree Obligations	(4,992)	(5,355)	(5,786)	(6,253)	(6,758)	(7,305)	(7,888)
Pension Bond Payment	(4,181)	(4,148)	(4,147)	(4,146)	(4,147)	(4,146)	(4,146)
UAL	(1,316)	(2,125)	(2,608)	(3,090)	(3,006)	(2,883)	(2,883)
All Other Revenue	1,188	1,259	1,447	1,325	1,112	865	564
<b>Total Non-Operating Revenue/(Expense)</b>	<b>\$56,667</b>	<b>\$57,534</b>	<b>\$50,527</b>	<b>\$50,009</b>	<b>\$48,135</b>	<b>\$48,125</b>	<b>\$47,683</b>
<b>Operating Surplus/(Deficit) before Transfers</b>	<b>(\$4,014)</b>	<b>(\$7,546)</b>	<b>\$980</b>	<b>(\$846)</b>	<b>(\$4,010)</b>	<b>(\$5,331)</b>	<b>(\$7,343)</b>

**Positive Cash Operating Surplus For FY28/29  
cumulative**

9.2C.24

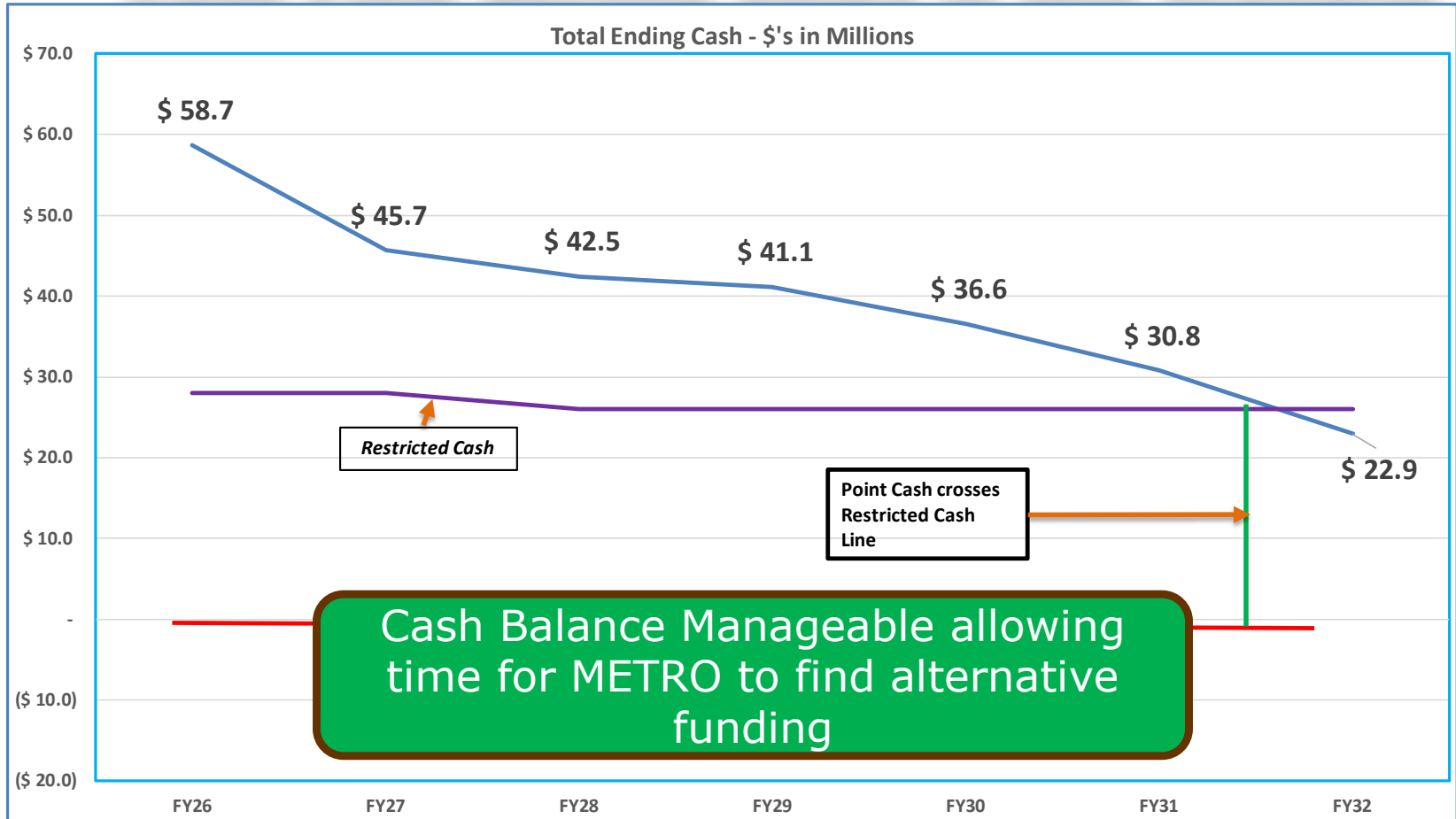
# Cuts have slowed the cash decline, but do not solve METRO's long-term funding problem

(\$'s in Thousands)	FY27	FY28	FY29	FY30	FY31	FY32	FY27- FY28 Change
<b>Beginning Cash Balance</b>	<b>\$58,701</b>	<b>\$45,663</b>	<b>\$42,457</b>	<b>\$41,111</b>	<b>\$36,600</b>	<b>\$30,769</b>	
<b>Sources</b>							
Income Statement Sources	79,638	73,157	73,857	72,682	73,377	73,810	-8.1%
Capital Sources	26,761	13,225	0	0	0	0	-50.6%
<b>Total Sources of Cash</b>	<b>106,399</b>	<b>86,382</b>	<b>73,857</b>	<b>72,682</b>	<b>73,377</b>	<b>73,810</b>	<b>-18.8%</b>
<b>Uses</b>							
Income Statement Uses	87,185	72,177	74,703	76,692	78,708	81,153	
Capital Uses	32,252	17,411	500	500	500	500	-46.0%
<b>Total Uses of Cash</b>	<b>119,437</b>	<b>89,588</b>	<b>75,203</b>	<b>77,192</b>	<b>79,208</b>	<b>81,653</b>	<b>-25.0%</b>
<b>Change in Cash</b>	<b>(13,038)</b>	<b>(3,206)</b>	<b>(1,346)</b>	<b>(4,510)</b>	<b>(5,831)</b>	<b>(7,843)</b>	<b>-75.4%</b>
<b>Ending Cash Balance</b>	<b>\$45,663</b>	<b>\$42,457</b>	<b>\$41,111</b>	<b>\$36,600</b>	<b>\$30,769</b>	<b>\$22,927</b>	

**The Change in Cash still declines but manageable going forward allowing time for METRO to find alternative funding**

**9.2C.25**

# Cash Flow decline slows in this scenario



**Cash usage slows and allows more time for METRO to keep operations running**

**Additional Actions that are NOT included in the scenario but can be used as additional levers as needed**

- **Fare Price increase starting in FY28**
- **Lower the hydrogen bus utilization – focus on cheaper fuel alternatives for service (CNG and Diesel)**
- **Elimination of all remaining Travel and Training Budget**
- **Reduction in Security Services**

## **Illustrative timeline if no replacement funding is secured**

- **Summer 2026** – understanding of the ballot measure threshold for passing
- **Early November 2026** – Vote final on pass/no pass on the sales tax initiative
- **January 2027** – METRO to review the full list of reductions and changes with Board approval
- **February/March 2027** – Public Notice Given
- **March 2027** – Meeting with Unions on Headcount Reduction
- **April 2027** – Notice Given to Personnel on Elimination of Position
- **May/June 2027** – Reductions in service start and cuts in spending start
- **July 2027** – all headcount and expense actions completed

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**DATE:** April 24, 2026  
**TO:** Board of Directors  
**FROM:** Chuck Farmer, Chief Financial Officer  
**SUBJECT: ACCEPT AND FILE THE FINANCIAL UPDATE FEBRUARY 2026 RESULTS**

**I. RECOMMENDED ACTION**

**That the Board of Directors accept and file the Financial Update February 2026 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 February 2026 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 February 2026 Results. The fiscal year has elapsed 67%.

Slide 1

(Cover) Financial Update February 2026 Results

Slide 2

(Cover) February 2026 Financial Results

Slide 3

February 2026 Operating Surplus/(Deficit) Actual vs. Budget

- Actuals are \$0.1M favorable to budget – excludes UAL/Bond Payment, Retiree Obligations
  - Passenger Fares – unfavorable by \$12K
  - Labor, Regular – favorable by \$167K
  - Fringe Benefits – favorable by \$169K
  - Labor, OT – unfavorable by \$222K, increased overtime, primarily for Bus Operators, Operations, Fleet Mechanics
  - Non-Personnel – favorable by \$36K

#### Slide 4

##### February 2026 Operating Revenue and Expenses

- Operating Revenue, net unfavorable by \$12K
  - Passenger Fares - unfavorable by \$2K
  - Special Transit Fares – unfavorable by \$11K
- Operating Expense, net favorable by \$149K – driven by open headcount, lower benefit costs, and professional/technical fee savings, with partial offsets including higher overtime and settlement costs
  - Labor Regular – favorable by \$167K
  - Labor OT – unfavorable by \$222K
  - Fringe Benefits – favorable by \$169K, excludes UAL and Retiree Obligations related costs
  - Non-Personnel – favorable by \$36K, excludes Bond payment related costs
- Operating Surplus/(Deficit) favorable by \$137K
  - Farebox/Contracts Recovery – 16.8% vs 16.6% budget
- Non-Operating Revenue/(Expense), net unfavorable by \$84K – driven by reduced grant activity and lower interest income, partially offset by favorable UAL and retiree obligation costs
  - Sales Tax/including Measure D – favorable by \$3K
  - Federal/State Grants – unfavorable by \$61K
  - Pension UAL/Bond Payment costs – favorable by \$11K
  - Retiree Obligations – favorable by \$39K
  - All Other – unfavorable by \$76K
- Operating Surplus/(Deficit) before Transfers favorable by \$53K

#### Slide 5

##### (Cover) YTD February 2026 Financial Results

#### Slide 6

##### YTD February 2026 Operating Surplus/(Deficit) Actual vs. Budget

- Actuals are \$1.9M favorable to budget – excludes UAL/Bond Payment and Retiree Obligations
  - Passenger Fares – unfavorable by \$328K
  - Labor Regular – favorable by \$645K, due to funded/vacant positions
  - Labor OT – unfavorable by \$1,361K, driven by overtime for Bus Operators, Fleet, and Operations departments

- Fringe Benefits – favorable by \$998K due to retirement and medical insurance savings from funded/vacant positions
- Non-Personnel – favorable by \$1,921K, primarily due to timing of spend related to Marketing programs and deferred Bridge Loan payments

#### Slide 7

##### YTD February 2026 Operating Revenue and Expenses

- Operating Revenue, net unfavorable by \$328K
  - Passenger Fares - unfavorable by \$208K
  - Special Transit Fares – unfavorable by \$120K
- Operating Expense, net favorable by \$2,203K– driven by open headcount, lower benefit costs, delayed marketing spend, and bridge-loan interest timing, partially offset by higher overtime and lower passenger fare and contracts revenue.
  - Labor Regular – favorable by \$645K
  - Labor OT – unfavorable by \$1,361K
  - Fringe Benefits – favorable by \$998K, excludes UAL/Retiree Obligation related costs
  - Non-Personnel – favorable by \$1,921K, excludes Bond payment related costs
- Operating Surplus/(Deficit) \$1,875K favorable
  - Farebox/Contracts Recovery – 13.5% vs 13.6% budget
- Non-Operating Revenue/(Expense), net favorable by \$1,694K – driven primarily by grant favorability including the timing of FTA 5307 drawdowns and higher sales tax revenue, partially offset by TIRCP
  - Sales Tax/including Measure D – favorable by \$508K
  - Federal/State Grants – favorable by \$1,118K
  - Pension UAL/Bond Payment costs – favorable by \$86K
  - Retiree Obligations – favorable by \$234K
  - All Other – unfavorable by \$251K
- Operating Surplus/(Deficit) before Transfers favorable by \$3,569K

#### Slide 8

##### (Cover) YTD February 2026 Capital Spending Results

#### Slide 9

##### YTD February 2026 Capital Spend

Total Capital Projects spending month to date is \$4,436K against full year revised budget of \$89.5M, which was approved in September 2025; Year to Date spending:

- Construction Related Projects – spending of \$6,037K against budget of \$36,903K
- IT Projects – spending of \$145K against budget of \$1,192K
- Facilities Repair & Improvements – spending of \$662K against budget of \$2,047K
- Revenue Vehicle Replacement – spending of \$27,855K 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 – spending of \$19K 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 February 2026.

**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 February 2026 Results Presentation

Prepared by: Lukas Dolansky, Financial Analyst

**VIII. APPROVALS**

Chuck Farmer, Chief Financial Officer



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Corey Aldridge, CEO/General Manager



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# **Financial Update February 2026 Results**

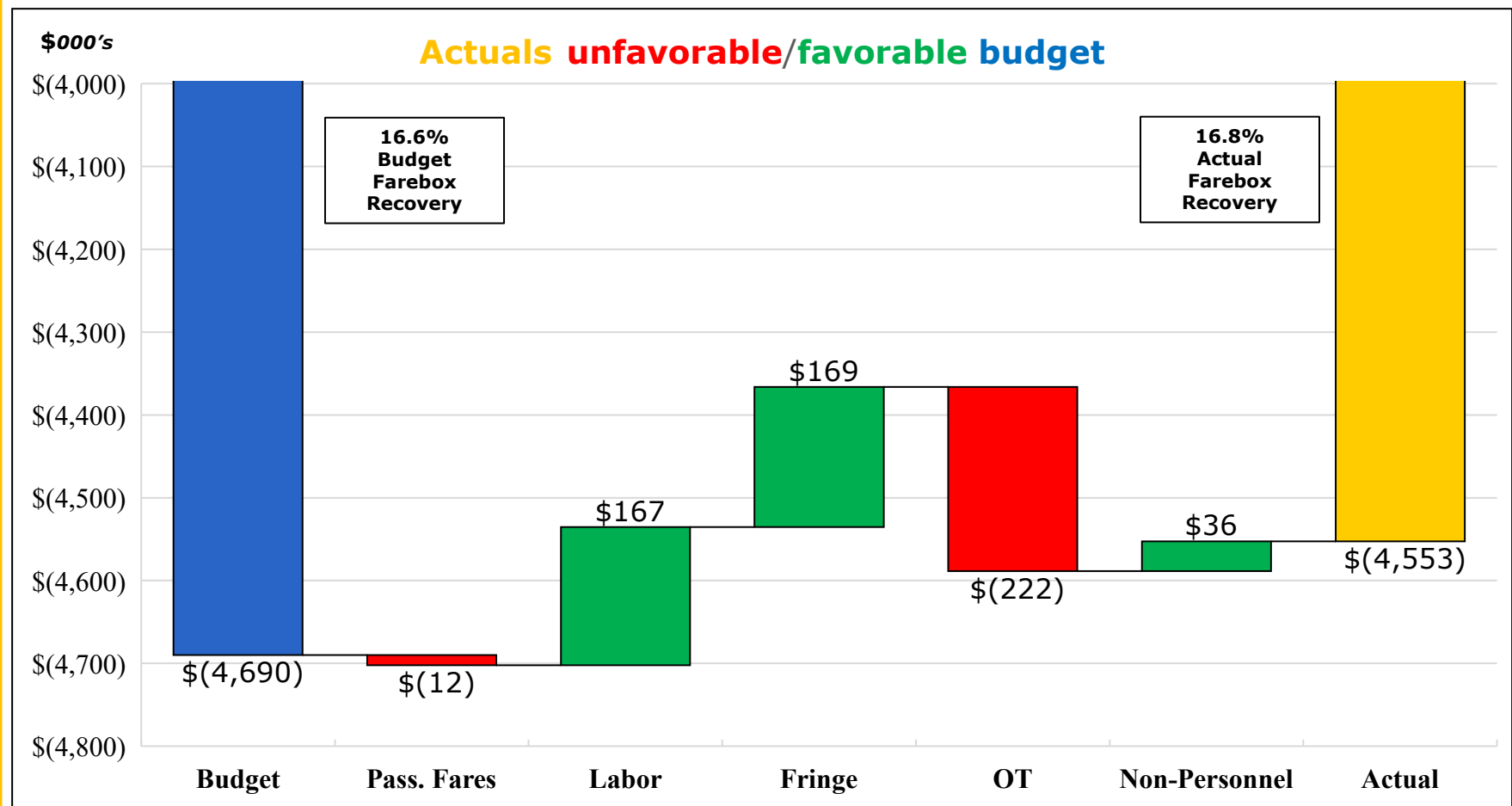
Board of Directors  
*April 24, 2026*

Chuck Farmer, Chief Financial Officer

# **February 2026 Financial Results**

# February 2026 Operating Surplus/(Deficit) Actual vs. Budget

**Overall \$0.1M favorable**



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

# Operating Revenue and Expenses

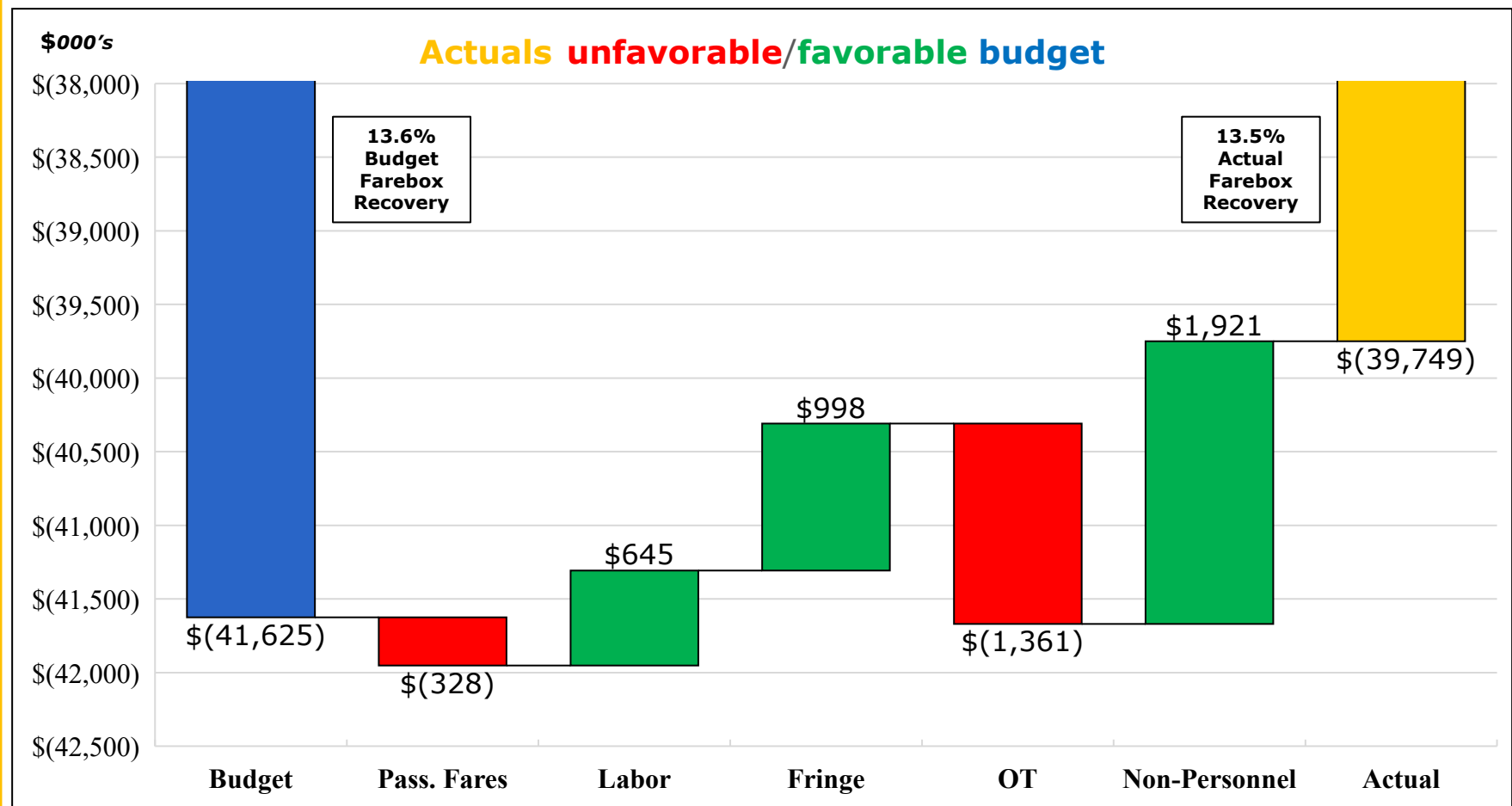
<i>\$ 000's</i>	<u>Actual</u>	<u>Budget</u>	<u>Fav/ (Unfav)</u>
<b>Operating Revenue</b>			
Passenger Fares	\$ 230	\$ 231	(\$ 2)
Special Transit Contracts	690	701	(11)
<b>Total Operating Revenue</b>	<b>\$ 919</b>	<b>\$ 932</b>	<b>(\$ 12)</b>
<b>Operating Expense</b>			
Labor - Regular	\$ 2,088	\$ 2,255	\$ 167
Labor - OT	297	75	(222)
Fringe ( <i>excludes UAL &amp; Retiree costs</i> )	1,719	1,888	169
Non-Personnel ( <i>excludes Bond costs</i> )	1,368	1,404	36
<b>Total OpEx</b>	<b>\$ 5,472</b>	<b>\$ 5,621</b>	<b>\$ 149</b>
<b>Operating Surplus/(Deficit)</b>	<b>(\$ 4,553)</b>	<b>(\$ 4,690)</b>	<b>\$ 137</b>
<i>Farebox/Contracts Recovery</i>	<i>16.8%</i>	<i>16.6%</i>	<i>0.2%</i>
<b>Non-Operating Revenue/(Expense)</b>			
Sales Tax/including Measure D	\$ 3,378	\$ 3,375	\$ 3
Federal/State/Local Grants	673	733	(61)
Pension UAL/Bond Interest Payment	(215)	(226)	11
Retiree Obligations	(412)	(452)	39
All Other	132	208	(76)
<b>Total Non-Operating Revenue/(Expense)</b>	<b>\$ 3,555</b>	<b>\$ 3,639</b>	<b>(\$ 84)</b>
<b>Operating Surplus/(Deficit) before Transfers</b>	<b>(\$ 998)</b>	<b>(\$ 1,051)</b>	<b>\$ 53</b>

- Operating Surplus/(Deficit) favorable \$137K, driven by open headcount, lower fringe costs, and professional/technical fee savings, with partial offsets including higher overtime and settlement costs.
- Non-Operating Revenue/(Expense) unfavorable \$84K, driven by reduced grant activity and lower interest income, partially offset by lower retiree obligation costs.

# **YTD February 2026 Financial Results**

# YTD February 2026 Operating Surplus/(Deficit) Actual vs. Budget

**Overall \$1.9M favorable**



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

# YTD February 2026 Operating Revenue and Expenses

<i>\$ 000's</i>		<b>Actual</b>	<b>Budget</b>	<b>Fav/ (Unfav)</b>
<b>Operating Revenue</b>				
Passenger Fares		\$ 1,877	\$ 2,085	(\$ 208)
Special Transit Contracts		4,349	4,469	(120)
	<b>Total Operating Revenue</b>	<b>\$ 6,226</b>	<b>\$ 6,554</b>	<b>(\$ 328)</b>
<b>Operating Expense</b>				
Labor - Regular		\$ 17,340	\$ 17,985	\$ 645
Labor - OT		2,035	675	(1,361)
Fringe ( <i>excludes UAL &amp; Retiree costs</i> )		14,795	15,793	998
Non-Personnel ( <i>excludes Bond costs</i> )		11,806	13,726	1,921
	<b>Total OpEx</b>	<b>\$ 45,975</b>	<b>\$ 48,178</b>	<b>\$ 2,203</b>
	<b>Operating Surplus/(Deficit)</b>	<b>(\$ 39,749)</b>	<b>(\$ 41,625)</b>	<b>\$ 1,875</b>
	<i>Farebox/Contracts Recovery</i>	<i>13.5%</i>	<i>13.6%</i>	<i>(0.1%)</i>
<b>Non-Operating Revenue/(Expense)</b>				
Sales Tax/including Measure D		\$ 22,598	\$ 22,091	\$ 508
Federal/State/Local Grants		20,189	19,071	1,118
Pension UAL/Bond Interest Payment		(1,728)	(1,815)	86
Retiree Obligations		(3,044)	(3,277)	234
All Other		1,284	1,535	(251)
	<b>Total Non-Operating Revenue/(Expense)</b>	<b>\$ 39,299</b>	<b>\$ 37,605</b>	<b>\$ 1,694</b>
	<b>Operating Surplus/(Deficit) before Transfers</b>	<b>(\$ 450)</b>	<b>(\$ 4,019)</b>	<b>\$ 3,569</b>

- Operating Surplus/(Deficit) favorable \$1,875K, driven by open headcount, lower benefit costs, delayed marketing spend, and bridge-loan interest, partially offset by higher overtime and lower passenger fare and contracts revenue.
- Non-Operating Revenue/(Expense) favorable \$1,694K, driven by grant favorability including the timing of FTA 5307 drawdowns and higher sales tax revenue, partially offset by TIRCP.

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

# **YTD February 2026 Capital Spending Results**

# YTD February 2026 Capital Spend

\$000's	Month to	Year to	Portfolio Total *	
	Date	Date	Budget	% Spend
Project Category:	Actuals	Actuals		
Construction	\$ 847	\$ 6,037	\$ 36,903	16.4%
IT Projects	\$ 15	\$ 145	\$ 1,192	12.2%
Facilities Upgrades and Improvements	\$ 8	\$ 662	\$ 2,047	32.3%
Revenue Vehicle Replacements	\$ 3,565	\$ 27,855	\$ 47,757	58.3%
Non-Revenue Vehicle Purchases and Replacements	-	\$ 190	\$ 209	90.9%
Fleet Maintenance and Equipment	-	-	\$ 933	0.0%
Miscellaneous Projects	\$ 1	\$ 19	\$ 500	3.8%
<b>Total</b>	<b>\$ 4,436</b>	<b>\$ 34,908</b>	<b>\$ 89,541</b>	<b>39.0%</b>

## For the Month

- Spending includes payment for 2 hydrogen 40' buses and 1 60' bus, Watsonville Station Redevelopment, Hydrogen Fuel Storage.

## Year-to-Date

- Construction: \$6.0M, driven by the Watsonville Parking Lot (\$2.9M), Hydrogen Fueling Stations (\$2.3M), and Watsonville Station Redevelopment (\$0.8M).
- Revenue Vehicle Replacements & Campaigns: \$27.9M YTD, primarily for the purchase of 23 hydrogen buses.

**Questions?**



**DATE:** April 24, 2026  
**TO:** Board of Directors  
**FROM:** John Urgo, Chief Planning and Innovation Officer  
**SUBJECT: ACCEPT AND FILE THE METRO SYSTEM RIDERSHIP REPORTS FOR THE FOURTH QUARTER OF FY25**

**I. RECOMMENDED ACTION**

**That the Board of Directors accept and file the METRO system ridership report for the Fourth quarter of FY25**

**II. SUMMARY**

- FY25 Q4 total ridership increased 42.5% (+436,461) compared to FY24 Q4.
- Local non-student ridership increased 86.3% (+206,871) compared to FY24Q4
- Highway 17 (Hwy 17) ridership increased 53.4% (+18,937) compared to FY24Q4
- UCSC student ridership increased 34.2% (+191,716) compared to FY24Q4
- Youth (18 and under) ridership increased 18.1% (+15,040) compared to FY24Q4

**III. DISCUSSION/BACKGROUND**

This report contains ridership summaries and ridership by route for Santa Cruz Metropolitan Transit District (METRO) fixed route bus service for the Fourth quarter (Q4) of FY24, April 1 – June 30, 2025. The release of this report, typically published in August, was delayed due to certification of the Clever APC system, a temporary loss of APC data in June 2025 that was later restored, and the implementation of all-door boarding on UCSC routes, which required development of a new methodology for estimating student boardings using APC and farebox data. Quarterly ridership reports keep the Board of Directors (Board) apprised of METRO’s ridership statistics and ridership trends:

- Attachment A shows system-wide and college student ridership statistics for Q4 of FY25 and makes year-over-year comparisons with ridership statistics.
- Attachment B shows the average ridership and pass/fare usage per route and system wide.
- Attachment C shows the weekly ridership comparison for Q4 of FY25-24.

### **Total Fixed Route Ridership**

In FY25 Q4, METRO operated local, intercity, rural, and commuter service throughout Santa Cruz County, including commuter service over Hwy 17. Total fixed route ridership increased significantly compared to FY24 Q4. Systemwide boardings increased from 1,027,198 to 1,463,659 passenger trips, representing a 42.5 percent increase year over year. Local routes accounted for most of the ridership, representing approximately 96 percent of total system boardings.

Vehicle Revenue Hours (VRH) for total fixed route service increased 24.4% compared to FY24 Q4, rising from 50,010 hours to 62,225 hours. The increase in service hours coincided with substantial ridership growth during the quarter.

Local fixed route ridership increased 42.1 percent, rising from 991,724 boardings in FY24 Q4 to 1,409,248 boardings in FY25 Q4. Highway 17 Express ridership also increased substantially, growing 53.4 percent compared to the previous year. Student pass riders, including UCSC, Cabrillo, and youth, continued to represent the largest share of METRO's ridership. During FY25 Q4, student riders accounted for approximately 62% of total system boardings, with UCSC riders alone representing roughly 51 percent of all passenger trips. Local non-student ridership increased substantially compared to FY24 Q4, rising by 86.3% (+206,871). A portion of this growth appears to be associated with increased ridership on intercity routes, particularly Routes 1 and 2, which together increased by 123,157 boardings. Service on Route 1 was increased from every 30 minutes to every 15 minutes throughout most of the day in June of 2024 as part of the Reimagine METRO service changes. This resulted in a 204% increase in revenue hours for Route 1 alone.

### **Regular and Discount Passes & Fares**

Total regular pass usage increased substantially in FY25 Q4, rising 56.1% (+97,314 boardings) compared to FY24 Q4. Growth in pass usage was driven in part by increased adoption of mobile fare media, with local mobile pass usage increasing 77.2% (+24,319 boardings) and Highway 17 mobile pass usage increasing 83.9% (+10,448 boardings). In contrast, total cash usage declined 12.0% (-12,581 boardings) compared to FY24 Q4. Local cash fares decreased 11.0% (-10,069 boardings), while Highway 17 cash fares declined 18.5% (-2,512 boardings).

Discounted pass usage increased 7.6% (+3,651 boardings) in FY25 Q4 compared to FY24 Q4, reflecting moderate growth among senior and disabled riders. This increase was driven by gains in local mobile pass usage (+34.2%) and Highway 17 traditional pass usage (+78.0%), while discounted traditional local pass usage grew more modestly (+2.6%). Discounted cash usage increased 7.0% (+2,929 boardings) in FY25 Q4 compared to FY24 Q4, reflecting modest growth among senior and disabled riders paying with cash. Hwy 17 saw the largest discounted cash increase with 19.3%, albeit from a smaller baseline.

