AGENDA

Thursday, April 21, 2011
9:00 a.m.

NOTE LOCATION THIS MONTH
SCCRTC Conference Room
1523 Pacific Ave
Santa Cruz Ca

NOTE
See the last page for details about access for people with disabilities and meeting broadcasts.

En Español
Para información sobre servicios de traducción al español, diríjase a la última página.

AGENDAS ONLINE
To receive email notification when the TPW meeting agenda packet is posted on our website, please call (831) 460-3200 or email info@sccrtc.org to subscribe.

1. Introductions

2. Oral communications

   Any member of the public may address the Commission for a period not to exceed three minutes on any item within the jurisdiction of the Commission that is not already on the agenda. The Commission will listen to all communication, but in compliance with State law, may not take action on items that are not on the agenda

   Speakers are requested to sign the sign-in sheet so that their names can be accurately recorded in the minutes of the meeting.

3. Additions or deletions to consent and regular agendas
CONSENT AGENDA

All items appearing on the consent agenda are considered to be minor or non-controversial and will be acted upon in one motion if no member of the RTC or public wishes an item be removed and discussed on the regular agenda. Members of the Commission may raise questions, seek clarification or add directions to Consent Agenda items without removing the item from the Consent Agenda as long as no other Commissioner objects to the change.

4. Monterey Bay Area 511 Traveler Information Plan project schedule

REGULAR AGENDA

5. Federal legislation update
   (Rachel Moriconi, Senior Planner)
   a. Staff report
   b. Summary: Transportation, Housing and Urban Development FY 2011 Continuing Resolution

6. Consolidation of Regional Transportation Commission (RTC) and Santa Cruz Metropolitan Transit District (Santa Cruz Metro)
   (George Dondero, Executive Director)
   a. Staff report
   b. April 8, 2011 Santa Cruz Metro staff report on future organization structure

7. Next meetings

The next SCCRTC meeting is scheduled for Thursday, May 5, 2011 at 9:00 a.m. at the Board of Supervisors Chambers, 701 Ocean St., Fifth Floor, Santa Cruz, CA.

The next Transportation Policy Workshop is scheduled for Thursday, May 19, 2011 at 9:00 am at the SCCRTC Offices, 1523 Pacific Avenue, Santa Cruz, CA.

HOW TO REACH US

Santa Cruz County Regional Transportation Commission
1523 Pacific Avenue, Santa Cruz, CA 95060
phone: (831) 460-3200 / fax (831) 460-3215
email: info@sccrtc.org / website: www.sccrtc.org

HOW TO STAY INFORMED ABOUT RTC MEETINGS, AGENDAS & NEWS

Broadcasts: Many of the meetings are broadcast live. Meetings are cablecast by Community Television of Santa Cruz. Community TV’s channels and schedule can be found online (www.communitytv.org) or by calling (831) 425-8848.
**Agenda packets:** Complete agenda packets are available at the RTC office, on the RTC website ([www.sccrtc.org](http://www.sccrtc.org)), and at the following public libraries:

- Aptos Branch Library
- Central Branch Library
- Watsonville Library
- Branciforte Library
- Scotts Valley Library

For information regarding library locations and hours, please check online at [www.santacruzpl.org](http://www.santacruzpl.org) or [www.watsonville.lib.ca.us](http://www.watsonville.lib.ca.us).

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**HOW TO REQUEST**

❖ **ACCOMMODATIONS FOR PEOPLE WITH DISABILITIES**

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**SERVICIOS DE TRADUCCIÓN/ TRANSLATION SERVICES**

Si gusta estar presente o participar en esta junta de la Comisión Regional de Transporte del Condado de Santa Cruz y necesita información o servicios de traducción al español por favor llame por lo menos con tres días laborables de anticipio al (831) 460-3200 para hacer los arreglos necesarios. (Spanish language translation is available on an as needed basis.) Please make advance arrangements (at least three days in advance) by calling (831) 460-3200.
TO: Regional Transportation Commission

FROM: Tegan Speiser, Sr. Transportation Planner

RE: Monterey Bay Area 511 Traveler Information Plan Project Schedule

FOR INFORMATION ONLY

BACKGROUND

At the February 3, 2011 meeting, the Regional Transportation Commission (RTC) authorized contracting with the consulting firm ICx Transportation Group (ICx) to prepare a plan analyzing the feasibility and implementation requirements of developing a 511 Traveler Information System for the Monterey Bay Area. The RTC and the Transportation Agency for Monterey County (TAMC) received a Caltrans Partnership Planning grant for this joint regional project, with the RTC serving as lead agency on the effort.

