

Adopted 2026-2027 Fiscal Year Budget and Financial Plan Santa Cruz Metro



Santa Cruz Metropolitan Transit District
Santa Cruz, California

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Budget Message – From the CEO

We are pleased to present the budget for the 2026 / 2027 fiscal year as adopted by the Board of Directors in June of 2025. This budget continues our work to implement the strategic plan and pursue our Reimagine METRO initiatives in service to our community and loyal customers.

Key Strategic Priorities

Our organization is committed to several industry leading practices that inform our system and financial planning. See more about these priorities in the [Strategic Plan Section](#).

1. Improving Rider Experience
2. Prioritize Sustainability and Environmental Responsibility
3. Maximize Accessibility and Invest in Community

We are implementing METRO's priorities as identified in the plan through several initiatives.

Improving rider experience is a key focus of the Reimagine METRO project. The goals within this project include: 1) Increasing the amount of service provided; 2) Making transit service more relevant to the community's



needs and desires; 3) Adapting to post COVID travel patterns; and 4) Creating a network that is useful and attractive for many people's trips. We are well into

implementation of this project with great success thus far. Thanks to our riders' support of the Reimagine METRO service changes:

- Ridership has increased 23% since the first wave was implemented in September 2023
- Specific segments in the third quarter of FY24 also witnessed substantial ridership growth, with UCSC, Cabrillo College, and K-12 ridership escalating by 27.1%, 26.8%, and 147.6%, respectively!
- Productivity in the same quarter of FY24, measured as riders per revenue hour, increased by 4% year over year.

As we implement the final phases, we will continue to evaluate the impact on our intended results for this work and adjust to assure the maximum benefit to the community.

[Read more about this initiative here.](#)

Prioritizing sustainability and environmental responsibility is illustrated by several key investments both past, present and anticipated in the future. Protecting the environment is an element of [METRO's mission statement](#) as well. An excellent example of this is the "[One Ride at a Time](#)" initiative.



Taken as a whole, converting over 69% of

METRO's CNG and diesel fleet to zero-emissions fuel cell electric buses will result in a total GHG emissions reduction of 1.2 million MTCO₂e. One Ride at a Time is an opportunity to not only educate the public about the benefits of public transit and the unique natural resources of Monterey Bay but inspire people to take action.

Moving to a zero-emission fleet through the use of electric and then hydrogen fuel cell powered vehicles has been a major focus for METRO and our funding partners. Throughout this document you will see several examples of investments being made to move our fleet and operations toward a zero-emissions standard.

Maximizing accessibility and investing in the community is also core to our mission and inherent in the Reimagine METRO's goals as well. As access to relevant and efficient transit services expand, increased use will take less efficient transportation off the roads improving the environment and mobility. In addition, METRO's ParaCruz service offers accessible door-to-door shared rides for people who are not able to use the bus due to a physical, cognitive, or psychiatric disability.

I am proud that METRO's programs very clearly reflect our mission and strategic priorities. This would not be possible however without the support of our community, our funding partners and the dedicated employees who deliver on our mission every day.

Funding comes from our own community who have demonstrated their support for our service in a variety of ways. Sales taxes make up over one-third of METRO's operating resources. The balance comes from outside

funding partners, many of which are federal and state funding agencies as well as vehicle fares. Our staff works to find all available resources to deliver on our mission for our community.

METRO's employees are integral to our success in providing service to our



community and delivering on our mission. While more modest than in the recent past, this budget continues to add employees to achieve the goals of the Reimagine METRO and environmental goals for the agency.

Budgets are the means by which we identify how to best provide service that pursues our purpose. In this budget we continue to provide accountability and transparency in our work and clarity around how our goals will be funded and met. We look forward to implementing the many improvements this and past budgets authorize.

Sincerely,

Corey Aldridge
METRO CEO/General Manager

Budget Overview – from the CFO

It is our pleasure to present Santa Cruz Metro’s recommended budget and financial plan for the fiscal year 2026-27. In this year’s budget we have worked to improve financial and organizational transparency through the use of a new format. This format reflects the recommended best practices of the Government Finance Officers Association (GFOA), the leading financial management professional association for local governments in the United States and Canada. It is our hope that this new format will enable a better understanding of the overall financial plan of the district to provide world class transit service to our community.

The adopted budget is balanced in that anticipated revenues as described herein and the judicious use of reserves consistent with Board policy provide for the appropriated operating and capital expenditures. The Board adopted the budget presented in June without changes.

Budget in Brief

The adopted budget for FY2026 totals \$82.9 million for operations and \$84.2 million for capital investments. The combined spending authority in this budget is \$167.2 million. (Note: the [capital budget](#) is appropriated outside of the operating budget as consistent with accounting principles for enterprise funds.) The adopted financial plan is summarized below:

Financial Plan Overview	FY24	FY25	FY26	Increase/ (Decrease)		FY27
(thousands)	Actual	Budget	Budget	\$ Var	% Var	Plan
Total Revenue Sources	\$ 74,908	\$ 81,863	\$ 78,905	(\$ 2,958)	(3.6%)	\$ 83,873
Total Expenses	\$ 65,131	\$ 78,969	\$ 82,919	\$ 3,949	5.0%	\$ 86,315
Transfers to Capital	\$ 2,796	\$ 2,351	\$ 2,578	\$ 227	9.7%	\$ 2,444
(Bus Replacement Fund)						
Transfers to/ (from) Operating and Capital Reserves						
Operating & Capital Reserve Fund	7,011	5,245	1,849	(3,396)	(64.7%)	1,697
UAL & OPEB	2,000	2,000	-	(2,000)	(100.0%)	-
Fuel Tax Credit	355	146	-	(146)	(100.0%)	-
Covid 19 Recovery Fund	2,385	6,847	8,441	1,593	23.3%	6,583
Surplus / (Deficit)	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -

As described in the financial policies, METRO’s budget is presented largely consistent with the accounting principles for enterprise funds – full accrual. As such a separate capital budget is prepared and not incorporated into the operating budget. Additionally, principle payments on debt are not included in the operating budget.

More details regarding the operating budget follow and additional detail is found later in this document.

Santa Cruz Metro – FY 2026-27 Budget and Financial Plan

Operating Budget

(in thousands)	FY24 Budget	FY25 Budget	FY26 Proposed	\$ Difference FY 25 to 26	% Difference FY 25 to 26	FY27 Plan
Operating Revenue						
Passenger Fares	\$ 3,080	\$ 2,703	\$ 3,118	\$ 415	15.4%	\$ 3,367
Special Transit Fares	6,842	6,776	7,576	800	11.8%	7,811
Total Operating Revenue	\$ 9,922	\$ 9,479	\$ 10,694	\$ 1,215	12.8%	\$ 11,178
Operating Expense						
Personnel Costs	\$ 39,428	\$ 52,830	\$ 52,221	\$ (609)	(1.2%)	\$ 55,220
Non-Personnel Costs	17,706	16,772	20,208	3,436	20.5%	19,428
Total Operating Expense	\$ 57,134	\$ 69,602	\$ 72,429	\$ 2,827	4.1%	\$ 74,648
Operating Surplus (Deficit)	\$ (47,213)	\$ (60,123)	\$ (61,735)	\$ (1,612)	2.7%	\$ (63,470)
<i>Farebox Recovery</i>	<i>17.4%</i>	<i>13.6%</i>	<i>14.8%</i>			<i>15.0%</i>
Non-Operating Revenue (Expense)						
Sales Tax	\$ 31,808	\$ 31,808	\$ 30,536	\$ (1,272)	(4.0%)	\$ 37,145
Grants	29,628	38,080	35,432	(2,648)	(7.0%)	33,800
Retiree Obligations	(3,776)	(4,524)	(4,992)	(468)	10.3%	(5,561)
Debt Payments	(4,173)	(4,843)	(5,497)	(654)	13.5%	(6,105)
All Other	1,240	2,496	2,243	(253)	(10.1%)	1,749
Total Non-Operating Revenue (Expense)	\$ 54,727	\$ 63,017	\$ 57,722	\$ (5,295)	(8.4%)	\$ 61,029
Transfers and Other	\$ (7,514)	\$ (2,894)	\$ 4,014	\$ 6,908	(238.7%)	\$ 2,442
Operating Surplus / Deficit after Transfers	\$ -	\$ -	\$ -	\$ -		\$ -

Increased ridership in both the fixed routes and highway 17 routes are anticipated to improve by about ten-percent (10%) resulting in improved revenues of \$571 thousand combined. Other revenues are anticipated to decline such as a four-percent decrease in sales taxes (\$1.3 million) and other revenue sources including grants, interest income which are expected to see smaller decreases. The result would reflect a loss of \$8 million. Excluding a one-time ballot measure and line of credit / bridge loan, the preliminary FY 26 budget projects a loss of \$5.9 million.

Capital Investments Highlights

The [Capital Improvements Program](#) (CIP) at METRO consists primarily of three components:

First is the acquisition of a total of 53 hydrogen powered buses. Of these 53, 44 buses are the 40-foot design while 9 are of the 60-foot (articulated) design. The second major element is the development of a hydrogen fueling station for the new hydrogen bus fleet. The third primary driver in capital investment is in support of the METRO Reimagine initiative as described in the CEO's budget message and [here on METRO's website](#). Essentially, METRO Reimagine realigns and expands service to the community based on identified community need and impact.

Reserves

Metro maintains eight reserve funds as described in the table below (all amounts in millions):

Reserve Title	Purpose and Use (millions)	Balance 6/30/2024	Forecast 6/30/2025	Forecast 6/30/2026
Operating & Capital	Support operations and grant match	\$14.3	\$14.9	5.4
Operations Sustainability	Three months of reserves for operating expenses	19.6	20.7	21.6
CalPERS UAL & OPEB Liability	Pay down future CalPERS unfunded pension liability and retiree healthcare	8.0	10.0	10.0
Cashflow Reserve	Cashflow timing	3.0	3.0	3.0
COVID Recovery	Financial impacts due to COVID.	30.7	28.1	19.6
Workers Compensation	Potential payment of long-term workers compensation costs	2.5	2.6	2.6
Liability Insurance	Payment of costs for liability and physical damage claims	0.7	1.0	1.0
Bus Replacement	Dedicated to the capital budget for stability in local required match	9.1	8.8	6.3
Total All Reserves		\$87.9	\$89.1	\$69.5

Reserves and the Bridge Loan:

Reserves provide for a hedge against various contingencies and risks. In addition, adequate reserves typically provide liquidity during lean cashflow periods. An unusual cashflow challenge has developed that exceeds Metro's ability to cover it with reserves. The hydrogen buses being acquired by Metro will cost a total of \$83 million with almost \$25 million being provided by a VW mitigation fund. This fund requires the buses being replaced by the hydrogen buses be taken out of service and destroyed with payment not for another 90 days. This is inconsistent with the majority of the other outside funding sources that pay within 90 days of accepting the new hydrogen bus. In addition, the hydrogen buses cannot be put into service until sufficient infrastructure is in place to support these new types of buses such as a fueling station which delays Metro's ability to take out of service the old bus to be sent to be destroyed. As a result, the board has approved a "bridge loan" in the total amount of \$25 million as a line of credit to supplement Metro's other reserve

funds while waiting for the reimbursement by the VW mitigation fund for this portion of the hydrogen bus acquisition.

