



SANTA CRUZ METROPOLITAN TRANSIT DISTRICT (METRO)
FINANCE, BUDGET AND AUDIT STANDING COMMITTEE AGENDA
NOVEMBER 14, 2025 – 8:00 AM
HYBRID MEETING

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

METRO Admin Office
110 Vernon Street
Santa Cruz, CA 95060

Zoom [Link](#)
Dial In: 1-669-900-9128
Meeting ID: 898 3487 0402
Passcode: 431074

The Finance, Budget and Audit Standing Committee Meeting Agenda Packet can be found online at www.SCMTD.com and is available for inspection at Santa Cruz METRO's Administrative Office at 110 Vernon Street, Santa Cruz.

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

The Committee 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.

COMMITTEE ROSTER

Director Shebreh Kalantari-Johnson
Director Manu Koenig
Director Fabian Leonor
Director Donna Lind

City of Santa Cruz
County of Santa Cruz
County of Santa Cruz
City of Scotts Valley

Corey Aldridge
Julie Sherman

CEO/General Manager
General Counsel

SECTION I: OPEN SESSION

NOTE: THE COMMITTEE 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

4 ORAL AND WRITTEN COMMUNICATIONS TO THE FINANCE, BUDGET & AUDIT STANDING COMMITTEE

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.

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

6 APPROVE: SALES TAX AND FISCAL CLIFF UPDATE

Chuck Farmer, Chief Financial Officer

7 ADJOURNMENT

ACCESSIBILITY FOR INDIVIDUALS WITH DISABILITIES

This document has been 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. Upon request, Santa Cruz METRO will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested at least two days before the meeting. Requests should be emailed to boardinquiries@scmtd.com or submitted by phone to the Sr. Executive Assistant at 831-426-6080. Requests made by mail (sent to the Sr. Executive Assistant, Santa Cruz METRO, 110 Vernon Street, Santa Cruz, CA 95060) must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

PUBLIC COMMENT

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

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

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Sales Tax and Fiscal Cliff Update

Finance, Budget & Audit Standing Committee

November 14, 2025

Chuck Farmer, Chief Financial Officer

Fiscal Cliff Understanding

- 1. The point in time the cash balance continues to drop and hits a level deemed as critical**
 - A. For METRO, this level is denoted by the amount in restricted operating reserves
 - B. Decisions are needed prior to the level of cash hitting the restricted operating reserve point
- 2. The continued imbalance between cash outflows and cash inflows driving the available cash balance to zero**

FY25 Pre-Audit Operating Reserves

Operating Cash Reserve Balances - End of June 2025

\$2.6M



**Workers'
Compensation
Reserve Fund**

\$1.0M



**Liability
Insurance
Reserve Fund**

\$20.7M



**Operations
Sustainability
Reserve Fund**

\$3.0M



**Cash Flow
Reserve Fund**

Total Restricted Operating Cash Reserves \$27.4M*

**Bus
Replacement
Fund**



\$9.0M

**Operating &
Capital
Reserve Fund**



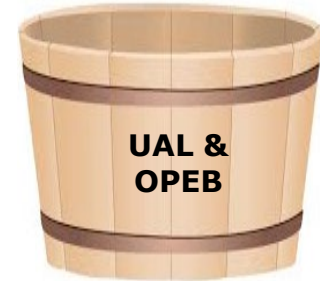
\$13.7M

**COVID
Recovery
Fund**



\$6.5M

**UAL &
OPEB**



\$10.0M

Total Treasury Cash Balance \$66.6M

* Balances in the various Reserve categories are aligned with METRO Reserve Fund policy (revised and adopted by the Board on Nov 15, 2019).