DISCUSSION

When the RTC approved contracting with ICx, a grant extension request was pending with Caltrans. In light of this, specific start and end dates for the project had not yet been confirmed. Staff agreed to provide the Commission with the project schedule when it became available.

The grant extension has now been approved by Caltrans and the project schedule (Attachment 1) has been finalized. On March 22, 2011, the RTC issued a Notice to Proceed to ICx to begin work on the Feasibility Analysis.

As reflected in the project schedule (Attachment 1), the Feasibility Analysis will be conducted between March and October 2011. If a 511 system is found to be feasible, the Implementation Plan will be prepared between October 2011 and April 2012. Assuming that both parts of the plan are prepared, the consultant work will take 13 months to accomplish with completion in April 2012. Staff of RTC and TAMC will prepare and submit a final grant report to Caltrans by June 30, 2012.

SUMMARY

The project schedule for preparing a Monterey Bay Area 511 Feasibility and Implementation Plan (Attachment 1) has been finalized and is attached.

Attachment 1: 511 Project Schedule

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# Attachment 1

## 511 Project Schedule

The consultant will perform the services described in the Scope of Work according to the following schedule:

<table>
<thead>
<tr>
<th>Consultant Tasks</th>
<th>Due</th>
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<tbody>
<tr>
<td><strong>PART 1: EVALUATE THE FEASIBILITY</strong></td>
<td><strong>10/6/11</strong></td>
</tr>
<tr>
<td>Notice to Proceed with Feasibility Study</td>
<td>3/22/11</td>
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<tr>
<td>Task 1: Define Problems, Needs, Goals, and Objectives</td>
<td>4/26/11</td>
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<tr>
<td>Task 2: Provide Inventory</td>
<td>5/24/11</td>
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<td>Task 3: Define Evaluation Criteria</td>
<td>6/7/11</td>
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<td>Task 4: Define Risks and Barriers</td>
<td>5/10/11</td>
</tr>
<tr>
<td>Task 5: Outline and Describe Components of 511 System</td>
<td>4/19/11</td>
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<td>Task 6: Identify Alternative Models</td>
<td>5/24/11</td>
</tr>
<tr>
<td>Task 7: Evaluate Alternatives</td>
<td>6/14/11</td>
</tr>
<tr>
<td>Task 8: Economic Analysis</td>
<td>6/28/11</td>
</tr>
<tr>
<td>Task 9: Document Results</td>
<td>8/11/11</td>
</tr>
<tr>
<td>Complete Part 1</td>
<td>10/6/11</td>
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<tr>
<td><strong>PART 2: DEVELOP IMPLEMENTATION PLAN</strong></td>
<td><strong>4/26/12</strong></td>
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<tr>
<td>Notice to Proceed with Implementation Plan</td>
<td>10/7/11</td>
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<tr>
<td>Task 10: Refine SOW and Schedule</td>
<td>11/4/11</td>
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<tr>
<td>Task 11: Develop Concept of Operations</td>
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<td>Task 12: Develop System Requirements</td>
<td>12/16/11</td>
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<td>Task 13: Phasing Plan</td>
<td>12/9/11</td>
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<td>Task 14: Marketing Plan</td>
<td>11/4/11</td>
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<td>Task 15: Legal Structure</td>
<td>12/16/11</td>
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<tr>
<td>Task 16: Define Scope of Work for 511 System</td>
<td>12/30/11</td>
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<td>Task 17: Define Business Plan</td>
<td>1/13/12</td>
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<tr>
<td>Task 18: Provide a Watch List</td>
<td>1/27/12</td>
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<tr>
<td>Task 19: Document Results of Implementation Plan</td>
<td>2/3/12</td>
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<tr>
<td>Task 20: Final Feasibility Analysis and Implementation Plan</td>
<td>4/25/12</td>
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<tr>
<td>Complete Part 2</td>
<td>4/26/12</td>
</tr>
<tr>
<td><strong>THROUGHOUT PROJECT</strong></td>
<td></td>
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<tr>
<td>Task 21: Meetings (7)</td>
<td>TBD</td>
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<tr>
<td>Task 22: Project Management</td>
<td>ongoing</td>
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### RTC and TAMC

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<tr>
<th>RTC and TAMC</th>
<th>Due</th>
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<tr>
<td><strong>FINAL GRANT REPORT TO CALTRANS</strong></td>
<td><strong>6/30/11</strong></td>
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RECOMMENDATIONS

Staff recommends that the Regional Transportation Commission (RTC) receive a verbal report from the RTC’s Federal Legislative Assistants.