A Review of the Financial Plan

METRO's mission, *To provide easy-to-use, convenient transportation for residents while protecting the environment and building better communities* is reflected in this budget in multiple ways. The implementation of Reimagine METRO, conversion to a zero-emission fleet, pursuit of the One Ride at a Time program and many other facets are incorporated into this spending plan.

Operations have been expanded to meet the post-COVID demand for service. This involved adding over one-hundred additional positions in the past three years, a 37% increase since 2024 – most of those are bus and paratransit operators. Support for the expanded fleet also contributed to increases in positions to support transit operations and fleet maintenance.

Capital investments focus on related fleet modernization and expansion with the acquisition of hydrogen fuel cell buses and facility improvements. You will find information about our acquisition of 53 of these zero-emission buses, 44 of the forty-foot version and 9 sixty-foot buses. Our plan to bring the buses into service as quickly as possible utilizing a temporary hydrogen refueling solution while a permanent hydrogen refueling solution is built, both described in this budget. Additionally, the Reimagine METRO program calls for enhancements in the Bus Rapid Transit system, synchronization of the traffic signals and other improvements. Our investments in improvements to the transit centers are also reflected in this plan. We are pursuing a redevelopment of the Watsonville Station with transit services on the ground floor and housing above.

We believe this financial plan provides the best opportunity to pursue METRO's mission and provide for the mobility needs of our community.

Chuck Farmer,
Chief Financial Officer

Board of Directors

The Santa Cruz Metropolitan Transit District (Santa Cruz METRO) is governed by an eleven member Board of Directors comprised of representatives of the cities of Watsonville, Santa Cruz, Capitola, and Scotts Valley, and representatives from the unincorporated areas of the County of Santa Cruz, plus one ex-officio member from UCSC.



Rebecca Downing
County of Santa Cruz Appointment

Chair (2025)

Term Expires:
December 2025



Manu Koenig
County of Santa Cruz Appointment

Vice Chair (2025)

Term Expires:
December 2025



Shebreh Kalantari-Johnson
City of Santa Cruz Appointment

Term Expires:
December 2025



Scott Newsome
City of Santa Cruz Appointment

Term Expires:
December 2026



Vanessa Quiroz-Carter
City of Watsonville Appointment

Term Expires:
December 2025



Jimmy Dutra
City of Watsonville Appointment

Term Expires:
December 2028



Monica Martinez
County of Santa Cruz Appointment

Term Expires:
December 2028



Donna Lind
City of Scotts Valley Appointment

Term Expires:
December 2026



Fabian Leonor
County of Santa Cruz Appointment

Term Expires:
December 2028



Melinda Orbach
City of Capitola Appointment

Term Expires:
December 2028



Vacant
County of Santa Cruz Appointment

Term Expires:
December 2026



Alta Northcutt
Cabrillo College Ex-Officio
Cabrillo College Appointment

Term Expires:
December 2025



Edward Reiskin
UCSC Ex-Officio
UCSC Appointment

Term Expires:
December 2025

Organizational Leadership



Corey Aldridge

Chief Executive Officer / General Manager

Corey Aldridge is a seasoned transit executive with nearly 20 years of leadership experience in public transportation. As Chief Executive Officer and General Manager of Santa Cruz METRO, he guides strategic initiatives that include expanding ridership, accelerating the transition to a zero-emissions fleet, and incorporating affordable housing into transit assets.

Before joining METRO in 2024, Corey served for over nine years as Chief Executive Officer of Mountain Line in Missoula, Montana. During his tenure, he implemented zero-fare service, led a 30% systemwide service increase, successfully passed a local ballot measure to secure long-term funding, and transitioned the fleet toward zero-emissions. Under his leadership, Mountain Line was named APTA's North American Transit System of the Year in 2021.

Previously, he served as General Manager of RiverCities Transit in Longview, Washington, where he oversaw system modernization, service enhancements and sustainability initiatives. Corey began his career in transit as a school bus driver while attending Arizona State University and holds a bachelor's degree in Business Administration.

He has served as a mentor in the Community Transportation Association of America (CTAA) Executive Leadership Academy, supporting the development of future leaders in the industry. Corey also serves on the Board of Directors for The Bus Coalition, a national advocacy group dedicated to increasing federal investment in public transit. Originally from Oregon, he now lives in Santa Cruz with his wife and children.



Chuck Farmer

Chief Financial Officer

Chuck Farmer is a seasoned financial executive with over 30 years of experience across both public and private sectors. He currently serves as Chief Financial Officer at Santa Cruz METRO, a role he has held since 2021. In this capacity, Chuck oversees the agency's comprehensive financial strategy and operations—including financial performance and measurement, cash management, investments, accounting, financial planning, procurement, real estate, and inventory management.

His leadership has driven major achievements for the agency, including initiating Santa Cruz METRO's first credit rating—resulting in an AA score from S&P—and successfully issuing its inaugural Sales Tax Revenue Bond. These milestones reflect Chuck's commitment to financial innovation and long-term sustainability.

Prior to his tenure at METRO, Chuck served as Vice President of Financial Planning and Analysis at Amtrak. There, he led the re-engineering of Amtrak's financial reporting structure to change the

funding requests from the Federal Government. This re-engineering was written into the Federal Government's FAST Act. Also, Chuck partnered with the Treasurer of Amtrak to finance the new Acela train sets resulting in a \$2.6 Billion loan. Prior to Amtrak, he developed complex financial models used for the purchase and sales of companies around the world. Chuck won the CFO award across AOL for this restructuring of the financials to conform to the full reorganization of the company.

Chuck's academic foundation includes a Bachelor's degree in Finance from the University of North Carolina at Greensboro and a Masters in Business Administration from George Mason University. His strategic mindset and operational rigor continue to make him a transformative force in public transportation.



Margo Ross

Chief Operations Officer

Margo Ross is an accomplished transit executive with over four decades of experience in public transportation, rising from a bus operator at LA Metro to her current role as Chief Operations Officer for Santa Cruz METRO, a position she has held since June 2020. Margo began her career in Southern California and has consistently demonstrated a commitment to excellence, equity, and innovation in transit service delivery.

Since relocating to San Jose seven years ago with her husband and two grandchildren, Margo has played a pivotal role in transforming METRO's operations. Taking the helm during the height of the COVID-19 pandemic, she led the agency through recovery—restoring pre-pandemic ridership levels, improving service quality, and enhancing the rider experience. She oversees a diverse portfolio, including fixed-route services, paratransit, fleet, facilities, and training, supported by a dedicated team of deputy directors, managers, and frontline staff.

Margo is a leader in clean fleet transitions, spearheading METRO's move from CNG to electric and hydrogen fuel technologies, including the acquisition of 53 hydrogen buses. Her broad expertise encompasses transit operations and planning, ADA and paratransit services, labor relations, organizational leadership, and grant administration. She has managed multimillion-dollar budgets and staff of over 300 across multiple agencies.

Her past roles include leadership positions at San Mateo County Transit District, the City of Riverside, Greyhound Lines, and LA Metro, where she spent three decades honing her operational and managerial acumen.

Margo holds a master's degree in Conflict Resolution from Abilene Christian University and both Master's and Bachelor's degrees in Organizational Leadership from Chapman University, along with a Certificate in Human Resources. She is also a Certified Mediator, leveraging her skills to foster productive labor relations and build high-performing teams.



Danielle Glagola

Chief Communications & Marketing Officer

Danielle joined the Santa Cruz Metropolitan Transit District (METRO) in 2020 as Director of Marketing, Communications, and Customer Service, where she spearheaded the creation of the agency’s first dedicated marketing department. Her vision and leadership transformed METRO’s outreach and branding strategy, culminating in her appointment as Chief Communications and Marketing Officer in 2024. Under her direction, METRO earned more than a dozen industry accolades, including Hermes Creative Awards and multiple APTA AdWheel honors. Her collaborative campaigns—*One Ride at a Time*, *Reimagine METRO*, and *Youth Cruz Free*—have become touchstones for innovative public engagement and sustainable ridership growth.

Danielle brings a dynamic blend of public and private sector experience, offering a fresh perspective and innovative marketing vision to METRO. Her creative leadership and strategic approach were recognized with the 2024 CALACT Rising Star Award, honoring her bold contributions to transit marketing and public engagement. Prior to her work in public transit, Danielle held leadership roles across diverse industries including technology, consumer goods, and nonprofit organizations. She consistently delivered impactful marketing strategies, executed large-scale events, and developed compelling brand narratives with global reach.

A proud graduate of the University of California, Santa Cruz, Danielle’s connection to the region runs deep. Beyond her professional achievements, she is a 2025 graduate of Leadership Santa Cruz County, a committed volunteer for regional initiatives, and a steward of youth and environmental education. Whether developing marketing campaigns, strengthening cross department initiatives, or amplifying METRO’s sustainability mission, she blends innovation with heart—always prioritizing meaningful connections and inclusive growth.



Dawn Crummié

Chief Human Resources Officer

Dawn Crummié is a seasoned Human Resources professional with over 25 years of leadership experience in both the public and private sectors. As Chief Human Resources Officer at Santa Cruz METRO, Dawn oversees all aspects of Human Resources, including labor negotiations, workforce planning, compliance, employee engagement, and organizational culture. She plays a critical role in advancing METRO’s strategic objectives through inclusive practices and a high-performance workplace.

Dawn joined METRO in 2018 as Assistant Human Resources Manager and quickly advanced through several leadership roles, including Human Resources Director. She was appointed Interim CEO during a period of executive transition, providing steady leadership and ensuring operational continuity for the agency.

Before joining METRO, Dawn built a diverse HR career in the private sector, supporting organizations across the technology, manufacturing, and wholesale distribution industries. Her background includes extensive experience in employee relations, organizational development, and leadership training.

Dawn holds a Bachelor's Degree in Business Administration and a Transit Paratransit Management Certificate. Beyond her professional achievements, she is a 2019 graduate of Leadership Santa Cruz County. Dawn is known for her collaborative leadership style and her strong commitment to fairness, transparency, and cultivating a positive employee experience at every level of the organization.



John Urgo

Planning, Grants & Governmental Affairs

John Urgo is the Director of Planning and Development for Santa Cruz METRO, where he manages METRO's service planning, long range planning and capital/grants programs. His team is leading METRO's efforts to double ridership within five years, transition fully to zero-emission vehicles, develop affordable housing on METRO owned properties, and improve bus speed and reliability on major corridors. John has fifteen years of experience in the public transit industry in northern California, including roles with the San Francisco Bay Area Metropolitan Transportation Commission, the San Francisco County Transportation Authority, and the Alameda-Contra Costa Transit District. Born and raised in New York City where he grew up riding the bus with his grandmother, John has master's degrees in City Planning and Transportation Engineering from the University of California, Berkeley, and a B.A. in Environmental Analysis from Pomona College.