### **Weekly Ridership Growth**

Weekly ridership trends throughout the quarter indicate sustained growth compared to the previous year. Weekly ridership totals exceeded FY24 levels during every week of the quarter, with moderate increases during April followed by larger increases in late May and early June. The end of May saw the sharpest increase from FY24, with a 141% increase in the last week of the month. This unusually large increase likely reflects a lower baseline in FY24 due to UCSC campus disruptions during a period of strike activity. Ridership declined toward the end of June as the UCSC spring academic quarter concluded in the first half of the month, reinforcing the strong influence of the academic calendar on transit demand in Santa Cruz County.

### **Ridership by Revenue Hour**

Systemwide ridership averaged 23.5 riders per vehicle revenue hour in FY25 Q4, representing a 14.5% increase compared to FY24 Q4. Service productivity varied significantly across route groups. Routes serving the UCSC campus remained the most productive services in the system, averaging 57.9 riders per VRH, representing a 70.4% increase in productivity compared to FY24 Q4. This increase may partially reflect a rebound from reduced ridership during FY24 Q4, when UCSC union strikes likely affected transit demand, as well as increases in student enrollment for the 24-25 academic year. Local routes experienced a large increase in productivity, with riders per VRH increasing 101.3 % year over year, indicating substantial growth in ridership relative to service levels. Hwy 17 Express service averaged 9.9 riders per VRH, representing a 19.3 % increase compared to the previous year, while rural routes averaged 12.8 riders per VRH, an increase of 33.0%. Intercity routes averaged 15.3 riders per VRH, representing a 31.3% decrease in productivity compared to FY24 Q4. This decline is likely associated with increased service levels on routes 1 and 2 during FY25, which increased service hours but reduced average ridership productivity.

## **IV. STRATEGIC PLAN PRIORITIES ALIGNMENT**

This report aligns with METRO's Service Quality and Delivery strategic priority.

## **V. FINANCIAL CONSIDERATIONS/IMPACT**

Revenue derived from passenger fares and passes was reflected in the FY25 operating budget. There may be a decline in overall cash fares resulting from the Youth Cruz Free program and other Pass Programs. Farebox cash revenue in Q4 of FY25 was 12% less compared to Q4 in FY24.

## **VI. CHANGES FROM COMMITTEE**

N/A

## **VII. ALTERNATIVES CONSIDERED**

There are no alternatives to consider.

## **VIII. ATTACHMENTS**

**Attachment A:** Quarterly System Ridership Summary for FY25 Q4 April 1 – June 30, 2025


**Attachment B:** Quarterly Average Ridership by Route Report for FY25 Q5 April 1 – June 30, 2025

**Attachment C:** Quarterly Ridership by Week for FY25 Q5 April 1 – June 30, 2025

Prepared by: Jeff Wootton, Transportation Planner

**IX. APPROVALS**

John Urgo  
Chief Planning and Innovation Officer



Approved as to fiscal impact:  
Chuck Farmer, CFO



Corey Aldridge, CEO/General Manager



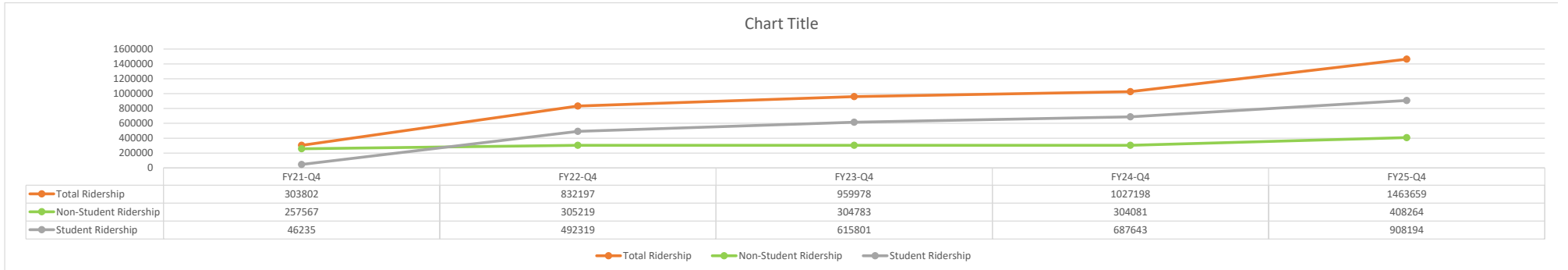
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# Attachment A

## Quarterly System Ridership Summary

FY25 Q4 (April 1 - June 31, 2025)

Calendar Operating Days			Discounted Pass Usage (Senior/Disabled)				Regular Pass Usage						
	This Year	Last Year	Quarterly Totals (Q4)				Quarterly Totals (Q4)						
			FY25 Q4	FY24 Q4	Difference	% Change	FY25 Q4	FY24 Q4	Difference	% Change			
<b>Weekdays</b>	64	65	Local Pass Usage *	40,595	39,582	1,013	2.6%	Local Pass Usage *	184,496	123,470	61,026	49.4%	
			* Includes Smartcard and Mag-stripe passes				* Includes Misc. boardings (Key presses, such as Free boardings, excluding Student passes, Smartcard and Mag-stripe passes)						
<b>Weekends</b>	27	26	Hwy 17 Pass Usage *	283	159	124	78.0%	Hwy 17 Pass Usage *	7,473	5,952	1,521	25.6%	
			* Includes Smartcard and Mag-stripe passes				*Includes Misc. Boardings (Key Presses), Smartcard and Mag-stripe passes						
<b>UCSC Days of Instruction *</b>	54	53	Local Mobile Pass Usage *	9,820	7,317	2,503	34.2%	Local Mobile Pass Usage *	55,831	31,512	24,319	77.2%	
			* Includes general public use for discounted fare adults				* Includes general public use for full fare adults and Pass Program riders using SplashPass						
<b>Cabrillo Days of Instruction *</b>	49	39	Hwy 17 Mobile Pass Usage *	1,132	1,121	11	1.0%	Hwy 17 Mobile Pass Usage *	22,896	12,448	10,448	83.9%	
			* Includes general public use for discounted fare adults				* Includes general public use for full fare adults						
<b>Total Pass Usage</b>			<b>51,830</b>	<b>48,179</b>	<b>3,651</b>	<b>7.6%</b>	<b>Total Pass Usage</b>			<b>270,696</b>	<b>173,382</b>	<b>97,314</b>	<b>56.1%</b>
			Discounted Cash Usage (Senior/Disabled)				Regular Cash Usage						
	Quarterly Totals (Q4)				Quarterly Totals (Q4)								
	FY25 Q4	FY24 Q4	Difference	% Change	FY25 Q4	FY24 Q4	Difference	% Change					
Local Single Cash Fare	42,149	39,642	2,507	6.3%	Local Single Cash Fare	81,170	91,239	(10,069)	-11.0%				
Hwy 17 Single Cash Fare	2,604	2,182	422	19.3%	Hwy 17 Single Cash Fare	11,100	13,612	(2,512)	-18.5%				
<b>Total Cash Usage</b>			<b>44,753</b>	<b>41,824</b>	<b>2,929</b>	<b>7.0%</b>	<b>Total Cash Usage</b>			<b>92,270</b>	<b>104,851</b>	<b>(12,581)</b>	<b>-12.0%</b>
System Totals			Quarterly Totals (Q4)				Student Pass Program Totals						
	Quarterly Totals (Q4)				Quarterly Totals (Q4)								
	FY25 Q4	FY24 Q4	Difference	% Change	FY25 Q4	FY24 Q4	Difference	% Change					
Local Fixed Route	1,409,248	991,724	417,524	42.1%	UCSC	751,686	559,970	191,716	34.2%				
Highway 17 Express	54,411	35,474	18,937	53.4%	Cabrillo	58,602	44,807	13,795	30.8%				
					Youth	97,906	82,866	15,040	18.1%				
<b>System Total</b>			<b>1,463,659</b>	<b>1,027,198</b>	<b>436,461</b>	<b>42.5%</b>	<b>Student Total</b>			<b>908,194</b>	<b>687,643</b>	<b>220,551</b>	<b>32.1%</b>



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# Attachment B

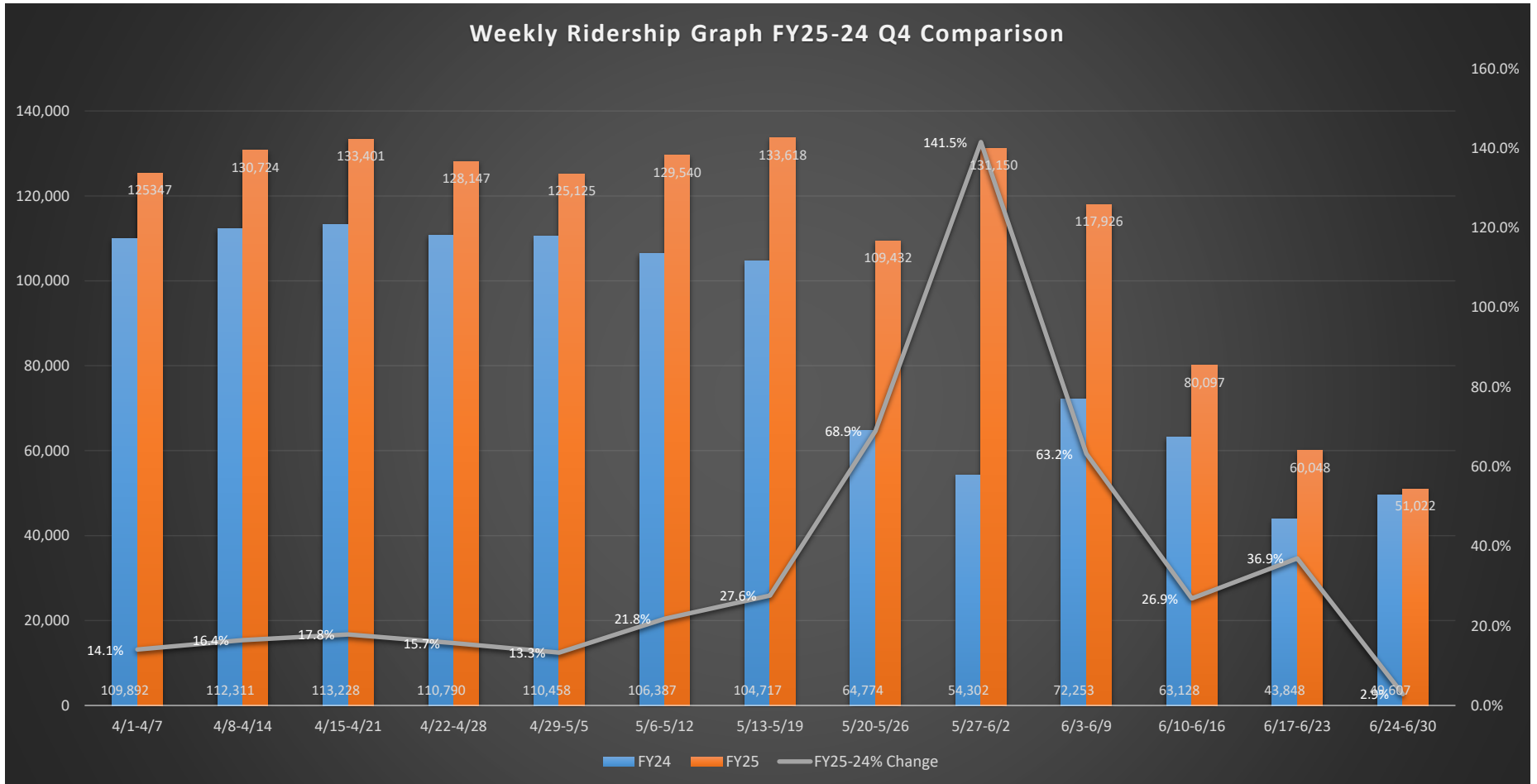
## Q4 Quarterly Average Ridership by Route Report

April 1 - June 30, 2025		Average Weekday Ridership per VRH						Average Weekend Ridership per VRH					
Route	Corridor	Total Riders	UCSC Riders %	Cabrillo Riders %	Youth Riders %	Discount Fares & Passes %	Regular Fares & Passes %	Total Riders	UCSC Riders %	Cabrillo Riders %	Youth Riders %	Discount Fares & Passes %	Regular Fares & Passes %
<b>UCSC</b>													
11	UCSC via West Gate - High	51.6	97.2%	0.1%	0.5%	0.2%	1.9%	44.5	98.2%	0.1%	0.2%	0.3%	1.1%
18	UCSC via Main Gate - Mission	67.0	97.4%	0.2%	0.6%	0.4%	1.4%	49.7	97.5%	0.1%	0.3%	0.4%	1.5%
19	UCSC via West Gate - Bay	62.6	97.8%	0.2%	0.3%	0.5%	1.1%	57.4	97.9%	0.1%	0.3%	0.6%	1.1%
20	UCSC via Main Gate - Delaware	43.2	93.5%	0.6%	0.9%	1.4%	3.5%	30.2	96.4%	0.2%	0.4%	0.9%	2.0%
<b>Intercity</b>													
1	Soquel/Cabrillo/Airport	13.8	5.6%	14.7%	14.4%	12.7%	52.6%	13.0	6.7%	4.9%	11.0%	13.4%	63.9%
2	Capitola/Cabrillo/Main	19.7	8.2%	12.3%	12.6%	12.8%	54.1%	15.8	11.0%	6.6%	12.7%	14.0%	55.6%
<b>Rural</b>													
35	Hwy 9/Scotts Valley	17.3	5.5%	4.4%	25.9%	10.9%	53.4%	9.0	6.3%	4.7%	13.2%	14.3%	61.5%
40	Highway 1 - Davenport	9.3	11.4%	3.9%	10.9%	6.3%	67.5%	8.3	17.9%	1.5%	8.4%	9.0%	63.2%
41	Empire Grade - Bonny Doon	7.1	8.7%	1.7%	25.1%	4.3%	60.2%	7.4	19.3%	1.1%	8.7%	9.0%	61.9%
73	Soquel/Freedom/Cabrillo	12.3	2.0%	13.4%	28.7%	10.3%	45.7%	6.8	2.0%	5.1%	14.0%	16.1%	62.8%
<b>Local</b>													
3A	UCSC/Capitola Mall/Live Oak via East Cliff	16.8	15.1%	5.1%	8.1%	14.5%	57.2%	12.5	25.6%	4.6%	12.4%	16.0%	41.4%
3B	UCSC/Capitola Mall/Live Oak via 17th/Brommer	21.9	12.3%	5.2%	15.4%	13.2%	53.9%	13.9	19.8%	4.9%	15.0%	15.8%	44.4%
4	River/Harvey West/Emeline	10.5	14.0%	4.8%	4.4%	21.1%	55.8%	3.4	12.3%	4.6%	3.3%	18.0%	61.8%
55	Capitola/Rio Del Mar/La Selva	6.7	4.0%	23.0%	14.5%	19.5%	39.0%	5.9	9.0%	14.4%	12.4%	30.7%	33.5%
72	Green Valley - Pinto lake	16.0	0.4%	7.9%	21.7%	14.5%	55.4%	5.5	2.4%	3.6%	7.8%	8.8%	77.4%
74S	PVHS/Watsonville Hospital	18.4	0.1%	0.3%	59.6%	2.4%	37.6%						
75	Green Valley - Wheelock	19.6	0.6%	6.4%	18.1%	16.4%	58.5%	12.7	0.8%	5.5%	13.4%	25.7%	54.6%
78	Green Valley - Ohlone	9.4	0.4%	0.7%	7.4%	0.6%	90.8%	5.0	0.0%	1.8%	6.1%	3.0%	89.1%
79	East Lake	10.6	0.5%	7.7%	21.0%	9.2%	61.6%	9.1	4.2%	9.7%	12.6%	18.0%	55.5%
<b>Commuter</b>													
Hwy 17	Hwy 17 Express	9.8	-	-	-	5.3%	93.1%	10.2	-	-	-	5.1%	92.3%
<b>Avg. Ridership per VRH</b>		<b>25.2</b>	<b>56.4%</b>	<b>4.5%</b>	<b>7.3%</b>	<b>5.5%</b>	<b>26.3%</b>	<b>18.5</b>	<b>53.0%</b>	<b>2.5%</b>	<b>5.6%</b>	<b>7.0%</b>	<b>31.8%</b>

49 Calendar School Days of Cabrillo  
 54 Calendar School Days of UCSC  
 32 Calendar School Days of SJSU

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# Attachment C



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*Santa Cruz Metropolitan  
Transit District*



**DATE:** April 24, 2026

**TO:** Board of Directors

**FROM:** Derek Toups, Planning & Innovation Deputy Director

**SUBJECT: CONSIDER A RESOLUTION DESIGNATING THE CEO/GENERAL MANAGER AS THE AUTHORIZED AGENT TO SUBMIT A GRANT APPLICATION AND EXECUTE ACTIONS NECESSARY TO RECEIVE FORMULA FUNDS FROM THE FY26 LOW CARBON TRANSIT OPERATIONS PROGRAM**

**I. RECOMMENDED ACTION**

**That the Board adopt a resolution designating the CEO/General Manager as the Authorized Agent to submit a grant application and execute all agreements and actions necessary to receive funds from the FY25 Low Carbon Transit Operations Program.**

**II. SUMMARY**

- The California State Controller's Office (SCO) has allocated funds from the Greenhouse Gas Reduction Fund to the Low Carbon Transit Operations Program (LCTOP) for transit projects that reduce greenhouse gas emissions.
- For FY2025-26 (FY26), the State Controller's Office allocated \$850,098 to Santa Cruz County. \$406,657 was designated to the Santa Cruz Metropolitan Transit District (METRO). \$443,441 was designated to the Santa Cruz County Regional Transportation Commission (RTC) to implement an LCTOP project. The RTC programmed 100% of FY2025-26 LCTOP funds to METRO.
- METRO initiated the Youth Cruz Free program in March 2023, supported by FY23 LCTOP funds. METRO estimates that FY26 Youth ridership has grown by 141% since the start of the program, an increase of 230,613 trips annually.
- Staff recommends using the FY26 LCTOP funds to continue to operate this program for K-12 students throughout Santa Cruz County.
- Staff recommends that the Board of Directors (Board) adopt a resolution designating the CEO/General Manager as the Authorized Agent to submit an

application and to execute all agreements and take all other actions, including executing the Certifications and Assurances, necessary to receive the LCTOP funds.

### **III. DISCUSSION/BACKGROUND**

In 2006, Governor Schwarzenegger executed the California Global Warming Solutions Act of 2006 (AB 32), landmark legislation that set targets to reduce greenhouse gas emissions to 1990 levels by 2020. AB 32 spawned trailing legislation that created new programs and designated various state agencies to administer them. In 2014, Governor Brown signed the Transit, Affordable Housing and Sustainable Communities Program (SB 862), which distributed revenue from the sale of carbon emission credits to various programs, to increase transit ridership and reduce overall emissions from transportation sources. SB 862 established the LCTOP to distribute Cap-and-Trade revenue to regional transportation planning agencies and to public transit operators for new services and infrastructure that expand transit service, increase ridership and reduce emissions.

The LCTOP is a formula grant program that receives 5% annually of Greenhouse Gas Reduction Funds generated from the sale of carbon credits in the Cap and Trade program. The State Controller's Office (SCO) then allocates the LCTOP funds to Regional Transportation Planning Agencies (the RTC in Santa Cruz County) and to public transit agencies by the same formula used to allocate State Transit Assistance (STA) funds. For the FY26 program SCO allocated \$850,098 to Santa Cruz County. \$406,657 was designated to the Santa Cruz Metropolitan Transit District (METRO). \$443,441 was designated to the Santa Cruz County Regional Transportation Commission (RTC) to implement an LCTOP project. The RTC programmed 100% of FY2025-26 LCTOP funds to METRO.

In March 2023, METRO initiated the Youth Cruz Free program utilizing FY23 LCTOP funds. METRO estimates that FY26 Youth ridership has grown by 141% since the start of the program, an increase of 230,613 trips annually. For those who use transit because of economic necessity, fare free programs help to reduce the transportation cost burden. The Youth Cruz Free program expands access to opportunities and resources for youth and supports equity goals by eliminating the fare burden for youth, many of whom come from low-income households. Upon the approval of this resolution, METRO will submit an FY26 LCTOP allocation request for the combined total of \$850,098 for the operation of the Youth Cruz Free program.

Staff recommends that the Board approve using LCTOP funds for the Youth Cruz Free program and adoption of a resolution (Attachment A) to:

1. Designate the CEO/General Manager as the Authorized Agent to submit an application and execute all agreements necessary to receive LCTOP funds from Caltrans and authorize the CEO/General Manager to execute Certifications and Assurances required to participate in the Low Carbon Transit Operating Program (Attachment B and Attachment C).

#### **IV. FINANCIAL CONSIDERATIONS/IMPACT**

METRO would receive a total of \$850,098 from the FY26 LCTOP allocation to Santa Cruz County, including \$443,441 of RTC's share. METRO will deposit these funds into a segregated, interest-bearing account until they are expended on the operations of the Youth Cruz Free program, as described in detail above.

#### **V. CHANGES FROM COMMITTEE**

N/A

#### **VI. ALTERNATIVES CONSIDERED**

Do not receive the FY26 LCTOP allocation. Staff does not recommend this alternative because METRO would lose critically needed revenue to pay for the popular free fare program, which benefits K-12 students, and low-income households, throughout Santa Cruz County

#### **VII. ATTACHMENTS**

**Attachment A:** Resolution designating the CEO/General Manager as the Authorized Agent and authorizing the execution of Certifications and Assurances for the Low Carbon Transit Operating Program

**Attachment B:** Authorized Agent Form

**Attachment C:** Certifications and Assurance Form

Prepared by: Cayla Hill, Grants Analyst

Board of Directors  
April 24, 2026  
Page 4 of 4

IV. APPROVALS

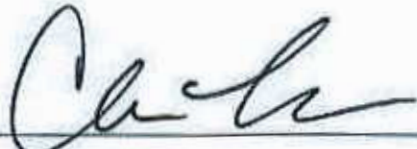
John Urgo, Chief Planning  
and Innovation Officer

DocuSigned by:  
  
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Approved as to form:  
Julie Sherman, General Counsel



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



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 AUTHORIZING THE EXECUTION OF CERTIFICATIONS AND ASSURANCES AND DESIGNATING THE CEO/ GENERAL MANAGER AS THE AUTHORIZED AGENT TO EXECUTE ALL ACTIONS NECESSARY TO RECEIVE FY2025 - 2026 FUNDS FROM THE LOW CARBON TRANSIT OPERATIONS PROGRAM FOR THE HYDROGEN FUEL CELL ELECTRIC BUS (FCEB) PURCHASE (\$850,098)**

**WHEREAS**, the Santa Cruz Metropolitan Transit District (METRO) is an eligible project sponsor and may receive state funding from the Low Carbon Transit Operations Program (LCTOP) for transit projects; and

**WHEREAS**, the statutes related to state-funded transit projects require a local or regional implementing agency to abide by various regulations; and

**WHEREAS**, Senate Bill 862 (2014) named the Department of Transportation (Department) as the administrative agency for the LCTOP; and

**WHEREAS**, the Department has developed guidelines for the purpose of administering and distributing LCTOP funds to eligible project sponsors (local agencies); and

**WHEREAS**, the METRO wishes to delegate authorization to execute these documents and any amendments thereto to Daniel Zaragoza, Interim CEO/General Manager.

**WHEREAS**, the METRO wishes to implement the following LCTOP project(s) listed above,

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of METRO that the fund recipient agrees to comply with all conditions and requirements set forth in the Certification and Assurances and the Authorized Agent documents and applicable statutes, regulations and guidelines for all LCTOP funded transit projects.

# Attachment A

**BE IT FURTHER RESOLVED** that Corey Aldridge, CEO/General Manager, be authorized to execute all required documents of the LCTOP program and any Amendments thereto with the California Department of Transportation.

**BE IT FURTHER RESOLVED** by the Board of Directors of METRO that it hereby authorizes the submittal of the following project nomination and allocation request to the Department in FY2025-2026 LCTOP funds:

<b>Project Name:</b>	Youth Cruz Free Program
<b>Short description of project:</b>	If FY26 LCTOP funding is allocated METRO will use the funds to cover the operational cost of the Youth Cruz Free Program. Eliminating fares for K-12 youth has contributed to growth in transit ridership, while expanding access and lowering the economic burden for those who use transit by economic necessity.
<b>Amount of LCTOP funds requested:</b>	\$850,098
<b>Benefit to a Priority Populations:</b>	Located within the boundaries of a SB535-defined Disadvantaged Community census tract. The proposed pilot will expand access to transit and supports equity goals by eliminating the fare burden for Santa Cruz County residents and employees many of whom come from low-income households.
<b>Amount to benefit Priority Populations:</b>	\$765,088.00
<b>Contributing Sponsor:</b>	Santa Cruz County Regional Transportation Commission (SCCRTC): \$443,441

**PASSED AND ADOPTED** by the Board of Directors of the Santa Cruz Metropolitan Transit District this 24th Day of April 2026 by the following vote:

**AYES:** Directors -

**NOES:** Directors -

# Attachment A

Resolution No. \_\_\_\_\_  
Page 2 of 3

**ABSTAIN:** Directors -

**ABSENT:** Directors -

**APPROVED:**

\_\_\_\_\_  
Manu Koenig, Board Chair

**ATTEST:**

\_\_\_\_\_  
Corey Aldridge, CEO/General Manager

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Julie A. Sherman, General Counsel

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# Attachment B

## FY 2025-2026 LCTOP Authorized Agent

**AS THE** Board Chair  
(Chief Executive Officer/Director/President/Secretary)

**OF THE** Santa Cruz Metropolitan Transit District  
(Name of County/City/Transit Organization)

I hereby authorize the following individual(s) to execute for and on behalf of the named Regional Entity/Transit Operator, any actions necessary for the purpose of obtaining Low Carbon Transit Operations Program (LCTOP) funds provided by the California Department of Transportation, Division of Local Assistance. I understand that if there is a change in the authorized agent, the project sponsor must submit a new form. This form is required even when the authorized agent is the executive authority himself. I understand the Board must provide a resolution approving the Authorized Agent. The Board Resolution appointing the Authorized Agent is attached.

Corey Aldridge, CEO/General Manager  
(Name and Title of Authorized Agent)

Manu Koenig Board Chair  
(Print Name) (Title)

\_\_\_\_\_  
(Signature)

Approved this Choose an item. day of Choose an item., Click

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## FY 2025-2026 LCTOP Certifications and Assurances

**Lead Agency:** Santa Cruz Metropolitan Transit District

**Project Title:** Youth Cruz Free Program

**Prepared by:** Cayla Hill, Grants Analyst

The California Department of Transportation (Caltrans) has adopted the following Certifications and Assurances for the Low Carbon Transit Operations Program (LCTOP). As a condition of the receipt of LCTOP funds, Lead Agency must comply with these terms and conditions.

### A. General

1. The Lead Agency agrees to abide by the current LCTOP Guidelines and applicable legal requirements.
2. The Lead Agency must submit to Caltrans a signed Authorized Agent form designating the representative who can submit documents on behalf of the project sponsor and a copy of the board resolution appointing the Authorized Agent.

### B. Project Administration

1. The Lead Agency certifies that required environmental documentation is complete before requesting an allocation of LCTOP funds. The Lead Agency assures that projects approved for LCTOP funding comply with Public Resources Code § 21100 and § 21150.
2. The Lead Agency certifies that a dedicated bank account for LCTOP funds only will be established within 30 days of receipt of LCTOP funds.
3. The Lead Agency certifies that when LCTOP funds are used for a transit capital project, that the project will be completed and remain in operation for its useful life.
4. The Lead Agency certifies that it has the legal, financial, and technical capacity to carry out the project, including the safety and security aspects of that project.
5. The Lead Agency certifies that they will notify Caltrans of pending litigation, dispute, or negative audit findings related to the project, before receiving an allocation of funds.
6. The Lead Agency must maintain satisfactory continuing control over the use of project equipment and facilities and will adequately maintain project equipment and facilities for the useful life of the project.
7. Any interest the Lead Agency earns on LCTOP funds must be used only on approved LCTOP projects.

**FY 2025-2026 LCTOP**

8. The Lead Agency must notify Caltrans of any changes to the approved project with a Corrective Action Plan (CAP).
9. Under extraordinary circumstances, a Lead Agency may terminate a project prior to completion. In the event the Lead Agency terminates a project prior to completion, the Lead Agency must (1) contact Caltrans in writing and follow-up with a phone call verifying receipt of such notice; (2) pursuant to verification, submit a final report indicating the reason for the termination and demonstrating the expended funds were used on the intended purpose; (3) submit a request to reassign the funds to a new project within 180 days of termination.

**C. Reporting****1. The Lead Agency must submit the following LCTOP reports:**

- a. **Annual Project Activity Reports October 30<sup>th</sup> each year.**
- b. **A Close Out Report within six months of project completion.**
- c. **The annual audit required under the Transportation Development Act (TDA), to verify receipt and appropriate expenditure of LCTOP funds. A copy of the audit report must be submitted to Caltrans within six months of the close of the year (December 31) each year in which LCTOP funds have been received or expended.**
- d. **Project Outcome Reporting as defined by CARB Funding Guidelines.**
- e. **Jobs Reporting as defined by CARB Funding Guidelines.**

2. Other Reporting Requirements: CARB develops and revises Funding Guidelines that will include reporting requirements for all State agencies that receive appropriations from the Greenhouse Gas Reduction Fund. Caltrans and project sponsors will need to submit reporting information in accordance with CARB's Funding Guidelines, including reporting on greenhouse gas reductions and benefits to disadvantaged communities.

**D. Cost Principles**

1. The Lead Agency agrees to comply with Title 2 of the Code of Federal Regulations 225 (2 CFR 225), Cost Principles for State and Local Government, and 2 CFR, Part 200, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.
2. The Lead Agency agrees, and will assure that its contractors and subcontractors will be obligated to agree, that:
  - a. Contract Cost Principles and Procedures, 48 CFR, Federal Acquisition Regulations System, Chapter 1, Part 31, et seq., shall be used to determine the allow ability of individual project cost items and

**FY 2025-2026 LCTOP**

- b. Those parties shall comply with Federal administrative procedures in accordance with 2 CFR, Part 200, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. Every sub-recipient receiving LCTOP funds as a contractor or sub-contractor shall comply with Federal administrative procedures in accordance with 2 CFR, Part 200, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.
3. Any project cost for which the Lead Agency has received funds that are determined by subsequent audit to be unallowable under 2 CFR 225, 48 CFR, Chapter 1, Part 31 or 2 CFR, Part 200, are subject to repayment by the Lead Agency to the State of California (State). All projects must reduce greenhouse gas emissions, as required under Public Resources Code section 75230, and any project that fails to reduce greenhouse gases shall also have its project costs subject to repayment by the Lead Agency to the State. Should the Lead Agency fail to reimburse moneys due to the State within thirty (30) days of demand, or within such other period as may be agreed in writing between the Parties hereto, the State is authorized to intercept and withhold future payments due the Lead Agency from the State or any third-party source, including but not limited to, the State Treasurer and the State Controller.