BACKGROUND

Each year the Regional Transportation Commission (RTC) adopts legislative programs to guide its support and opposition of state and federal legislative or administrative actions. Working with its legislative assistants and transportation entities statewide, the RTC implements the RTC legislative program, monitoring bills and other federal and state actions that could impact transportation in Santa Cruz County.

DISCUSSION

At this meeting, via conference call, the RTC’s federal legislative assistants, Carolyn Chaney and Chris Giglio of Capital Edge will provide an update on some of the key legislative issues that may affect transportation in Santa Cruz County this year.

Federal Budget

On April 8, 2011, Congress and the President approved a one-week spending plan (Continuing Resolution), which averted the threatened Federal government shutdown. Congress and the White House have until April 15 to finalize the plan. The one-week spending bill enacted by the House and Senate contains $2.5B in authority to initiate new transportation projects, a $1.5 billion cut to the Federal Railroad Administration's High Speed and Intercity Passenger Rail program, and $630 million in transportation earmark rescissions. A summary from the Senate Committee on Appropriations of provisions in the FY 2011 Continuing Resolution related to transportation is attached (Attachment 1).

While the FY 2011 spending approvals continue to be finalized, work has begun on the FY 2012 budget. House Budget Committee Chairman Paul Ryan (R-WI) released his FY 2012 budget resolution that calls for $6 trillion in spending reductions over the next decade in an attempt to eliminate the federal deficit. It includes a 31 percent reduction in transportation funds overall, eliminating the practice of adding General Funds to prop up the Highway Trust Fund, and eliminating the New Starts
Rail and high-speed rail programs. Since the budget resolution is not a binding document and is not expected to be considered in the Senate, its chances of being enacted in its entirety are slim. However, Republicans in both the House and Senate are expected to push for individual pieces of the plan throughout the debate over the FY 2012 budget and beyond.

Additional information and any updates on the federal budget will be provided at this meeting.

**Federal Transportation Act**

In early March, Congress voted to extend surface transportation programs through September 30, 2011 at FY 2010 levels. This was the seventh extension of federal transportation funding since SAFETEA-LU expired on September 30, 2009. The longer term extension is expected to provide the House and the Senate more time to act on a new multi-year surface transportation bill. However, the SAFETEA-LU extension only continues the federal government’s authority to pay for transportation programs, and is subject to budget approvals.

The new Chairman of the House Transportation and Infrastructure Committee, John L. Mica (R-FL), recently engaged in a series of national field hearings and public forums on major surface transportation legislation. The nationwide meetings with state and local officials and transportation stakeholders are meant to help inform the Committee’s drafting of a long-term reauthorization of the nation’s highway, transit, and highway safety programs.

**SUMMARY**

The RTC’s Federal Legislative Assistants will provide an update on the federal budget and federal transportation legislation at this meeting.

Attachment 1: Summary: Transportation, Housing and Urban Development FY 2011 Continuing Resolution

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Summary: Transportation, Housing and Urban Development

FY 2011 Continuing Resolution

The Transportation, Housing and Urban Development provisions in the FY 2011 Continuing Resolution include discretionary budget authority of $55.5 billion and obligation limitations of $54.2 billion. This funding level is $12.4 billion below the level of resources provided for FY 2010, and $3.1 billion higher than the level that would have been provided under the House long-term CR, H.R. 1.

Of the total amount of resources in the bill for THUD, $68 billion is provided for the Department of Transportation, including $13.8 billion in discretionary budget authority and $54.2 billion of obligation limitations. Another $41.2 billion is provided for the Department of Housing and Urban Development, and the remaining $385 million is provided for independent and related agencies.

Programmatic Highlights

Department of Transportation

“TIGER” Program. The bill includes $528 million to continue a grant program that funds significant transportation projects in metropolitan and rural areas across the country. This funding level is $72 million less than the FY 2010 enacted level.