Gregory Strecker, CSP

Director of Safety, Security, and Risk Management and Chief Safety Officer

Gregory Strecker serves as the Director of Safety, Security, and Risk Management for Santa Cruz Metro, where he oversees system-wide programs related to occupational safety, public security, risk mitigation, emergency response, and regulatory compliance. In this role, Gregory leads strategic initiatives to ensure the well-being of employees, passengers, and the community, while promoting a proactive safety culture across the agency.

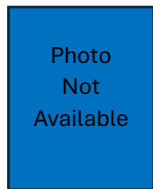
Gregory joined Santa Cruz Metro in 2024, bringing over 15 years of progressive experience in transportation safety and compliance. His career spans multiple roles in public and private transit systems, including serving as a Safety Manager for Transdev North America at Stanford University and a Safety Manager for Hallcon Corporation overseeing operations at San Francisco International Airport and Facebook. His work has included everything from driver recruitment and training to leading investigations, overseeing compliance audits, and implementing corrective safety strategies.

Before joining Metro, Gregory spent over a decade in transit safety and operations, starting as a bus operator and route supervisor while attending college. His experience grew into increasingly senior roles in safety training and compliance management, where he developed and enforced policies, led accident prevention programs, and helped shape organizational safety culture. His leadership is built on operational knowledge from the field and a deep commitment to worker safety and risk reduction.

He holds a Master of Science in Environmental, Health, and Safety Management from the Rochester Institute of Technology and a Bachelor of Arts in Political Science – Public Service from the University of California, Davis. Gregory also holds several distinguished certifications, including Certified Safety Professional (CSP), and is a CA DMV ETP Commercial Driver’s License Examiner.

Throughout his career, Gregory has championed initiatives that resulted in reduced workplace incidents, improved regulatory compliance, and stronger safety training systems. He has led emergency preparedness drills, enhanced coordination with public safety agencies, and implemented key upgrades to safety audit procedures and reporting.

Gregory grew up in Santa Cruz County and is proud to serve the community where he was raised. He currently resides in Scotts Valley, CA with his spouse and their Dog and Cat. Outside of work, he enjoys exploring local trails, traveling, music, and staying involved in public transit safety and security forums.



Jorge Ovando Zalapa (effective August 18, 2025)

Director of Information Technology

Jorge brings more than 18 years of experience leading technology teams in healthcare, government, and education, with a focus on service delivery, security, and innovation. Most recently, he served as Chief Information Officer for Santa Cruz Community Health

He’s known for building collaborative teams, improving customer service through smart technology solutions, and making complex systems work better for everyone. Jorge is passionate about using technology to enhance accessibility, streamline operations, and improve the rider experience. His leadership style emphasizes transparency, teamwork, and continuous improvement — values that align closely with METRO’s commitment to service excellence.

Strategic Plan

The strategic plan was created as a result of staff leadership and board meetings specifically for this purpose and facilitated by consultants with this specific expertise.



Improve Rider Experience

Increase transit ridership to 7 million trips annually within five years by:

- Route Optimization
- Frequency and Punctuality
- Integrated Services



Prioritize Sustainability and Environmental Responsibility

Transition to zero-emissions fleet with a mix of hydrogen and battery electric buses

- Zero Emissions Fleet
- Green Infrastructure
- Green Initiatives



Maximize Accessibility and Invest in Community

Upgrade transit hubs including the creation of 175 affordable housing units at METRO-owned transit centers in the next ten years

- Rider Convenience
- Accessibility
- Marketing and Outreach

The *action plan* and strategies to pursue METRO's strategic priorities are reflected in the **Reimagine METRO** initiative.

- Reimagine METRO consists of higher ride frequency where possible.
- Better weekend and evening service.
- More regional express service.
- East-west connections in Santa Cruz.

The **purpose of Reimagine METRO** and the related improvements will allow more people to access more opportunities in less time, without a car. Improvements to service began in late 2023 and will continue to be implemented in subsequent phases. Examples of service improvements include:

- Frequent service in Live Oak, Soquel, Aptos and Watsonville.
- Saturday and Sunday frequencies that match weekdays on most routes.
- All-day express service between Watsonville and Santa Cruz on Route 90X.
- More consistent service on Highway 17.
- More direct east-west service in Santa Cruz and Live Oak.
- East of Cabrillo College, Routes 1 and 2 would become Routes 61 and 62.

One Ride at a Time - METRO's commitment to the environment reflects the community's desire to protect the extraordinary natural resources of the area. The Monterey Bay region is a hot-spot for biodiversity according to The Nature Conservancy. All rides from January 2023 result in a donation by METRO to partners in protecting the environment. An aspect of this program is the wrapping of buses with iconic photos of the Monterey Bay taken by renown photographers.

Additionally, METRO is converting its entire fleet to zero-emission buses. As noted in the capital improvement budget, investments in both electric buses and hydrogen powered fuel cell buses represent major investments by METRO and its partners to achieve the zero emission goals. In addition to the buses themselves, significant investments in the infrastructure required to support both the electric and hydrogen fuel cell systems are required.



Performance Measures

Connecting the Strategic Priorities to Operations

METRO's Key Performance Indicators (KPIs) are an illustration of the connection between the policies reflected in the strategic plan and the results in the systems. As a result, performance measures are illustrated for the system as a whole (rather than within individual departments).

Performance Measurement Categories

Financial – System farebox recovery ratio; fixed route & commuter cost; ParaCruz cost.

Productivity – Total ridership & ridership per hour; UCSC, Cabrillo, Highway 17 & local ridership; passengers / route.

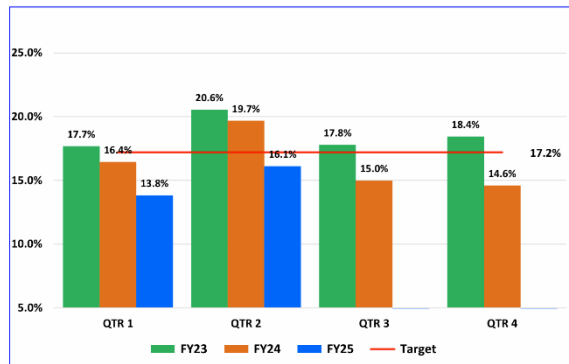
Risk and Safety – Traffic accidents; passenger incidents.

Reliability – Miles between chargeable road calls for fixed route, Highway 17, & ParaCruz.

Dependability – Cancelled trips by cause & region; pass-ups for fixed route, UCSC, & Routes.

Financial Measures

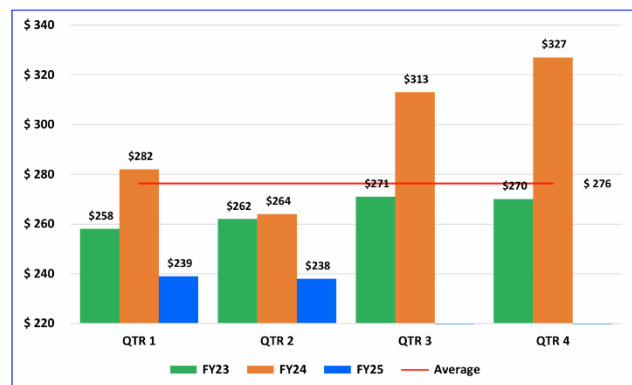
Farebox Recovery



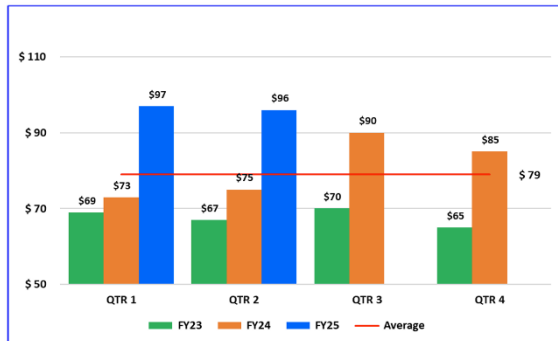
Q2 FY25 Cost per RSH is lower by \$26, over prior year Q2 FY24 due to an increase in service hours of 19,028 or 40.5%

Q2 FY25 Farebox Recovery decline of 3.6% when compared to Q2 FY24 due to the increase in FTEs (Bus Operators) during the implementation of phase 1 and 2 of the Reimagine Metro, which resulted in higher cost and lower farebox recovery.

Fixed Route / Commuter Cost



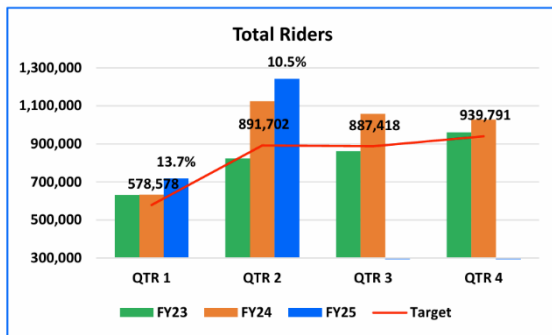
ParaCruz Cost per Trip



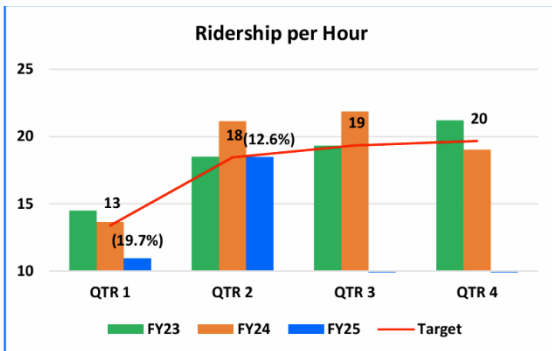
Q2 FY25 Cost per Trip increased \$21 over prior year due to a decline in trips of 2,724, or 14.6%, primarily due to outsourcing the eligibility process which has resulted in fewer qualified applicants, along with an increase in costs of 9.2% primarily due to 6 additional FTEs (Van Operators) compared to the same period last year.