Base Level Assumptions – For Each Scenario

Base Level Assumptions for Scenarios

Revenue

- Ridership increases by 2% each year
- Sales tax increases by 3% each year, starting in FY28
- New sales tax measure is approved in Fall 2026
- Grants projected based on historical funding trend – no TIRCP funding assumed in the future

Expense

- Headcount remains flat year over year subject to available funding and service needs
- Contractual wage adjustments, future negotiated changes not included.
- Medical costs increases by 8.5%/year
- Fuel usage adjusted for the sunset of Diesel/CNG buses and conversion to Electric/Hydrogen fleet by end of 2037
- Some expense are projected based on specific CPI projections
- Remaining general expenses projected based on CPI of 2.1%
- Retirement costs, including UAL, will continue to increase based on historical increases

Scenarios

All Scenarios are for modeling purposes only and do not represent commitments to staffing or wage increase

Four Scenarios

- 1. Receive full half cent sales tax in November 2026 – *June 2025 adopted budget* – **BEST CASE SCENARIO****
- 2. Full half cent sales tax passed November 2028**
 - A. Continue business as usual at Reimagine METRO Levels
 - B. No reduction in headcount
- 3. Full half cent sales tax passed November 2028**
 - A. Service levels **reduced** to pre-Reimagine METRO
 - B. Reduce head count to 155 Bus Operators
- 4. No half cent sales tax – **WORST CASE SCENARIO****
 - A. Service levels reduced to pre-Reimagine METRO
 - B. Reduce head count to 155 Bus Operators
 - C. Youth Cruz Free eliminated, back to full fares