**A. Record Retention**

1. The Lead Agency agrees and will assure that its contractors and subcontractors shall establish and maintain an accounting system and records that properly accumulate and segregate incurred project costs and matching funds by line item for the project. The accounting system of the Lead Agency, its contractors and all subcontractors shall conform to Generally Accepted Accounting Principles (GAAP) and enable the determination of incurred costs at interim points of completion. All accounting records and other supporting papers of the Lead Agency, its contractors and subcontractors connected with LCTOP funding shall be maintained for a minimum of three (3) years after the "Project Closeout" report or final Phase 2 report is submitted (per CARB Funding Guidelines, Vol. 3, page 3.A-16), and shall be held open to inspection, copying, and audit by representatives of the State and the California State Auditor. Copies thereof will be furnished by the Lead Agency, its contractors, and subcontractors upon receipt of any request made by the State or its agents. In conducting an audit of the costs claimed, the State will rely to the maximum extent possible on any prior audit of the Lead Agency pursuant to the provisions of federal and State law. In the absence of such an audit, any acceptable audit work performed by the Lead Agency's external and internal auditors may be relied upon and used by the State when planning and conducting additional audits.
2. For the purpose of determining compliance with Title 21, California Code of Regulations, Section 2500 et seq., when applicable, and other matters connected with

**FY 2025-2026 LCTOP**

the performance of the Lead Agency's contracts with third parties pursuant to Government Code § 8546.7, the project sponsor, its contractors and subcontractors and the State shall each maintain and make available for inspection all books, documents, papers, accounting records, and other evidence pertaining to the performance of such contracts, including, but not limited to, the costs of administering those various contracts. All of the above referenced parties shall make such materials available at their respective offices at all reasonable times during the entire project period and for three (3) years from the date of final payment. The State, the California State Auditor, or any duly authorized representative of the State, shall each have access to any books, records, and documents that are pertinent to a project for audits, examinations, excerpts, and transactions, and the Lead Agency shall furnish copies thereof if requested.

- 3. The Lead Agency, its contractors and subcontractors will permit access to all records of employment, employment advertisements, employment application forms, and other pertinent data and records by the Civil Rights Department, or any other agency of the State of California designated by the State, for the purpose of any investigation to ascertain compliance with this document.

**F. Special Situations**

Caltrans may perform an audit and/or request detailed project information of the project sponsor's LCTOP funded projects at Caltrans' discretion at any time prior to the completion of the LCTOP.

I certify all these conditions will be met.

Corey Aldridge

*(Print Authorized Agent)*

CEO/General Manager

*(Title)*

*(Signature)*

*(Date)*



**DATE:** April 24, 2026  
**TO:** Board of Directors  
**FROM:** Gregory Strecker, Safety, Security and Risk Management Director  
**SUBJECT: RECOMMENDED ACTION ON TORT CLAIMS**

**I. RECOMMENDED ACTION**

**That the Board of Directors Approve Staff Recommendations for Claims for the Month of April 2026, as reflected in Section VIII of this report**

**II. SUMMARY**

This staff report provides the Board of Directors with recommendations on claims submitted to the Santa Cruz Metropolitan Transit District (METRO).

**III. DISCUSSION/BACKGROUND**

METRO's Risk Department received two claims for the month of April 2026 for money or damages. As a public entity, METRO must act "within 45 days after the claim has been presented" (Govt C §912.4(a)). See staff recommendations in paragraph VIII.

**IV. STRATEGIC PLAN PRIORITIES ALIGNMENT**

This report pertains to METRO's Financial Stability, Stewardship and Accountability.

**V. FINANCIAL CONSIDERATIONS/IMPACT**

None

**VI. CHANGES FROM COMMITTEE**

N/A

## VII. ALTERNATIVES CONSIDERED

Within the 45-day period, the Board of Directors may take the following actions:

- Reject the claim entirely;
- Allow it in full;
- Allow it in part and reject the balance;
- Compromise it, if the liability or amount due is disputed (Govt C §912.4(a)); or
- Do nothing, and allow the claim to be denied by operation of law (Govt C §912.4 (c)).

## VIII. DESCRIPTION OF CLAIM

Claimant	Claim #	Description	Recommended Action
Ben White	26-0008	Claimant alleges that METRO is liable for expenses related to Property Damage. Amount of claim: \$3597.72	Reject
Miguel Bobadilla	26-0009	Claimant alleges that METRO is liable for expenses related to Property Damage. Amount of claim: \$7,824.69	Reject

Prepared by: Gregory Strecker, Safety Security, and Risk Management Director

**IX. APPROVALS**

Gregory Strecker, Safety, Security  
and Risk Management Director



Corey Aldridge,  
CEO/General Manager



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**DATE:** April 24, 2026  
**TO:** Board of Directors  
**FROM:** Gregory Strecker, Safety, Security & Risk Director  
**SUBJECT: CONSIDERATION OF AWARD OF CONTRACT TO PALAMERICAN SECURITY, LLC FOR SECURITY GUARD SERVICES IN AN AMOUNT NOT TO EXCEED \$2,906,671**

**I. RECOMMENDED ACTION**

**That the Board of Directors award a contract to PalAmerican Security, LLC (PalAmerican) for Security Guard Services in an amount not to exceed \$2,906,671, and authorize the CEO/General Manager to:**

- 1) Execute the PalAmerican contract for an initial three-year base term, with options to extend the contract for four one-year terms for a total potential term of seven years; and**
- 2) Execute future amendments with PalAmerican to exercise the option terms and increase the not to exceed (NTE) amount as necessary for a total contract value not to exceed \$7,205,751 for the full seven years.**

**II. SUMMARY**

- The Santa Cruz Metropolitan Transit District (METRO) has a need for Security Guard Services.
- A formal Request for Proposals (RFP) was conducted to solicit proposals from qualified firms. Twenty-eight firms submitted proposals for METRO's review.
- A four-member evaluation team composed of METRO staff reviewed and evaluated the proposals and is recommending that the METRO Board of Directors (Board) award a contract to the highest ranked proposer, PalAmerican.

**III. DISCUSSION/BACKGROUND**

METRO utilizes contracted security services at various METRO facilities. These services are crucial in order to ensure the safety of the public and METRO employees and to protect METRO property. Some of the services provided by the security guards include foot patrols at transit facilities, mobile patrol of METRO facilities at night, parking enforcement services, and fare box vault processing services.

Allied Universal is METRO's current provider for these services; however, review of the current service provider and overall program performance identified opportunities to improve consistency, communication, and operational alignment with METRO's evolving safety and security needs. As part of METRO's ongoing commitment to continuous improvement and responsible stewardship of public resources, a competitive procurement process was conducted to evaluate available security service providers. This process considered factors such as service quality, staffing approach, management oversight, responsiveness, experience in transit environments, and overall value to the agency.

Based on this evaluation, METRO determined that transitioning to a new provider would better support the agency's goals of enhancing safety, improving accountability, and strengthening coordination with METRO staff and operations. The selected provider is expected to deliver improved management oversight, more consistent staffing, and enhanced communication, which will help ensure a safe and secure environment for passengers, employees, and the community. This transition reflects METRO's commitment to maintaining high standards for contracted services and continuously improving safety and security across all METRO facilities.

On October 3, 2025, METRO advertised RFP No. 26-01, distributed notices via Bonfire (METRO's e-procurement portal) to 136 firms including 76 Disadvantaged Business Enterprises (DBEs), and emailed notices to all Mailchimp subscribers. On November 4, 2026, proposals were received and opened from twenty-eight firms. A list of these firms is provided in Attachment A. A four-member evaluation team composed of METRO staff from Operations, Finance, and Safety & Security reviewed and evaluated the proposals and conducted oral presentations with a shortlist of proposers.

The evaluation team conducted a preliminary responsiveness check (Round 1), and scored the proposals that passed Round 1 using the following Round 2 criteria as contained in the RFP:

<b>Evaluation Criteria</b>	<b>Points</b>
Qualifications and Experience	25
Staffing and Personnel Qualifications	30
Understanding Scope of Work	15
Price Proposal	10
Retention Plan	15
References	5
<b>Total Points Possible</b>	<b>100</b>

The evaluation team then moved to the Round 3 evaluation, which included oral presentations and extensive reference checking.

At the conclusion of this lengthy evaluation process, PalAmerican was determined to be the highest ranked proposer. Staff then entered into contract negotiations with PalAmerican. The negotiations were successful, resulting in costs that are fair and reasonable.

Staff is recommending that the METRO Board award a three-year contract to PalAmerican for Security Guard Services in an amount not to exceed \$2,906,671 and authorize the CEO/General Manager to execute the PalAmerican contract. Staff is also recommending that the Board authorize the CEO/General Manager to execute future contract extensions with PalAmerican for a total contract amount not to exceed \$7,205,751 and a total term not to exceed seven years.

PalAmerican will provide services meeting all METRO's specifications and requirements of the contract. Gregory Strecker, Safety, Security & Risk Director, will serve as the Contract Administrator and will ensure contract compliance.

#### **IV. STRATEGIC PLAN PRIORITIES ALIGNMENT**

The award of this contract would align with the following Strategic Priorities:

- Safety First Culture
- Service Quality and Delivery
- Strategic Alliances and Community Outreach

#### **V. FINANCIAL CONSIDERATIONS/IMPACT**

The base value of the contract is \$2,906,671 for the first three years. Should all options be exercised, the total seven-year value of the contract is anticipated to be no greater than \$7,205,751. Funds to support this contract are included in the current fiscal year's Safety, Security & Risk Services (503171) Operating budget. Since this is a multi-year contract, the Department Manager will be accountable for budgeting the costs in future years, including any option years exercised. The Contract Administrator will be responsible for ensuring that the amount of service scheduled is appropriate based on the amount of service that is on the ground and the future security needs of the transit facilities, and that that amount is budgeted on a yearly basis.

#### **VI. CHANGES FROM COMMITTEE**

N/A

#### **VII. ALTERNATIVES CONSIDERED**

- Do nothing is not a viable option due to the need to maintain the safety and security of METRO personnel and the public.
- Providing these services in-house is not an option, as METRO does not have in-house staff who are registered or trained to perform these security services.

## **VIII. ATTACHMENTS**

**Attachment A:** List of Responding Firms

**Attachment B:** Contract with PalAmerican

**Note: A full copy of the contract is available on request.**

Prepared by: Tanya Gilliam, Purchasing Agent  
Gregory Strecker, Safety, Security & Risk Management Director

**IX. APPROVALS**

Gregory Strecker, Safety, Security  
and Risk Management Director



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



Corey Aldridge, CEO/General Manager



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# Attachment A



## Responding Firms for RFP No. 26-01

### Security Guard Services

Received by November 4, 2025 at 5:00 PM

A1 Protective Services, Inc.	San Francisco	CA
All Star Security Services	Sacramento	CA
Allied Universal Security Services	Salinas	CA
AM PM Nationwide Security, Inc.	Reseda	CA
American Global Security	Chatsworth	CA
American Guard Services, Inc.	Los Angeles	CA
Asset Private Security, Inc.	Salinas	CA
Aventus Private Security	Canoga Park	CA
Citiguard, Inc.	West Hills	CA
Command International Security Services	Van Nuys	CA
Comprehensive Security Services, Inc.	Elk Grove	CA
Condor Security of America	Salinas	CA
Defense Block Security	Sunnyvale	CA

## Attachment A

Good Guard Security, Inc.	San Jose	CA
Inter-Con Security Systems, Inc.	Pasadena	CA
Jalala Inc. d/b/a American Discount Security	Union City	CA
National Security	San Jose	CA
OPS Inc. Security Services	Huntington Beach	CA
PalAmerican Security	San Jose	CA
PSMG, Inc. d/b/a PACWEST Security Services	Hayward	CA
Regency Security Group	Canoga Park	CA
Safelite Guard Security	Van Nuys	CA
SafeRock	Los Angeles	CA
Secure Guard Security Services, Inc.	Irvine	CA
Security Services Northwest, Inc.	Sequim	WA
Ultimate Security Services, Inc.	Los Angeles	Ca
United Protective Services, Inc.	Hawthorne	CA
Yosh Enterprises, Inc. d/b/a Orion Security	San Jose	CA

# Attachment B

## **PROFESSIONAL SERVICES CONTRACT FOR SECURITY GUARD SERVICES (26-01)**

THIS CONTRACT is made effective as of May 1, 2026 between the SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (“Santa Cruz METRO”), a political subdivision of the State of California, and PALAMERICAN SECURITY, LLC (“Contractor”).

### **1. RECITALS**

#### 1.1 Santa Cruz METRO’s Primary Objective

Santa Cruz METRO is a public entity whose primary objective is providing public transportation, and whose principal office is located at 110 Vernon Street, Santa Cruz, California 95060.

#### 1.2 Santa Cruz METRO’s Need for Security Guard Services

Santa Cruz METRO has the need for Security Guard Services. In order to obtain these services, Santa Cruz METRO issued a Request for Proposals, dated October 3, 2025, setting forth specifications for such services. The Request for Proposals is attached hereto and incorporated herein by reference as Exhibit A.

#### 1.3 Contractor’s Proposal

Contractor is a firm qualified to provide Security Guard Services and whose principal place of business is 1735 N. First Street, Suite 108, San Jose, California 95112. Pursuant to the Request for Proposals issued by Santa Cruz METRO, Contractor submitted a proposal for Security Guard Services, which is attached hereto and incorporated herein by reference as Exhibit B.

#### 1.4 Selection of Contractor and Intent of Contract

On April 24, 2026, Santa Cruz METRO selected Contractor as the Proposer whose proposal was most advantageous to Santa Cruz METRO to provide the Security Guard Services described herein. This Contract is intended to fix the provisions of these services.

Santa Cruz METRO and Contractor agree as follows:

### **2. INCORPORATED DOCUMENTS AND APPLICABLE LAW**

#### 2.1 Documents Incorporated in this Contract

This Contract shall consist of the following documents, all of which are incorporated herein and made a part hereof by reference thereto. This writing constitutes the final expression of the parties’ Contract, and it is a complete and exclusive statement of the provisions of that Contract, except for written amendments mutually agreed by both parties.

- 1) This Contract

# Attachment B

2) Exhibit A

Santa Cruz METRO’s “Request for Proposals” dated October 3, 2025, including Addenda Nos. 1 and 2.

3) Exhibit B (Contractor’s Proposal)

Contractor’s Proposal to Santa Cruz METRO for Security Guard Services, as accepted by Santa Cruz METRO.

2.2 Conflicts

In the event of conflict between or among the terms of the Contract Documents, the order of precedence will be the order of documents listed above, with the first-listed document having the highest precedence and the last-listed document having the lowest precedence.

2.3 Recitals

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

**3. DEFINITIONS**

3.1 General

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

- 3.1.1 CONTRACT – The Contract consists of this document, the attachments incorporated herein in accordance with Article 2, and any written amendments made in accordance with Part IV, Section 12.15 of the General Conditions to the Contract.
- 3.1.2 CONTRACTOR (or CONSULTANT) – The Proposer selected by Santa Cruz METRO for this project in accordance with the Request for Proposals issued October 3, 2025.
- 3.1.3 CONTRACTOR’S STAFF – Employees of Contractor.
- 3.1.4 DAYS – Calendar days.
- 3.1.5 PROPOSER – Contractor whose proposal was accepted under the terms and conditions of the Request for Proposals issued October 3, 2025.
- 3.1.6 PROVISION – Any term, agreement, covenant, condition, clause, qualification, restriction, reservation, or other stipulation in the Contract that defines or otherwise controls, establishes, or limits the performance required or permitted by either party.
- 3.1.7 SCOPE OF WORK (OR “WORK”) – The entire obligation under the Contract, including, without limitation, all labor, equipment, materials, supplies, transportation, services, and other work products and expenses, express or implied, in the Contract.

# Attachment B

## 4. TIME OF PERFORMANCE

### 4.1 Term

The term of this Contract will be for a period not to exceed three (3) years and shall commence upon the execution of the Contract by Santa Cruz METRO

At the option of Santa Cruz METRO, this Contract agreement may be extended by four (1) one-year renewal options or by two (2) two-year renewal options. Option terms may be exercised by METRO in single or multiple year periods.

## 5. COMPENSATION

### 5.1 Terms of Payment

Santa Cruz METRO shall compensate Contractor in an amount not to exceed the amounts/rates agreed upon by Santa Cruz METRO. Santa Cruz METRO shall reasonably determine whether work has been successfully performed for purposes of payment. Compensation shall be made within thirty (30) days of Santa Cruz METRO's written approval of Contractor's written invoice for said work.

It is understood that execution of this Contract does not guarantee any amount of services and/or dollar expenditure to be provided under the Contract to Contractor. However, the maximum compensation Santa Cruz METRO has authorized to be expended for this Contract will not exceed **\$2,906,671**. Contractor understands and agrees that if it exceeds the maximum amount payable under this Contract, it does so at its own risk.

### 5.2 Invoices

Contractor shall submit invoices identifying the Workday number provided by Santa Cruz METRO on a monthly basis. Contractor's invoices shall include detailed records showing actual time devoted, work accomplished, date work accomplished, personnel used, and amount billed per hour. Expenses shall only be billed if allowed under the Contract.

Said invoice records shall be kept up-to-date at all times and shall be available for inspection by Santa Cruz METRO (or any grantor of Santa Cruz METRO, including, without limitation, any State or Federal agency providing project funding or reimbursement) at any time for any reason upon demand for not less than four (4) years after the date of expiration or termination of the Contract. Under penalty of law, Contractor represents that all amounts billed to Santa Cruz METRO are (1) actually incurred; (2) reasonable in amount; (3) related to this Contract; and (4) necessary for performance of the project.

## 6. NOTICES

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

# Attachment B

Santa Cruz METRO

Santa Cruz Metropolitan Transit District  
110 Vernon Street  
Santa Cruz, CA 95060

Attention: Corey Aldridge, CEO

CONTRACTOR

PalAmerican Security, LLC  
1735 N. First Street, Suite 108  
San Jose, CA 95112

Attention: Cory Miller

7. **ACCEPTANCE OF ELECTRONIC SIGNATURES AND COUNTERPARTS**

The parties agree that this Contract, agreements ancillary to this Contract, and related documents to be entered into this Contract will be considered executed when the signature of a party is delivered by facsimile or other electronic method by either of the parties, and each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this Contract are intended to authenticate this writing and to have the same force and effect as manual signatures. Each party further agrees that this Contract may be executed in two or more counterparts, each of which will be deemed an original, and all of which constitute one and the same instrument.

8. **AUTHORITY**

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

SIGNATURES ON NEXT PAGE

# Attachment B

Signed on \_\_\_\_\_


Santa Cruz METRO –  
SANTA CRUZ METROPOLITAN TRANSIT  
DISTRICT

Corey Aldridge, CEO/General Manager

\_\_\_\_\_

Contractor –  
PALAMERICAN SECURITY, LLC

Cory Miller, Branch Manager

  
\_\_\_\_\_

Approved as to Form:

Julie A. Sherman, General Counsel

  
\_\_\_\_\_

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**DATE:** April 24, 2026  
**TO:** Board of Directors  
**FROM:** John Urgo, Chief Planning & Innovation Officer and  
Julie Sherman, General Counsel

**SUBJECT: RESOLUTION AUTHORIZING THE EXECUTION OF AN OPTION AGREEMENT FOR THE DEVELOPMENT OF AN AFFORDABLE HOUSING DEVELOPMENT AT THE WATSONVILLE TRANSIT CENTER**

**I. RECOMMENDED ACTION**

**That the Board of Directors of the Santa Cruz Metropolitan Transit District (METRO) adopt a resolution authorizing the execution of an Option Agreement for the development of an affordable housing development at the Watsonville Transit Center, located at 475 Rodriquez Street, Watsonville, CA in a form approved by the CEO/General Manager and General Counsel.**

**II. SUMMARY**

- METRO and the Mid-Peninsula Housing Corporation (the "Developer") are cooperating in the joint development to replace the existing ground level transit center at the Watsonville Transit Center, located at 475 Rodriquez Street, and construct a mixed-use development featuring ground-floor commercial and transit station facilities and 5 stories of affordable housing.
- In April, 2025, the Board declared the property as "exempt surplus land" under Government Code Section 54221(f)(1)(F) because it involves "development (including mixed-use developments with ancillary commercial ground floor uses) [that] restricts 100 percent of the residential units to persons and families of low or moderate income, with at least 75 percent of the residential units restricted to lower-income households as affordable housing pursuant to section 102(a) of the Surplus Land Act Guidelines."
- METRO and the Developer have negotiated a draft Option Agreement to provide METRO with the right to enter into a ground lease for the development.

**III. DISCUSSION/BACKGROUND**

Recognizing the housing affordability crisis in Santa Cruz County, the METRO Board of Directions in 2022 established a strategic goal of developing 175+ units of affordable housing on METRO property. Since that time, METRO and the Mid-Peninsula Housing Corporation (MidPen) have been working collaboratively to plan a transit-oriented redevelopment project at the site of the existing Watsonville Transit Center that will include the construction of a multi-story mixed use building

with affordable residences, ground floor commercial space and a new intermodal transit center. The project builds on a history of successful partnerships between METRO and MidPen, including the development of 61 units of affordable housing in downtown Watsonville on a site immediately adjacent to the current Watsonville Transit Center in a development that provides affordable homes to low-income families as well as a childcare center serving the entire community.

Based on studies and design concepts completed by METRO and MidPen, the Watsonville Transit Center is a favorable site for affordable housing:

- The site is well-located, with easy access to many amenities.
- The site can accommodate at least 75 housing units.
- The project will be well-positioned to apply for financing designed to encourage density near transit, and has qualified for an award of a grant and loan under the Affordable Housing and Sustainable Communities (AHSC) program.
- The City of Watsonville supports housing at this location and will be a partner in the entitlement and permitting processes.

The project proposes to construct 79 deed-restricted affordable housing units with at least 75 percent of the residential units restricted to lower-income households as affordable housing pursuant to section 102(a) of the Surplus Land Act Guidelines, in a 100% affordable housing development. The project will also include new commercial space, a bike hub, and a new transit center that will support METRO's plans to convert 100% of its fleet serving Watsonville to zero-emission buses.

A measurable goal of this project will be increased transit ridership generated by the new transit center and transit-oriented affordable housing. Free transit passes will be provided to all residents, and the new bike hub will encourage multimodal transportation to and from the surrounding area. In addition, the project will help catalyze the development of 276 additional units of housing in the downtown Watsonville area that are in various stages of planning or entitlement by supporting the introduction of bus service meeting the State of California's definition of high-quality transit service.

Project funding will rely on a combination of public and private sources, including federal and state tax credits, grants, loans, and private equity investments. In April 2023, METRO was awarded \$8.5 million in design and construction funding for the project from the State of California Cycle 6 Transit and Intercity Rail Capital Program (TIRCP). This was followed in December 2023 by an award of \$2 million in Regional Early Action Planning Grants of 2021 (REAP 2.0) program funds administered by the Association of Monterey Bay Area Governments (AMBAG) to fund preconstruction costs. The project has been awarded nearly \$30 million in the form of a grant and a loan under the Affordable Housing and Sustainable Communities (AHSC) program.

In July 2024, METRO and MidPen entered into an Exclusive Negotiating Rights Agreement (Agreement) with the intent to establish a specific, limited period of time to negotiate mutually acceptable governing documents for the potential ground lease of the property leading to the undertaking of the construction of the project on the property by MidPen. Since that time, MidPen has been working collaboratively with METRO to prepare studies, surveys, plans, specifications and reports necessary to complete its due diligence for the property. MidPen now needs to demonstrate control of the property in order to qualify for tax credit financing and has requested that METRO enter into an Option Agreement with its designated affiliate, MP Metro Associates LP, for that purpose.

The development of the property is consistent with METRO's purposes and will allow METRO and the developer to construct the updated transit center and housing project. The property will continue to be used for transit and other public purposes, while allowing for the development of the affordable housing units. The adoption of this resolution and execution of the Option Agreement will assist MidPen in seeking additional grant funding for the project. Since the site was originally acquired using federal funding, the approval of the transaction by the Federal Transit Administration is required and is being sought.

#### **IV. STRATEGIC PLAN PRIORITIES ALIGNMENT**

The actions taken in this report align with the following Strategic Priorities:

- Service Quality and Delivery
- Strategic Alliances and Community Outreach
- Financial Stability, Stewardship & Accountability

#### **V. FINANCIAL CONSIDERATIONS/IMPACT**

The adoption of this resolution will have no financial impact.

#### **VI. ALTERNATIVES CONSIDERED**

The execution of the Option Agreement is a required step in the development of the project, and is needed to allow MidPen to qualify for necessary funding for the project. The Board may decide not to adopt the resolution, but staff does not recommend this action as the option agreement and eventual ground lease of the property is necessary for completion of the project.

#### **VII. ATTACHMENTS**

- Attachment A:** Resolution  
**Attachment B:** Draft Option Agreement

Prepared by: John Urgo, Chief Planning and Innovation Officer

**VIII. APPROVALS:**

John Uργο, Chief Planning and  
Innovation Officer



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



Corey Aldridge, CEO/General Manager



# 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 AUTHORIZING THE EXECUTION OF AN OPTION AGREEMENT FOR THE DEVELOPMENT OF AN AFFORDABLE HOUSING DEVELOPMENT AT THE WATSONVILLE TRANSIT CENTER**

**WHEREAS**, the Santa Cruz Metropolitan Transit District (METRO) owns certain real property located at 475 Rodriguez Street in Watsonville, CA (APN 17-011-56) (the "Property"), where it operates a transit center; and

**WHEREAS**, METRO and MidPen Housing Corporation are planning the Watsonville Transit Center Redevelopment Project, a transit-oriented redevelopment project that will include the construction of a mixed-use building with affordable residences, ground floor commercial, and transit center facilities on the Property (the "Project"); and

**WHEREAS**, in order to qualify for tax exempt financing, Mid Pen, through its affiliate, MP Metro Associates LP, must demonstrate that it is in possession of property rights sufficient to proceed with the construction of the project; and

**WHEREAS**, METRO and Mid Pen have negotiated an Option Agreement, a draft copy of which is attached as Exhibit A, that will permit Mid Pen to exercise a right to enter into a ground lease that will support the construction of the project.

**NOW, THEREFORE, BE IT RESOLVED**, that:

**Section 1.** The CEO/General Manager of METRO, or his designee, is hereby authorized to execute the Option Agreement and the Ground Lease on behalf of METRO, in a form approved by the General Counsel, and take such other actions as are necessary to implement this approval.

# Attachment A

Resolution No. \_\_\_\_\_  
Page 2

**PASSED AND ADOPTED** this 24th Day of April, 2026 by the following vote:

**AYES:** Directors -

**NOES:** Directors -

**ABSTAIN:** Directors -

**ABSENT:** Directors -

**Approved:**

Manu Koenig, Board Chair

---

**Attest:**

Corey Aldridge, CEO/General Manager

---

**Approved as to form:**

Julie A. Sherman, General Counsel

---

# Attachment B

OPTION AGREEMENT

BETWEEN

SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

AND

MP METRO ASSOCIATES LP

(WATSONVILLE METRO PROJECT)

Dated as of May \_\_, 2026

Option Agreement – Draft April 17 – Watsonville Metro

#22932888v3

**9.8B.1**

# Attachment B

## TABLE OF CONTENTS [to be updated]

	<u>Page</u>
ARTICLE 1. DEFINITIONS AND EXHIBITS .....	2
Section 1.1. Definitions.....	2
Section 1.2. Exhibits .....	6
ARTICLE 2. GRANT OF OPTION AND PREDISPOSITION ACTIVITIES .....	7
Section 2.1. Grant of Option and Schedule of Performance .....	7
Section 2.2. Financing Plan .....	<b>Error! Bookmark not defined.</b>
Section 2.3. Tax Credit and Bond Applications .....	7
Section 2.4. Developer Due Diligence.....	8
Section 2.5. Updated Preliminary Title Report.....	8
Section 2.6. General Contractor and Construction Plans.....	9
Section 2.7. Interim Operations .....	9
ARTICLE 3. CONVEYANCE OF THE PROPERTY .....	10
Section 3.1. Lease of Property .....	10
Section 3.2. Opening Escrow .....	11
Section 3.3. Metro’s Conditions to Closing.....	11
Section 3.4. Developer’s Conditions to Closing.....	13
Section 3.5. Condition of Property .....	15
Section 3.6. Closing .....	15
Section 3.7. Costs of Escrow and Closing .....	15
ARTICLE 4. CITY LOAN PROVISIONS.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
Section 4.1. Loan .....	<b>Error! Bookmark not defined.</b>
Section 4.2. Metro Financing.....	<b>Error! Bookmark not defined.</b>
Section 4.3. Interest.....	<b>Error! Bookmark not defined.</b>
Section 4.4. Predevelopment Component Disbursement Requirements .....	<b>Error! Bookmark not defined.</b>
Section 4.5. Conditions Precedent to Disbursement of Construction Loan Component.....	<b>Error! Bookmark not defined.</b>
Section 4.6. Repayment of Loan.....	<b>Error! Bookmark not defined.</b>
Section 4.7. Prepayment .....	<b>Error! Bookmark not defined.</b>
Section 4.8. Non-Recourse .....	<b>Error! Bookmark not defined.</b>

# Attachment B

Section 4.9.	Subordination of Deed of Trust and Regulatory Agreement .....	<b>Error! Bookmark not defined.</b>
Section 4.10.	City Grant.....	<b>Error! Bookmark not defined.</b>
Section 4.11.	County A-1 Bond Funds .....	<b>Error! Bookmark not defined.</b>
Section 4.12.	Public Art Requirements.....	<b>Error! Bookmark not defined.</b>
ARTICLE 5.	CONSTRUCTION OF IMPROVEMENTS .....	16
Section 5.1.	Construction Pursuant to Plans .....	16
Section 5.2.	Commencement of Construction .....	16
Section 5.3.	Completion of the Improvements .....	<b>Error! Bookmark not defined.</b>
Section 5.4.	Equal Opportunity.....	16
Section 5.5.	Compliance with Applicable Laws .....	16
Section 5.6.	Prevailing Wages .....	16
Section 5.7.	Progress Report.....	18
Section 5.8.	Construction Responsibilities .....	18
Section 5.9.	Inspections .....	18
Section 5.10.	Information .....	18
Section 5.11.	Records .....	18
Section 5.12.	Liens and Stop Notices .....	18
Section 5.13.	Right of Metro to Satisfy Liens on the Property.....	18
Section 5.14.	Performance and Payment Bonds.....	19
ARTICLE 6.	ONGOING DEVELOPER OBLIGATIONS .....	19
Section 6.1.	Use .....	19
Section 6.2.	Regulatory Agreement.....	<b>Error! Bookmark not defined.</b>
Section 6.3.	Commercial Space .....	19
Section 6.4.	Maintenance .....	20
Section 6.5.	Taxes and Assessments.....	20
Section 6.6.	Mandatory Language in All Subsequent Deeds, Leases and Contracts .....	20
Section 6.7.	Hazardous Materials .....	21
Section 6.8.	Insurance Requirements.....	23
Section 6.9.	Transfer .....	25
ARTICLE 7.	DEFAULT AND REMEDIES .....	27
Section 7.1.	No Fault of Parties .....	27

# Attachment B

Section 7.2.	Fault of Metro .....	27
Section 7.3.	Fault of Developer .....	28
Section 7.4.	Inaction Not a Waiver of Default.....	30
Section 7.5.	Construction Plans .....	30
Section 7.6.	Rights of Mortgagees.....	30
ARTICLE 8.	SECURITY FINANCING AND RIGHTS OF HOLDERS .....	30
Section 8.1.	No Encumbrances Except for Development Purposes .....	30
Section 8.2.	Holder Not Obligated to Construct.....	30
Section 8.3.	Notice of Default and Right to Cure .....	31
Section 8.4.	Right of Metro to Cure.....	31
Section 8.5.	Modifications .....	31
ARTICLE 9.	GENERAL PROVISIONS .....	31
Section 9.1.	Notices, Demands and Communications .....	31
Section 9.2.	Non-Liability of Metro Officials, Employees and Agents.....	32
Section 9.3.	Forced Delay .....	32
Section 9.4.	Title of Parts and Sections .....	33
Section 9.5.	Indemnification .....	33
Section 9.6.	Applicable Law .....	33
Section 9.7.	No Brokers .....	33
Section 9.8.	Severability .....	34
Section 9.9.	Binding Upon Successors .....	34
Section 9.10.	Parties Not Co-Venturers.....	34
Section 9.11.	Action by Metro .....	<b>Error! Bookmark not defined.</b>
Section 9.12.	Metro's Warranty of Good Standing and Authority .....	34
Section 9.13.	Representations and Warranties of Developer.....	34
Section 9.14.	Complete Understanding of the Parties .....	35
Section 9.15.	Implementation Agreements .....	35
Section 9.16.	Amendments .....	35
Section 9.17.	Multiple Originals; Counterparts .....	35
Section 9.18.	Attorneys' Fees .....	35
Section 9.19.	Waivers: Modification .....	35
Section 9.20.	No Third Party Beneficiaries .....	36

# Attachment B

Section 9.21. Time of the Essence: Calculation of Time Periods.....	36
Section 9.22. Inspection of Books and Records .....	36

Exhibit A	Legal Description of the Property
Exhibit B	Schedule of Performance
Exhibit C	Scope of Development
Exhibit C-1	Depiction of the Leased Premises and the Commercial Space
Exhibit D	Final Financing Plan
Exhibit E	Regulatory Agreement
Exhibit F	Reciprocal Easement Agreements
Schedule 2.1	Terms and Conditions of Ground Lease

# Attachment B

## OPTION AGREEMENT

(Watsonville Metro Station)

This Option Agreement (the “**Agreement**”) is entered into as of May \_\_, 2026 (the “**Effective Date**”), by and between the Santa Cruz Metropolitan Transit District (“**Metro**”), and MP Metro Associates LP, a California limited partnership (“**Developer**”), with reference to the following facts, understandings and intentions of the Parties:

### RECITALS

A. These Recitals refer to and utilize certain capitalized terms, including those that are defined in Article 1 of this Agreement. The Parties intend to refer to those definitions in connection with the use of capitalized terms in these Recitals and the remainder of this Agreement.