Productivity Measures

Total Ridership per Hour



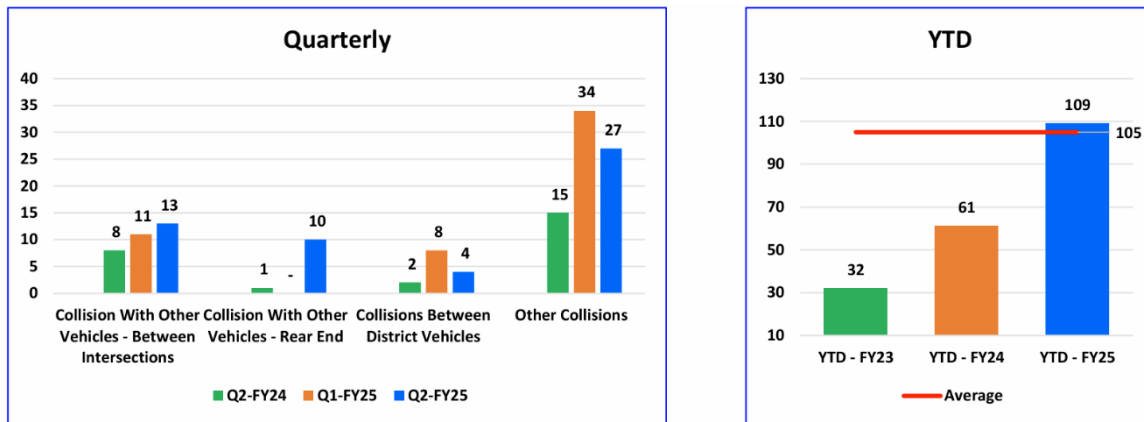
Ridership	QTR 2			
	FY25	FY24	Variance	YoY Change
Local/Non-Student	368,249	278,462	89,787	32.2%
Student (UCSC, Cabrillo, K-12)	834,164	810,867	23,297	2.9%
Highway 17	39,425	34,781	4,644	13.4%



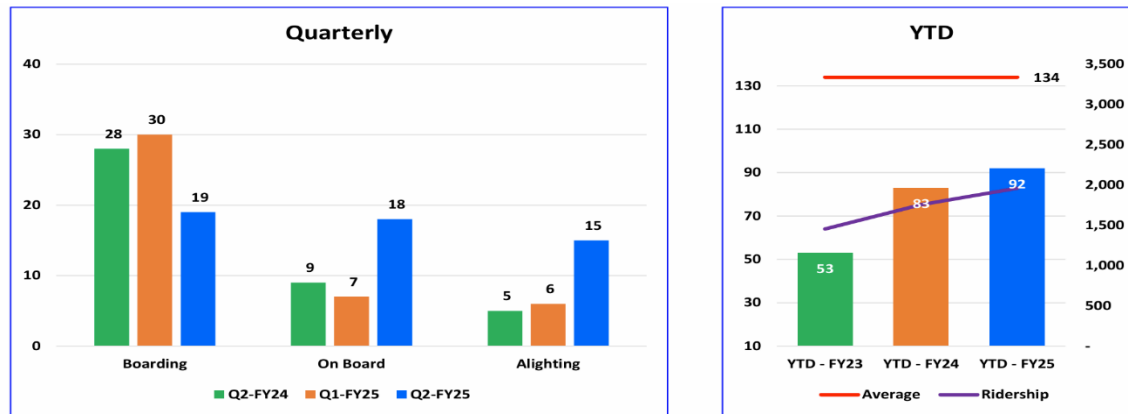
Ridership	QTR 2			
	FY25	FY24	Variance	YoY Change
UCSC	671,239	682,648	(11,409)	(1.7%)
Cabrillo	71,795	49,193	22,602	45.9%
Youth	91,130	79,026	12,104	15.3%

Risk Management and Safety Measures

Traffic Accidents



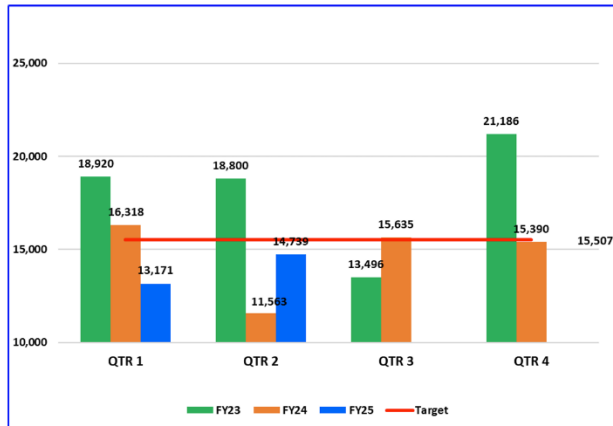
- Total Traffic Accidents in Q2 FY25 increased by 1 (1.9%) over Q1 FY25 and increased by 28 (107.7%) from a year ago, Q2 FY24
- Collisions with Other Vehicles (between intersections) for Q2 FY25 increased by 2 (18.2%) over Q1 FY25 and increased by 5 (62.5%) from a year ago, Q2 FY24
- Collisions with Other Vehicles (Rear End) for Q2 FY25 increased by 10 (1000%) over Q1 FY25 and by 9 (900%) from a year ago, Q2 FY24 11.4A.15
- Collisions Between (District Vehicles) for Q2 FY25 decreased by 4 (400%) over Q1 FY25 and increased by 2 (200.0%) from a year ago, Q2 FY24
- Other Collisions for Q2 FY25 decreased by 7 (20.6%) over Q1 FY25 and increased by 12 (80.0%) from a year ago, Q2 FY24
- Metro average of 105 is based on 3-year average (FY22, FY23, FY24); Quarterly categories are only reported if any reporting/presented quarter has 3 or more incidents.



Passenger Incidents

Reliability Measures

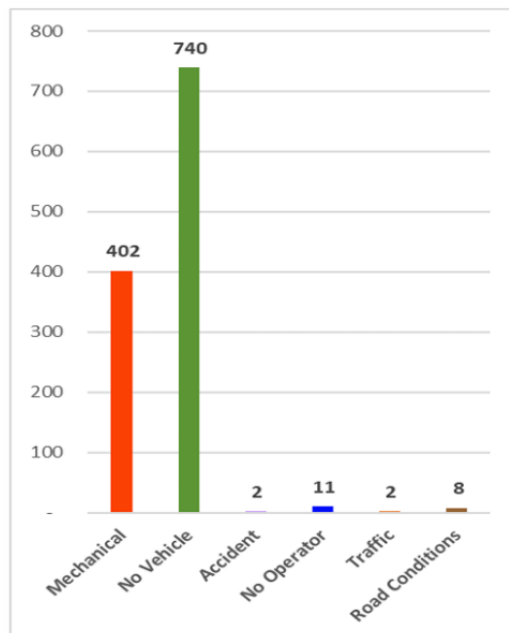
Mean Miles Between Chargeable Road Calls – Fixed Route



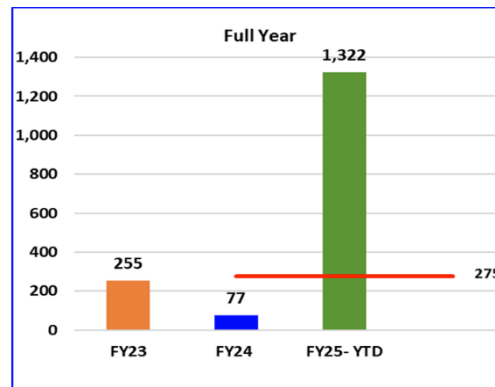
Q2 FY25 mileage between calls increased by 3,176 in correlation with increases of miles by 315,729 and road calls by 10 compared to the same time period in FY24

Chargeable road calls in Q2 FY25 were 28 in October, 29 in November, and 16 in December

Dependability Measures

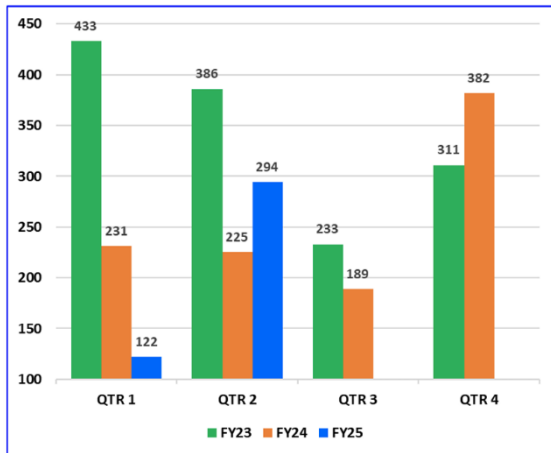


There were 1165 cancelled trips in Q2 FY25 121 in October, 128 in November and 916 in December primarily due to no vehicle and mechanical issues.



The full-year average is 275 per year.

Pass-Ups by Quarter

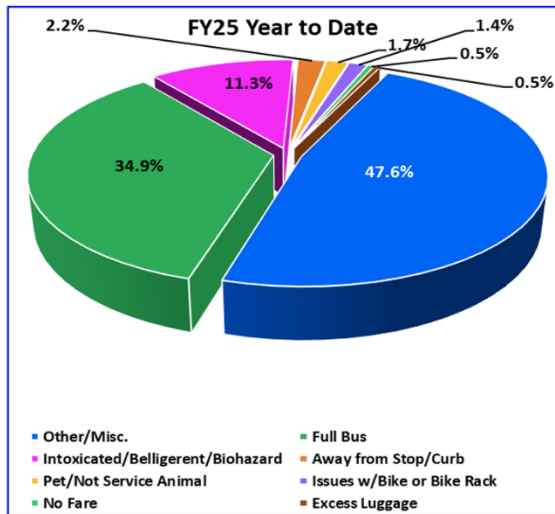


In Q2 FY25, total pass-ups were 294, which is 69 (30.7%) higher when compared to Q2 FY24

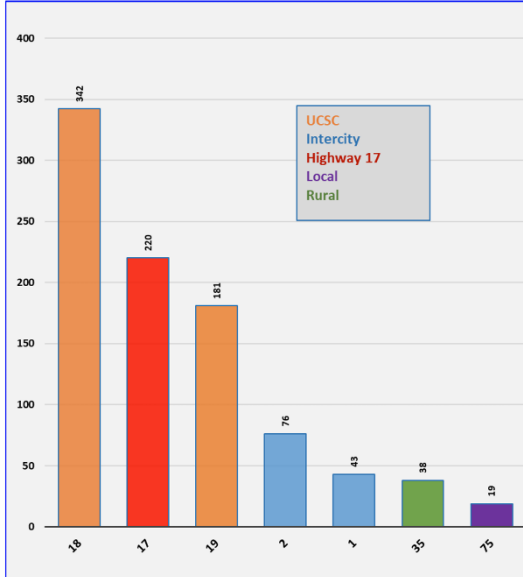
October had an increase of 45 pass-ups (54.2%), November had a decrease of 11 (13.4%), and December had an increase of 35 (58.3%) when compared to the same time period as FY24

47.6% of Year-to-Date total pass-ups are caused by Other/Misc, which covers a wide range of issues (such as Surfboards, No Shoes, Smoking/Vaping, and Hygiene to name a few), followed by 34.9% full bus capacity, and 11.3% due to Intoxicated/Belligerent/Biohazard, all other categories are less than 2.2%