Scenario 1
Full Half Cent Sales Tax
November 2026

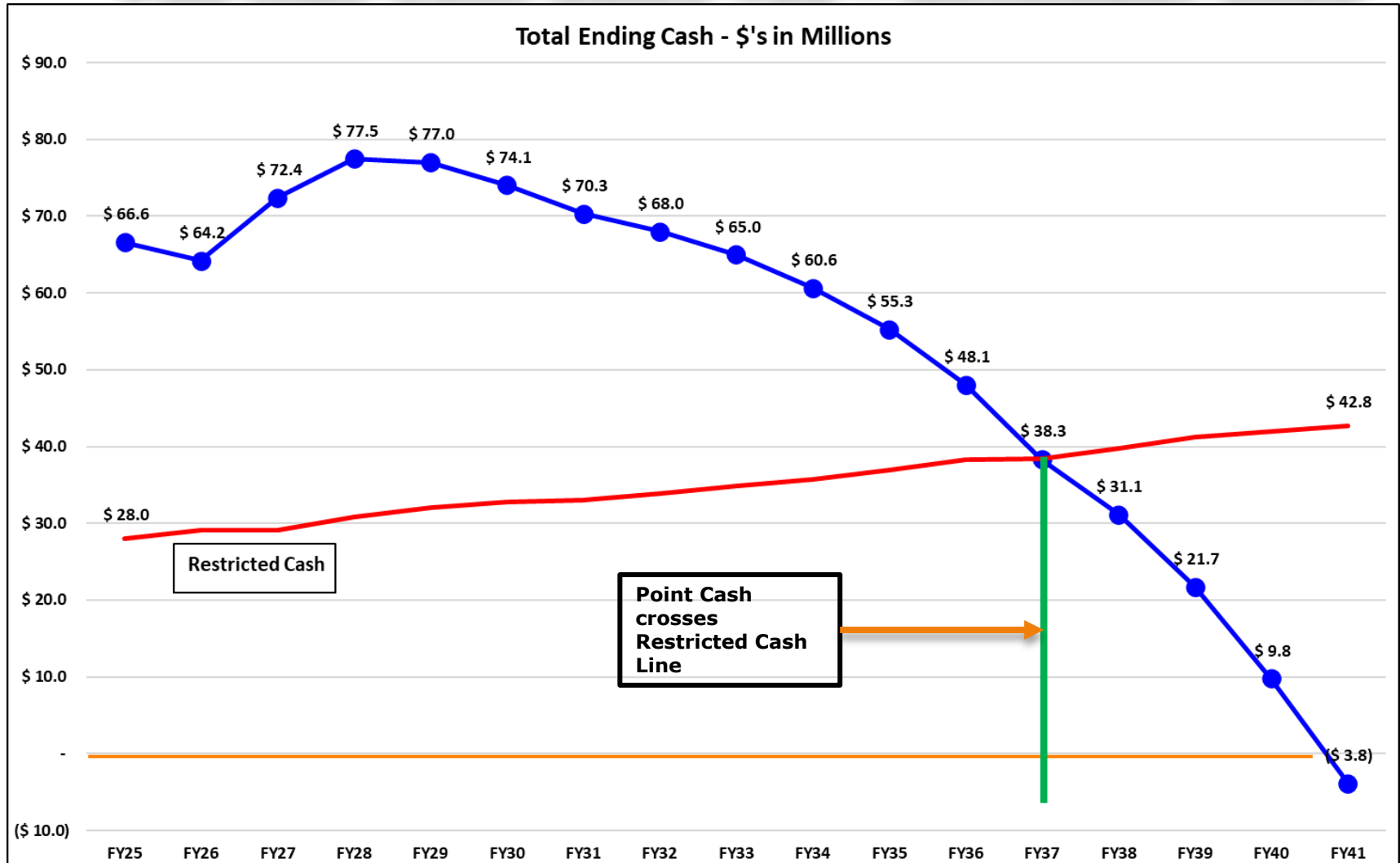
Scenario 1

Full Half Cent Sales Tax November 2026

- 1. Receive full half cent sales tax in November 2026**
- 2. Board adopted budget June 2025**
- 3. Budget projected based on earlier base assumptions (*Slide 6*)**
- 4. Best Case Scenario**