- To date, this program has received $2.1 billion, but the Department of Transportation has received over $78 billion in applications.
- H.R. 1 would have eliminated all funding for the program in FY 2011, and it also would have rescinded any unobligated balances remaining from the FY 2010 funding, slashing investment in our nation’s infrastructure.
- Based on information from the Department of Transportation, cutting $1.1 billion from the TIGER program would have put 30,580 jobs at risk.

- Federal Aviation Administration. The bill provides $16 billion for the FAA, an increase of $357 million above the FY 2010 level and $40 million above the level under H.R. 1. This total level of funding includes:
  - An increase of $193 million from the FY 2010 funding level in order to protect two critical workforces at the FAA – air traffic controllers and aviation safety inspectors.
  - $3.5 billion for capital investments at airports across the country, the same funding level provided in FY 2010 and under H.R. 1.
• **Federal Highway Administration.** The bill includes $41.1 billion for the Federal-aid Highway program, the same level provided in FY 2010 as well as H.R. 1. However, the bill does not include $293 million provided in FY 2010 to fund highway earmarks, or $650 million provided in FY 2010 to make additional investments in roads and bridges.

The bill includes two rescissions of highway funding. It rescinds $630 million from earmark funding that was provided at least 13 years ago. The bill also rescinds $2.5 billion from unobligated balances of highway contract authority. States currently do not have enough obligation authority to use all of their contract authority, and so this rescission is not expected to affect States’ ability to invest in roads and bridges.

• **National Highway Traffic Safety Administration.** The bill includes $797 million for NHTSA, $4 million less than the budget request, but equal to the FY 2010 level. This level of funding will allow NHTSA to continue implementation of CAFE and research into sudden unintended acceleration.

• **Federal Railroad Administration.** The Committee bill provides $1.3 billion for the FRA, a reduction of $3 billion from the budget request and $2.8 billion below the FY 2010 level. It includes:
  
  - $1.38 billion for Amtrak, $78 million less than the Administration’s request and the FY 2010 enacted level.
  - $177 million for Safety and Operations, an increase of $4.68 million from FY 2010 to accommodate the annualization of staffing increases provided in FY 2010.

• **Federal Transit Administration.** The Committee bill provides $10 billion for the FTA, $710 million below the FY 2010 enacted level and $779 million below the President’s budget request. This includes:
  
  - $1.6 billion for transit grants for new or expanded service (“New Starts”), $400 million below the FY 2010 funding level.
  - $50 million for a grant program to help transit agencies test innovative ways to reduce their energy consumption and greenhouse gas emissions.
  - $150 million for capital grants to the Washington Metropolitan Area Transit Authority (WMATA), with a requirement that the highest priority be given to projects that will improve the system’s safety.

• **Maritime programs.** The bill includes $359 million to support Maritime Administration (MARAD) programs. It includes:
  
  - $174 million for the Maritime Security Program, which is equal to the authorized level, and consistent with the budget request and FY 2010 appropriations.
  - $152 million for operations and training, of which $59 million is for the operations of the U.S. Merchant Marine Academy and $15 million is for infrastructure improvements to campus facilities that have fallen into disrepair.
RECOMMENDATION

Staff recommends that the Regional Transportation Commission (RTC) discuss potential consolidation with the Santa Cruz Metropolitan Transit District (Santa Cruz Metro).

BACKGROUND

At the March 17, 2010 Transportation Policy Workshop (TPW) meeting of the RTC, Commissioner Bustichi suggested placing an item in a future agenda for initial discussion of potential consolidation of the Regional Transportation Commission (RTC) and the Santa Cruz Metropolitan Transit District (Santa Cruz Metro). Since there was no objection from any Commissioners, this item is before the RTC for discussion.

DISCUSSION

The RTC is the state designated regional transportation planning agency (RTPA) for the Santa Cruz County area responsible for long range transportation planning. The RTC also provides federal, state and local transportation funding to the incorporated cities, the unincorporated Santa Cruz County and Santa Cruz Metro. The RTC serves as the Service Authority for Freeway Emergencies and provides the ridematching services for the Santa Cruz County area. In addition, the RTC recently decided to assume project construction management responsibilities.

Santa Cruz Metro is transit provider for the Santa Cruz County area and has been operating about 40 fixed bus routes and complimentary paratransit service with a fleet of over 100 fixed route buses and about 40 paratransit vehicles. Transit providers have suffered significant funding losses in the current economic downturn and Santa Cruz Metro is currently considering significant service reductions.