Cause of Pass-Ups Year-to-Date



YTD Pass-ups total 957 – Data per Route



UCSC Routes comprised 541 (56.5%), of which 82.4% were due to full bus capacity

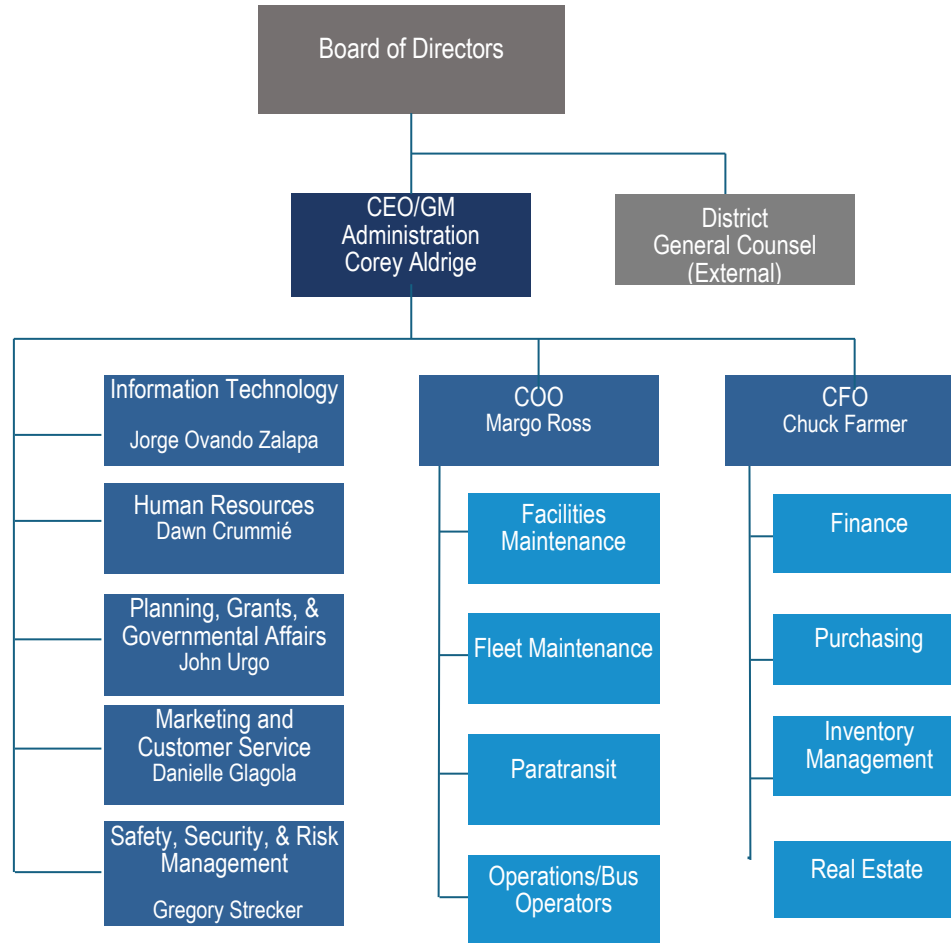
Highway 17 Routes comprised 220 (23.0%), of which 57.7% were due to full bus capacity

Intercity Routes comprised 127 (13.3%), of which 59.1% were due to Other/Misc.

Rural Routes comprised 45 (4.7%), of which 40.0% were due to full bus capacity

Local Routes comprised 24 (2.5%), 87.5% were due to Other/Misc.

Organization Chart and Personnel Summary



Personnel Summary Schedule

Department	FY 2024 Budget	FY2025 Budget	FY2026 Budget	FY2027 Budget	FY26 vs. FY25 Budget
Administration	4.0	4.0	3.0	3.0	(1.0)
Finance	11.0	11.0	9.0	8.0	(2.0)
Customer Service	11.0	10.0	9.0	9.0	(1.0)
Marketing	2.0	3.0	4.0	4.0	1.0
Human Resources	7.0	7.0	7.0	7.0	0.0
Information Technology	6.0	6.0	6.0	6.0	0.0
Planning and Grants	5.0	6.0	6.0	6.0	0.0
Safety, Security and Risk Management	2.0	2.0	2.0	2.0	0.0
Purchasing	4.0	4.0	4.5	4.0	0.5
Inventory Management	5.0	5.0	5.0	5.0	0.0
Facilities Maintenance	18.0	17.0	17.0	17.0	0.0
Paratransit	45.0	49.0	49.0	49.0	0.0
Operations	18.0	27.0	24.0	25.0	(3.0)
Bus Operations	155.0	250.0	220.0	230.0	(30.0)
Fleet Maintenance	38.0	42.0	47.0	47.0	5.0
Total Full-Time Equivalents (FTE's)	331.0	443.0	412.5	422.0	(30.5)

Discussion regarding changes in staffing positions.

After recovering from the impacts of COVID 19, METRO began work to reinstate service and to implement the [Reimagine METRO](#) program expanding service and addressing community needs.

Total Detailed Changes in Personnel

Unfunding	FTE
Van Operator - Paratransit (2 FTE)	(2.0) 1 FTE Convert to Paratransit Clerk, 1 Unfunded
Provisional HR Analyst I	(1.0) Convert to Full-time position
Accountant III - Finance	(1.0) Unfunded
Revenue Account Program Manager - Finance	(1.0) Convert to Finance Analyst Position
Provisional Sr. Accounting Tech - Finance	(1.0) Convert to Full-time position
Contracts & Purchasing Manager - (6 months)	(0.5) Convert to Contracts & Purchasing Deputy Director
Customer Service Representative	(1.0) Unfunded
Special Project Manager	(1.0) Unfunded
Transit Supervisors	(4.0) Unfunded
Bus Operators	(30.0) Unfunded
Total Unfunded Positions	(42.5)

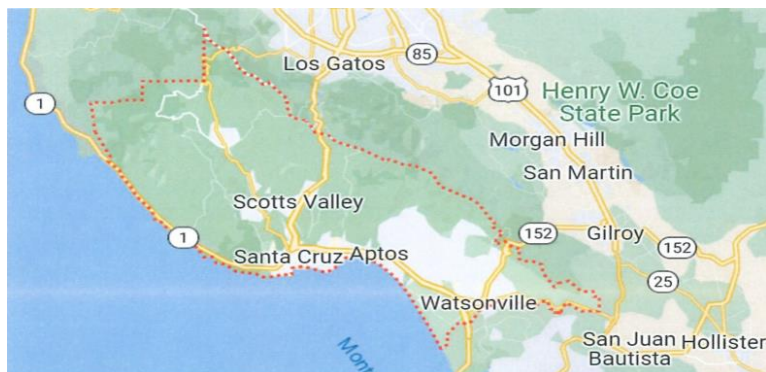
Total Detailed Changes in Personnel		
Funding		<u>FTE</u>
Provisional Communications Specialist	1.0	Provisional
Paratransit Clerk	1.0	Convert from Van Operator
Fleet Maintenance Supervisor	1.0	METRO Reimagine
Lead Mechanic	1.0	METRO Reimagine
Mechanic I-II (3 FTE)	3.0	METRO Reimagine
Dispatcher / Scheduler - Paratransit	1.0	METRO Reimagine
HR Analyst I	1.0	Convert from provisional
Financial Analyst	1.0	Convert from provisional
Sr. Accounting Technician	1.0	Convert from Revenue Acct. Mgr.
Contracts & Purchasing Deputy Director	1.0	Convert from Contracts & Purchasing Manager
Total Newly funded Positions	12	
Net FTE Change	(30.5)	

The reduction in funded employee positions for 2026 is a result of the delay in acquisition and deployment of the hydrogen buses and related functions (refueling etc.). Staffing is anticipated to increase with the expectation of deploying the hydrogen fleet.

Organization and Community Profile

District Profile – Service Area and History

Established in 1968, METRO’s mission is to provide environmentally sustainable transportation to Santa Cruz County. METRO directly operates county-wide, fixed-route and Highway 17 commuter service, with connections to Santa Clara County at Diridon Station and Monterey Salinas Transit at our Watsonville Transit Center. The agency also operates ParaCruz paratransit service. Today METRO operates a fleet of 122 buses on 24 fixed routes and 32 paratransit vehicles.



Santa Cruz, located on the northern tip of the Monterey Bay, has a sub-tropical climate with mild, wet winters and warm, dry summers. The weather tends to be slightly warmer in summer than other coastal cities due to the northern mountains which limit ocean wind.

	Average High	Average Low	Average Precipitation
May-October	74 degrees (F)	52 degrees (F)	0.7 inches
November-April	65 degrees (F)	43 degrees (F)	3.35 inches

More information about METRO and the community can be found later in the [document at this link](#).



Financial Policies and Compliance

Financial Policies – (last revised and adopted November 15, 2019)

1. Description of Organization: The Santa Cruz Metropolitan Transit District (Santa Cruz METRO) was formed February 9, 1969, following a favorable election in conformity with Section 9800 et. seq. of the Public Utilities Code (PUC). The transit system serves the general public in the cities of Santa Cruz, Watsonville, Scotts Valley, Capitola, and the unincorporated areas of Santa Cruz County. Santa Cruz METRO also serves the Highway 17 corridor into Santa Clara County to provide a commuter express service through a memorandum of understanding with the San Joaquin Joint Powers Authority (SJJPA), the Capitol Corridor Joint Powers Authority (CCJPA), and the Santa Clara Valley Transportation Authority (VTA). Amtrak Thruway bus service is also provided by Santa Cruz METRO on the same corridor.
2. Board of Directors (Board): consists of eleven directors and two ex-officio directors representing the University of California, Santa Cruz and Cabrillo College govern Santa Cruz METRO.
3. METRO reports its financial results as a **single Enterprise Fund**. Separate accounts and groups of accounts are maintained for internal budgeting and accountability purposes.
4. Basis of Accounting and Presentation: Santa Cruz METRO's basic financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred. The **budgetary basis of accounting** is similar to that used for financial reporting and GAAP with the following differences:
 - a. Non-cash expenses are not budgeted such as depreciation and compensated absences.
 - b. Capital improvements are budgeted in a separate capital improvement budget as approved by the board.
 - c. Balanced budget is defined as revenues and available reserves equal or exceed expenses.
5. Contributed Capital/Reserved Retained Earnings: Santa Cruz METRO receives grants from the Federal Transit Administration (FTA) and other agencies of the U.S. Department of Transportation, state, and local transportation funds for the acquisition of transit-related equipment and improvements. As required by GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, Santa Cruz METRO accounts for capital grants as reserved nonoperating revenues. Capital grants are included in the determination of net income (loss). Under GASB Statement No. 34, contributed capital and reserved retained earnings are presented in the net position section as net investment in capital assets.
6. Basis of Accounting and Presentation: Proprietary Accounting and Financial Reporting: Proprietary funds distinguish operating revenues and expenses from non-operating items.

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

7. **Net Position:** Net position represents the residual interest in Santa Cruz METRO's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. In accordance with GASB Statement No. 34, the fund equity section on the statements of net position is combined to report total net position and present it in three broad components: net investment in capital assets, restricted, and unrestricted. Net position invested in capital assets includes capital assets net of accumulated depreciation. Net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net positions are unrestricted. When both restricted and unrestricted resources are available for use, generally it is Santa Cruz METRO's policy to use restricted resources first, and then unrestricted resources as they are needed.
8. **Cash and Cash Equivalents:** Santa Cruz METRO considers all highly liquid investments with a maturity date within three months of the date acquired to be cash equivalents. Santa Cruz METRO deposits funds into an external investment pool maintained by Santa Cruz County. These deposits are considered cash equivalents. The Santa Cruz County Pooled Investment Fund is authorized to invest in obligations of the U.S. Treasury agencies and instrumentalities, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool. Cash and cash equivalents are stated at fair value. For purposes of the statements of cash flows, Santa Cruz METRO considers all highly liquid investments (including restricted assets) to be cash equivalents.
9. **Inventory:** Inventory is carried at cost using the first-in/first-out (FIFO) method. Inventory held by Santa Cruz METRO consists of spare bus parts and operating supplies that are consumed by Santa Cruz METRO and are not for resale purposes.
10. **Restricted Assets:** Certain assets are classified as restricted assets on the statements of net position because their use is subject to externally imposed stipulations, either by laws or regulations. Unspent grant funds from the State Transit Assistance (STA) and State Transit Assistance - State of Good Repair (STA-SGR) programs; Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA); Proposition 1B Office of Homeland Security (OHS) and the California Transit Security Grant Program (CTSGP); the Low Carbon Transit Operations Program (LCTOP);

State Transportation Improvement Program (STIP) and a portion of Measure D sales tax allocations are restricted for capital expenditures.