B. As of the Effective Date, Metro is the owner of certain real property at 475 Rodriguez Street in the city of Watsonville, Santa Cruz County, State of California, and that measures 0.93+/- acres, as more particularly described in Exhibit A, attached hereto and incorporated by reference (the “**Property**”).

C. Prior to the Effective Date, Metro and Developer entered into an Exclusive Negotiating Rights Agreement (“**ENRA**”) which provided for the Parties to negotiate towards a disposition and development agreement or an option agreement for Developer’s construction and operation of an affordable housing development on a portion of the Property. The development is scheduled to evolve and reach the milestones set out in the Schedule of Performance attached hereto as Exhibit B.

D. The Parties intend for Developer to develop a seventy-nine (79) unit multifamily rental housing development (including one unrestricted manager unit) on the Property with long-term affordability requirements. To effectuate this purpose, and subject to the terms and conditions of this Agreement, Metro is granting Developer an option to enter into a long-term ground lease of the Property, as more particularly described in Schedule 2.1, attached hereto and consistent with the typical form of ground lease used for similar developments (“**Ground Lease**”). The development under the Ground Lease anticipates the following from Developer: (i) the pursuit of certain funding under available low income housing tax credit financing and other funding sources; (ii) the permitting, demolition and removal of existing improvements on the Property; (iii) the design and construction of a two-tower midrise residential development with affordability mandates (“**Residential Improvements**”) and the securing of all required approvals and permits for their completion, and, at Metro's cost, completing a ground floor commercial space in the east tower that Metro will own in fee and control (“**Commercial Space**”); and (iv) the operation of the Residential Improvements as an affordable housing development, all as set out in this Agreement and as contemplated under the terms of the anticipated Ground Lease.

The areas of the Property that will be leased under the Ground Lease and that will contain the Residential Improvements are those areas of the Property identified as “Area A” in Exhibit C, attached hereto and as more fully described in Exhibit C-1 (“**Leased Premises**”). The

## Attachment B

Leased Premises and the Commercial Space are collectively referred to as the "**Development.**" To facilitate the required utility connections and ensure the access, installation, maintenance, repair and replacement is available for all required services needed for the entire Development, including communication services, HVAC all other mechanical, electrical and plumbing facilities and chases, as well as any life safety and other operations between the Residential Improvements and those located and serving the remainder of the Development, the Parties intend to negotiate and enter into certain reciprocal easement agreements, to be mutually agreed upon prior to exercise of the Option (the "**Reciprocal Easement Agreements**"). This Agreement, the Ground Lease, the Reciprocal Easement Agreements, and all agreements referred to herein between the Parties to complete the Development are called the "**Project Agreements.**"

E. The Parties intend for Developer to coordinate and complete the construction of the Development, and then to control the operation of the two residential housing towers and the Project, except that Metro will retain use and control over the ground floor Commercial Space in the east tower. The Commercial Space is expected to be used, in part, for Metro's transit operations and to lease out to commercial tenants, as determined in Metro's sole discretion. The Parties believe that the completion of the Development will provide various benefits to Metro in ridership and the vitality of its operations in Watsonville while also improving the supply of affordable housing in the City. Developer will exercise commercially reasonable and diligent efforts to secure all of the required financing for completion of the Development.

F. Developer has represented to Metro that Developer has the necessary expertise, skill and ability to carry out the commitments set forth in this Agreement and will be able to perform under the Ground Lease once the conditions to exercising the Option have been met. THEREFORE, Metro and Developer agree as follows:

### ARTICLE 1. DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. In addition to the terms defined elsewhere in this Agreement, the following definitions shall apply throughout this Agreement.

(a) "Agreement" means this Option Agreement, including the attached Exhibits and all subsequent amendments to this Agreement and implementation agreements.

(b) "Applicable Laws" means any federal, state, or local laws, ordinances, rules, regulations, requirements, orders, directives, valid judgments in existence as of the Effective Date or as later enacted, promulgated, issued, modified or adopted, regulating or relating to the Development or Project.

(c) "CDLAC" means the California Debt Limit Allocation Committee.

(d) "Closing" means the date possession to the Leased Premises are conveyed to Developer (i.e., the commencement date of the Ground Lease).

(e) "Closing Conditions" has the meaning set out in Section 2.1.

## Attachment B

(f) “Commercial Space” means the approximately 5,960 square feet of ground floor commercial space more particularly described in the Scope of Development attached as **Exhibit C**. For avoidance of doubt, the Commercial Space is separate and distinct from the Leased Premises.

(g) “County” means the County of Santa Cruz, California.

(h) “Developer” means MP Metro Associates LP, a California limited partnership and any successor in interest due to a valid Transfer.

(i) “Developer Event of Default” has the meaning set forth in Section 7.3.

(j) “Development” means the Property and the Improvements.

(k) “Due Diligence Period” has the meaning set forth in Section 2.5.

(l) “ENRA” means that certain Exclusive Negotiating Rights Agreement dated as of July 18, 2024, by and between Metro and MidPen.

(m) “Exercise” means the exercise by Developer of its Option to enter into the Ground Lease, as permitted and subject to the requirements of this Agreement.

(n) “Final Development Cost” means the total of the cost of acquisition and construction of the Development as shown on the TCAC Sources and Uses Certification of Costs and Eligible Basis Form.

(o) “Final Financing Plan” means Developer’s updated and revised Financing Plan for financing the acquisition of the Property and the construction of the Development approved by Metro pursuant to Section 2.3 hereof and **Exhibit K**, attached.

(p) “FTA Approval” has the meaning given to it in Section 3.3(p).

(q) “Ground Lease” means the ground lease by which Metro shall lease the Property to Developer, in a form to be mutually agreed upon prior to Closing.

(r) “Hazardous Materials” means any chemical, material or substance now or hereafter defined as or included in the definition of “hazardous substances”, “hazardous wastes”, “hazardous materials”, “extremely hazardous waste”, “restricted hazardous waste”, “toxic substances”, “pollutant” or “contaminant”, “imminently hazardous chemical substance” or mixture, “hazardous air pollutant”, “toxic pollutant”, or words of similar import under any local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto applicable to the Property, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. (“**CERCLA**”); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. 5101, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251, et seq.; and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. 6901, et seq. (“**RCRA**”). The term Hazardous Materials shall also include any of the following: any and all toxic or hazardous substances, materials or wastes listed in the United States Department of Transportation Table

## Attachment B

(49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and in any and all amendments thereto; oil, petroleum, petroleum products (including, without limitation, crude oil or any fraction thereof), asbestos and asbestos-containing materials, natural gas, natural gas liquids, liquefied natural gas or synthetic gas usable for fuel, not otherwise designated as a hazardous substance under CERCLA; any substance which is toxic, explosive, corrosive, reactive, flammable, infectious or radioactive (including any source, special nuclear or by product material as defined at 42 U.S.C. 2011, et seq.), carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority; asbestos in any form; urea formaldehyde foam insulation; transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyl; radon gas; or any other chemical, material or substance (i) which poses a hazard to the Property, to adjacent properties, or to persons on or about the Property, (ii) which causes the Property to be in violation of any of the aforementioned laws or regulations or any other Hazardous Materials Laws, or (iii) the presence of which on or in the Property requires investigation, reporting or remediation under any such laws or regulations.

(s) "Hazardous Materials Laws" means any federal, state, or local laws, ordinances, rules, regulations, requirements, orders, directives, guidelines, or permit conditions, in existence as of the Effective Date or as later enacted, promulgated, issued, modified or adopted, regulating or relating to Hazardous Materials, and all applicable judicial, administrative, and regulatory decrees, judgments, and orders, and common law, including those relating to industrial hygiene, public safety, human health, or protection of the environment, or the reporting, licensing, permitting, use, presence, transfer, treatment, analysis, generation, manufacture, storage, discharge, release, disposal, transportation, investigation or remediation of Hazardous Materials.

(t) "HVAC" means heating, ventilation and air conditioning.

(u) "Investor" has the meaning set forth in Section 6.9(d).

(v) "Improvements" means all of the Residential Improvements and all other tangible improvements that are to be completed for the Project, including all Reciprocal Easement Improvements.

(w) "Metro" means the Santa Cruz Metropolitan Transit District, a California transportation district.

(x) "Project Agreements" means, collectively, this Agreement, the Ground Lease, the Regulatory Agreement, , the Reciprocal Easement Agreements, and all other documents required to be executed by Developer in connection with the transaction contemplated by this Agreement.

(y) "Metro Event of Default" has the meaning set forth in Section 7.2

(z) "Net Proceeds of Permanent Financing" means the amount by which permanent financing for the Development exceeds Final Development Costs.

## Attachment B

(aa) "Option" shall mean the option to enter into the Ground Lease set out in this Agreement.

(bb) "Party" means either Metro or Developer.

(cc) "Parties" means Metro and Developer, collectively.

(dd) "Partnership" means MP Metro Associates LP, a California limited partnership, which MidPen has formed to own, construct, and operate the Development, in which an affiliate of MidPen will be the sole general partner, to be joined by the Investor as limited partner(s) upon syndication of the low income housing tax credits for the Development.

(ee) "Partnership Agreement" means the limited partnership agreement of the Partnership.

(ff) "Property" means the real property to be developed by Developer under the terms of this Agreement and the terms of the Ground Lease, which real property is more particularly described in the Legal Description attached hereto as **Exhibit A** which is incorporated herein.

(gg) "Project" means: (i) the Residential Improvements; (ii) the Commercial Space; (iii) all areas addressed under the Reciprocal Easement Agreements; and (iv) any other portions of the Property subject to the Ground Lease.

(hh) "Reciprocal Easement Improvements" means all improvements located within and governed by the Reciprocal Easement Agreements.

(ii) "Reciprocal Easement Agreements" means those agreements to be entered into by Metro and Developer on or before the Exercise of the Option.

(jj) "Regulatory Agreement" means the regulatory agreement and declaration of restrictive covenants to be executed by the Parties, and recorded against the Property at the Closing, in a form to be mutually agreed upon prior to Closing.

(kk) "MidPen" means MidPen Housing Corporation, a California nonprofit public benefit corporation, and its permitted successors and assigns, as set forth herein.

(ll) "Residential Improvements" means: (i) seventy-nine (79) units of affordable housing (including one unrestricted manager unit) for income-eligible households, and related onsite improvements located in the Leased Premises, all as more particularly set forth in the Scope of Development attached as **Exhibit C**.

(mm) "Schedule of Performance" means the summary schedule of actions to be taken by the Parties pursuant to this Agreement to achieve transfer of control of the Property to Developer under the Ground Lease and the construction of the Improvements. The Schedule of Performance is attached to this Agreement as **Exhibit B**.

(nn) "Security Financing Interest" has the meaning set forth in Section 8.1.

## Attachment B

(oo) "TCAC" means the California Tax Credit Allocation Committee.

(pp) "Term" means the term of this Agreement, which shall commence on the Effective Date and shall continue until the Termination, as defined in Section 2.1.

(qq) "TIRCP" means the California Transit and Intercity Rail Capital Program

(rr) "Title Company" means the title company that will coordinate and complete the Closing and is expected to be Old Republic Title Company.

(ss) "Title Report" means the preliminary title report for the Property dated as of                     , 2026, prepared by the Title Company, as it may be updated from time to time.

(tt) "Transfer" has the meaning set forth in Section 6.10.

Section 1.2. Exhibits and Schedules. The following exhibits and Schedules are attached to and incorporated in the Agreement:

- Exhibit A: Legal Description of the Property
  - Exhibit B: Schedule of Performance
  - Exhibit C: Scope of Development
  - Exhibit C-1 Legal Descriptions of the Leased Premises and the Commercial Space
  - Exhibit D Final Financing Plan
  - Exhibit E Regulatory Agreement
  - Exhibit F Reciprocal Easement Agreements
- Schedule 2.1 Terms and Conditions of Ground Lease

# Attachment B

## ARTICLE 2.

### ARTICLE 2.

#### GRANT OF OPTION AND PREDISPOSITION ACTIVITIES

Section 2.1. Grant of Option and Schedule of Performance. After the Effective Date, the Parties will negotiate in good faith to agree upon the form of a ground lease for the Leased Premises on the terms and conditions set forth in Schedule 2.1, attached hereto and as otherwise provided in this Agreement. When such Ground Lease form is finalized, it is referred to as the “**Ground Lease.**” Subject to the terms of this Agreement, Metro hereby grants the Developer the option to enter into the Ground Lease at the Closing (“**Option**”). The Option must be exercised strictly as follows: (i) Developer delivers to Metro written notice of its Option exercise (“**Option Notice**”); (ii) concurrently with the Option Notice, Developer submits to Metro reasonable proof that Developer has met (or will meet by Closing) all of the conditions to completing the closing of the Option exercise and execution and delivery of the Ground Lease set out in Sections 3.3 and 3.4, below (collectively, “**Closing Conditions**”), (iii) the Developer is ready to complete the Closing within fifteen (15) days of the Option Notice. The Parties shall then promptly proceed to the Closing. The Parties acknowledge that the purpose of the Option is to: (i) permit the Developer to have a right to control the Property during the term of the Option (“**Term**”) and, upon its due and timely election, during the Ground Lease; (ii) maintain that control so long as Developer is duly performing the terms of this Agreement, and (iii) upon satisfying the conditions for exercising such Option, having Developer exercise its Option and enter into the Ground Lease. However, the Option shall be null and void if: (i) Developer fails to diligently pursue and achieve the funding set out in the Final Financing Plan; (ii) Developer fails to timely exercise the Option by no later than December 31, 2027; (iii) Developer is in default of its obligations under this Agreement; (iv) a Metro Condition to Closing fails; or (v) Developer terminates this Agreement without Closing. The Ground Lease will provide for an initial base term (“**Base Term**”) of sixty-five (65) years from the commencement date of the applicable Ground Lease. Furthermore, subject to its provisions, the Ground Lease will include an option to extend the term of the Ground Lease until the date that is ninety-nine (99) years from the date such Ground Lease was entered into (“**Extension Term**”), as set out in Schedule 2.1. (In no event will the Ground Lease exceed a term of ninety-nine (99) years.) The Option will expire and be null and void upon the earliest of the following: (i) upon Developer's Default under this Agreement, unless the Default is waived by Metro in writing; (ii) upon any notice to Metro of Developer's election to terminate this Agreement; and (iii) December 31, 2027 (“**Termination**”). Furthermore, certain tasks described in this Agreement must be completed by Developer no later than the dates set forth in the Schedule of Performance attached to this Agreement as Exhibit B, subject to events of forced delay as set forth in Section 9.3. Time is of the essence. The Schedule of Performance may be modified as described in Section 9.14 by the Parties without formal amendment of this Agreement.

Section 2.2. Financing Plan. The Parties' plan for the financing of the Development (“**Final Financing Plan**”) is attached hereto as Exhibit D, and incorporated herein by reference. The Final Financing Plan includes a description of the already awarded and additional anticipated financing for the construction of the Development. Immediately prior to the exercise of the Option, Developer shall provide Metro with an update to the Developer's funding status under the Final Financing Plan that will include the final amounts of all funding

## Attachment B

sources and uses and will then update and replace the Final Financing Plan (“**Closing Financing Plan**”). The Closing Financing Plan must demonstrate that funding is in place to fund the complete construction of the Development. As long as the Closing Financing Plan contains all of the sources identified in the Final Financing Plan, and it is accompanied by the Completion Guaranty duly approved by Metro, the Closing Financing Plan shall be deemed approved by Metro. All financing necessary for the construction of the Development, as approved by Metro in the Closing Financing Plan (not including permanent financing) shall be closed by Developer prior to, or simultaneously with, the delivery of the Ground Lease at Closing.

Section 2.3. Tax Credit and Bond Applications. Developer shall diligently prepare and submit a timely and complete application to TCAC for a preliminary reservation of 4% Low Income Housing Tax Credits and an application to CDLAC for an allocation for tax exempt bonds within the time set forth in the Schedule of Performance. In the event Developer’s application or applications are disapproved, or fail to be awarded, Developer shall continue to diligently prepare and submit such applications in each subsequent round until a Termination occurs.

Section 2.4. Developer Due Diligence. During the Term, provided that it shall not unreasonably interfere with the existing operations at the Property, and provided Developer has delivered proof of insurance coverage as required by this Agreement, representatives of Developer shall have the right of access to the Property at all reasonable times to inspect and conduct such studies of the Property as Developer, in its sole discretion, may desire, and to perform predevelopment construction work approved by Metro. Such purposes shall include conducting soils tests, engineering studies, seismic and geologic studies, inspections and testing for Hazardous Materials, and underground storage tanks, investigation of applicable zoning and other land use regulations, analysis of economic feasibility and other studies related to Developer’s use of the Property and the condition of the Property. Developer shall provide Metro at least forty-eight (48) hours’ notice prior to accessing the Property. Metro shall have the right, but not the obligation, to accompany Developer during such investigations. Within forty-five (45) days of the Effective Date (the “**Due Diligence Period**”), Developer shall give written notice to Metro as to whether Developer approves or disapproves of the Property. Developer shall (i) conduct all work or studies in a diligent, expeditious, and safe manner and not allow any dangerous or hazardous conditions to occur on the Property during or after the investigation; (ii) obtain any required governmental permits and comply with all Applicable Laws while in or about the Property; (iii) keep the Property free and clear of all materialmen’s liens, lis pendens and other liens arising out of the entry and work performed under this paragraph; (iv) maintain or assure maintenance of workers’ compensation insurance (or state approved self-insurance) for all persons entering the Property in the amounts required by the State of California; and (v) provide to Metro prior to initial entry a certificate of insurance evidencing that Developer and/or the persons entering the Property have procured and have in effect commercial general liability insurance that satisfies the requirements set forth in Section 6.9 hereof. Developer shall, in a timely manner, repair any and all damage to the Property caused by such inspections or investigations. Developer shall indemnify, defend and hold Metro and its officers, employees, agents, consultants, and contractors, harmless for any injury or damages arising out of any activity pursuant to this Section, provided however Developer shall not be responsible for any injury or damage that may occur solely from discovery of existing conditions of Hazardous Materials on the Property provided Developer does not exacerbate such preexisting conditions.

## Attachment B

Developer shall have access to all data and information on the Property available to Metro, but without warranty or representation by Metro as to the completeness, correctness or validity of such data and information. Any interaction with Hazardous Materials, whether the use, disposal, transport, storage, or otherwise, shall strictly comply with Applicable Law and shall be limited to those interactions that are necessary and essential to meet the obligations under this Agreement.

Section 2.5. Updated Preliminary Title Report. Within twenty (20) days of the Effective Date, Metro shall direct the Title Company to provide Developer with an update to the Title Report and copies of all title exceptions to the Property shown on the updated Title Report. Unless Developer objects to the updated Title Report within ten (10) days of receiving it, it shall be conclusively presumed that Developer has approved all liens, encumbrances, charges and impositions reflected in the Title Report as well as those that would have been identified if Developer had completed an ALTA survey of the Property (collectively, "**Permitted Exceptions**"). All such title defects shall be deemed to be Permitted Exceptions to the condition of title and the leasehold title insurance policy anticipated by Developer at the Closing can exclude these as Permitted Exceptions to title coverage; provided, however, that Metro shall be obligated to pay off any monetary liens first created by Metro after the delivery of the updated Title Report.

Section 2.6. General Contractor and Construction Plans. Within the time set forth in the Schedule of Performance, (i) Developer shall provide Metro with all essential information required for Metro to prepare a public bid for the construction of the Development. This will include submission of Developer's proposed construction plans to Metro for approval. Developer shall confirm that such construction plans meet all Applicable Laws and conform to the approvals and permits that are necessary for the completion of the Development. Metro shall respond to the proposed construction plans with its approval or disapproval within fifteen (15) business days after receiving them. Metro will be deemed to have accepted the proposed construction plans if it does not timely respond to such a submission. If Metro objects to the construction plans, the Parties shall promptly convene a meeting of each Party's relevant personnel to confer over and make a good faith effort to reconcile any differences and finalize the construction plans. Upon Metro's acceptance of the construction plans, they shall then become the construction plans for the Development ("**Construction Plans**").

The Parties anticipate that Metro will pursue a public bid process for the selection of the general contractor to complete the Development ("**Bid**"), and that the Parties will have mutually agreed upon the final form of the Construction Plans (sufficient for purposes of the Bid) and the form of the base construction contract prior to the Bid. After the Bid is awarded and the general contractor has been selected by Metro ("**General Contractor**") and the Parties have mutually agreed upon the final form of the construction contract with such General Contractor (which shall not come into effect unless and until the Closing) ("**Construction Contract**"), Metro will assign all rights under the Construction Contract to Developer and any lender or sponsor of the funding set out in the Final Financing Plan as needed to complete the requirements for such funding. Provided, however, that any such assignment shall ensure that (i) Metro's funding rights under the TIRCP are preserved; (ii) Metro is expressly identified and retains all rights as a beneficiary of the Construction Contract; and (iii) subject to the rights of any funding source under the Closing Financing Plan, the Contractor (and all subcontractors) will attorn to Metro or its designee and perform the Construction Contract,

# Attachment B

Section 2.7. Interim Operations. Within ten (10) days of the Effective Date, the Parties may, if requested, record a Memorandum of Option and record it in the Official Records of Santa Cruz County giving notice of the material terms of this Option. During the Term, Metro is under no obligation of any kind to upgrade or improve the Property, it being understood that none of the existing improvements have material value in light of the proposed Development and expectation that all existing improvements will be demolished and removed and the site will be graded to make way for the Development. Metro may exercise full control over the Property so long as its conduct does not cause waste and is not likely to adversely affect Developer's ability to complete the Improvements and pursue the Project as intended.

Section 2.8. Regulatory Agreement. Metro and Developer shall execute the Regulatory Agreement, in a form to be mutually agreed upon prior to exercise of the Option and then executed and delivered at Closing, and cause it to be recorded against the Property concurrently with the Closing. Regulatory Agreement shall provide, among other matters, for the lease of seventy eight (78) units in the Property to Low Income Households or lower, at affordable rents, as defined in the Regulatory Agreement, for a period of up to ninety-nine (99) years. Metro hereby acknowledges and agrees that if necessary for financial feasibility, the restrictions set for in the Regulatory Agreement shall be allowed to float up to higher rent and income restrictions in year 55, as the Parties may agree, whereupon it will be further set forth in the Regulatory Agreement. If there is a conflict between the Regulatory Agreement and this Agreement, the Regulatory Agreement shall control. Developer may request changes to the mix of affordable units if necessary to obtain competitive sources of financing for the Development. Any such changes shall be subject to the approval of Metro, which approval shall not be unreasonably withheld or delayed. Metro shall subordinate the Regulatory Agreement to the liens of any security instrument(s) securing construction and/or permanent financing for the Improvements

Section 2.9. Cost Sharing Agreement re: Funding. Prior to the exercise of the Option, the Parties will have negotiated a final form of cost sharing agreement for managing the funding and development protocols to facilitate the funding, coordination and completion of the Development ("**Cost Sharing Agreement**").

## ARTICLE 3. CONVEYANCE OF THE LEASEHOLD TO THE PROPERTY

Section 3.1. Lease of Property. Subject to the terms and conditions of this Agreement, including the satisfaction or waiver of the "Metro Conditions" and the "Developer Conditions" to Closing set forth in Sections 3.3 and 3.4, below (collectively, the "**Closing Conditions**"), upon a due and timely exercise of the Option, the Parties shall proceed with the Closing and enter into the Ground Lease at the time set for the Closing in the Schedule of Performance. It is a condition of exercising the Option that the final form of the Ground Lease has been completed and agreed upon by Metro and Developer, consistent with the terms and principles set out in Schedule 2.1 and elsewhere in this Agreement. At the Closing each Party will deliver to Escrow a duly executed form of Ground Lease to facilitate the Closing. The Parties acknowledge that the funding, the design of the Improvements, and the Construction Plans for the Project are evolving during the Option Term, and such changes are subject to the approval of Metro, which shall be reasonably exercised. It shall be reasonable to refuse such

## Attachment B

changes to the Ground Lease form if they (a) add material risks or costs for Metro; or (b) jeopardizes the funding or viability of the Project. Without limiting the generality of the foregoing, the Parties will modify the form of Ground Lease to fully reflect any necessary changes prior to any exercise of the Option. Developer and Metro shall work cooperatively to address comments to the Ground Lease, and each Party shall respond in a timely manner to any comments proposed by each other (or Developer's financing partners) so that a final form of Ground Lease will be finalized and ready for execution prior to the Closing.

Section 3.2. Opening Escrow. [Escrow for the Closing and the relevant Title Company shall be Old Republic Title Company, at \_\_\_\_\_, with the following contact details: \_\_\_\_\_; attention: \_\_\_\_\_]. The Parties will allocate escrow fees and closing costs in the manner customary for Santa Cruz County.

Section 3.3. Metro's Conditions to Closing. The Closing shall occur no later than the date set forth in the Schedule of Performance, as such date may be extended by mutual approval of the Parties. Metro's obligation to proceed with the conveyance of the leasehold interest in the Property is subject to the fulfillment (or waiver in writing by Metro) of each and all of the conditions precedent set forth in this Section 3.3, which are solely for the benefit of Metro, and which may be waived by Metro in its sole discretion ("**Metro Conditions**"). If there is no waiver or satisfaction by the date set for the Closing, Metro may terminate this Agreement upon written notice to Developer without further liability, and, except for continuing obligations provided elsewhere in this Agreement, Metro will be released from all further obligations under this Agreement, and Developer, at Metro's request, will within ten (10) days of such request provide a quitclaim deed or other documentation to confirm that the Property is no longer encumbered by this Agreement or the Ground Lease. The following Metro Conditions apply:

(a) Closing Documents. Developer shall have executed and delivered to Metro the Ground Lease, the Regulatory Agreement, , the approved Reciprocal Easement Agreements, the Completion Guaranty, and the Cost Sharing Agreement.

(b) Organizational Documents. Developer shall have made full disclosure to Metro of the names and addresses of all persons and entities that have a beneficial interest in Developer, and provide proof that Developer is in good standing with the State of California and the Franchise Tax Board..

(c) Insurance. Developer shall have submitted to Metro and Metro shall have approved Developer's evidence of the liability insurance required pursuant to Section 6.9 hereof.

(d) Evidence of Development Financing. Metro shall have received and reasonably approved the following (to the extent such financing is contained in the approved Final Financing Plan):

(i) Construction Loan Documents. True and complete copies of the construction loan documents evidencing the obligation of the lender to make the construction loan to Developer, in an amount consistent with the approved Final Financing Plan as updated by the Closing Financing Plan, subject only to reasonable and customary conditions.

## Attachment B

(ii) Tax Credit Financing. Evidence reasonably acceptable to Metro that Developer has committed, or caused to be committed, funds from the syndication of the Tax Credits (the “**Tax Credit Funds**”) to construction of the Development, subject only to reasonable and customary conditions.

(iii) Permanent Loan Commitment. A commitment from a lender (who may also be the construction lender) reasonably acceptable to Metro to make a permanent loan to Developer, with a term of not less than fifteen (15) years, in sum sufficient, when added to any Tax Credit Funds to be disbursed for such purpose, to take out any existing construction financing, subject only to reasonable and customary conditions, and consistent with the approved Final Financing Plan as updated by the Closing Financing Plan.

(iv) Completion Guaranty. A completion guaranty in form acceptable to Metro confirming that a financially capable guarantor will guaranty the completion of the construction of the Improvements substantially as required by the Ground Lease, provided however that Metro acknowledges that such guaranty shall be conditioned on receipt of all funds from Metro required to complete the Commercial Space (“**Completion Guaranty**”).

(v) AHSC Loans. A commitment from the California Department of Housing and Community Development to make the AHSC loan, to Developer in amounts consistent with the approved Final Financing Plan as updated by the Closing Financing Plan, subject only to reasonable and customary conditions.

(vi) Other Funding Sources. Commitments and documents from other funding sources described in the Final Financing Plan as updated by the Closing Financing Plan.

(e) General Contractor. The General Contractor for the Development shall have been selected pursuant to a public bidding process.

(f) Construction Contract. Metro shall have received a true and complete copy of a contract duly executed by and between Developer and the General Contractor pursuant to which the General Contractor has agreed to construct the Development at a cost consistent with the costs set forth therefor in the Development budget set forth in the approved Final Financing Plan as updated by the Closing Financing Plan (the “**Construction Contract**”).

(g) Grading and Building Permit. The Grading Permit and Building Permit for the Development shall have issued or shall be ready to issue subject only to the payment of applicable fees, the posting of required security, or both.

(i) Construction to Commence. Metro shall be reasonably satisfied that construction of the Development will commence within the time set forth in the Schedule of Performance and thereafter will be pursued to completion in a diligent and continuous manner.

(h) Management Plan. Developer shall have submitted a comprehensive management plan for the Development to Metro in accordance with the Regulatory Agreement and Metro shall have approved the same.

## Attachment B

(i) Management Agreement. Metro shall have received and reasonably approved an executed agreement by and between Developer and MidPen Property Management Corporation (the "**Management Agreement**"), which Management Agreement shall be consistent with this Agreement and the requirements of the Regulatory Agreement.

(j) Request for Notice of Default. Metro shall have submitted into the escrow a request for notice of default pursuant to Civil Code Section 2924(b), requesting that any beneficiaries of liens securing the Development financing notify Metro of any default under the instrument creating the lien (the "**Request for Notice**").

(k) Reciprocal Easement Agreements. Approval by the Parties of the final form of the Reciprocal Easement Agreements and their due execution in recordable form at Closing.

(l) Documents Executed. Developer shall have duly executed the Ground Lease, Memorandum of Ground Lease, Regulatory Agreement, the Reciprocal Easement Agreements, with signatures acknowledged (as applicable) and deposited them into Escrow, and the approved guarantor for the Completion Guaranty has duly executed and delivered the Completion Guaranty to Metro..