Some potential issues to consider in discussing a potential consolidation of RTC and Santa Cruz Metro are:

- Expectations – if consolidation were pursued, what expectations do RTC members have for the outcome? Are they limited to cost savings, or are there
other changes desired? What are some unexpected possible outcomes of a post-consolidation arrangement?

- State legislation – both the RTC and Santa Cruz Metro are created by state statute. State legislation would be required to consolidate the two agencies into one. This has been done in other parts of the State. Casual conversations with some of these agencies indicate there were significant growing pains and some of those growing pains still linger. Reports from these agencies regarding their consolidation experience could be useful.

- Protecting the ½-cent sales tax. – Santa Cruz Metro has a permanent ½-cent permanent sales tax dedicated to transit and enacted by Santa Cruz County voters in 1978. This tax was enacted prior to the requirement of a 2/3-vote for special purpose taxes. It was approved by 58% of those voting in the November 1978 election. Therefore, in the current environment going through the legislative process to consolidate Santa Cruz Metro with RTC may impact that ½-cent sales tax. Legal investigation into whether and how the ½-cent sales tax could be impacted would be necessary and it may be challenging to obtain a definitive conclusion. Protecting this revenue stream can be considered a threshold issue, and should be investigated before other aspects of a possible consolidation.

- Cost savings – the RTC and Santa Cruz Metro have different functions and provide different services. There likely are not many redundancies that would be eliminated with consolidation, but details are not known at this time. At a minimum, one senior management position could be eliminated. Santa Cruz Metro currently has surplus space in its new administration building, probably enough to house the RTC staff. Having only one Board to support would also provide some savings. There would be a cost in moving the RTC to the Santa Cruz Metro building. If in the future transit funding improves significantly and the transit function requires growth and additional space, it may be necessary to move the RTC function out of the Santa Cruz Metro building. An analysis of all potential savings and costs of consolidation would need to be conducted to provide estimates.

- RTC autonomy – in 2006 the RTC attained autonomy from the County of Santa Cruz, in part to address potential conflict between the RTC’s funding responsibility to all member agencies while operating under the administrative umbrella of one of those agencies. Consolidating RTC and Santa Cruz Metro would place the RTC’s funding responsibilities with one of the agencies it funds.

- Resources to expend on this issue – if the RTC wishes to pursue this issue in greater depth, then options to consider for further action are: a) hire a consultant to do the research, and bring findings back for the RTC to consider, or b) direct staff to do the research. If (b) is chosen, then staff should provide suggestions as to which existing project(s) or program(s) should be given less effort during the time that research is being conducted. In either case, the effort will require some expenditure of resources.
There are likely a number of other issues that the RTC should consider in discussing a potential consolidation of RTC and Santa Cruz Metro. At its April 8, 2011 meeting, Santa Cruz Metro discussed potential consolidation with RTC. Attachment 1 is the Santa Cruz Metro staff report for that item.

**SUMMARY**

At the March TPW meeting Commissioner Bustichi suggested a discussion of RTC consolidation with Santa Cruz Metro. This item is before the RTC for that discussion. If the RTC desires to continue the discussion, then appropriate direction needs to be provided to staff.

**Attachment 1:** April 8, 2011 Santa Cruz Metro staff report on future organization structure

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SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

DATE: April 8, 2011

TO: Board of Directors

FROM: Leslie R. White, General Manager

SUBJECT: DISCUSSION OF ISSUES RELATING TO OPTIONS FOR THE FUTURE ORGANIZATION STRUCTURE AT METRO

I. RECOMMENDED ACTION

That the Board of Directors discuss options for the future organization of METRO.

II. SUMMARY OF ISSUES

- The Santa Cruz Metropolitan Transit District (METRO) is created by enabling statutes contained in the California State Public Utility Codes Chapter 98000.
- The Enabling Statutes that grant powers and authority to special districts also apply to METRO.
- METRO has operated as a full service, stand alone, special district since 1985 when the fleet maintenance function was transferred to METRO from the City of Santa Cruz. The Operations function had previously been absorbed into METRO from the private operator in 1976.
- Currently, the METRO Board of Directors is facing difficult decisions regarding budget stability and the service levels provided to the public.
- In November 1978 the voters of Santa Cruz County approved a permanent ½ cent sales tax dedicated to METRO designed to support the provision of county-wide fixed route service.
- The current anemic economy and the federal ADA complimentary paratransit service requirements, that legally must be provided, have resulted in multi-year budgetary shortfalls.
- In the next two years the Board of Directors will need to identify an individual to serve as the General Manager of METRO after Les White retires.
- The change in leadership at METRO presents the Board of Directors with the opportunity to evaluate alternate organization structures in light of the financial/service challenges facing the agency.
- This Staff Report outlines four possible options designed to stimulate discussion by the Board of Directors.
- The four options outlined in this Staff Report include; merging METRO with the Santa Cruz County Regional Transportation Commission (SCCRTC), employing a recruiting firm to search for new General Manager, conducting an “internal-only”
recruit for a new General Manager, employing the services of a Management Company to provide a new General Manager as well as other management services.