11. **Property and Equipment:** Property and equipment are recorded at cost. Depreciation for all such assets is computed on a straight-line basis. Estimated useful lives of assets are as follows: Buildings and improvements 20-39 years; Revenue vehicles 12 years; Other vehicles and equipment 3-10 years. Depreciation expense on assets acquired with capital grant funds are transferred to net position, net investment in capital assets, after being charged to operations. Major improvements and betterments to existing facilities and equipment are capitalized. Costs for maintenance and repairs, which do not extend the useful lives of the applicable assets, are charged to expense as incurred. Upon disposition, costs and accumulated depreciation are removed from the accounts and resulting gains or losses are included in operations.
12. **Sales and Use Taxes Receipts:** In June 1978, voters in Santa Cruz County approved Measure G which changed the basis of transit support for Santa Cruz METRO from property tax to a ½-cent sales and use tax effective January 1979. This ½-cent sales and use tax levied on all taxable sales in Santa Cruz County is collected and administered by the California State Board of Equalization. In 2017, a local ordinance passed by over 2/3 of Santa Cruz County voters established a Net Sales Tax to fund a comprehensive package of countywide transportation improvements. The transportation tax measure levies 0.5% sales and use tax on retail sales within Santa Cruz County for a thirty-year period, effective April 1, 2017. Measure D sales and use tax receipts are administered by the Santa Cruz County Regional Transportation Commission according to the Expenditure Plan identified in the ordinance. Santa Cruz METRO is allocated 16% of Measure D local sales and use tax receipts collected, net of administrative costs, to provide transit and paratransit service for seniors and people with disabilities.
13. **Operating Assistance Grants:** Operating assistance grants are recognized as revenue in the grant period when earned.
14. **Self-Insurance:** Santa Cruz METRO is self-insured for the first \$250,000 of general and vehicular liability. For settlements more than \$250,000, Santa Cruz METRO has total coverage up to \$25,000,000 per occurrence. The district also self-insures for vehicle physical damage coverage with a deductible option of \$5,000 per vehicle and coverage up to \$30,000,000 per occurrence. Additionally, Santa Cruz METRO is self-insured up to \$350,000 for workers' compensation claims.
15. **Employee Benefits:** Annual and medical leave benefits are accrued when earned and reduced when used. Any paid medical leave accrued beyond 96 hours may, at the employee's option, be converted to annual leave and credited to the employee's annual leave schedule or paid in cash, depending on the bargaining unit, at 100% of the earned rate. Employees are paid accrued and unused annual leave at the time of separation from Santa Cruz METRO service.

16. Payroll: Santa Cruz METRO contracts with the Santa Cruz County Auditor/Controller to provide payroll processing services.
 17. Pension Costs: For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of Santa Cruz METRO's California Public Employees' Retirement System (CalPERS) pension plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
 18. Other Postemployment Benefits (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of Santa Cruz METRO's OPEB plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Accounting principles generally accepted in the United States of America require that the reported results must pertain to liability and asset information within certain defined timeframes.
 19. Leases: On July 1, 2021, Santa Cruz METRO implemented the provisions of GASB Statement No. 87, Leases, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a government's leasing activities.
 20. Bonds: With Board of Directors approval, METRO may issue bonds in support of the capital improvement plan such that financing is available for projects when needed. Maturities do not exceed the useful life of the project. METRO's Chief Financial Officer is responsible for the lawful use of bond proceeds, record keeping, and compliance with state and federal laws pertaining to maturities, taxes, assessments, rates and charges.
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Budget Process and Schedule

The long-term strategic direction of the agency originates from the Board of Directors, an elected body, with opportunities for input from the community, unions and agency partners. A long-term financial plan is aligned to the agreed upon strategic priorities.

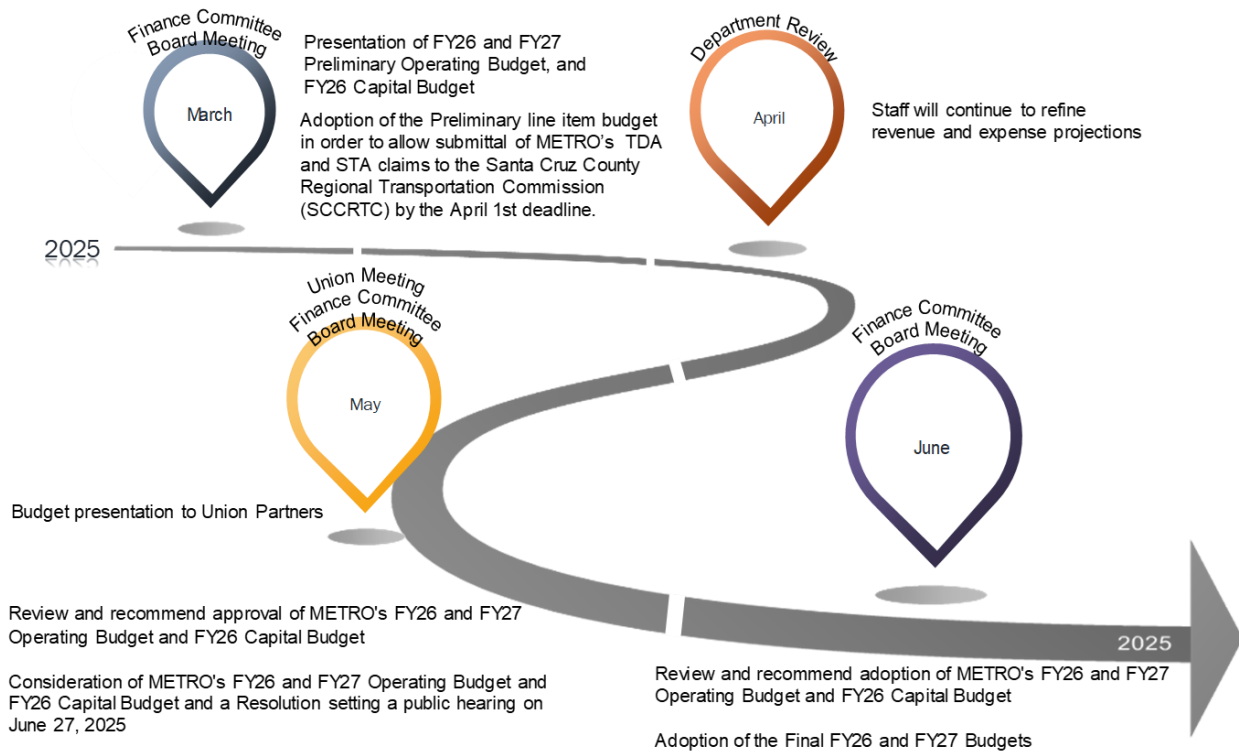
The budget process for Santa Cruz METRO is executed so that all major stakeholder groups have an opportunity to have input.

With consensus around the major strategic priorities for METRO, the Executive Team and Board of Directors identify and pursue funding from federal, state, and local sources as well as maximizing the operating revenues of the agency.

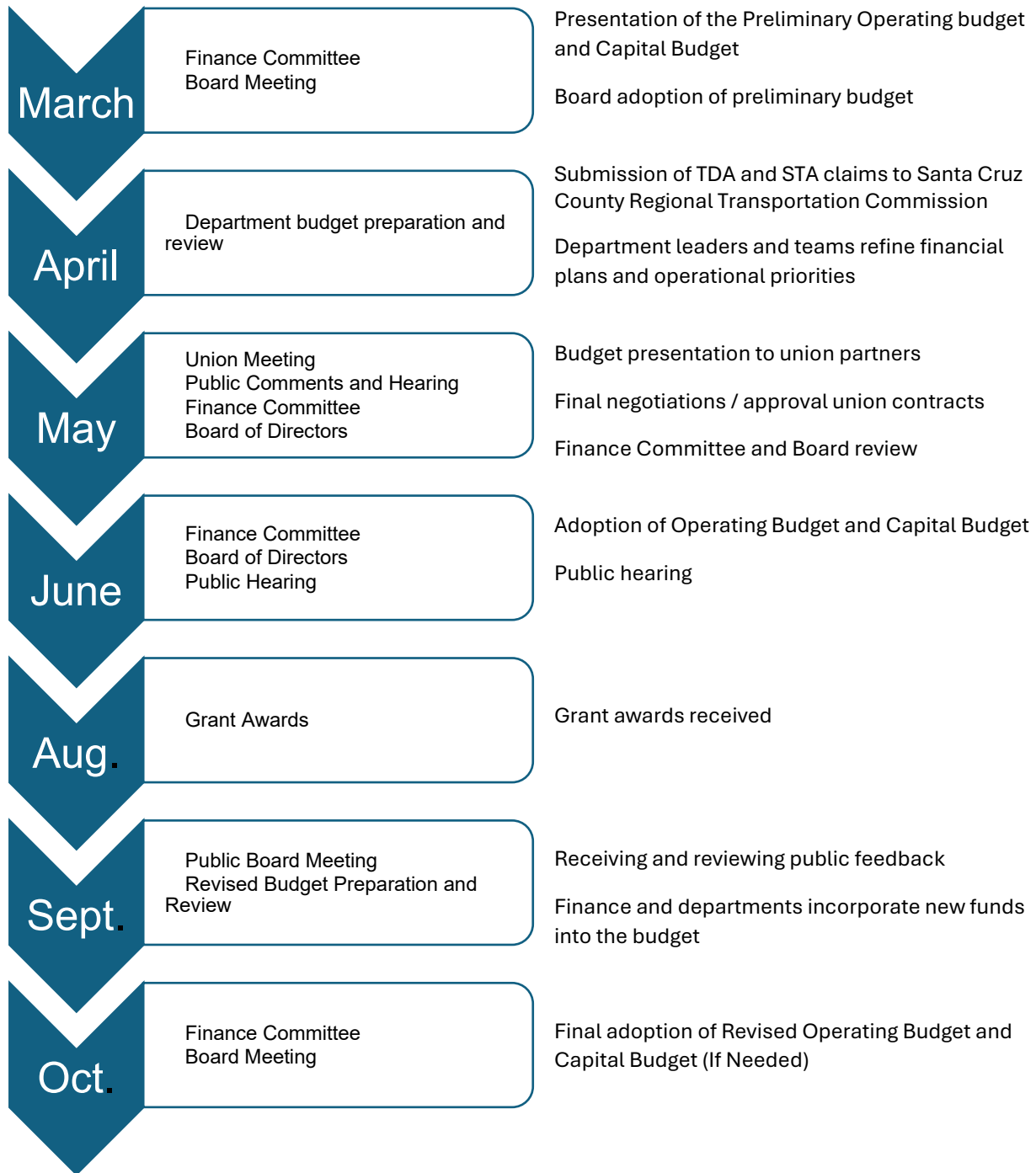
With funding secured for the strategic priorities, the METRO management team develops an operating plan with a two year forward view. The plan aims to continuously improve existing service capabilities while executing on new strategic initiatives.