Scenario 1

Full Half Cent Sales Tax – November 2026



Scenario 2
Full Half Cent Sales Tax
Passed November 2028

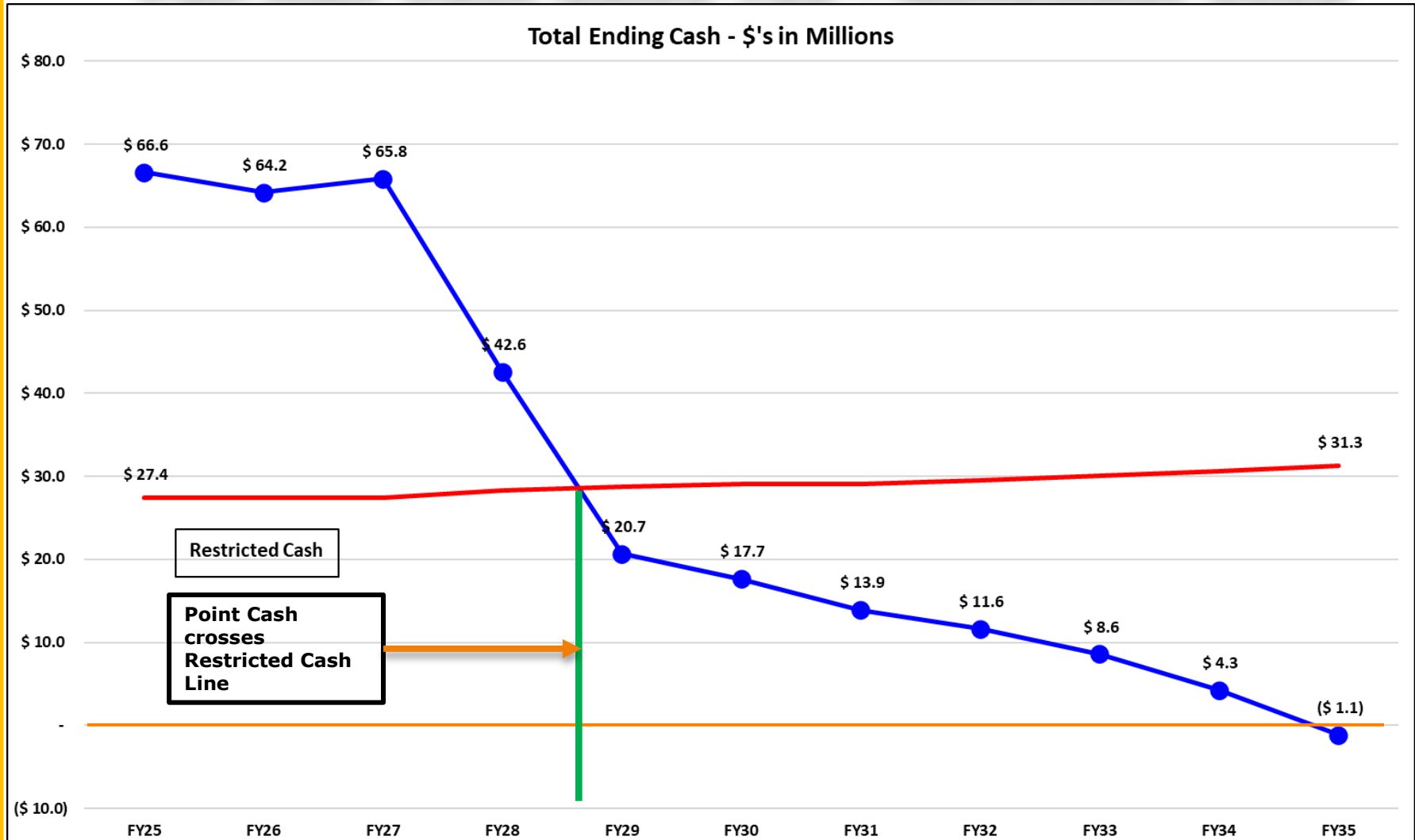
Scenario 2

Half Cent Sales Tax Passed - November 2028

- 1. Receive full half cent sales tax in November 2028**
- 2. No reduction in headcount or spending**
- 3. Service and headcount remain at current Reimagine METRO levels**
- 4. Additional Marketing allocation (~\$1.5M) for ballot education and ridership recovery activities consistent with Reimagine METRO strategy**