(m) Total Development Cost. Nothing shall have come to the attention of Developer and/or Metro to indicate that the Development cannot be completed at a cost consistent with the Development budget set forth in the approved Final Financing Plan as updated by the Closing Financing Plan, and, if there has been such an indication, Developer has provided evidence, reasonably satisfactory to Metro, of the availability of funding sources other than Metro to complete the Development. If Developer becomes aware of any such information, Developer shall promptly give notice thereof to Metro. The Parties shall have reached agreement on the allocation of construction costs for completing the Commercial Space, together with a plan for Metro to reimburse Developer for such costs.

(n) No Defaults. There shall exist no condition, event or act which would constitute a breach or default of Developer under this Agreement.

(o) Representations and Warranties. The representations of Developer contained in this Agreement shall be correct in all material respects as of the date of the disbursement as though made on and as of that date and, if requested by Metro, Metro shall have received a certificate to that effect signed by Developer.

(p) FTA Approval. The Federal Transit Administration has approved of the proposed transactions contemplated by this Agreement and the Ground Lease relating to the Property.

Section 3.4. Developer's Conditions to Closing. Developer is under no obligation to proceed with a Ground Lease until it has exercised the Option. Upon exercising the Option, Developer's obligation to proceed with the acquisition of the Property is subject to the fulfillment (or waiver in writing by Developer) of each and all of the conditions precedent set forth in this Section 3.4, which are solely for the benefit of Developer, and which may be waived by Developer in its sole discretion ("**Developer Conditions**"). If there is no waiver or

## Attachment B

satisfaction by the date set for the Closing, Developer may terminate this Agreement upon written notice to Metro without further liability, and except for continuing obligations provided elsewhere in this Agreement.

(a) Metro shall have executed and delivered to the Title Company the Ground Lease, the Memorandum of Lease and other Project Agreements, duly executed by Metro.

(b) There shall have been no material adverse change in the condition of the Property, or discovery of a physical condition first occurring after the Due Diligence Period that would materially and adversely interfere with the development of the Development. A material adverse change would be a casualty event and change in costs for Developer exceeding Two Hundred Thousand Dollars (\$200,000)

(c) There shall exist no condition, event or act which would constitute a breach or default of Metro under this Agreement.

(d) The Title Company is unconditionally and irrevocably committed to providing Developer with a title policy in the amount of the total Development costs (as set out in the Closing Financing Plan) upon payment of the insurance premium, insuring in Developer's favor insurable leasehold interest to the Property free and clear of all liens, encumbrances, clouds and conditions, rights of occupancy or possession, except the Permitted Exceptions, and the following:

- (1) the Ground Lease and the Regulatory Agreement;
- (2) the liens of any loan described in the Final Financing Plan; and
- (3) conditions, covenants, restrictions or easements currently of record and approved by Developer in its reasonable discretion; and
- (4) the approved Reciprocal Easement Agreements, duly executed by Metro and in recordable form.

(e) Total Development Cost. Nothing shall have come to the attention of Developer and/or Metro to indicate that the Development cannot be completed at a cost that exceeds the Development budget set forth in the approved Final Financing Plan (as updated by the Closing Financing Plan) by more than Two Hundred Thousand Dollars (\$200,000.00).

(f) Representations and Warranties. The representations of Metro contained in this Agreement shall be correct in all material respects as of date of the Closing as though made on and as of that date and, if requested by Developer, Developer shall have received a certificate to that effect signed by Metro.

(g) Reciprocal Easement Agreements. Approval by the Parties of the final form of the Reciprocal Easement Agreements and their delivery in recordable form into Escrow at Closing.

## Attachment B

(h) Cost Sharing Agreement. The Parties shall have agreed to the Cost Sharing Agreement that will allocate the final share of Development costs between the Parties.

### Section 3.5. Condition of Property.

(a) Metro hereby represents and warrants that it has no actual knowledge, and has no reasonable cause to believe, that any unlawful release of Hazardous Materials has come to be located on or beneath the Property, except as previously disclosed by Metro to Developer or as may have been revealed by Developer's due diligence inspections of the Property.

(b) Prior to the Closing, Metro shall continue to operate the Property in the ordinary course and as required by Applicable Law. If any Hazardous Materials are identified on the Property that were caused by or permitted to occur by Metro on the Property or which Metro had knowledge of as of the Effective Date or prior to the exercise of the Option, and despite such knowledge, Metro failed to disclose to Developer, Metro and Developer agree to meet in good faith to discuss Metro's obligation for costs regarding any necessary remediation. Unless Metro agrees to cover the costs of such remedial measures, Developer's sole option and remedy shall be to elect to terminate the Option Agreement, or to accept the Property in its defective condition and waive all Claims against Metro arising from such defective condition.

(c) Developer acknowledges and agrees that Developer is an affiliate of MidPen, which is a sophisticated real estate developer and knows how to complete a competent investigation of the Property. Further, Developer acknowledges that Developer is not relying on any third party reports, studies or information that Metro may have provided or will provide to Developer (all such shared information is provided on the express understanding that independent due diligence investigations must be completed by Developer, using its own experts, regarding every potential facet of the Development and its risk factors). Developer expressly confirms that it is leasing the Property from Metro solely in reliance on its own investigation, and that no representations and/or warranties of any kind whatsoever, express or implied, have been made by Metro or by any of its, officers, employees, representatives or agents, except as expressly made in this Agreement. Developer further acknowledges and agrees that Developer accepts the Property will be leasing the Property in an "AS IS, WHERE IS AND WITH ALL FAULTS" condition then existing in and on the Property, whether known or unknown.

Section 3.6. Closing. Upon the Closing the Title Company shall record, as applicable, the Memorandum of Ground Lease, Deed of Trust, Regulatory Agreement, and Reciprocal Easement Agreements, against the Property, and shall provide Developer the title policy described in Section 3.4(d).

Section 3.7. Costs of Escrow and Closing. Ad valorem taxes and assessments, if any, on the Property, and taxes upon this Agreement or any rights hereunder, levied, assessed or imposed for any period commencing prior to conveyance of title shall be borne by Metro. The Developer shall pay the cost of all title insurance policies, transfer tax, Title Company document preparation, recordation fees and escrow fees of the Title Company, if any, to close escrow.

# Attachment B

## ARTICLE 4. TRANSIT OPERATIONS

Section 4.1. Metro Operations. Metro currently maintains certain transit facilities and operations on the Property. Metro will vacate the Property within ninety (90) days of Developer's notice for it to vacate provided that Developer has duly received commitments from all funding sources necessary to complete the Development. The provisions of the Ground Lease or the Cost Sharing Agreement will include a process for integrating all of the transit operations expected to be included in and around the Development after the Certificate of Occupancy for the Improvements have been issued. Developer represents and warrants that it will support Metro in the implementation of its transit plan to restore transit operations after the Development has been completed and is ready for occupancy.

## ARTICLE 5. CONSTRUCTION OF IMPROVEMENTS

Section 5.1. Construction Pursuant to Plans. The Improvements shall be constructed substantially in accordance with the Scope of Development and the terms and conditions of the land use permits and approvals and building permits, including any variances granted. The work shall proceed only after the payment by Developer of all applicable fees, procurement of each permit, license, or other authorization that may be required by any governmental agency having jurisdiction over the Development.

Section 5.4. Commencement of Construction. Developer shall obtain a grading permit and building permit and have all permits and approvals to immediately commence construction of the Development after the Closing.

Section 5.5. Equal Opportunity. During the construction of the Improvements there shall be no discrimination on the basis of race, color, creed, religion, sex, sexual orientation, marital status, national origin or ancestry in the hiring, firing, promoting or demoting of any person engaged in the construction work.

Section 5.6. Compliance with Applicable Laws. Developer shall cause all construction work to be performed in compliance with (a) all Applicable Laws, including without limitation, all applicable federal and state labor laws and standards, City or County zoning and development standards, building, plumbing, mechanical and electrical codes, all other provisions of the City's Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation, the Americans with Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*, and (b) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental Metro now having or hereafter acquiring jurisdiction.

Section 5.7. Prevailing Wages.

(a) Developer shall and shall cause its contractors and subcontractors to pay prevailing wages in the construction of the Development as those wages are determined pursuant to Labor Code Sections 1720 *et seq.*, and the implementing regulations of the Department of

## Attachment B

Industrial Relations (the “DIR”), to employ apprentices as required by Labor Code Sections 1777.5 et seq., and the implementing regulations of the DIR and comply with the other applicable provisions of Labor Code Sections 1720 et seq., 1777.5 et seq., 1810-1815 and implementing regulations of the DIR.

(b) All calls for bids, bidding materials and the construction contract documents for the Development must specify that:

(1) No contractor or subcontractor may be listed on a bid proposal nor be awarded a contract for the Development unless registered with the DIR pursuant to Labor Code Section 1725.5.

(2) The Development is subject to compliance monitoring and enforcement by the DIR.

(c) Developer, as the “awarding body” [confirm], shall register the Development as required by Labor Code Section 1773.3 as set forth in the DIR’s online form PWC-100 within two (2) days after entering into the Construction Contract and provide evidence of such registration to Metro within two (2) days of such registration and any additional registration reporting to the DIR.

(d) In accordance with Labor Code Sections 1725.5 and 1771.1, Developer shall require that its contractors and subcontractors be registered with the DIR, and maintain such registration as required by the DIR.

(e) Pursuant to Labor Code Section 1771.4, the Development is subject to compliance monitoring and enforcement by the DIR. Developer shall and shall require its contractors and subcontractors to submit payroll and other records electronically to the DIR pursuant to Labor Code Sections 1771.4 and 1776 et seq., or in such other format as required by the DIR.

(f) Developer shall and shall cause its contractors and subcontractors to keep and retain such records as are necessary to determine if prevailing wages have been paid as required pursuant to Labor Code Sections 1720 et seq., and that apprentices have been employed as required by Labor Code Section 1777.5 et seq., and shall, from time to time upon the request of Metro provide to Metro such records and other documentation reasonably requested by Metro.

(g) Developer shall and shall cause its respective contractors and subcontractors to comply with all other applicable provisions of Labor Code, including without limitation, Labor Code Sections 1720 et seq., 1725.5, 1771, 1771.1, 1771.4, 1776, 1777.5 et seq., 1810-1815 and implementing regulations of the DIR in connection with construction of the Development or any other work undertaken or in connection with the Property.

(h) Copies of the currently applicable current per diem prevailing wages are available from the DIR website, [www.dir.ca.gov](http://www.dir.ca.gov). Developer shall cause its respective contractors to post the applicable prevailing rates of per diem wages at the Development site and to post job site notices, in compliance with Title 8 California Code of Regulations 16451(d) or as otherwise as required by the DIR.

## Attachment B

Section 5.8. Progress Report. Developer shall provide quarterly progress reports to Metro regarding the status of the construction of the Development. Developer shall provide the reports and information required under this Section until the Development is fully leased up.

Section 5.9. Construction Responsibilities. Developer shall be responsible for coordinating and scheduling the work to be performed so that commencement and completion of the construction of the Improvements will take place in accordance with this Agreement. Developer shall be solely responsible for all aspects of Developer's conduct in connection with the Development, including (but not limited to) the quality and suitability of the plans and specifications, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, and consultants. Any review or inspection undertaken by Metro with reference to the Development is solely for the purpose of determining whether Developer is properly discharging its obligations to Metro, and should not be relied upon by Developer or by any third parties as a warranty or representation by Metro as to the quality of the design or construction of the Development.

Section 5.10. Inspections. Developer shall permit and facilitate, and shall require its contractors, to permit and facilitate, observation and inspection at the Development by Metro during reasonable business hours for the purposes of determining compliance with this Agreement.

Section 5.11. Information. Developer shall provide any information reasonably requested by Metro in connection with the Development.

Section 5.12. Records. Developer shall maintain complete, accurate, and current records pertaining to the Development for a period of five (5) years after the creation of such records, and shall permit any duly authorized representative of Metro to inspect and copy records upon reasonable notice to Developer. Such records shall include, without limitation, all invoices, receipts, and other documents related to expenditures from the Loan funds. Records must be kept accurate and current.

Section 5.13. Liens and Stop Notices. Until the issuance of a Certificate of Occupancy, Developer shall not allow to be placed on the Property or any part thereof any lien or stop notice on account of materials supplied to or labor performed on behalf of Developer. If a claim of a lien or stop notice is given or recorded affecting the Development or the Property, Developer shall within twenty (20) days of such recording or service: (a) pay and discharge (or cause to be paid and discharged) the same; or (b) effect the release thereof by recording and delivering (or causing to be recorded and delivered) to the party entitled thereto a surety bond in sufficient form and amount; or (c) provide other assurance satisfactory to Metro that the claim of lien or stop notice will be paid or discharged.

Section 5.14. Right of Metro to Satisfy Liens on the Property. If Developer fails to satisfy or discharge any lien or stop notice on the Property pursuant to and within the time period set forth in Section 5.12 above, Metro shall have the right, but not the obligation, to satisfy any such liens or stop notices at Developer's expense and without further notice to Developer and all sums advanced by Metro for such purpose shall be part of the indebtedness

## Attachment B

secured by the Deed of Trust. In such event Developer shall be liable for and shall immediately reimburse Metro for such paid lien or stop notice. Alternatively, Metro may require Developer to immediately deposit with Metro the amount necessary to satisfy such lien or claim pending resolution thereof. Metro may use such deposit to satisfy any claim or lien that is adversely determined against Developer. Developer shall file a valid notice of cessation or notice of completion upon cessation of construction work on the Property for a continuous period of thirty (30) days or more, and shall take all other reasonable steps to forestall the assertion of claims or liens against the Property. Metro may (but has no obligation to) record any notices of completion or cessation of labor, or any other notice that Metro deems necessary or desirable to protect its interest in the Property.

Section 5.15. Performance and Payment Bonds. Prior to commencement of construction work on the Development, Developer shall cause its general contractor to deliver to Metro copies of payment bond(s) and performance bond(s) issued by a reputable insurance company licensed to do business in California, each in a penal sum of not less than one hundred percent (100%) of the scheduled cost of construction of the Development. The bonds shall name Metro as co-obligee. In lieu of such performance and payment bonds, subject to Metro's approval of the form and substance thereof, Developer may submit evidence satisfactory to Metro one of the following:

(a) Developer shall cause its general contractor to provide evidence of Subcontractor Default Insurance covering one hundred percent (100%) of the Development subcontract value. Contractor shall require those Subcontractors that do not enroll in the Subcontractor Default Insurance Policy to furnish payment bond(s) and performance bond(s) in forms acceptable to and approved by Metro. General Contractor shall schedule Metro and Developer to the Subcontractor Default Insurance policy via a Scheduled Entity Endorsement; or

(b) the contractor's ability to commence and complete construction of the Development in the form of an irrevocable letter of credit, pledge of cash deposit, certificate of deposit, or other marketable securities held by a broker or other financial institution, with signature authority of Metro required for any withdrawal, or a completion guaranty in a form and from a guarantor acceptable to Metro. Such evidence must be submitted to Metro in approvable form in sufficient time to allow for review and approval prior to the scheduled construction start date.

### ARTICLE 6. ONGOING DEVELOPER OBLIGATIONS

Section 6.1. Use. Developer hereby agrees that, for the entire term of the Ground Lease, the Leased Premises will be used and continuously operated as affordable housing in accordance with all applicable requirements of the Regulatory Agreement.

Section 6.2. Commercial Space. Developer shall complete the improvements to create an approximately 2,264 square foot portion of the Development, designated as the "Commercial Space" in the Scope of Development and Construction Plans. Developer shall timely deliver the Commercial Space to Metro with "warm shell" tenant improvements in

## Attachment B

accordance with the Construction Plans and Schedule of Performance as part of the completion of the Improvements.

Section 6.4. Maintenance. Developer hereby agrees that after commencement of the Ground Lease term and prior to completion of construction of the Improvements, the portions of the Property undergoing construction shall be maintained in a neat and orderly condition to the extent practicable and in accordance with industry health and safety standards, and that, once the Improvements are completed, the Development shall be well maintained by Developer as to both external and internal appearance of the Improvements, the common areas, and the open spaces, consistent with the standards of maintenance of similar multifamily apartment complexes in the County.

Section 6.5. Taxes and Assessments. Developer is solely responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Leased Premises after the Closing, and shall pay such charges prior to delinquency. However, Developer is not required to pay and discharge any such charge so long as the legality thereof is being contested diligently and in good faith and by appropriate proceedings. Developer may apply for and obtain any available exemptions from the payment of property taxes. Metro and/or its subtenant shall be responsible for the payment of all fees, assessments, taxes, charges and levies imposed by any public authority or utility company with respect to the Commercial Space, if any.

Section 6.6. Mandatory Language in All Subsequent Deeds, Leases and Contracts. All deeds, leases or contracts made or entered into by Developer, its successors or assigns, as to or relating to a transfer of an interest in any portion of the Property shall contain or be subject to substantially the following language:

(a) In Deeds:

“(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) and (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed, nor shall the grantee or any person claiming under or through the grantee, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

(1) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the

## Attachment B

Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

(b) In Leases:

“(1) Lessee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) and (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee or any person claiming under or through the lessee, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.

(1) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

(c) In Contracts:

“(1) There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) and (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land.

(1) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

Section 6.7. Hazardous Materials.

(a) Covenants.

## Attachment B

(1) No Hazardous Materials Activities. Upon Closing, Developer shall not knowingly permit the Leased Premises or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Material or otherwise knowingly permit the presence or release of Hazardous Material in, on, under, about or from the Leased Premises except: (x) as may be authorized by an agency of applicable jurisdiction, (y) for cleaning supplies and other materials in volumes and concentrations customarily used in construction, rehabilitation, use or maintenance of residential properties similar in nature to the Property and any commercial uses developed as part of the Development, and used, stored and disposed of in compliance with Environmental Laws; and (z) as may otherwise be allowed under Environmental Laws. For avoidance of ambiguity only, nothing in the previous sentence shall limit Developer from maintaining Hazardous Materials existing on the Leased Premises prior to the Commencement Date or consolidating such Hazardous Materials on the Leased Premises all to the extent permitted by law.

(2) Hazardous Materials Laws. Developer hereby represents and warrants to Metro that, at all times from and after the Closing, Developer shall comply and cause the Improvements developed on the Leased Premises to comply with Hazardous Materials Laws, and shall further cause no action to place the Property, including without limitation, soil and groundwater, in violation of Environmental Laws.

(3) Notices. From and after the Closing, upon receiving actual knowledge of the same, Developer shall immediately advise Metro in writing of: (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened in writing against Developer, or the Leased Premises pursuant to any applicable Environmental Laws; (ii) any and all written claims made or threatened by any third party against Developer or the Property relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Material; or (iii) the presence or release of previously unknown Hazardous Material in, on, under, about or from the Leased Premises. The matters set forth in the foregoing clauses (i) through (iii) are hereinafter referred to as **“Hazardous Materials Claims”**. Metro shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claim.

(b) Developer Acknowledgement. Developer hereby acknowledges and agrees that (i) this Section is intended as the Metro’s written request for information (and Developer’s response) concerning the environmental condition of the Leased Premises as required by California Code of Civil Procedure Section 726.5, and (ii) each representation and warranty in this Agreement with respect to the environmental condition of the Leased Premises is intended by the Parties to be an “environmental provision” for purposes of California Code of Civil Procedure Section 736.

(c) Environmental Indemnity. Except to the extent of Developer’s Indemnification, to the greatest extent allowed by law, Developer shall indemnify, defend (with counsel reasonably approved by Metro) and hold Indemnitees harmless from and against all Claims resulting, arising, or based directly or indirectly in whole or in part, upon (i) the release, use, generation, discharge, storage or disposal of any Hazardous Material on, under, in or about the Leased Premises, or the transportation of any such Hazardous Material to or from, the Leased

## Attachment B

Premises occurring after the Closing, or (ii) the failure of Developer, Developer's employees, agents, contractors, subcontractors, or any person acting on behalf of or as the invitee of any of the foregoing ("**Developer Parties**") to comply with Environmental Laws related to the Leased Premises or the Improvements thereon after the Closing, unless caused by Metro's active or passive negligence. Further excepting Developer's Indemnification, the foregoing indemnity shall additionally apply to any residual Hazardous Materials in, on, under or about the Leased Premises or affecting any natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Material, and irrespective of whether any of such activities were or will be undertaken in accordance with Environmental Laws, but only to the extent that such release of Hazardous Materials occurs after the Closing. Metro agrees to defend, indemnify, protect and hold harmless Developer, and its officers, beneficiaries, employees, agents, attorneys, representatives, legal successors and assigns ("**Developer Indemnitees**") from, regarding and against any and all liabilities, obligations (including but not limited to the duty to respond to any governmental inquiry, investigation, claim or demand regarding such Hazardous Materials), orders, decrees, judgments, liens, demands, actions, Environmental Response Actions, claims, losses, damages, fines, penalties, expenses, Environmental Response Costs or costs of any kind or nature whatsoever, together with fees (including, without limitation, reasonable attorneys' fees and experts' and consultants' fees), resulting from or in connection with (i) the release, use, generation, discharge, storage or disposal of any Hazardous Material on, under, in or about the Leased Premises, or the transportation of any such Hazardous Material to or from, the Property occurring during Metro's ownership of the Leased Premises and prior to the Closing, or (ii) the failure of Metro, Metro's employees, agents, contractors, subcontractors, or any person acting on behalf of or as the invitee of any of the foregoing to comply with Environmental Laws related to the Leased Premises or the improvements thereon during Metro's ownership of the Leased Premises and prior to the Closing, except to the extent caused in whole or in part by the negligence of any of Developer Indemnitees in accordance with the principles of comparative negligence ("**Developer's Indemnification**"). If Metro discovers Hazardous Materials or other materials subject to legal requirements or corrective action, Metro shall immediately notify Developer of the same.

### Section 6.8. Insurance Requirements.

(a) Prior to initiating work on the Development and continuing through City's issuance of a Certificate of Occupancy for the Improvements, Developer and all general contractors directly contracted with Developer to work on behalf of Developer on the Development shall maintain a commercial general liability policy in the amount of One Million Dollars (\$1,000,000) each occurrence, Two Million Dollars (\$2,000,000) annual aggregate, together with Three Million Dollars (\$3,000,000) excess liability coverage, or such other policy limits as Metro may require in its reasonable discretion, including coverage for bodily injury, property damage, products, completed operations and contractual liability coverage. Such policy or policies shall be written on an occurrence basis and shall name the Indemnitees as additional insureds.

(b) Until issuance of the Certificate of Occupancy, Developer and all contractors working on behalf of Developer shall maintain comprehensive automobile liability coverage in the amount of One Million Dollars (\$1,000,000), combined single limit including coverage for owned vehicles and shall furnish or cause to be furnished to Metro evidence

## Attachment B

satisfactory to Metro that Developer and any contractor with whom Developer has contracted for the performance of work on the Property or otherwise pursuant to the Agreement carries workers' compensation insurance as required by law. Automobile liability policies shall name the Indemnitees as additional insured. Automobile liability policies shall only be required if Developer or contractors own or operate vehicles in connection with the construction of the Development.

(c) Upon commencement of construction work and continuing until Metro's issuance of the Certificate of Occupancy for the Improvements, Developer shall maintain or cause to be maintained a policy of builder's all-risk insurance in an amount not less than the full insurable cost of the Development on a replacement cost basis naming Metro as loss payee.

(d) Developer shall maintain property insurance covering all risks of loss (other than earthquake), including flood (if required by lenders and/or investor) for 100% of the replacement value of the Development with deductible, if any, in an amount acceptable to Metro, naming Metro as loss payee.

(e) Companies writing the insurance required hereunder shall be approved to do business in the State of California. Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A: VII. The Commercial General Liability and comprehensive automobile policies required hereunder shall name the Indemnitees as additional insureds. Builder's Risk and property insurance shall name Metro as loss payee.

(f) Prior to commencement of construction work, Developer shall furnish Metro with certificates of insurance in form acceptable to Metro evidencing the required insurance coverage and duly executed endorsements evidencing such additional insured status. The certificates shall contain a statement of obligation on the part of the carrier to notify Metro of any material adverse change, cancellation, termination or non-renewal of the coverage at least thirty days in advance of the effective date of any such material adverse change, cancellation, termination or non-renewal.

(g) If any insurance policy or coverage required hereunder is canceled or reduced, Developer shall, within thirty (30) days after receipt of notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with Metro a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, Metro may, without further notice and at its option, procure such insurance coverage at Developer's expense, and Developer shall promptly reimburse Metro for such expense upon receipt of billing from Metro.

(h) Coverage provided by Developer shall be primary insurance and shall not be contributing with any insurance, or self-insurance maintained by Metro, and the policies shall so provide. The insurance policies shall contain a waiver of subrogation for the benefit of Metro. Developer shall furnish the required certificates and endorsements to Metro prior to the commencement of construction of the Development, and shall provide Metro with certified copies of the required insurance policies upon request.

## Attachment B

(i) General Requirements. The required insurance shall be provided under an occurrence form, and Developer shall maintain such coverage continuously throughout the Term. The Comprehensive General Liability policies shall be endorsed to name as additional insureds Metro and its commissioners, members, officers, agents, and employees. All policies and bonds shall contain (i) an agreement that such policies are primary and noncontributing with any insurance that may be carried by Metro ; (ii) a provision that no act or omission of Developer shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; (iii) a waiver by the insurer of all rights of subrogation against Metro and its authorized parties in connection with any loss or damage thereby insured against, and (iv) the agreement of the insurer to give Metro at least ten (10) days' notice prior to cancellation (including, without limitation, for nonpayment of premium) or any material change in said policies.

(j) Certificates of Insurance. Upon Metro 's request at any time during the Term of this Agreement, Developer shall provide certificates of insurance, in form and with insurers reasonable acceptable to Metro , evidencing compliance with the requirements of this Section, and shall provide complete copies of such insurance policies, including a separate endorsement naming Metro as additional insured, if requested by Metro .

### Section 6.9. Transfer.

(a) Developer and its principals have represented that they possess the necessary expertise, skill and ability to carry out the development of the Property pursuant to this Agreement. The qualifications, experience, financial capacity and expertise of Developer and its principals are of particular concern to Metro . It is because of these qualifications, experience, financial capacity and expertise that Metro has entered into this Agreement with Developer. No voluntary or involuntary successor, assignee or transferee of Developer shall acquire any rights or powers under this Agreement, except as expressly provided herein.

(b) During the Term of this Agreement, except as expressly permitted by this Agreement, Developer shall not directly or indirectly, voluntarily, involuntarily or by operation of law make or attempt any total or partial sale, transfer, conveyance, assignment or lease (collectively, "**Transfer**") of the whole or any part of the Property, the Development, the Improvements, or this Agreement, without the prior written approval of Metro, which approval shall not be unreasonably withheld; provided that no further approvals of Metro shall be required for Permitted Transfers as set forth herein. Any such attempt to assign this Agreement without Metro 's consent shall be null and void and shall confer no rights or privileges upon the purported assignee. For purposes of this Agreement, "Transfer" means any sale, assignment, or transfer, whether voluntary or involuntary, of: (i) any rights and/or duties under this Agreement; and/or (ii) any interest in the Development. The term "Transfer" excludes the leasing of any single unit in the Development to an occupant in compliance with the Regulatory Agreement.

(c) Developer anticipates syndicating the low income housing tax credits that will be generated by the Development, which syndication will require transfer of the limited partnership interest in the Partnership to a tax credit investor (the "**Investor**"). Metro hereby approves transfer of the limited partnership interest to the Investor and future Transfers of the

## Attachment B

Investor's limited partner interest as a Permitted Transfer, provided that Developer or its affiliate remains as the managing general partner of the Partnership.

(d) In the event the general partner of the Partnership is removed by the Investor for cause following default under the Partnership Agreement, Metro hereby approves the Transfer of the general partner interest as a Permitted Transfer, provided the replacement general partner is reasonably acceptable to Metro.

(e) Metro hereby approves a Transfer of the Property from the Partnership to Developer, or a non-profit affiliated entity of Developer, and an assumption of the Loan by such transferee on or before the end of the fifteen (15) year compliance period as described in Section 42(i)(1) of the Internal Revenue Code of 1986, as amended, as a Permitted Transfer.

(f) Metro hereby approves the grant of the security interests in the Leasehold Interest for financing approved by Metro on the Final Financing Plan as updated by the Closing Financing Plan, as a Permitted Transfer.

(g) Metro may, in the exercise of its sole discretion, consent to a proposed Transfer of this Agreement which is not a Permitted Transfer, the Property or portion thereof if all of the following requirements are met:

(1) The proposed transferee demonstrates to Metro's satisfaction that it has the qualifications, experience and financial resources necessary and adequate as may be reasonably determined by Metro to competently complete the Development and to otherwise fulfill the obligations undertaken by Developer under this Agreement.

(2) Developer and the proposed transferee shall submit for Metro review and approval all instruments and other legal documents proposed to effect any Transfer of this Agreement, the Property or interest therein together with such documentation of the proposed transferee's qualifications and development capacity as Metro may reasonably request.

(3) The proposed transferee shall expressly assume all of the rights and obligations of Developer under this Agreement arising after the effective date of the Transfer and all obligations of Developer arising prior to the effective date of the Transfer (unless Developer expressly remains responsible for such obligations) and all other conditions, and restrictions set forth in this Agreement.

(4) The Transfer shall be effectuated pursuant to a written instrument satisfactory to Metro and in a form recordable in the Official Records.

(5) If a proposed Transfer has not been approved in writing within thirty (30) days following Metro's receipt of written request by Developer, it shall be deemed rejected.

(h) In the absence of specific written agreement by Metro, no Transfer by Developer shall be deemed to relieve Developer or any other party from any obligation under this Agreement. If, in violation of this Agreement, Developer Transfers all or any part of the Property or the Improvements during the Term of this Agreement, Metro shall be entitled to

## Attachment B

receive from Developer the amount by which the consideration payable for such Transfer exceeds the sum of (a) the Purchase Price for the Property, and (b) the costs incurred by Developer in connection with the improvement and development of the Property, including carrying charges, interest, fees, taxes, assessments and escrow fees. Such excess consideration shall belong to and be paid to Metro by Developer and until so paid, Metro shall have a lien on the Property for such amount. The provisions of this paragraph have been agreed upon so as to discourage land speculation by Developer; accordingly, these provisions shall be given a liberal interpretation to accomplish that end. Without limiting any other remedy Metro may have under this Agreement, or under law or equity, it shall be an Event of Developer Default hereunder entitling Metro to terminate this Agreement if without the prior written approval of Metro, Developer assigns or Transfers this Agreement, the Improvements, or the Property during the Term of this Agreement. This paragraph shall not apply to Permitted Transfers.

(i) Recovery of Costs. Developer shall reimburse Metro for all Metro costs, including but not limited to reasonable attorneys' fees, incurred in reviewing instruments and other legal documents proposed to effect a Transfer under this Agreement and in reviewing the qualifications and financial resources of a proposed successor, assignee, or transferee within ten days following Metro's delivery to Developer of an invoice detailing such costs.

### ARTICLE 7. DEFAULT AND REMEDIES

Section 7.1. No Fault of Parties. The following events constitute a basis for a Party to terminate this Agreement without the fault of the other:

(a) Developer disapproves the condition of the Property within the Due Diligence Period, or there shall have been an adverse change in the condition of the Property, or discovery of a physical condition that would adversely interfere with the development of the Development since the conclusion of the Due Diligence Period but prior to the Closing; or

(b) The Conditions Precedent to the Closing have not been satisfied (or waived by the Party benefitted by such Conditions Precedent) on or before the time set forth in the Schedule of Performance.