- This Staff Report does not suggest or require any decisions from the Board of Directors, but rather is submitted to assist in discussions.

III. DISCUSSION

The Board of Directors is currently confronted with challenges with respect to the financial sustainability of the transportation service provided in Santa Cruz County. Additionally, METRO will undergo a transition in staff leadership in the next two years. These changes present the Board of Directors with the opportunity to evaluate alternate organization structures in light of the financial/service challenges facing the agency.

METRO has operated as a full service, stand alone, special district since 1985 when the fleet maintenance function was transferred to METRO from the City of Santa Cruz. The Operations function had previously been absorbed into METRO from the private operator in 1976. METRO is created in Chapter 98000 of the California State Public Utility Codes as well as having powers granted in other state statutes relating to special purpose districts. The METRO Board of Directors has the authority to employ personnel, accept grants, levy taxes (subject to voter approval), issue debt, and exercise Eminent Domain (with consent from the affected local jurisdiction) to acquire rights, equipment, facilities, and property necessary to provide public transportation services. In 1978 the voters of Santa Cruz County approved a permanent ½ cent sales tax to support the provision of fixed route bus service throughout the county. In recent years the anemic economy and the unfunded federal ADA complimentary paratransit service requirements, that legally must be provided, have resulted in multi-year budgetary shortfalls.

There are four options presented in this Staff Report. This report is a cursory review of the options. Those options that are of interest to the Board can be evaluated in greater detail with specific costs and efficiencies quantified. However, some of the examinations could require the use of outside consulting services and it is felt to be prudent to determine the level of interest from the Board prior to hiring consultants.

Four organizational options that could be implemented at METRO in the future are as follows:

**SCCRTC Merger Option**

The Santa Cruz County Regional Transportation Commission has the responsibility for planning and funding surface transportation facilities and services in Santa Cruz County. The SCCRTC is the Regional Transportation Planning Agency (RTPA) for the county which is required under the State of California Transportation Development Act. The SCCRTC is the recipient of both state and federal funds which are used to support transportation projects. Included in the funds received by the SCCRTC are the receipts from a ¼ cent sales tax (TDA) that are used to support city/county pedestrian projects, some SCCRTC administration expenses, Community Bridges paratransit service, the Volunteer Center, The Red Cross, other transportation projects and METRO. The majority of the TDA funds that are received by the SCCRTC are granted to METRO and have been used by METRO to support the operating budget. The SCCRTC also receives funds under the State of California State Transit Assistance (STA) program. These
funds have also been passed through to METRO. The STA funding has been the most unstable in recent years and at one time the program was suspended by the Legislature. Prior to FY10, METRO used the STA funds for capital expenses due to restrictions from the state. The State Legislature removed the restrictions and allowed STA funds to be used for operating expenses for FY11 and FY12. The ability to use STA for operating expenses will expire in FY13 unless legislation to the contrary is passed. The SCCRTC is also a recipient for funds from the 2006 Proposition 1B Bond Program. Part of the transit capital funds that are made available by bond sales under the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) go to the SCCRTC and their part of these funds go directly to METRO. The SCCRTC has passed funds received from the PTMISEA through to METRO for the MetroBase Facility Construction Project.

The SCCRTC is also created by state enabling legislation. This legislation provides powers and authority to the SCCRTC in a manner similar to METRO. Currently, the SCCRTC carries out a number of roles, including, the SAFE Authority, the Rail/Trail Authority, and the RTPA responsibility. In examining the need to achieve efficiency in administering transportation services and projects in Santa Cruz, in light of the current economy, the Board could elect to examine whether there are savings that could be achieved by merging METRO with the SCCRTC. A merger of this type would add to the various roles that the SCCRTC currently fulfills.