Scenario 2

Full Half Cent Sales Tax – November 2028



Scenario 3
Full Half Cent Sales Tax
Passed November 2028
Reduced Service

Scenario 3

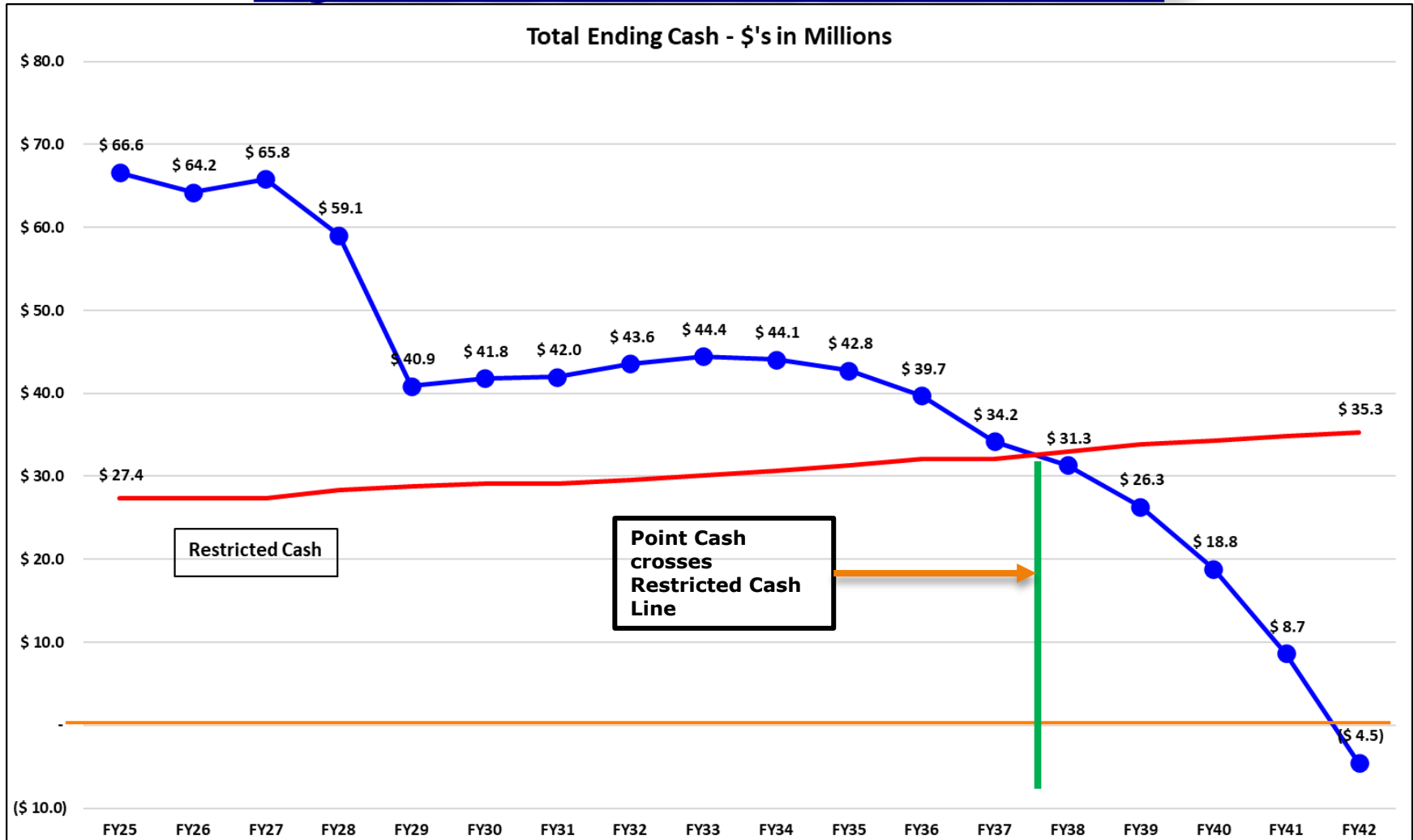
Half Cent Sales Tax Passed – November 2028

- 1. Receive full half cent sales tax in November 2028**
- 2. Same as Scenario 2 except reductions to service and reduced headcount (*1 Year Impact*)**
 - Service levels drop to pre-Reimagine METRO levels
 - Bus operators temporarily reduced to ~155 if required by available revenues
- 3. Post Sales Tax approval - Service back to Reimagine METRO levels and bus operators back to 230**
- 4. Additional Marketing spend of \$1.5M**