Upon the happening of any of the above-described events Metro and Developer shall meet in good faith within ten (10) days of either Party giving notice to the other of the above conditions to determine whether a mutually acceptable amendment to this Agreement and/or modification to the scope of development for the Development is feasible. If Metro and Developer are unable to agree on a mutually satisfactory modification, the Parties may agree to terminate this Agreement, and at the election of either Party, this Agreement may be terminated by written notice to the other Party. After termination, neither Party shall have any rights against or liability to the other under this Agreement.

Section 7.2. Fault of Metro. Except as to events constituting a basis for termination under Section 7.1, the following events each constitute a "**Metro Event of Default**" and a basis for Developer to take action against Metro:

## Attachment B

(a) Metro, without good cause, fails to convey the Property to Developer within the time and in the manner set forth in Article 3 and Developer is otherwise entitled by this Agreement to such conveyance; or

(b) Metro does not attempt diligently and in good faith to cause satisfaction of the conditions required of Metro in Article 2; or

(c) Other than the failures addressed above in subsections (a) and (b), failure of Metro to duly perform, comply with, or observe any of the conditions, terms, or covenants of any of this Agreement, and such failure having continued uncured for thirty (30) days after receipt of written notice thereof from Developer to Metro or, if the breach cannot be cured within thirty (30) days, Metro shall not be in breach so long as Metro is diligently undertaking to cure such breach and such breach is cured within ninety (90) days.

Upon the occurrence of any Metro Event of Default hereunder following the expiration of all applicable notice and cure periods Developer is afforded all of its rights at law or in equity, by taking all or any of the following remedies: (1) terminating in writing this Agreement; and (2) prosecuting an action for specific performance. Developer shall not have any right to and Developer waives all claims against Metro for any lost profits, and punitive or consequential damages.

Section 7.3. Fault of Developer. Except as to events constituting a basis for termination under Section 7.1, the following events each constitute a “**Developer Event of Default**” and a basis for Metro to take action against Developer:

(a) Subject to Forced Delay, Developer fails to commence or complete construction of the Development within the times set forth in the Schedule of Performance, or abandons or suspends construction of the Development prior to completion for a period of sixty (60) days or more;

(b) A Transfer occurs, either voluntarily or involuntarily, in violation of Section 6.9;

(c) Developer fails to maintain insurance as required pursuant to this Agreement, and Developer fails to cure such default within thirty (30) days of receipt of notice from Metro;

(d) Subject to Developer’s right to contest the following charges as provided herein, if Developer fails to pay prior to delinquency taxes or assessments due on the Property or the Development or fails to pay when due any other charge that may result in a lien on the Property or the Development, and Developer fails to cure such default within thirty (30) days of date of delinquency, but in all events upon the imposition of any such tax or other lien;

(e) Any representation or warranty contained in this Agreement or in any application, financial statement, certificate or report submitted to Metro in connection with this Agreement proves to have been incorrect in any material and adverse respect when made and

## Attachment B

continues to be materially adverse to Metro and Developer fails to cure such default within thirty (30) days of the date of written notice from Metro of such default;

(f) If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (“**Bankruptcy Law**”), Developer or any manager, managing member or general partner thereof (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Developer or any general partner, managing member, or manager thereof in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Developer or any manager, managing member or general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due;

(g) A court of competent jurisdiction shall have made or entered any decree or order (1) adjudging Developer to be bankrupt or insolvent, (2) approving as properly filed a petition seeking reorganization of Developer or seeking any arrangement for Developer under bankruptcy law or any other applicable debtor’s relief law or statute of the United States or any state or other jurisdiction, (3) appointing a receiver, trustee, liquidator, or assignee of Developer in bankruptcy or insolvency or for any of its properties, or (4) directing the winding up or liquidation of Developer;

(h) Developer shall have assigned its assets for the benefit of its creditors (other than pursuant to a mortgage loan) or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within sixty (60) days after such event (unless a lesser time period is permitted for cure under any other mortgage on the Property, in which event such lesser time period shall apply under this subsection as well) or prior to any sooner sale pursuant to such sequestration, attachment, or execution;

(i) Developer shall have voluntarily suspended its business or Developer shall have been dissolved or terminated; or

(j) Developer defaults in the performance of any term, provision, covenant or agreement contained in this Agreement other than an obligation enumerated in this Section and unless a shorter cure period is specified for such default, the default continues for ten ( 10) days in the event of a monetary default or thirty (30) days in the event of a nonmonetary default after the date upon which Metro shall have given written notice of the default to Developer; provided however, if the default is of a nature that it cannot be cured within thirty (30) days, a Developer Event of Default shall not arise hereunder if Developer commences to cure the default within thirty (30) days and thereafter prosecutes the curing of such default with due diligence and in good faith to completion and in no event later than ninety (90) days after receipt of notice of the default.

Metro shall have all remedies available under this Agreement or under law or equity, including, but not limited to the right to bring an action for equitable relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions, and/or seeking to obtain any other remedy

## Attachment B

consistent with the purpose of this Agreement, and the right to proceed with any and all remedies set forth in this Agreement including but not limited to the Termination of this Agreement by written notice to Developer; provided however, Metro shall not have any right to and Metro waives all claims against Developer for any lost profits, and punitive or consequential damages.

Section 7.4. Inaction Not a Waiver of Default. No failure or delay by either Party in asserting any of its rights and remedies as to any default shall operate as a waiver of such default or of any such rights or remedies, nor deprive either Party of its rights to institute and maintain any action or proceeding which it may deem necessary to protect, assert or enforce any such rights or remedies in the same or any subsequent default.

Section 7.5. Construction Plans. If this Agreement is terminated, Developer, at no cost to Metro, shall deliver to Metro copies of all construction plans and studies in Developer's possession or in the possession of Developer's consultants related to development of the Development on the Property, including without limitation, the Construction Plans, subject only to the rights of senior construction lenders identified in the Final Financing Plan as updated by the Closing Financing Plan. In the event Metro utilizes the construction plans or studies, Metro shall indemnify Developer for any claims arising from the use of construction plans or studies by Metro pursuant to this Section 7.5.

Section 7.6. Rights of Mortgagees. Any rights of Metro under this Section 7 shall not defeat, limit or render invalid any mortgage or deed of trust permitted by this Agreement or any rights provided for in this Agreement for the protection of holders of such instruments.

### ARTICLE 8. SECURITY FINANCING AND RIGHTS OF HOLDERS

Section 8.1. No Encumbrances Except for Development Purposes. Notwithstanding any other provision of this Agreement, mortgages and deeds of trust, or any other reasonable method of security are permitted to be placed upon Developer's leasehold interest in the Property for the purpose of securing loans approved by Metro pursuant to the approved Final Financing Plan as updated by the Closing Financing Plan. Mortgages, deeds of trust, or other reasonable security instruments securing loans approved by Metro pursuant to the approved Final Financing Plan as updated by the Closing Financing Plan are each referred to as a "Security Financing Interest." The words "mortgage" and "deed of trust" as used in this Agreement include all other appropriate modes of financing real estate acquisition, construction, and land development.

Section 8.2. Holder Not Obligated to Construct. The holder of any Security Financing Interest authorized by this Agreement is not obligated to construct or complete any improvements or to guarantee such construction or completion. However, nothing in this Agreement shall be deemed to permit or authorize any such holder to devote the Property or any portion thereof to any uses, or to construct any improvements thereon, other than those uses of improvements provided for or authorized by this Agreement.

## Attachment B

Section 8.3. Notice of Default and Right to Cure. Whenever Metro pursuant to its rights set forth in Article 8 of this Agreement delivers any notice or demand to Developer with respect to the commencement, completion, or cessation of the construction of the Improvements, Metro shall at the same time deliver to each holder of record of any Security Financing Interest creating a lien upon Developer's leasehold interest in the Property or any portion thereof a copy of such notice or demand. Each such holder shall (insofar as the rights of Metro are concerned) have the right, but not the obligation, at its option, within ninety (90) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default or breach affecting the Property which is subject to the lien of the Security Financing Interest held by such holder and to add the cost thereof to the security interest debt and the lien on its security interest. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Improvements (beyond the extent necessary to conserve or protect such improvements or construction already made) without first having expressly assumed in writing Developer's obligations to Metro relating to such Improvements under this Agreement pursuant to an assignment and assumption agreement prepared by Metro. The holder in that event must agree to complete, in the manner provided in this Agreement, the Improvements to which the lien or title of such holder relates. Any such holder properly completing such Improvements pursuant to this paragraph shall assume all rights and obligations of Developer under this Agreement.

Section 8.4. Right of Metro to Cure. In the event of a default or breach by Developer of a Security Financing Interest prior to the completion of the construction of the Development, and the holder has not exercised its option to complete the construction of the Development, Metro may cure the default, prior to the completion of any foreclosure. In such event Metro shall be entitled to reimbursement from Developer of all costs and expenses incurred by Metro in curing the default, and such sum shall be added to the principal of Loan and payable pursuant to Promissory Note.

Section 8.5. Modifications. If a holder of a Security Financing Interest or the Investor should, as a condition of providing financing for development of all or a portion of the Development, request any modification of this Agreement in order to protect its interests in the Development or this Agreement, Metro shall consider such request in good faith consistent with the purpose and intent of this Agreement and the rights and obligations of the Parties under this Agreement.

### ARTICLE 9. GENERAL PROVISIONS

Section 9.1. Notices, Demands and Communications. Formal notices, demands, and communications between Metro and Developer shall be sufficiently given if, and shall not be deemed given unless, dispatched by registered or certified mail, postage prepaid, return receipt requested, by reputable overnight delivery service, delivered by electronic mail as long as a copy of any such notice is also delivered by either registered or certified mail or overnight delivery, or delivered personally, to the principal office of Metro and Developer as follows:

Metro:

# Attachment B

**Santa Cruz Metropolitan Transit District**  
110 Vernon Street  
Santa Cruz, CA 95060  
Attn: Chief Executive Officer  
Tel (831) 420-2505  
Fax (831) 426-6117

With a copy to

Julie A. Sherman, Esq.  
Hanson Bridgett LLP  
425 Market Street, 26<sup>th</sup> Floor  
San Francisco, CA 94105  
Tel: (415) 995-5185  
Email: [JSherman@hansonbridgett.com](mailto:JSherman@hansonbridgett.com)

Developer:

**MP Metro Associates LP**  
c/o MidPen Housing Corporation  
275 Main Street, Suite 204  
Watsonville, CA 95076  
Attn: Natalie Magana, Senior Project Manager  
Tel ((831)-317-5432  
Fax (650) 357-9766

With a copy to:

Evan Gross  
Gubb & Barshay LLP  
235 Montgomery Street, Suite 1110  
San Francisco, CA 94104  
ph: 415.781.6600 ext. 6  
email: [egross@gubbandbarshay.com](mailto:egross@gubbandbarshay.com)

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section.

Section 9.2. Non-Liability of Metro Officials, Employees and Agents. No member, official, employee or agent of Metro or Developer shall be personally liable, in the event of any default or breach by the such Party or for any amount which may become due under the terms of this Agreement.

Section 9.3. Forced Delay. In addition to specific provisions of this Agreement, performance by either Party hereunder shall not be deemed to be in default where delays or defaults are due to war; acts of terrorism, insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; pandemics,

## Attachment B

quarantine or other government restrictions imposed to address epidemics or pandemics; freight embargoes; governmental restrictions or priority; litigation (including suits filed by third parties concerning or arising out of this Agreement); weather; inability to secure necessary labor, materials or tools; acts of the other Party; acts or failure to act of any public or governmental agency or entity (except that acts or the failure to act of Metro shall not excuse performance by Metro); or any other causes beyond the control or without the fault of the Party claiming an extension of time to perform. An extension of time for any cause will be deemed granted if notice by the Party claiming such extension is sent to the other within fifteen (15) days from the date the Party seeking the extension first discovered the cause and such extension of time is not rejected in writing by the other Party within fifteen (15) days after receipt of the notice. Times of performance under this Agreement may also be extended in writing by Metro and Developer.

Metro and Developer acknowledge that adverse changes in economic conditions, either of the affected Party specifically or the economy generally, changes in market conditions or demand, and/or inability to obtain financing to complete the Development shall not constitute grounds of enforced delay pursuant to this Section. Each Party expressly assumes the risk of such adverse economic or market changes and/or financial inability, whether or not foreseeable as of the Effective Date.

Section 9.4. Title of Parts and Sections. Any titles of the articles, sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any part of its provision.

Section 9.5. Indemnification. Except with respect to indemnification concerning Hazardous Materials, which are addressed under Section 6.7(c) of this Agreement, Developer shall indemnify, defend, and hold Metro and its officers, directors, employees, consultants, agents and representatives (collectively, the “**Indemnitees**”) harmless from and against all liability, loss, cost, claim, demand, action, suit, legal or administrative proceeding, penalty, deficiency, fine, damage and expense (including without limitation reasonable attorneys’ fees and costs) (all of the foregoing, collectively “**Claims**”) arising out of or in connection with this Agreement, including but not limited to the purchase of the Property and the development, construction, marketing and operation of the Development, except to the extent such claim arises from pre-existing conditions or from the negligence or willful misconduct of the Indemnitees. Developer’s defense and indemnity obligations pursuant to this Section 9.5 shall survive the expiration or earlier termination of this Agreement.

Section 9.6. Applicable Law. This Agreement shall be interpreted under and pursuant to the laws of the State of California. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court of Santa Cruz County, California or in the Federal District Court for the Northern District of California.

Section 9.7. No Brokers. Each Party represents to the other that it has not had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any real estate broker or other person who can claim a right to a commission or finder’s fee. If any broker or finder makes a claim for a commission or finder’s fee based upon a contact, dealings, or communications, the Party through whom the broker or finder makes this claim shall indemnify, defend with counsel of the indemnified

## Attachment B

Party's choice, and hold the indemnified Party harmless from all expense, loss, damage and claims, including the indemnified Party's attorneys' fees, if necessary, arising out of the broker's or finder's claim. The provisions of this section shall survive expiration of the Term or other termination of this Agreement, and shall remain in full force and effect.

Section 9.8. Severability. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 9.9. Binding Upon Successors. This Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest and assigns of each of the Parties hereto except that there shall be no Transfer of any interest by any of the Parties hereto except pursuant to the terms of this Agreement. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor or assign of such party who has acquired an interest in compliance with the terms of this Agreement, or under law.

The covenants and restrictions set forth in this Agreement shall run with the land, and shall bind all successors in title to the Property. However, on the termination of this Agreement, such covenants and restrictions shall expire.

Section 9.10. Parties Not Co-Venturers. Nothing in this Agreement is intended to or does establish the Parties as partners, co-venturers, or principal and agent with one another.

Section 9.11. Metro's Warranty of Authority. Metro represents and warrants to Developer that (i) this Agreement has been duly entered into and is the legally binding obligation of Metro, (ii) this Agreement will not violate any judgment, law, consent decree, or agreement to which Metro is a party or is subject to and will not violate any law or ordinance under which Metro is organized, and (iii) to the knowledge of Metro, there is no claim pending, or threatened, that would impede Metro's ability to perform its obligation hereunder.

Section 9.12. Representations and Warranties of Developer. Developer hereby represents and warrants to Metro as follows:

(a) Organization. Developer is a duly organized, validly existing, and in good standing under the laws of the State of California and has the power and authority to own its property and carry on its business as now being conducted.

(b) Authority of Developer. Developer has full power and authority to execute and deliver this Agreement, and the other Project Agreements to be executed and delivered pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) Authority of Persons Executing Documents. This Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to

## Attachment B

this Agreement have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Developer.

(d) No Conflict. To the best of Developer's knowledge, Developer's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Developer is a party or by which it is bound.

Section 9.13. Complete Understanding of the Parties. This Agreement and the attached exhibits constitute the entire understanding and agreement of the Parties with respect to the matters set forth in this Agreement, and supersedes all prior written or oral agreements, understandings, representations or statements between the Parties with respect to the subject matter hereof, specifically including the ENRA which is of no further force or effect as of the Effective Date..

Section 9.14. Implementation Agreements. The Parties acknowledge that the provisions of this Agreement require a close degree of cooperation and that new information and future events may demonstrate that changes are appropriate with respect to the details of performance of the Parties under this Agreement. The Parties desire, therefore, to retain a certain degree of flexibility with respect to the details of performance for those items covered in general terms under this Agreement. If and when, from time to time, the Parties find that refinements or adjustments are desirable, such refinements or adjustments shall be accomplished through implementation agreements approved in writing by the Parties which, after execution shall be attached to this Agreement as addenda and become a part hereof.

Any significant modification to the terms of performance under this Agreement, shall be processed as an amendment of this Agreement in accordance with Section 9.15 and must be approved by Metro in accordance with applicable law.

Section 9.15. Amendments. The Parties can amend this Agreement only by means of a writing signed by both Parties. There can be no change to this Agreement merely by oral discussion or a course of dealing.

Section 9.16. Multiple Originals; Counterparts. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

Section 9.17. Attorneys' Fees. If any Party fails to perform any of its obligations under this Agreement, or if any dispute arises among the Parties concerning the meaning or interpretation of any provision hereof, then the prevailing Party in any proceeding in connection with such dispute shall be entitled to the costs and expenses it incurs on account thereof and in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements.

Section 9.18. Waivers: Modification. No waiver of any breach of any covenant or provision of this Agreement shall be deemed a waiver of any other covenant or provision hereof, and no waiver shall be valid unless in writing and executed by the waiving Party. An extension of time for performance of any obligation or act shall not be deemed an extension of

## Attachment B

the time for performance of any other obligation or act, and no extension shall be valid unless in writing and executed by the Party granting the extension. This Agreement may be amended or modified only by a written instrument executed by the Parties.

Section 9.19. No Third Party Beneficiaries. Nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

Section 9.20. Time of the Essence: Calculation of Time Periods. Time is of the essence for each condition, term, obligation and provision of this Agreement. Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is not a business day, in which event the period shall run until the next business day. The final day of any such period shall be deemed to end at 5:00 p.m., local time at the Property. For purposes of this Agreement, a "business day" means a day that is not a Saturday, Sunday, a federal holiday or a state holiday under the laws of California.

Section 9.21. Inspection of Books and Records. Upon request, Developer shall permit Metro to inspect at reasonable times and on a confidential basis those books, records and all other documents of Developer necessary to determine Developer's compliance with the terms of this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

# Attachment B

IN WITNESS WHEREOF, Metro and Developer have executed this Agreement as of the Effective Date.

DEVELOPER:

MP Metro Associates LP,  
a California limited partnership

By: MP Metro LLC,  
a California limited liability company,  
its general partner

By: MidPen Housing Corporation,  
a California nonprofit public benefit  
corporation,  
its sole member/manager

By: \_\_\_\_\_  
Joanna Carman,  
Assistant Secretary

SANTA CRUZ METROPOLITAN  
TRANSIT DISTRICT

By: \_\_\_\_\_

Its: \_\_\_\_\_

Attest:

# Attachment B

By: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Attorney

# Attachment B

## EXHIBIT A

### LEGAL DESCRIPTION OF THE PROPERTY

#### [TO BE CONFIRMED]

Beginning on the Southeasterly side of Fourth Street, now called Lake Avenue, at the most Westerly corner of lands now or formerly of Mary Conlan, said point of beginning being about 165 feet 5 inches distant Southwesterly from the Southerly corner of Fourth Street or Lake Avenue, and Rodriguez Street; thence running in a Southwesterly direction along the Southeasterly side of Fourth Street or Lake Avenue to the Northerly corner of land now or formerly of John Balovich, a distance of about 160 feet; thence Southeasterly along the Northeasterly line of said last mentioned land, now or formerly of Balovich, about 151 feet to the Easterly corner thereof; thence Southwesterly along the Southeasterly line of said last mentioned land now or formerly of Balovich about 38 feet and three inches to a corner of the Northeasterly line of the lot of land now or formerly of N. A. Uren; thence Southeasterly and along the Northeasterly line of land now or formerly of Uren and along the Northeasterly line of land now or formerly of Julia Lund (sometimes called Mrs. G. A. Lund) about 178 feet to the Northwesterly line of land now or formerly of O'Neill; thence Northeasterly along said Northwesterly line of last mentioned land and along the Northwesterly line of land now or formerly of David Alexander about 200 feet, to the Southwesterly line of land now or formerly of Margaret S. Moreland; thence Northwesterly along the Southwesterly line of said last mentioned land and of land now or formerly of D. Maheu, of land now or formerly of Louise C. Diggins, of land now or formerly of Grace French, and of said land now or formerly of Mary Conlan, a distance of 331 feet, a little more or less, to the place of beginning. Excepting therefrom those certain lands as condemned by the City of Watsonville in that certain "Final Judgment of Condemnation", recorded November 3, 1971 in Book 2143, Page 99, Official Records of Santa Cruz County, and being more particularly described as follows: Being a portion of the lands described in the matter of the estate of Thomas H. Rosewall, deceased, in the Decree of Settlement of Final Account and of Final Distribution recorded in Volume 1746, Page 1, Official Records of Santa Cruz County, and more particularly described as follows:

Beginning on the Southeast line of West Lake Avenue at the West corner of the lands conveyed by Frank Leslie Richardson and Ola Mae Richardson, his wife, to Reginald D. King and Margaret L. King, his wife, by deed recorded in Volume 644, Page 529, Official Records of Santa Cruz County; and running thence from said point of beginning South 41° 01' East along the Southwest line of last named lands and along the Southwest line of the lands conveyed by Margy F. Storie to Reginald D. King and Margaret L. King, his wife, by deed OLD REPUBLIC TITLE COMPANY ORDER NO. 1117026886-JM 1st Update Page 3 of 7Pages ORT 3158-B recorded in Volume 833, Page 222, Official Records of Santa Cruz County and along the Southwest line of the lands conveyed by Henry R. Pearson and Thelma Pearson Kirkland to Reginald D. King and Margaret L. King, his wife, by deed recorded in Volume 982, Page 396,

## Attachment B

Official Records of Santa Cruz County, and along the Southwest line of the lands conveyed by Frances F. Pfeiffer to Charles Crouch, et al, by deed recorded in Volume 1751, Page 438, Official Records of Santa Cruz County, and along the Southwest line of the lands conveyed by Donald L. Grunsky and Mary Lou Grunsky, his wife, to Charles Crouch, et al, by deed recorded in Volume 1845, Page 307, Official Records of Santa Cruz County, for a distance of 330.25 feet to the North corner of the lands designated as item No. 49 of Exhibit "B" in the Matter of the Estate of Louis Solomon Alexander in the Decree Settling First and Final Account and Report of Co-Executors, granting petition for approval of payment of statutory compensation to co-executors, statutory fees to attorneys, and distributing estate recorded in Volume 1918, Page 101, Official Records of Santa Cruz County; thence Southwesterly along the Northwest line of last named lands and along said line produced 56.95 feet; thence Northwesterly on a curve to the right from a tangent bearing North 65° 52' 30" West on a radius of 126.69 feet; thence North 41° 01' West 205.74 feet to the aforesaid Southeast West Lake Avenue; thence North 47° 47' East along the last named line 84.02 feet point of beginning.

PARCEL TWO: Beginning on the Southeasterly side of Fourth Street at the Westerly corner of Steigleemann, now or formerly; thence Southeasterly along the line of the said lot 151 feet, a little more or less, to lot now or formerly of Steigleemann; thence Southwesterly along the line of lots now or formerly of Steigleemann and W.H. White 60 feet a little more or less, to line of said White's lot, at right angles with said last line; thence Northwesterly along the line of said White's lot 151 feet, a little more or less, to the line of Fourth Street; thence Northeasterly along the line of Fourth Street 60 feet to the place of beginning.

APN: 17-011-56

# Attachment B

## EXHIBIT B

### SCHEDULE OF PERFORMANCE

TCAC 4% Round 2 Applications	5/19/2026*
Submission by Developer to Metro of Construction Plans	_____
Approval of Form of Construction Contract	_____
Public Bid for General Contractor	_____
Award of Bid/Selection of General Contractor	by Option Exercise
FTA Approval	by Closing
Option Exercise	by Dec. 31, 2027
Closing (within 15 days of Option Exercise)	
Expected Construction Start / Construction loan closing receipt of TCAC award and after Closing	within 194 days of
Construction Completion	within 30 months of Closing
100% Occupancy	within 36 months of Closing

**\*If Developer is initially unsuccessful, it will diligently continue to apply in future credit allocation windows as available until there is a Termination of the Option.**

# Attachment B

## EXHIBIT C

### SCOPE OF DEVELOPMENT

The project proposes a new six-story, mixed-use development located in Downtown Watsonville. The development integrates transit-oriented infrastructure, sustainability features, and accessible community resources. Sustainability goals include achieving GreenPoint Rated – Gold certification and promoting active transportation through high-quality bicycle infrastructure and storage for both METRO riders and residents. The future transit station will include new covered bus bays, METRO administration areas, and a bike hub. The future affordable housing portion will include 79 units reserved for residents with a household income of 30-60% of Area Median Income (AMI). There will be zero onsite parking spaces. The development will be constructed in a single phase.

**Construction Type:** III-A over I-A

**METRO Commercial Space:** METRO's commercial space occupies the ground floor and includes a covered breezeway serving as a sheltered, exterior lobby. This breezeway connects to METRO ticketing, a bike hub with rider amenities, and driver relief spaces, and provides direct pedestrian access to the new bus bays along the internal drive aisle.

**Commercial Core & Shell:** The commercial component includes shell space at the east corner of the ground floor, designed to engage with the public realm through an adjacent commercial plaza. This program supports the City's goal of activating street-level uses and encouraging a mix of neighborhood-serving retail and services.

**Affordable Housing Program:** Ground floor residential uses include a secure lobby, community room and learning center, mail room, parcel room, MidPen Housing offices and maintenance room, and a bike storage room. Residential levels are organized in two wings above a podium, connected by stairs and elevator cores. There will be 34 one-bedroom units, 24 two-bedroom units, 20 three-bedroom units, and 1 two-bedroom Manager's unit. The second floor features a large private outdoor courtyard with play areas and landscaped open space, complemented by two additional smaller courtyards with integrated bioretention planters. The project will meet all California Tax Credit Allocation Committee (CTCAC) requirements for unit mix, accessibility, and community amenities.

**Onsite improvements** include landscaping, fire lane, bus bays along an internal drive aisle.

**Offsite improvements include:** Road diet and pavement rehabilitation along Rodriguez Street, a Class IV protected bikeway in both directions, and construction of sawtooth bus bays with concrete paving to support increased transit use.

**Teams:**

# Attachment B

<b>Architecture:</b>	<b>Ten Over Studio, Inc.</b>
<b>Construction Manager/Owner's Rep:</b>	<b>Blue Water Construction, Inc.</b>
<b>Civil:</b>	<b>Kimley-Horn and Associates</b>
<b>Joint Trench:</b>	<b>Giacalone Design Services, Inc.</b>
<b>MEP:</b>	<b>Emerald City Engineers</b>
<b>Structural:</b>	<b>People's Associates</b>
<b>Landscape:</b>	<b>Ten Over Studio</b>