A one-year capital plan clearly lays out the investments METRO anticipates for the coming fiscal year. Capital investments are project managed for delivery timing, scope, cost and impact. As part of the Operating and Capital plans, the METRO executive team identifies the skills and talents that the agency requires to execute.

Santa Cruz Metro – FY 2026-27 Budget and Financial Plan



Budget Calendar and Chronology of Events



Financial Schedules

Operating Budget

Revenue Sources Detail	FY24 Budget	FY25 Budget	FY26 Budget	Increase/ (Decrease)		FY27 Budget
				\$ Var	% Var	
Passenger Fares						
Fixed Route Fares	1,858,000	1,441,612	1,596,191	154,579	10.7%	1,707,923
Paratransit Fares	209,719	220,205	231,215	11,010	5.0%	242,776
Highway 17 Fares	988,475	1,017,294	1,264,624	247,330	24.3%	1,391,087
Park & Ride Revenue	24,000	24,240	25,537	1,297	5.4%	25,690
Special Transit Fares						
UCSC	4,875,674	4,973,187	5,147,249	174,062	3.5%	5,327,403
Cabrillo	595,056	606,957	583,388	(23,569)	(3.9%)	583,388
City of SC	58,980	85,000	380,000	295,000	347.1%	380,000
Shaffer	3,275	2,456	2,303	(153)	(6.2%)	2,165
VTA	382,500	390,150	425,878	35,728	9.2%	434,396
Amtrak	179,287	182,873	193,380	10,507	5.7%	197,248
Sales Tax (including Measure D)						
1979 Gross Sales Tax (1/2 cent)	27,539,554	27,539,554	26,437,972	(1,101,582)	(4.0%)	26,437,972
2026 Gross Sales Tax (1/2 cent)		-	-	-		6,609,493
2016 Net Sales Tax (Measure D)	4,268,631	4,268,631	4,097,886	(170,745)	(4.0%)	4,097,886
Federal & State Grants						
Transp Dev Act (TAD - LTF) Funds	8,912,046	8,701,057	9,330,817	629,760	7.2%	9,330,817
FTA Sec 5307 - Op Assistance	3,829,986	6,030,232	6,225,348	195,116	3.2%	6,474,362
FTA Sec 5311 - Rural Op Asst	269,051	274,943	301,434	26,491	9.6%	308,035
FTA Sec 5307 - ARPA	9,959,064	-	-	-		-
Medicare Subsidy	400	400	400	-	0.0%	400
TIRCP Grant - Workforce Training	322,000	500,000	322,000	(178,000)	(35.6%)	322,000
TIRCP Grant - Service Expansion	-	10,800,000	8,800,925	(1,999,075)	(18.5%)	7,503,211
LCTOP Grant - Youth Cruz Free	746,737	534,914	844,214	309,300	57.8%	886,425
TDA - STA - Operating (Includes SB1)	6,044,099	6,014,492	4,704,272	(1,310,220)	(21.8%)	3,885,202
STIC - Op Assistance	-	5,613,279	5,746,476	133,197	2.4%	5,976,335
Fuel Tax Credit	291,096	145,548	-	(145,548)	(100.0%)	-
Other Revenue Sources						
Advertising Income/Commissions	172,820	120,624	39,270	(81,354)	(67.4%)	41,234
Rent Income - Pacific Station	41,798					
Rent Income - Scotts Valley	32,959	29,961	30,459	498	1.7%	31,172
Rent Income - Watsonville TC	30,560	41,259	40,845	(414)	(1.0%)	41,330
Interest Income	755,568	2,174,044	2,000,000	(174,044)	(8.0%)	1,500,000
Other Non-Trans. Rev. - LCFS Credits	15,000	6,000	6,120	120	2.0%	6,243
Other Non-Trans. Rev. - CNG Sales	100,000	71,000	72,420	1,420	2.0%	73,868
Other Non-Trans. Rev. - All Other	91,000	53,000	54,060	1,060	2.0%	55,141
Total Revenue	\$72,597,335	\$81,862,912	\$78,904,683	(\$2,958,229)	(3.6%)	\$83,873,201

Santa Cruz Metro – FY 2026-27 Budget and Financial Plan

Expenses	FY24 Budget	FY25 Budget	FY26 Budget	Increase/ (Decrease)		FY27 Budget
				\$ Var	% Var	
Labor						
Bus Operator Pay	10,325,261	16,261,500	15,321,685	(939,815)	(5.8%)	16,242,602
Bus Operator Overtime	774,478	788,222	812,576	24,354	3.1%	828,924
Other Salaries	9,895,202	12,025,648	12,308,770	283,122	2.4%	12,535,958
Other Overtime	396,444	107,284	122,226	14,942	13.9%	105,848
Fringe Benefits	21,813,195	28,837,473	29,963,930	1,126,457	3.9%	32,989,694
Services	7,702,202	7,114,198	8,707,544	1,593,346	22.4%	6,615,426
Materials and Supplies	6,332,069	6,186,798	6,161,968	(24,830)	(0.4%)	8,447,720
Utilities	910,776	1,051,030	1,069,577	18,547	1.8%	1,110,584
Casualty & Liability	1,326,523	914,275	1,662,834	748,559	81.9%	1,747,245
Taxes	58,433	67,200	63,990	(3,210)	(4.8%)	66,267
Miscellaneous Expense	1,048,289	1,032,671	1,111,395	78,724	7.6%	1,135,139
Interest and Debt Service	4,173,558	4,177,203	5,236,307	1,059,104	25.4%	4,183,464
Leases and Rentals	327,092	405,731	375,731	(30,000)	(7.4%)	306,046
Total Expenses	65,083,522	78,969,233	82,918,533	3,949,300	5.0%	86,314,917

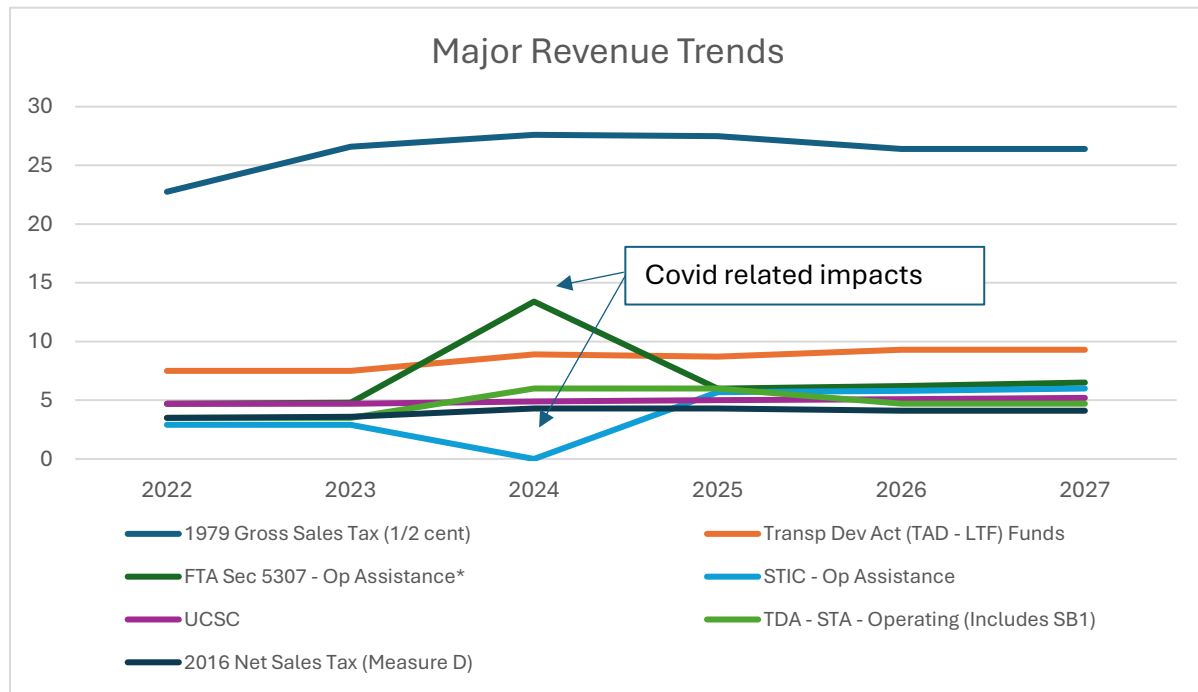
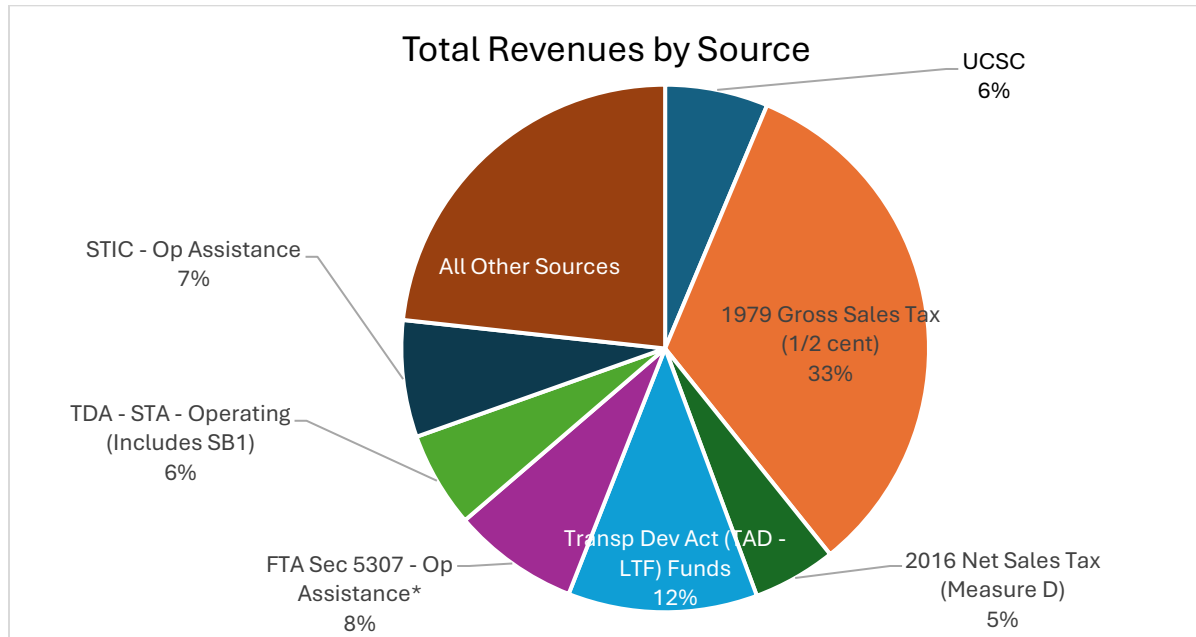