Scenario 3

Full Half Cent Sales Tax – November 2028, with

1 year of reduced service/staff



Scenario 4

No Full Half Cent Sales Tax

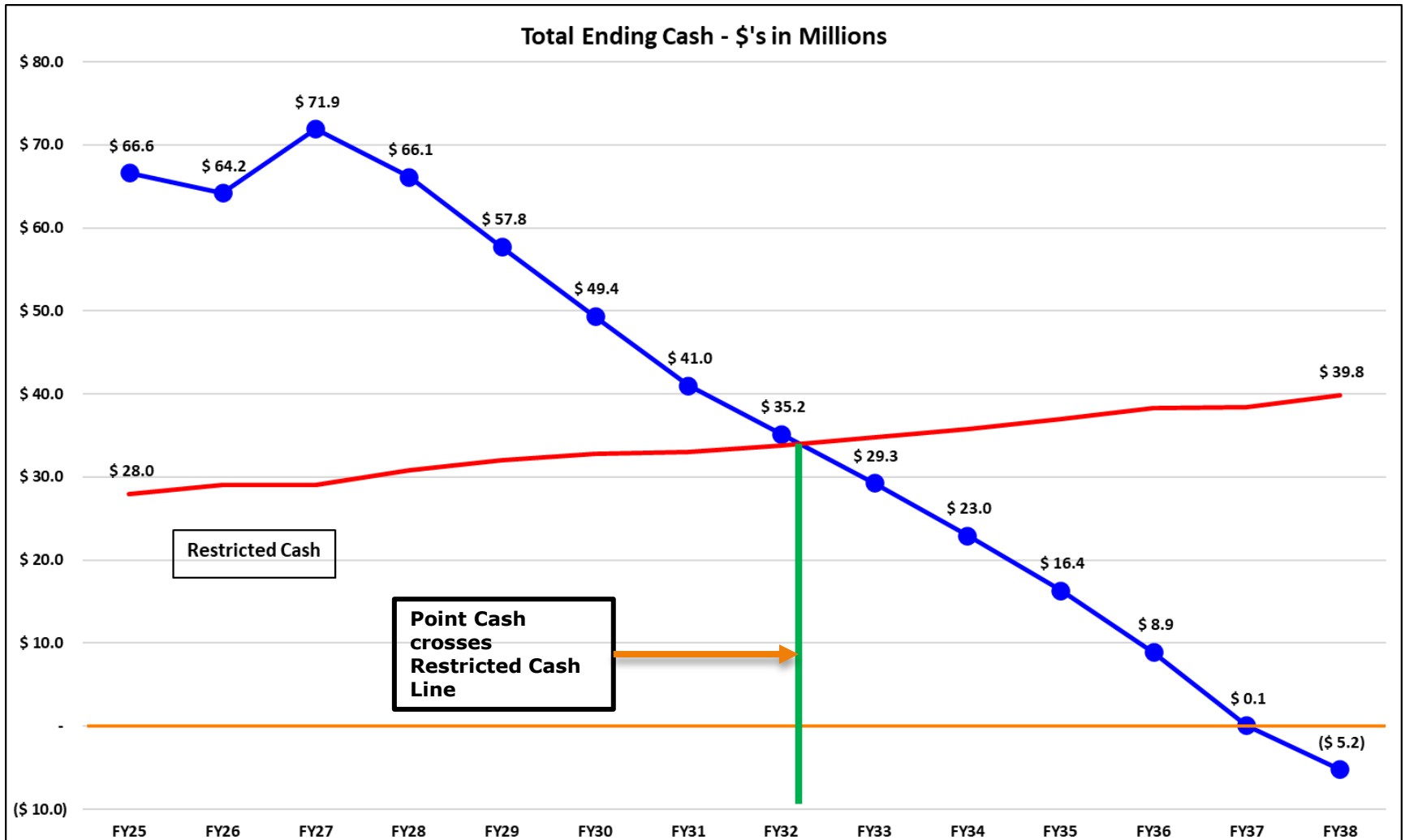
Scenario 4

No Half Cent Sales Tax

- 1. No half cent sales tax – worst case scenario**
- 2. Personnel reduced to pre-Reimagine METRO levels**
 - Bus Operators reduced from 230 to ~155
 - Overall workforce reduction by roughly 25%
- 3. METRO Service reduced by roughly 40% - back to pre-Reimagine METRO levels**
- 4. Youth Cruz Free subject to available funding**