# Attachment B

## EXHIBIT C-1

### Depiction of Leased Premises and Commercial Space

#### Overview of Site:

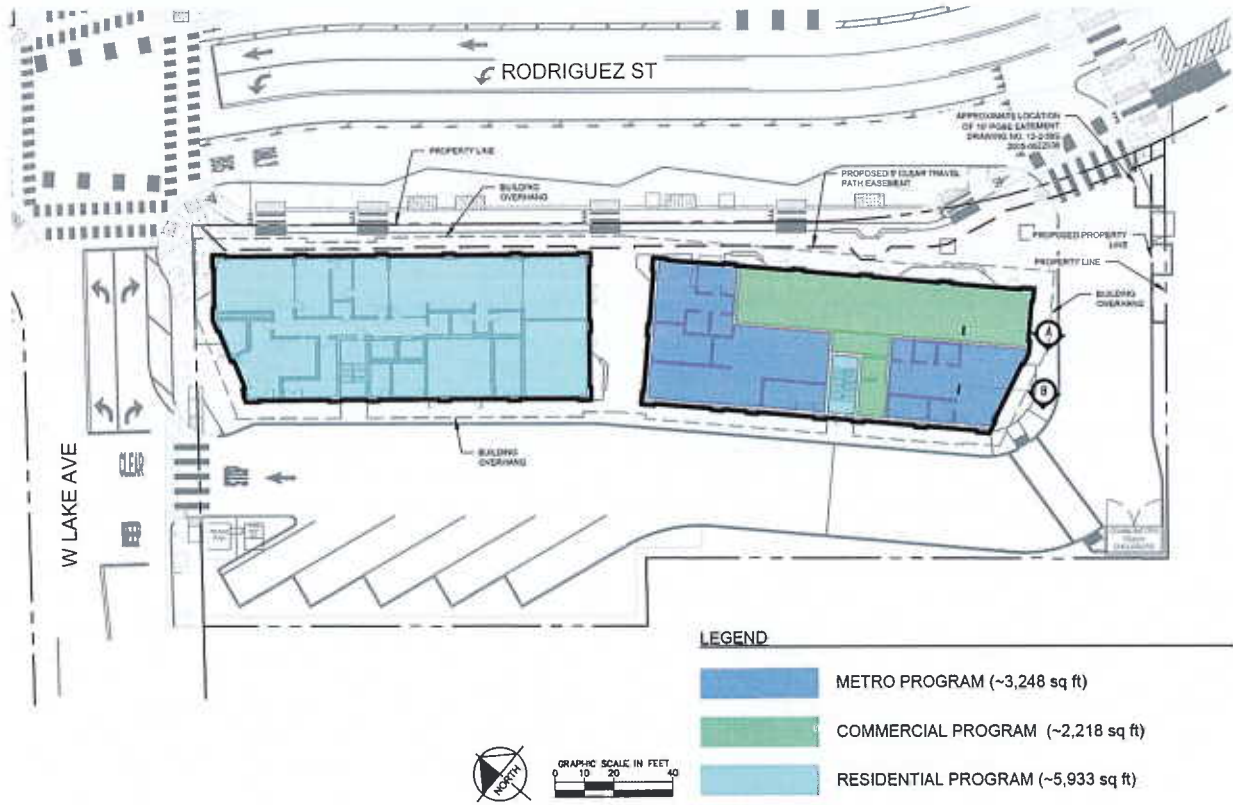


SECTION A THROUGH COMMERCIAL SPACE



SECTION B THROUGH METRO SPACE

# Attachment B



Kimley»Horn

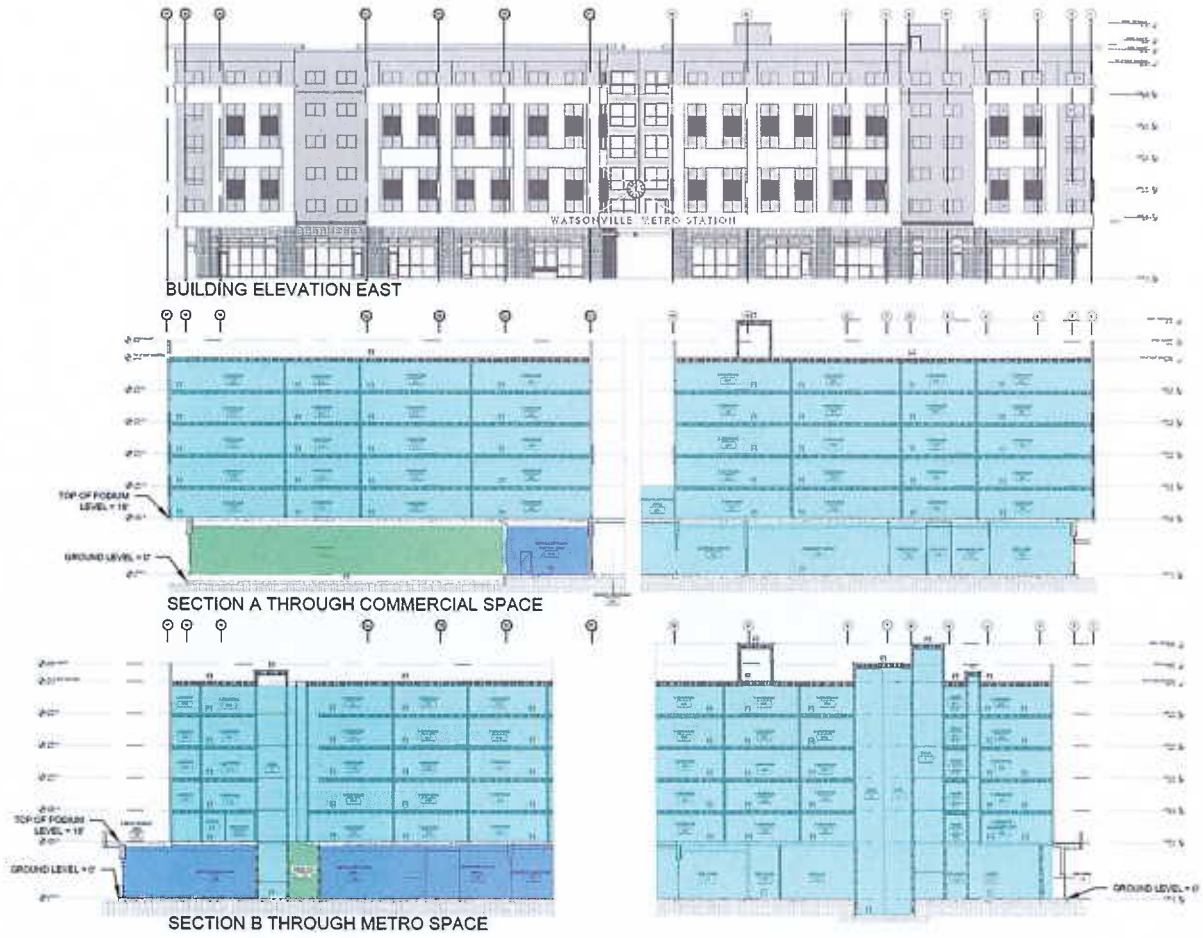
WATSONVILLE METRO TRANSIT CENTER  
BUILDING PLAN - GROUND LEVEL

DRAFT

11/21/2025

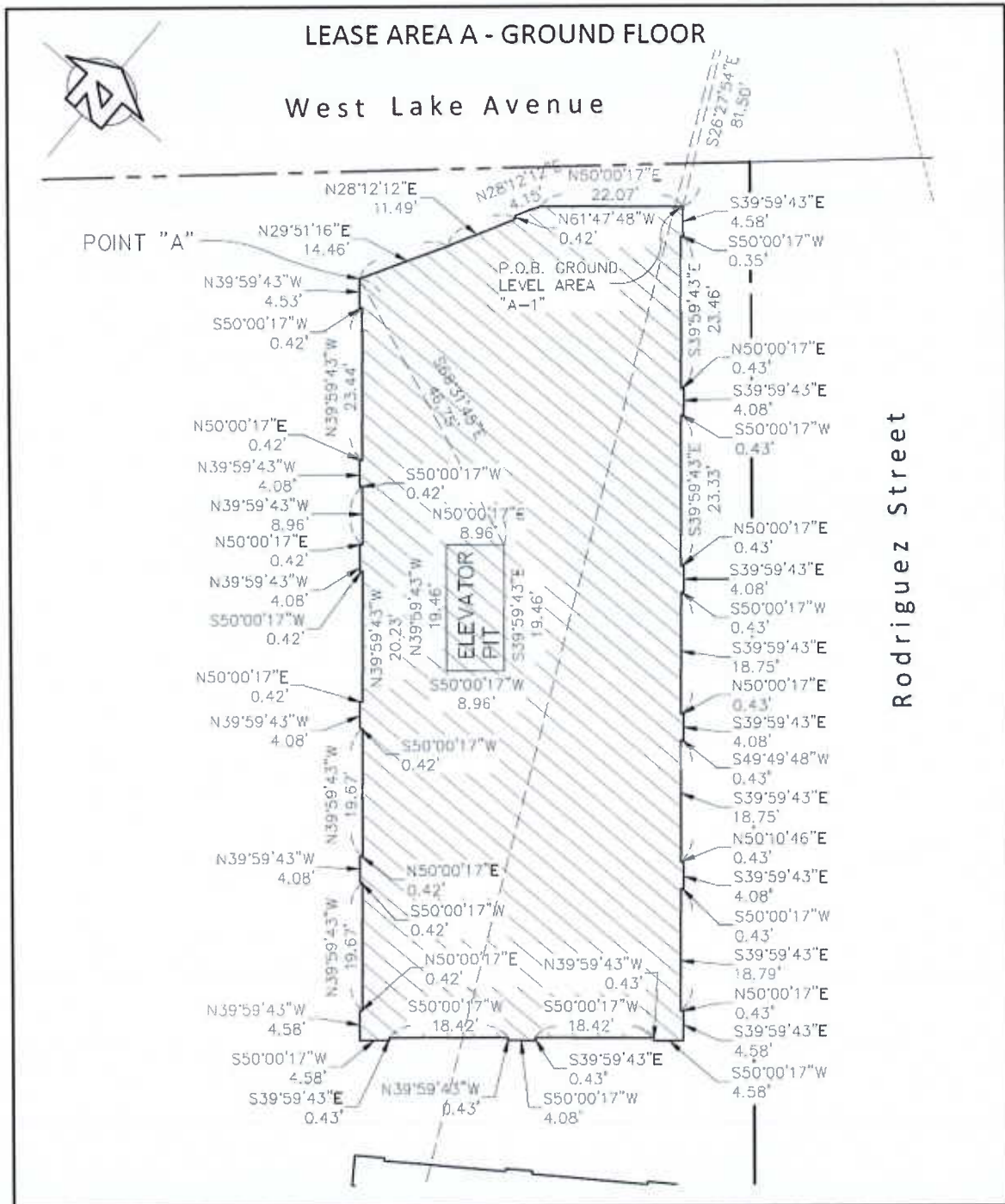
# Attachment B

## Elevations

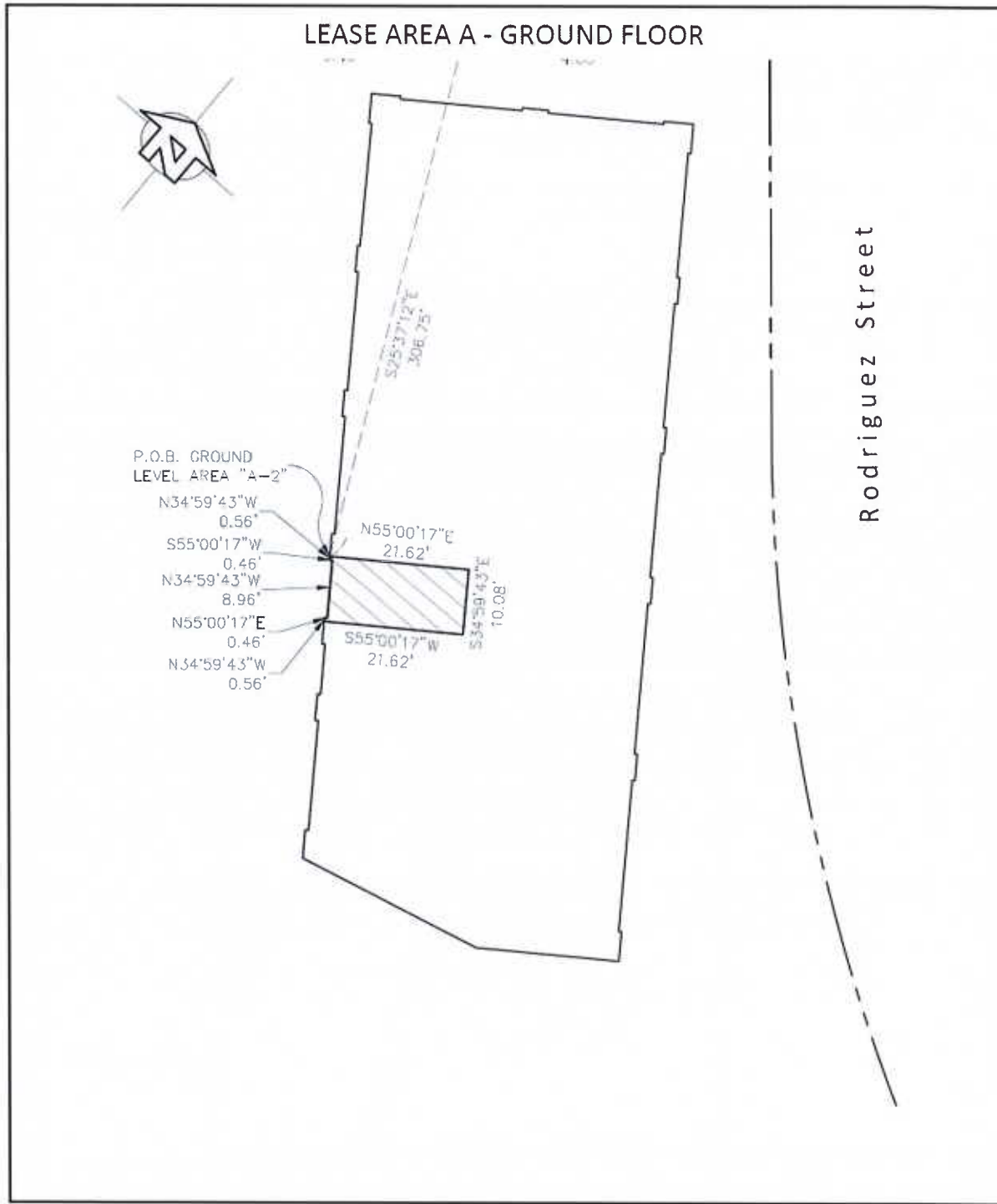


# Attachment B

## Leased Premises – Area A



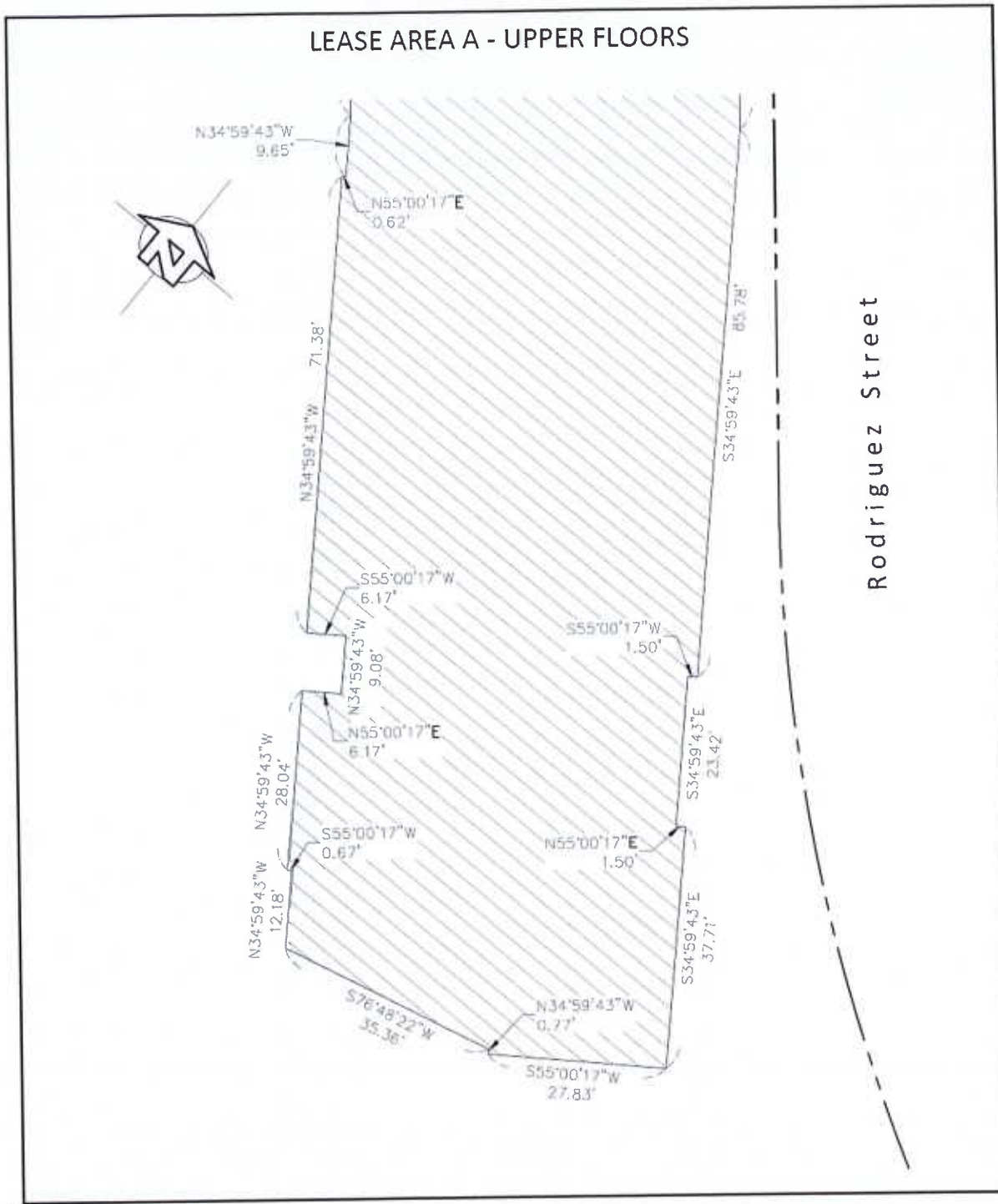
# Attachment B





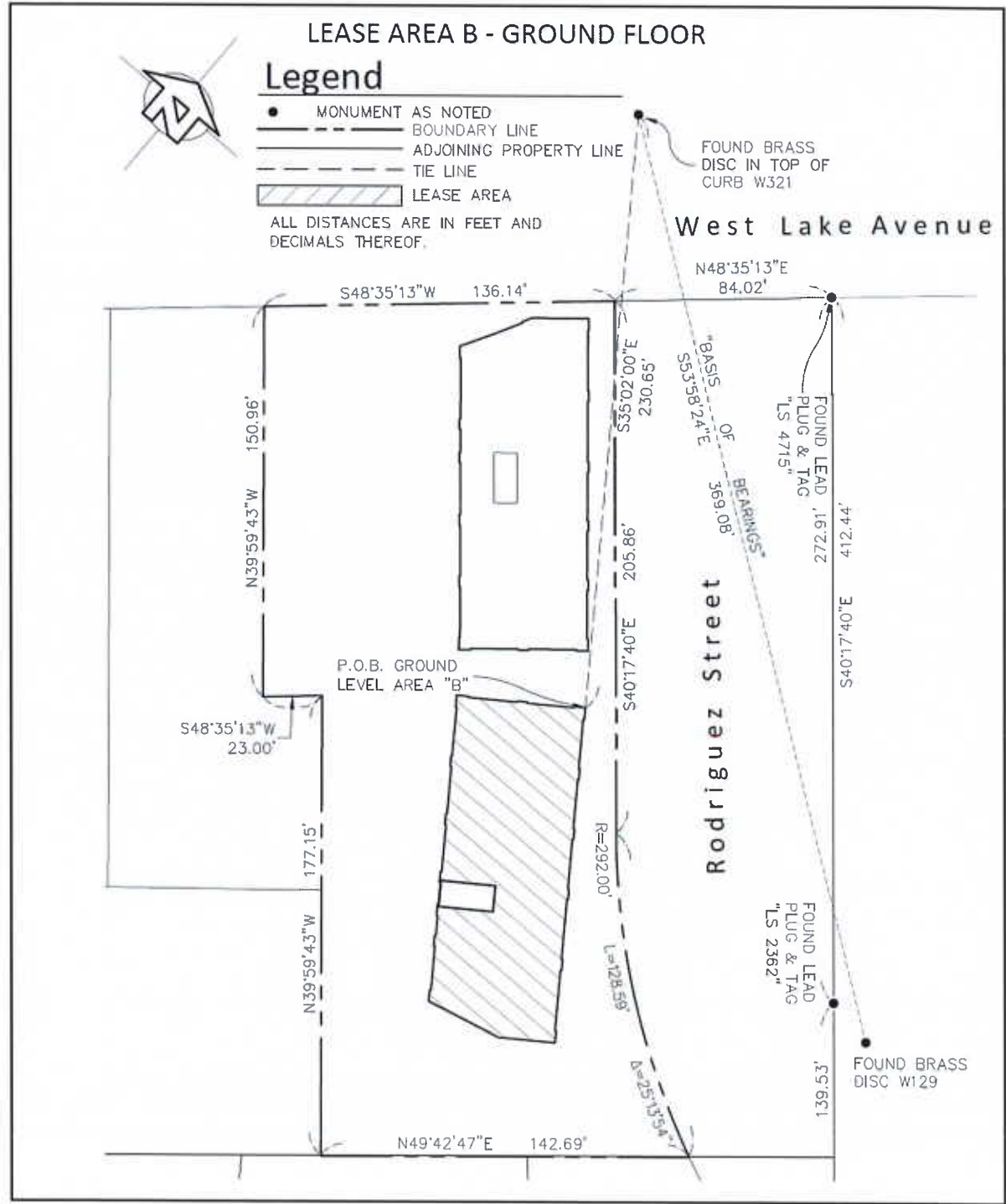


# Attachment B



# Attachment B

## Commercial Space – Area B





# Attachment B

## EXHIBIT D

### FINAL FINANCING PLAN

Below is a detailed list of committed and anticipated funding sources for the Watsonville Metro Project

Total Project Cost through Stabilization (estimated): approx. \$100,000,000.

A. Funding awarded to Metro for the Development: \$8.5 million under California Transit and Intercity Rail Capital Program (TIRCP); \$500,000 for bicycle transportation support and \$8 million for development of the Commercial Space.

B. Committed and anticipated funding for Developer:

**1. REAP 2.0 Grant Funds/ Sponsor Loan                      \$1,630,000 - Committed**

Santa Cruz Metropolitan Transit District (METRO) was awarded \$1,880,000 from the Association of Monterey Bay Area Governments, REAP 2.0 program. Per Article 1.1 of the Grant Agreement between METRO and MidPen Housing Corporation (MidPen), dated July 23, 2024, a total of \$1,630,000 is allocated to MidPen for Watsonville Metro predevelopment costs. This amount is also detailed in Exhibit C "Preliminary Predevelopment Cost Budget". The balance of \$250,000 REAP funds remain with METRO to cover their legal/transaction fees. ***These grant proceeds will be lent to the project via a Sponsor Loan from MidPen Housing.***

**2. AHSC HRI Grant/ Sponsor Loan                              \$3,212,000 - Committed**

The project has received an AHSC Program Grant in the amount referenced above for Housing Related Infrastructure associated with the development. ***These grant proceeds will be lent to the project via a Sponsor Loan from MidPen Housing***

**3. AHSC AHD Loan    \$26,168,604 - Committed**

The project has received an AHSC Program Loan in the amount referenced above for the Affordable Housing Development.

**4. Permanent Financing Loan                                      \$8,977,966 (approximate)**

The permanent loan will be paid with project cash flow supported by Project-Based Section 8 vouchers. The loan term is underwritten at 15 years with a 35 year amortization period.

## Attachment B

- 5. Federal Home Loan Bank, SF – AHP** **\$2,000,000 (applied)**  
As part of this funding application, the applicant is seeking funding in the above amount from the FHLBSF as part of the AHP program.
- 6. Tax Credit Equity** **\$38,709,367 (approximate)**  
The project is expected to receive net equity pay-ins from the future investor limited partner in the amount of \$38,709,367 in credits.
- 7. Owner Equity** **\$100**  
The general partner's capital contribution in the amount referenced above to the project.
- 8. Deferred Developer Fee** **\$8,532,042 (approximate)**  
The project anticipates deferring some of its developer fee, as shown in the amount referenced above.

# Attachment B

## EXHIBIT E

### REGULATORY AGREEMENT

[TO BE AGREED UPON PRIOR TO EXERCISE OF OPTION]

# Attachment B

## EXHIBIT F

### RECIPROCAL EASEMENT AGREEMENTS

[TO BE AGREED UPON PRIOR TO EXERCISE OF OPTION]

# Attachment B

## Schedule 2.1 – Ground Lease Provisions and Requirements

### SCHEDULE 2.1

The form of Ground Lease will contain all of the following:

Parties: Same as for Option Agreement; same notice provisions.

Leased Premises: Same as for defined term in Option Agreement

Milestones/deadlines: same for Construction Start and Completion and time to stabilization.

Scope of Development: Same as for defined term in Option Agreement

Construction provisions – as detailed in Option Agreement

Six story twin towers to be constructed with breezeway and elevated/suspended corridors linking the buildings at levels 2-6.

Metro to retain ground floor/podium space in east tower for (i) Metro operations, and (ii) commercial space to be leased.

Term: Base term = [65 years with extension option to 99 year lease.

Subject to unit count and affordability limitations as set out in the Option Agreement for full term of Ground Lease.

Implementation of all required construction to complete the scope of development, get the certificate of occupancy for both the Leased Premises and the Commercial Space, with Metro sharing in the costs of the Commercial Space.

Construction to be pursued and completed in accordance with the Construction Contract, Construction Schedule of Values, timeline/milestones agreed upon as of the Closing with variations that increase time or budget to be subject to Metro approval.

All work to be done in first class, competent manner.

Requirement of "Course of Construction" insurance during construction of Improvements, as well as standard forms of property and liability insurance once Improvements are completed.

Absolute Net Lease (Developer responsible for any and all repairs, replacements, capital replacement of Improvements, casualty losses, etc.

Developer has no termination rights under any circumstances (waivers of all statutory termination rights for destruction, etc.)

Insurance of all Improvements in Leased Premises for full replacement value; insurance terms to be as customary.

Developer is obligated to restore the improvements if damaged at Developer's sole cost (look to insurance) unless uninsured loss (in which case all demolition of damaged improvements must be covered); and subject to secured lenders' rights.

Developer to provide absolute indemnification of Metro and its directors, officers, agents, etc. from any Claims arising from the operation of the Leased Premises – no exceptions unless the Claim was due to the gross negligence or willful misconduct of Metro or its agents while on the Property.

Waiver of right to pursue Claims against the counterparty where the loss/damage is covered by insurance.

Waiver of subrogation rights from insurers unless it jeopardizes the coverage or is unreasonably expensive..

Exhibit F

**9.8B.63**

## Attachment B

Metro can have access to ensure there is compliance with laws, and the Ground Lease, subject to reasonable notice and limitations on access to residential units under Applicable Laws.

Subject to Regulatory Agreement

Standard default and remedies for long-term ground lease.



THE BOARD OF DIRECTORS PROUDLY PRESENTS THIS

***CERTIFICATE OF APPRECIATION***

To

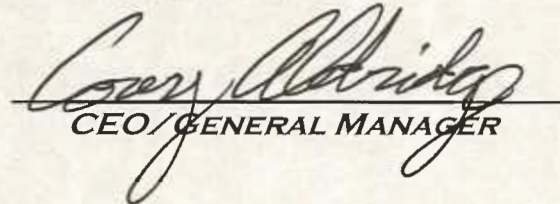
**JOHNNY RAMIREZ**

**BUS OPERATOR**

**FOR THE COMPLETION OF 5 YEARS OF SERVICE  
BETWEEN 2021 AND 2026**

**GIVEN THIS 24TH DAY OF APRIL 2026**

  
\_\_\_\_\_  
BOARD CHAIR

  
\_\_\_\_\_  
CEO / GENERAL MANAGER



THE BOARD OF DIRECTORS PROUDLY PRESENTS THIS

***CERTIFICATE OF APPRECIATION***

To

**MANASI SABNIS**

**HUMAN RESOURCES ANALYST II**

**FOR THE COMPLETION OF 5 YEARS OF SERVICE  
BETWEEN 2021 AND 2026**

**GIVEN THIS 24TH DAY OF APRIL 2026**

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

**BOARD CHAIR**

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

**CEO/GENERAL MANAGER**



THE BOARD OF DIRECTORS PROUDLY PRESENTS THIS

***CERTIFICATE OF APPRECIATION***

To

**MICHELLE FITZPATRICK**

**BUS OPERATOR**

**FOR THE COMPLETION OF 30 YEARS OF SERVICE  
BETWEEN 1996 AND 2026**

**GIVEN THIS 24TH DAY OF APRIL 2026**

  
BOARD CHAIR

  
CEO/GENERAL MANAGER

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# **Preliminary Budget and Service Reduction Scenario if TIRCP Replacement Funding is Not Secured**

Board of Directors  
*April 24, 2026*

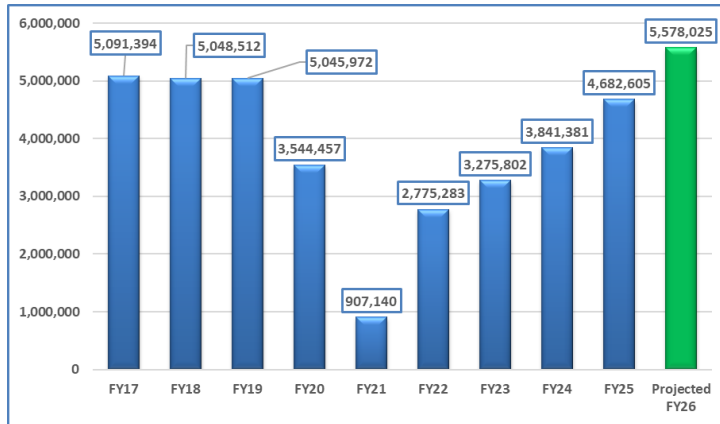
Chuck Farmer, Chief Financial Officer  
John Uργο, Chief Planning and Innovation  
Officer

## **Key Wins**

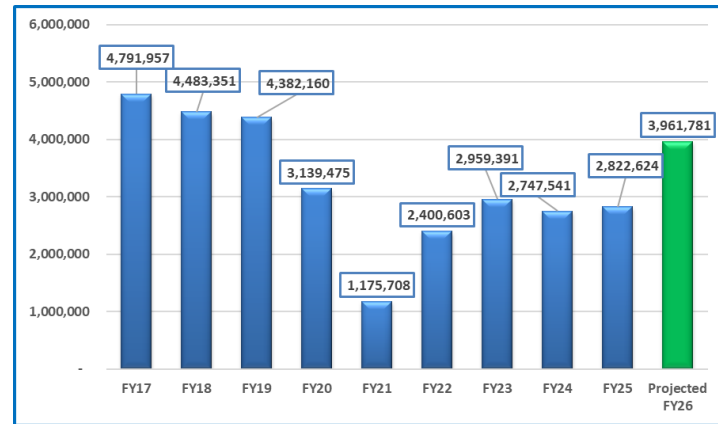
- **Secured ~\$414 million in grants over the last 7 years**
- **Rollout of Reimagine METRO**
- **Ridership expected to reach its highest level since 2011**
- **Implemented Youth Cruz Free fares resulting in a ~500% increase in ridership**
- **Major fleet, fueling, transit priority, and housing-linked projects underway**

# Service Growth is Working

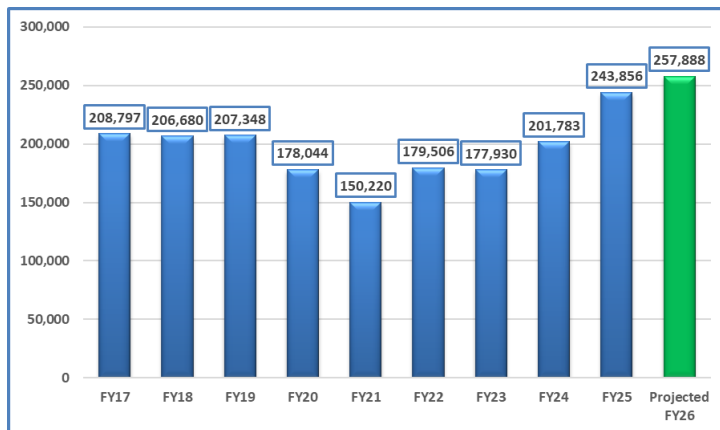
## Ridership



## Revenue



## Revenue Hours



- Ridership expected to exceed pre-COVID levels
- Fare Revenue is Recovering
- Revenue Hours have increased with Reimagine METRO

# METRO has been successful in securing outside funding

*(\$'s in Thousands)*

	FY20	FY21	FY22	FY23	FY24	FY25	FY26	Total
<b>Operating Grants</b>								
FTA 5307	\$7,282	\$7,297	\$11,210	\$11,972	\$12,178	\$12,422	\$13,009	\$75,371
COVID Grants	20,761	14,460	26,220	0	0	0	0	61,441
STA - SGR	723	738	743	781	636	760	1,040	5,421
TIRCP	0	0	0	0	28,339	0	0	28,339
LCTOP	969	489	1,075	1,243	1,193	1,198	844	7,011
FTA - 5311	191	199	258	263	289	304	0	1,504
TDA - LTF	7,930	7,097	8,593	10,167	8,912	8,701	9,552	60,952
TDA - STA	4,347	3,425	4,437	6,362	5,589	4,899	5,092	34,151
<b>Total Operating Grants</b>	<b>\$42,203</b>	<b>\$33,706</b>	<b>\$52,536</b>	<b>\$30,788</b>	<b>\$57,136</b>	<b>\$28,285</b>	<b>\$29,537</b>	<b>\$274,190</b>
<b>Capital Grants</b>								
TIRCP	\$0	\$0	\$0	\$38,589	\$1,726	\$4,000	\$0	\$44,315
VW Settlement	0	0	0	0	24,960	0	0	24,960
5339b - LONO	0	0	0	20,382	0	1,152	0	21,534
Congested Corridors	0	0	0	0	0	0	13,836	13,836
HVIP	600	0	0	0	12,900	0	0	13,500
AHSC	0	0	0	4,180	5,987	0	0	10,167
5339a - Bus & Bus Fac	569	524	505	520	795	0	0	2,913
EnergIIZE	0	0	0	0	2,800	0	0	2,800
ARCHES	0	0	0	151	0	0	2,000	2,151
Other Grants	0	0	330	918	0	1,922	818	3,988
<b>Total Capital Grants</b>	<b>\$1,169</b>	<b>\$524</b>	<b>\$835</b>	<b>\$64,740</b>	<b>\$49,168</b>	<b>\$7,074</b>	<b>\$16,654</b>	<b>\$140,164</b>
<b>Total Grants Awarded</b>	<b>\$43,372</b>	<b>\$34,230</b>	<b>\$53,370</b>	<b>\$95,528</b>	<b>\$106,304</b>	<b>\$35,359</b>	<b>\$46,191</b>	<b>\$414,354</b>

**Over \$414 Million in Funding received in the past 7 years**

## **Structural deficit begins with TIRCP ending**

- **TIRCP will be fully expended within FY27**
- **METRO facing structural deficit post TIRCP**
- **No replacement source of funding in place**
- **Without a replacement source of revenue, major service cuts, headcount reductions, expense cutbacks and capital projects that require a match will not happen**
- **Resulting in less frequent buses, later start times and earlier end times, fewer staff and support, smaller footprint on Santa Cruz County**

# Problem begins when TIRCP operating support ends in FY27

(\$'s in Thousands)