A cursory examination of the operation of the SCCRTC and METRO indicates that there could be savings and efficiencies in the areas of Executive Management, Finance, IT, Planning, Grants, Board support, and facilities leases. Annual savings achieved by the merger of the two agencies while anticipated, is unknown at this time.

Any discussion of a merger of the SCCRTC and METRO would have to include discussions by the SCCRTC Commission Members. Currently, this topic is on the agenda for the SCCRTC Commission Members for discussion on April 21, 2011. One of the sensitive areas of a merger of the two agencies could be the construction of the new Board/Commission. It would be necessary to pass new enabling legislation that would outline the construction of the governing Board and be crafted in such a way as to preserve the current ½ cent sales tax that supports transit operations. Additionally, it would necessary to negotiate new Labor Agreements with the Unions that would be affected by a merger. The tasks outlined in this paragraph would take a significant amount of time at both the local and state levels.

Should the Board have an interest in further examination of the Merger Option it would be necessary to employ the services of a consultant to refine the savings estimates.

**External General Manager Recruit**

If the Board has an interest in maintaining the current operating structures and would like to have a wide selection of candidates to choose from for the next General Manager then an external search option would be the approach. This was the approach used by the Board of Directors when Les White was hired to replace Scott Galloway. The Los Angeles firm of Norman Roberts and Associates was used to assist the Board in identifying the characteristics of a General Manager that the Board was seeking. A national search was conducted that included an

9.3
evaluation of candidates that were seeking a new position and inquiries to candidates that were not actively seeking a new position. The list of candidates was screened by the consultants to achieve the number of finalists that the Board had determined that it wanted to directly evaluate. A subcommittee of three Members of the Board was appointed to oversee this phase of the recruitment. From this point the subcommittee selected a number of candidates that they wished to bring to Santa Cruz to meet with. At the conclusion of this process the subcommittee selected three finalists to be interviewed by the entire Board. One of the selected finalists withdrew and the full Board interviewed the remaining two candidates. The total cost of the recruitment process was approximately $35,000 in 1997.

If the Board has interest pursuing the External Recruitment Option an RFP for the selection of a professional recruiting firm would be the first step in this process. It is anticipated that current costs for external recruiting would be approximately $50,000. It is also anticipated that this process would require approximately 9 months to execute.

**Internal-Only General Manager Recruit**

There are individuals currently working within METRO that may have an interest in being considered as candidates for the position of General Manager. There also may be local individuals, not working for METRO, who may have an interest in being considered for the position of General Manager. This was the option that was used by the Board of Directors in the mid 1970’s when Scott Galloway was employed as the General Manager. If the Board has an interest in pursuing this option a subcommittee could be appointed to oversee the candidate solicitation process and to identify individuals that would be qualifed to be considered by the full Board. Given the nature of an internal-only recruit it might be appropriate for the Board to request assistance from the Human Resources Departments of either one of the Cities or the County.

It is anticipated that the internal-only approach would be the quickest of the options contained in this Staff Report. It would also be the least expensive of the listed options, with a cost estimated to be approximately $10,000.

**Professional Management Company**

There are many smaller transit systems in the United States that have found it to be preferable to contract with professional transit management companies to provide for a General Manager and other services. This approach provides the opportunity for the Board to select firms on the basis of experience and qualifications and then to select a General Manager from the candidates offered by the firm. If conflicts develop it is easier for a Board to request a change in personnel as the firm maintains a list a managers and the departing manager is assigned to another community where there is better compatibility. This approach can diminish some of the “Board/Manager” tensions that can emerge if the community wants to move in a direction that manager is not comfortable with. There are a number of professional management companies that operate in the bay area including, First Transit, MV, Veolia, and McDonald Transit. The drawback to this option is that it is typically more expensive, depending on the needs of the Board and the transit system.
If the Board has an interest in pursuing this option the next logical step would be the preparation of Request for Proposals and a scope of work that could be distributed to prospective firms. It is anticipated that the implementation of the Professional Management Firm Option would take approximately 9 months to execute and would cost approximately $450,000 annually.

The information presented in this Staff Report does not suggest or require any decisions from the Board of Directors at this time, but rather is submitted to assist in the discussions.

IV. FINANCIAL CONSIDERATIONS

The financial impact on METRO of each of the various options outlined in this Staff Report is not totally known at this time.

V. ATTACHMENTS

None