Scenario 4

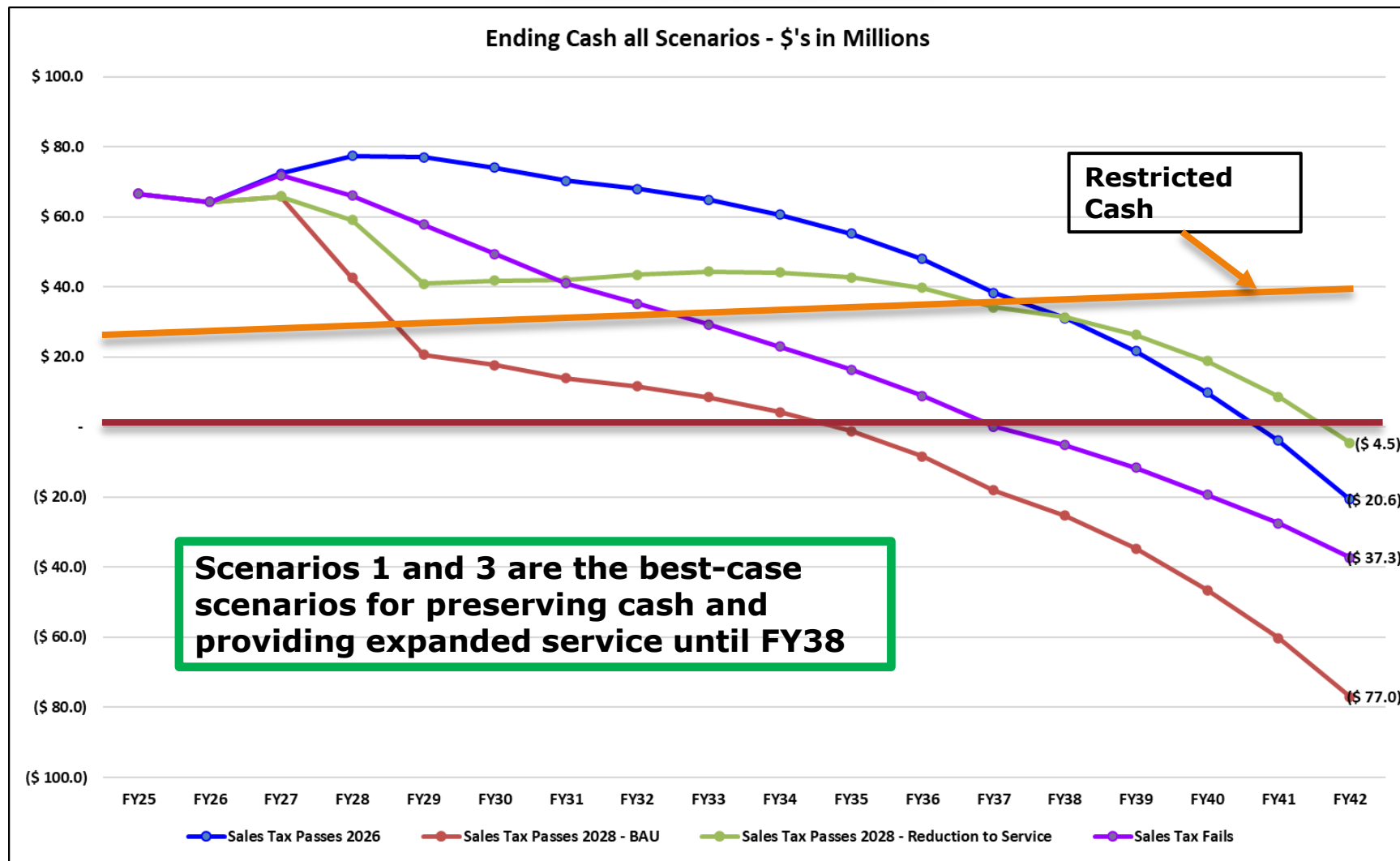
No Half Cent Sales Tax



6.20

Summary

All Scenarios



Summary

1. Scenario 1 - Sales Tax in November 2026 is the Best-Case Scenario

2. Scenario 2 – November 2028 sales tax with no change to current service is not sustainable.

- Cash burn rate is too high with current funding levels
- TIRCP runs out and therefore METRO's cash would need to fund the additional costs

3. Scenario 3 – Same as Scenario 2 but reduction of service and personnel for the 2-year period

- Reduction will need to be fast and will result in substantial customer and personnel issues
- Hiring and training will need to be quick to ramp up to Pre-Reimagine METRO level of service
- Scenario is doable but not optimal

4. Scenario 4 – Worst Case Scenario – No Sales Tax

Questions?