	FY26	FY27	FY28	FY29	FY30	FY31	FY32	CAGR
<b>Revenue Sources</b>								
Ridership	\$10,694	\$10,632	\$10,899	\$11,174	\$11,455	\$11,741	\$12,037	2.0%
Sales Taxes	30,536	32,522	33,173	33,836	34,513	35,203	35,907	2.7%
Federal & State Sources	26,309	27,947	27,668	27,925	26,342	26,610	26,617	0.2%
TIRCP	9,123	7,433	0	0	0	0	0	-100.0%
Other Revenue	1,188	1,408	1,268	775	783	791	799	-6.4%
<b>Total Sources of Cash</b>	<b>77,850</b>	<b>79,942</b>	<b>73,007</b>	<b>73,710</b>	<b>73,092</b>	<b>74,345</b>	<b>75,361</b>	<b>-0.5%</b>
<b>Expense Uses</b>								
Fully Loaded Labor	52,221	54,646	56,742	58,950	61,078	62,951	64,553	3.6%
Operating Expenses	19,153	20,797	21,261	21,396	21,504	21,801	22,668	2.8%
Bond Payments/UAL	5,497	6,273	6,755	7,236	7,153	7,029	7,029	4.2%
Retiree Obligations	4,992	5,355	5,786	6,253	6,758	7,305	7,888	7.9%
<b>Total Uses of Cash</b>	<b>81,864</b>	<b>87,070</b>	<b>90,545</b>	<b>93,835</b>	<b>96,494</b>	<b>99,085</b>	<b>102,137</b>	<b>3.8%</b>
<b>Change in Cash</b>	<b>(\$4,014)</b>	<b>(\$7,128)</b>	<b>(\$17,538)</b>	<b>(\$20,124)</b>	<b>(\$23,402)</b>	<b>(\$24,740)</b>	<b>(\$26,776)</b>	<b>37.2%</b>
<i>Revenue Sources Excluding TIRCP</i>	<i>\$68,727</i>	<i>\$72,509</i>	<i>\$73,007</i>	<i>\$73,710</i>	<i>\$73,092</i>	<i>\$74,345</i>	<i>\$75,361</i>	<i>1.5%</i>
<i>Change in Cash excluding TIRCP</i>	<i>(\$13,137)</i>	<i>(\$14,561)</i>	<i>(\$17,538)</i>	<i>(\$20,124)</i>	<i>(\$23,402)</i>	<i>(\$24,740)</i>	<i>(\$26,776)</i>	<i>12.6%</i>

- **Operating Costs continue to rise from wages, benefits and hydrogen fueling**
- **Revenue growth is not keeping pace with expense growth**
- **Without replacement funding, METRO must either draw down cash or cut service and staffing**

**Capital Projects funded by specific grants;  
however, METRO is required to use its cash to  
fund a certain portion of the project as a match**

(\$'s in Thousands)

	FY26	FY27	FY28	FY29	FY30	FY31	FY32
<b>Capital Sources</b>							
Federal	\$5,752	\$12,390	\$0	\$0	\$0	\$0	\$0
TIRCP	11,050	8,030	12,577	0	0	0	0
State/Other	19,140	4,879	648	0	0	0	0
BRF ( STA - SGR , Measure D )	1,774	1,462	0	0	0	0	0
<b>Operating &amp; Capital Reserves</b>	<b>3,918</b>	<b>5,492</b>	<b>4,186</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Total Sources of Cash</b>	<b>41,634</b>	<b>32,252</b>	<b>17,411</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Capital Expenses</b>							
44 HFCBs	29,373	0	0	0	0	0	0
9 HFCBs	1,894	15,753	0	0	0	0	0
New Hydrogen Fueling Station + Project Management	2,449	8,000	0	0	0	0	0
Watsonville Station Redevelopment	801	500	8,695	0	0	0	0
Rapid Bus Enhancements - Soquel Drive & Main Street Corridor	7	1,500	8,217	0	0	0	0
Watsonville Parking Lot (Construction & Buildings)	2,918	1,259	0	0	0	0	0
Misc Capital Contingency	0	500	500	500	500	500	500
Temporary Fueling Station	1	1,941	0	0	0	0	0
7 Paracruz Vans	0	1,440	0	0	0	0	0
Maintenance Facility Upgrades	1,375	0	0	0	0	0	0
Contactless Fare Payment Systems	372	250	0	0	0	0	0
Other Capital Projects	2,445	1,110	0	0	0	0	0
<b>Total Uses of Cash</b>	<b>\$41,634</b>	<b>\$32,252</b>	<b>\$17,411</b>	<b>\$500</b>	<b>\$500</b>	<b>\$500</b>	<b>\$500</b>

**METRO will provide \$15.6M from Operating Reserves for projects from FY26 to FY32**

# Total METRO Cash Flow declines due to the conclusion of the TIRCP operating assistance

(\$'s in Thousands)

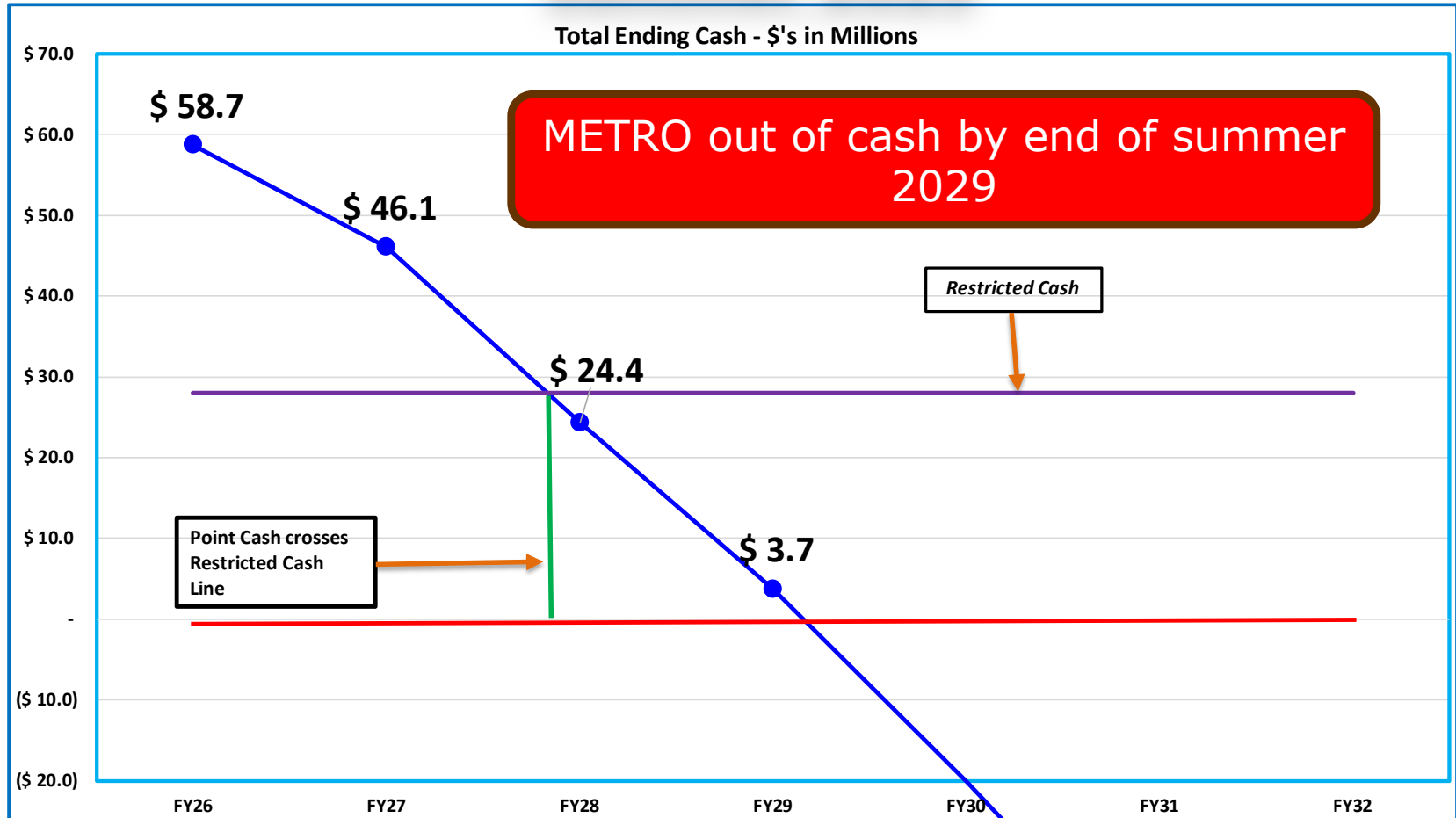
	FY26	FY27	FY28	FY29	FY30	FY31	FY32
<b>Beginning Cash Balance</b>	<b>\$66,633</b>	<b>\$58,701</b>	<b>\$46,081</b>	<b>\$24,357</b>	<b>\$3,732</b>	<b>(\$20,169)</b>	<b>(\$45,409)</b>
<b>Sources</b>							
Income Statement Sources	77,850	79,942	73,007	73,710	73,092	74,345	75,361
Capital Sources	37,716	26,761	13,225	0	0	0	0
<b>Total Sources of Cash</b>	<b>115,566</b>	<b>106,703</b>	<b>86,232</b>	<b>73,710</b>	<b>73,092</b>	<b>74,345</b>	<b>75,361</b>
<b>Uses</b>							
Income Statement Uses	81,864	87,070	90,545	93,835	96,494	99,085	102,137
Capital Uses	41,634	32,252	17,411	500	500	500	500
<b>Total Uses of Cash</b>	<b>123,498</b>	<b>119,323</b>	<b>107,956</b>	<b>94,335</b>	<b>96,994</b>	<b>99,585</b>	<b>102,637</b>
<b>Change in Cash</b>	<b>(7,932)</b>	<b>(12,620)</b>	<b>(21,725)</b>	<b>(20,624)</b>	<b>(23,902)</b>	<b>(25,240)</b>	<b>(27,276)</b>
<b>Ending Cash Balance</b>	<b>\$58,701</b>	<b>\$46,081</b>	<b>\$24,357</b>	<b>\$3,732</b>	<b>(\$20,169)</b>	<b>(\$45,409)</b>	<b>(\$72,686)</b>

- **Expense growth outpacing sources of cash**
- **Cash usage accelerating**

11.8

Note: Capital Sources of Cash excludes METRO monies as highlighted in yellow in prior slide. Does not include grants receivable.

# Without replacement funding, cash runs out summer 2029



**Cash declines quickly dropping below the restricted cash level in spring 2028**

11.9

## **Balanced-budget scenario assumptions**

- **No replacement funding source is secured before TIRCP operating support ends**
- **METRO balances the budget beginning in FY28**
- **Reduction in Frequencies and Eliminations of Routes - roughly 40% lower than today**
- **Reductions to Support staff and Administration staff to match the smaller operating network**
- **These changes are shown to illustrate possible impacts, not an adopted service plan**

## **How the service reductions scenario was built**

- **Service was grouped by market and geography**
- **Reductions were allocated across rural, local, intercity, and UCSC**
- **Example impacts shown next illustrate the scale of cuts needed to balance FY28**
- **Final service decisions would require board action, public notice, and Title VI review**

# UCSC and Westside cuts could be ~40%

## UCSC and West Side

- Current service:
  - Route 18 @ **15** minutes
  - Route 19 @ **15** minutes
  - Route 16 @ **30** minutes
  - Most service runs until **midnight**



Today

Reduced Service



## UCSC and West Side

- Reduced service:
  - Route 18 @ **30** minutes
  - Route 19 @ **30** minutes
  - Route 16 @ **60** minutes
  - Most service runs until **9:00 pm**

11.12

# Live Oak service could become much less frequent, especially nights and weekends

## Live Oak

- Current service:
  - Route 1 @ **20** minutes peak / **30** minutes nights and weekends
  - Route 2 @ **20** minutes peak / **30** minutes nights and weekends
  - Most service runs until **midnight**



## Reduced Service

## Live Oak

- Reduced service:
  - Route 1 @ **30** minutes peak / **60** minutes nights and weekends
  - Route 2 @ **30** minutes peak / **60** minutes nights and weekends
  - Most service runs until **9:00 pm**

# Capitola and Aptos could lose frequency and local fixed-route coverage

## Capitola/Aptos

- Current service:
  - Route 1 @ **20** minutes peak / **30** minutes nights and weekends
  - Route 2 @ **20** minutes peak / **30** minutes nights and weekends
  - Route 73 @ **30** minutes peak / **60** minutes nights and weekends
  - Most service runs until midnight



## Reduced Service

## Capitola/Aptos

- Reduced service:
  - Route 1 @ **30** minutes peak / **60** minutes nights and weekends
  - Route 2 @ **30** minutes peak / **60** minutes nights and weekends
  - Route 73 @ **80** minutes
  - **Route 55 replaced with ParaCruz On-Demand Service**
  - Most service runs until **9:00 pm**



# Watsonville could see reduced frequency, route loss, and more on-demand replacement

## Watsonville

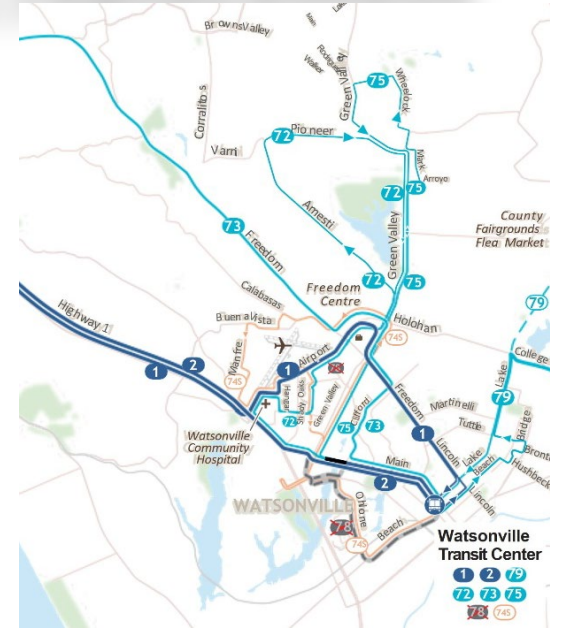
- Current service:
  - Route 1 @ **20** minutes peak / **30** minutes nights and weekends
  - Route 2 @ **20** minutes peak / **30** minutes nights and weekends
  - Route 73 @ **30** minutes peak / **60** minutes nights and weekends
  - Route 79 @ **30** minutes peak / **60** minutes nights and weekends



## Reduced Service

## Watsonville

- Reduced service:
  - Route 1 @ **30** minutes peak / **60** minutes nights and weekends
  - Route 2 @ **30** minutes peak / **60** minutes nights and weekends
  - Route 73 @ **80** minutes
  - Route 79 @ **60** minutes
  - **Route 78 discontinued**
  - **Route 72W replaced with ParaCruz On-Demand Service**



## **Reimagine METRO expanded access and mobility countywide**

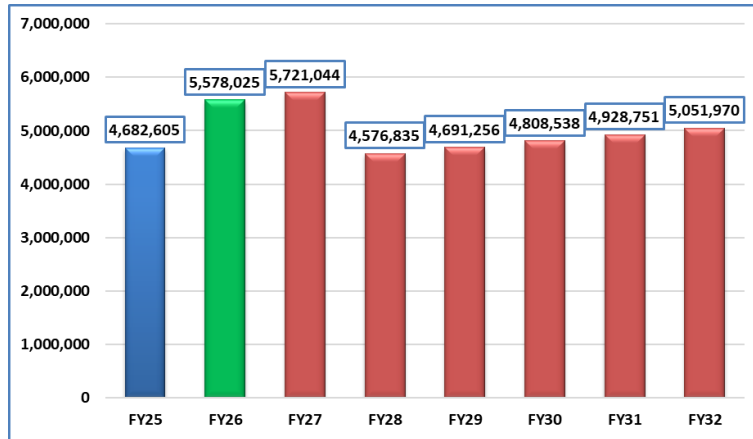
- **More than 100,000 residents and 50,000 jobs are within one-half mile of frequent service**
- **Ridership has grown more than 40% in two years**
- **FY26 ridership is projected to exceed pre-COVID levels**
- **Youth ridership has grown sharply under Youth Cruz Free**

## **Gains would be reversed under the balanced-budget cuts scenario**

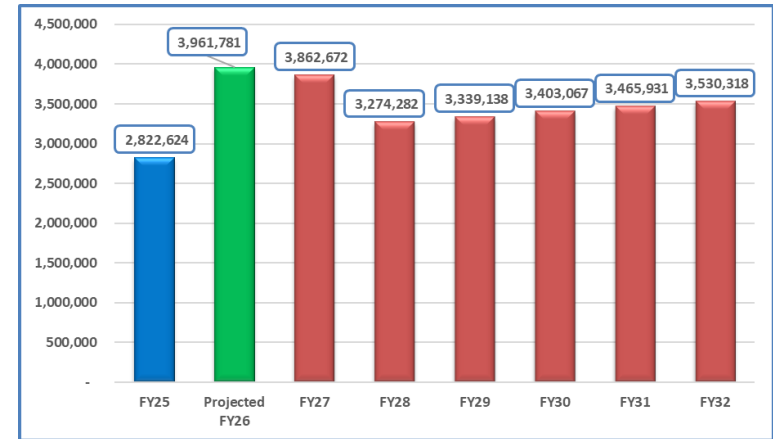
- **Much of the frequent transit network will be lost**
- **Recent ridership gains would likely erode**
- **Access to jobs, schools, and key destinations would worsen**
- **Youth mobility would be reduced by less frequent service**
- **Transit-supportive housing and development would be harder to advance**

# Balance-budget cuts would reduce service, ridership and fare revenue

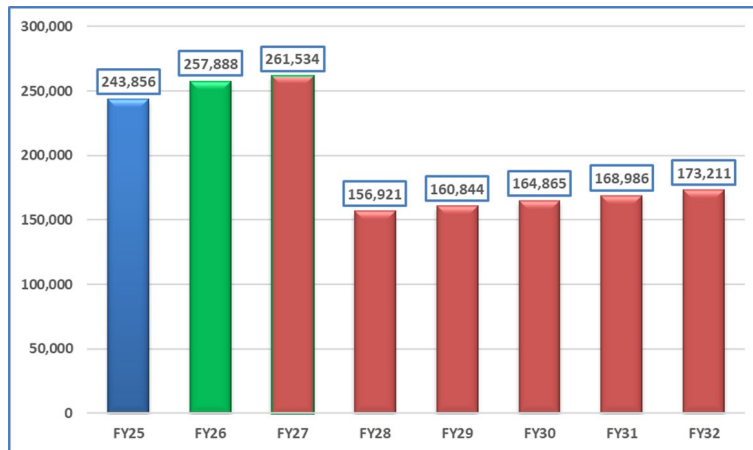
## Ridership



## Revenue



## Revenue Hours



- **20% lower ridership beginning in FY28**
- **15% lower fare revenue**
- **40% fewer revenue hours**

# Roughly 25% reduction in costs to balance the budget beginning in FY28

(\$'s in Thousands)

	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
<b>Projected Budget Loss - March 2026</b>	<b>(\$7,128)</b>	<b>(\$17,538)</b>	<b>(\$20,124)</b>	<b>(\$23,402)</b>
<b><u>Changes In Budget</u></b>				
<b>Revenue Related</b>				
Reduction to Service - Fares	0	(653)	(654)	(655)
Tap to Pay - Fares	(155)	(158)	(161)	(164)
TDA - STA	0	0	(370)	(704)
LCTOP - Remove Youth Free	0	781	782	783
<b>Total Revenue Related</b>	<b>(155)</b>	<b>(30)</b>	<b>(403)</b>	<b>(740)</b>
<b>Expense Related</b>				
Personnel Actions	(1,155)	13,992	14,766	15,551
Marketing Reductions	583	411	424	437
Fuel Gallons/KG Reduction	0	2,816	2,802	2,688
External Repair and Equipment	414	458	470	483
Insurance Related	0	459	432	398
Cut Travel and Training 50%	0	185	189	193
Other - Includes Interest Income	(107)	225	599	381
<b>Total Expense Related</b>	<b>(264)</b>	<b>18,547</b>	<b>19,681</b>	<b>20,130</b>
<b>Total Changes in Cash</b>	<b>(\$419)</b>	<b>\$18,518</b>	<b>\$19,277</b>	<b>\$19,390</b>
<b>New Projected Profit/(Loss)</b>	<b>(\$7,546)</b>	<b>\$980</b>	<b>(\$846)</b>	<b>(\$4,010)</b>

**This is the scenario to Balance the Budget if no Replacement funding is found**

11.19

# The scenario would require major workforce reductions

- About \$18.4M in expense reductions
- 127 fewer budgeted positions
- About 31% lower staffing than current budget

**Operators**  
 Bus Operators  
 Paratransit Operators

**Support**  
 Fleet  
 Facilities  
 Operations  
 Inventory Management  
 Customer Service  
 Risk Management

**Administrative**  
 Admin  
 Finance  
 Human Resources  
 Marketing  
 Information Technology  
 Planning and Grants  
 Purchasing

(\$'s in Thousands)

	<u>FY28 - Budget</u>	<u>Reductions</u>	<u>New FY28</u>
Operators	\$34,187	\$9,759	\$24,428
Support	29,805	6,313	23,493
Administrative	14,011	2,296	11,714
<b>Total</b>	<b>\$78,003</b>	<b>\$18,368</b>	<b>\$59,635</b>

	<u>FY28 Headcount</u>	<u>Reductions</u>	<u>New FY28</u>
Operators	269	90	179
Support	105	25	80
Administrative	40	12	28
<b>Total</b>	<b>414</b>	<b>127</b>	<b>287</b>

- **FY28 Budget is based on the presented Budget at the March 2026 Board meeting**
- **This is a scenario to balance the budget if NO replacement funding is found**
- **This is a modeled scenario, not an adopted reduction plan**

# Positive Operating Cash Flow restored in FY28 due to service and cost reductions

(\$'s in Thousands)	Budget	Projected					
	FY26	FY27	FY28	FY29	FY30	FY31	FY32
<b>Operating Revenue</b>							
Passenger Fares	\$3,962	\$3,863	\$3,274	\$3,339	\$3,403	\$3,466	\$3,530
Special Transit Contracts	6,732	6,615	6,814	7,019	7,232	7,452	7,680
<b>Total Operating Revenue</b>	<b>\$10,694</b>	<b>\$10,477</b>	<b>\$10,088</b>	<b>\$10,359</b>	<b>\$10,635</b>	<b>\$10,918</b>	<b>\$11,210</b>
<b>Operating Expense</b>							
Labor - Regular	\$27,630	\$29,189	\$21,698	\$22,027	\$22,288	\$22,374	\$22,513
Labor - OT	935	935	716	731	745	760	765
Fringe	23,656	25,676	19,835	20,926	21,995	23,049	23,874
Non-Personnel	19,153	19,757	17,385	17,530	17,753	18,191	19,084
<b>Total Operating Expense</b>	<b>\$71,374</b>	<b>\$75,558</b>	<b>\$59,635</b>	<b>\$61,214</b>	<b>\$62,781</b>	<b>\$64,375</b>	<b>\$66,236</b>
<b>Operating Surplus/(Deficit)</b>	<b>(\$60,680)</b>	<b>(\$65,080)</b>	<b>(\$49,547)</b>	<b>(\$50,855)</b>	<b>(\$52,145)</b>	<b>(\$53,456)</b>	<b>(\$55,026)</b>
<i>Farebox/Contract Recovery</i>	<i>15.0%</i>	<i>13.9%</i>	<i>16.9%</i>	<i>16.9%</i>	<i>16.9%</i>	<i>17.0%</i>	<i>16.9%</i>
<b>Non-Operating Revenue/(Expense)</b>							
1979 Sales Tax/including Measure D	\$30,536	\$32,522	\$33,173	\$33,836	\$34,513	\$35,203	\$35,907
Federal/State Grants	26,309	27,947	28,449	28,337	26,421	26,390	26,128
TIRCP Grant	9,123	7,433	0	0	0	0	0
Retiree Obligations	(4,992)	(5,355)	(5,786)	(6,253)	(6,758)	(7,305)	(7,888)
Pension Bond Payment	(4,181)	(4,148)	(4,147)	(4,146)	(4,147)	(4,146)	(4,146)
UAL	(1,316)	(2,125)	(2,608)	(3,090)	(3,006)	(2,883)	(2,883)
All Other Revenue	1,188	1,259	1,447	1,325	1,112	865	564
<b>Total Non-Operating Revenue/(Expense)</b>	<b>\$56,667</b>	<b>\$57,534</b>	<b>\$50,527</b>	<b>\$50,009</b>	<b>\$48,135</b>	<b>\$48,125</b>	<b>\$47,683</b>
<b>Operating Surplus/(Deficit) before Transfers</b>	<b>(\$4,014)</b>	<b>(\$7,546)</b>	<b>\$980</b>	<b>(\$846)</b>	<b>(\$4,010)</b>	<b>(\$5,331)</b>	<b>(\$7,343)</b>

**Positive Cash Operating Surplus For FY28/29  
cumulative**

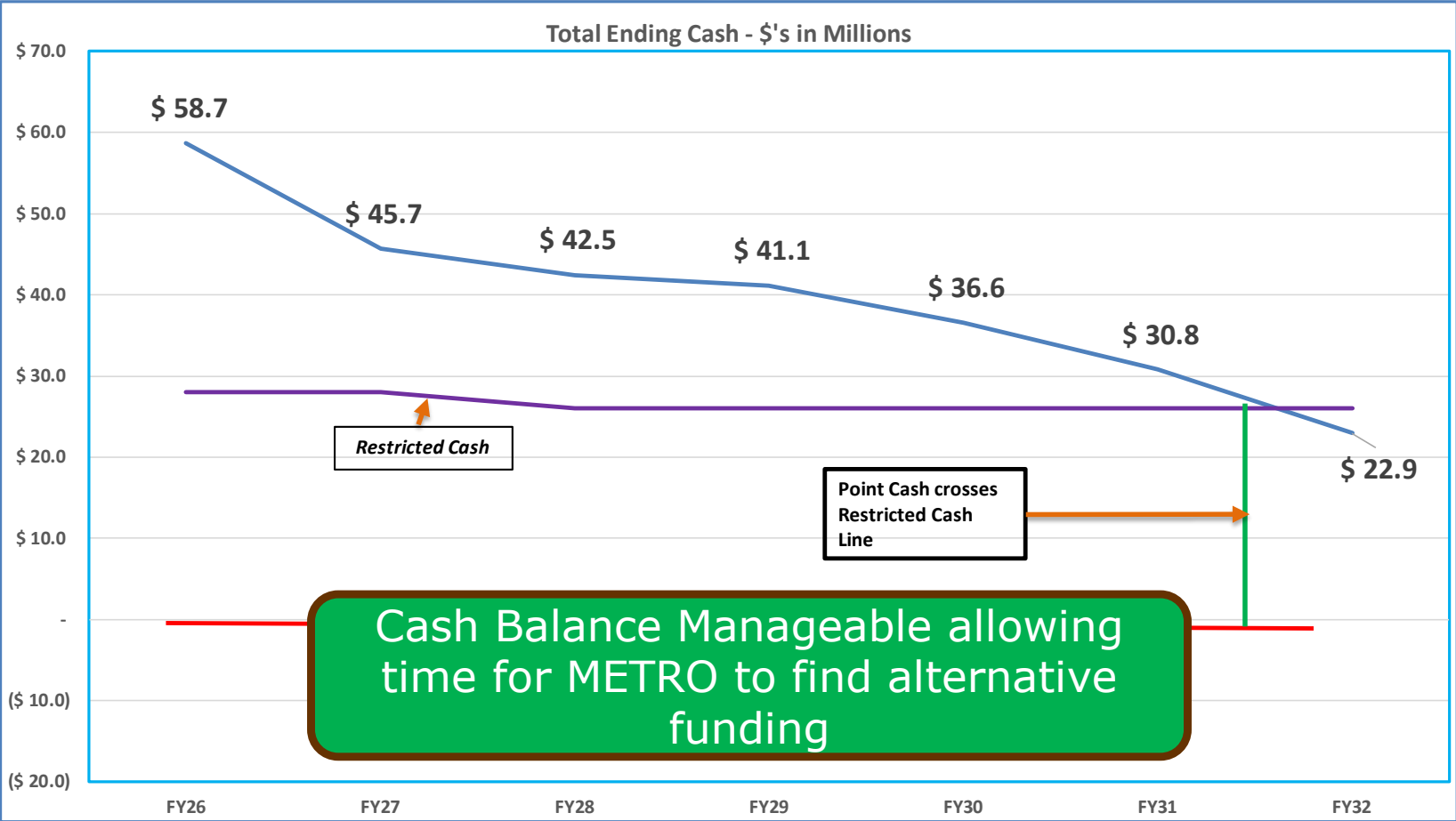
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# Cuts have slowed the cash decline, but do not solve METRO's long-term funding problem

<i>(\$'s in Thousands)</i>	FY27	FY28	FY29	FY30	FY31	FY32	FY27- FY28 Change
<b>Beginning Cash Balance</b>	<b>\$58,701</b>	<b>\$45,663</b>	<b>\$42,457</b>	<b>\$41,111</b>	<b>\$36,600</b>	<b>\$30,769</b>	
<b>Sources</b>							
Income Statement Sources	79,638	73,157	73,857	72,682	73,377	73,810	-8.1%
Capital Sources	26,761	13,225	0	0	0	0	-50.6%
<b>Total Sources of Cash</b>	<b>106,399</b>	<b>86,382</b>	<b>73,857</b>	<b>72,682</b>	<b>73,377</b>	<b>73,810</b>	<b>-18.8%</b>
<b>Uses</b>							
Income Statement Uses	87,185	72,177	74,703	76,692	78,708	81,153	
Capital Uses	32,252	17,411	500	500	500	500	-46.0%
<b>Total Uses of Cash</b>	<b>119,437</b>	<b>89,588</b>	<b>75,203</b>	<b>77,192</b>	<b>79,208</b>	<b>81,653</b>	<b>-25.0%</b>
<b>Change in Cash</b>	<b>(13,038)</b>	<b>(3,206)</b>	<b>(1,346)</b>	<b>(4,510)</b>	<b>(5,831)</b>	<b>(7,843)</b>	<b>-75.4%</b>
<b>Ending Cash Balance</b>	<b>\$45,663</b>	<b>\$42,457</b>	<b>\$41,111</b>	<b>\$36,600</b>	<b>\$30,769</b>	<b>\$22,927</b>	

**The Change in Cash still declines but manageable going forward allowing time for METRO to find alternative funding**

# Cash Flow decline slows in this scenario



**Cash usage slows and allows more time for METRO to keep operations running**

**Additional Actions that are NOT included in the scenario but can be used as additional levers as needed**

- **Fare Price increase starting in FY28**
- **Lower the hydrogen bus utilization – focus on cheaper fuel alternatives for service (CNG and Diesel)**
- **Elimination of all remaining Travel and Training Budget**
- **Reduction in Security Services**

## Illustrative timeline if no replacement funding is secured

- **Summer 2026** – understanding of the ballot measure threshold for passing
- **Early November 2026** – Vote final on pass/no pass on the sales tax initiative
- **January 2027** – METRO to review the full list of reductions and changes with Board approval
- **February/March 2027** – Public Notice Given
- **March 2027** – Meeting with Unions on Headcount Reduction
- **April 2027** – Notice Given to Personnel on Elimination of Position
- **May/June 2027** – Reductions in service start and cuts in spending start
- **July 2027** – all headcount and expense actions completed

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VERBAL PRESENTATION

CEO ORAL REPORT

Corey Aldridge

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