Santa Cruz Metro – FY 2026-27 Budget and Financial Plan

	FY24	FY25	FY26	Increase/ (Decrease)		FY27
Departmental Budgets	Budget	Budget	Budget	\$ Var	% Var	Budget
Administration	1,757,668	1,702,077	1,314,444	(387,633)	(22.8%)	1,350,754
Finance	7,896,500	7,361,387	8,709,661	1,348,274	18.3%	7,544,465
Customer Service	1,135,810	1,196,404	1,143,536	(52,868)	(4.4%)	1,201,293
Marketing	1,574,833	1,463,964	2,805,748	1,341,784	91.7%	2,539,687
Human Resources	1,317,850	1,292,398	1,427,720	135,322	10.5%	1,466,272
Information Technology	2,044,303	2,176,439	2,460,161	283,722	13.0%	2,281,715
Planning, Grants and Governmental Affairs	1,937,353	1,260,441	1,270,734	10,293	0.8%	1,290,021
District Counsel	557,512	616,754	637,801	21,047	3.4%	650,534
Safety, Security, and Risk Management	1,191,390	1,675,582	2,010,712	335,130	20.0%	1,737,214
Purchasing	489,621	541,612	808,262	266,650	49.2%	637,944
Inventory Management	486,112	565,137	613,899	48,762	8.6%	630,073
Facilities Maintenance	4,002,397	4,560,667	3,768,499	(792,168)	(17.4%)	3,882,290
Paratransit	5,067,796	5,484,564	5,858,253	373,689	6.8%	6,094,631
Operations	2,795,292	4,421,812	4,330,294	(91,518)	(2.1%)	4,555,307
Bus Operators	17,630,545	27,548,699	25,222,249	(2,326,450)	(8.4%)	27,310,072
Fleet Maintenance	11,421,673	12,576,801	14,228,449	1,651,648	13.1%	15,659,648
Retired Employee Benefits	3,776,617	4,524,245	6,307,836	1,783,591	39.4%	7,482,722
SCCIC	250	250	275	25	10.0%	275
Total Departmental Expenses	65,083,522	78,969,233	82,918,533	3,949,300	5.0%	86,314,917

Revenue Analysis

Total Revenues projected for 2026 are \$78.9 million



Major Revenue Sources Described

Gross sales tax (1/2 cent) 1979 – approved by voters of Santa Cruz County in 1978, Measure G changed the basis of transit support for METRO from a property tax to a ½ cent sales and use tax beginning in 1979. This tax is levied on all taxable sales in Santa Cruz County. It is collected and administered by the California State Board of Equalization.

2016 Net Sales Tax (Measure D) – In November 2016 over two-thirds of Santa Cruz County voters approved of a .5% increase in the sales and use tax for a thirty-year period known as Measure D. The receipts of this tax are administered by the Santa Cruz County Regional Transportation Commission consistent with the plan identified in the original ordinance. METRO is allocated 16% of Measure D taxes collected to provide transit and paratransit service for seniors and people with disabilities.

Transportation Development Act (TDA-LTF) – The Transportation Development Act (TDA) is a California law enacted in 1971 to enhance public transportation services and promote regional transportation coordination. It provides funding for transit and non-transit purposes that align with regional transportation plans. The TDA established two main funding sources with the Local Transportation Fund being a quarter-cent of the general sales tax collected statewide. This fund supports transit operations and, under certain conditions, local streets and roads projects.

FTA Section 5307 – Operating Assistance – FTA Section 5307, also known as the Urbanized Area Formula Funding program, provides federal resources for transit capital, operating assistance, and transportation-related planning in urbanized areas.

STIC – Operations Assistance – State Transportation Innovation Council (STIC) Incentive program provides resources to help STICs foster a culture of innovation and make innovation standard practice in their States.

UCSC – University of California, Santa Cruz – The university charges a transportation fee to students for a variety of transportation amenities. A portion of the fee is shared with Santa Cruz METRO which enables students to ride METRO buses without further charge.

TDA – STA Operating (including SB 1) - The Transportation Development Act (TDA) State Transit Assistance (STA) funds are generated by a sales tax on fuel and diesel fuel. The amount of money available for transit agencies varies from year to year based on the ups and downs of diesel prices.

Grants

Santa Cruz METRO relies upon grants from a number of other entities throughout the year for more than 33% of its FY25 operating revenue and 96% of its FY25 capital funding.

Transportation Development Act (TDA), State Transit Assistance (STA) and the Federal Transit Administration (FTA) annually allocate funds by formula while others such as the Monterey Bay Unified Air Pollution Control District's AB2766 Motor Vehicle Emissions Reduction Program and the California Department of Transportation (Caltrans) discretionary planning grants are competitively awarded based on merit. Santa Cruz METRO relies on both formula and discretionary grant revenue to support its operating and capital budgets.

Current grants funding capital and operations of the METRO transit service include:

Operating Grants

Funding Program	Description	Funding Term	Funding Agency	Grant Amount	Amount Expended	% Expended
Low Carbon Transit Operations (LCTOP)	Youth Cruz Free	FY22-24	Caltrans	32,128,913	697,156	22%
TDA* - Local Transportation Fund (TDA-LFT)	Operating Assistance (non-federal share)	FY25	Caltrans / SCCRTC	8,705,049	0	0%
TDA* - State Transit Assistance (TDA-STA)	Operating Assistance (non-federal share)	FY25	Caltrans / SCCRTC	5,722,106	0	0%
ST 125-Transit and Intercity Rail Capital Program (TIRCP) / Zero Emission Transit Capital (ZETCP) / Greenhouse Gas Reduction (GGRF)	Operating Assistance – Re-imagine Metro	FY24-27	CalSTA / SCCRTC	28,339,200	3,068,324	11%
FTA Section 5307 Urbanized Area Operating Assistance	Operating Assistance (federal share)	FY22-23	FTA	23,181,658	0	0%
FTA Section 5311 Rural Area Operating Assistance	Rural operating assistance (federal)	FY24	FTA / Caltrans	288,653	0	0%
Total All Active Operating Grants				69,455,579	3,765,480	5%

TDA – Transportation Development Act

Santa Cruz Metro – FY 2026-27 Budget and Financial Plan

Capital Grants

Funding Program	Project Description	Funding Years	Funding Agency	Grant Amount	Amount Expended	% Expended
Hybrid & Zero-Emission Truck/Bus Voucher Incentive Project (HVIP)	Funding incentive – zero-emission bus purchase	CY23	CARB	12,900,000	0	0%
Local Partnership Program (LPP) Zero Emission Bus (ZEB) Formulaic	Funding match -purchase of fuel cell elective bus	FY23	Caltrans	918,000	0	0%
Clean California Local Grant	Installation of 30 bus shelters / trash cans	FY24	Caltrans	508,000	235,668	46%
State Transit Assistance – State of Good Repair (STA-SGR)	Bus replacement and other capital projects	FY21-25	Caltrans/ SCCRTC	3,556,943	0	0%
Transit and Interagency Rail Capital Program (TIRCP)	Zero Emission Intercity Transit Service Expansion	FY23 Cycle 6	CalSTA	38,589,000	0	0%
SB125 – Transit and Intercity Rail Capital Program (TIRCP)	Rapid Corridors Capital Improvements	FY25	CalSTA	4,000,000	0	0%
Energize Commercial Vehicles Project Transit set aside funding	Mobile Hydrogen Fueling Solution	FY25	CA Energy Commission	2,800,000	0	0%
Regional Early Action Planning Grant (REAP)	Watsonville Transit Center redevelopment design	FY23 REAP 2.0	AMBAG	1,882,000	12,736	1%
AB2677 Clean Vehicle Incentive Program	Purchas incentive Non-revenue EV fleet cars	FY25	MBARD	40,000	0	0%
Volkswagen Environmental Mitigation Settlement Trust Fund (VW)	Funding incentive diesel and CNG engine dismantling	FY24-25	San Joaquin APCD	24,960,000	0	0%
FTA Section 5309 Capital Investment Grants	Pacific Station transit center improvements	FY26, 28	FTA	886,000	777,088	88%
FTA Section 5339 Bus & Bus Facilities Capital Improvement Grants	Zero emission bus / infra-structure improvement	FY19-24	FTA	25,821,491	1,549,891	6%
SUBTOTAL – All Active Capital Grants				116,861,434	2,575,382	2%

Santa Cruz Metro – FY 2026-27 Budget and Financial Plan

Pending Grants

Funding Program	Project Description	Funding Years	Funding Agency	Amount Requested
USDOT *MEGA* Multimodal Project Discretionary Grant	Santa Cruz-Watsonville Corridor Program	FY23	FHWA	4,800,000
Carbon Reduction Program (CRP)	Zero emission bus purchase	FY22-26	FHWA / AMBAG	2,000,000
Alliance for Renewable Clean Hydrogen Energy Systems (ARCHES)	Hydrogen bus and infrastructure improvements	FY25-32	ARCHES/ DOE	24,650,000
Enhancing Mobility Innovation (EMI) Competitive Grant	METRO Bus + Bicycle Transit Systems Integration	FY24	FTA	968,000
Total Amount Requested All Pending Grants				32,418,000



Expenses

Operating Expenses

Operating expenses exclude Pension UAL / Sales Tax Revenue Bond Payments and retiree obligations (which are discussed below), total \$72.4 million in FY26 and \$74.6 million in FY27. Operating expense assumptions in the FY26 budget over the FY25 revised budget included:

Personnel Expenses – Labor and fringe benefits decreased overall by \$610 thousand or 1.2% compared to the FY25 budget. Assumptions include:

Regular labor decreased by \$657 thousand or 2.3%

- COLA of 4% along with contractual items of step and longevity increases are included.
- A net decrease of 30.5 FTE positions:
 - Unfunded positions include – Van Operator (2 FTE), Accountant III, Revenue Account Program Manager, Contracts & Purchasing Manager (6 months), Bus Operators (30 FTE), Transit Supervisor (4 FTE), Special Project Manager, Customer Service Representative.
 - Unfunded positions are partially offset by new funded positions – Provisional Communications Specialist, Paratransit Clerk, Fleet Maintenance Supervisor, Lead Mechanic, Mechanic I/II (3 FTE), Dispatcher / Scheduler, Financial Analyst, Contracts & Purchasing Deputy Director.

Overtime is forecast to be virtually flat for FY26.

Fringe Benefits Costs remains virtually flat as increasing costs are offset by a reduction in the headcount.

Non-Personnel Expenses – increase of 20.5% or \$3,436 thousand compared to the FY25 budget.

Services – increase of 22.4% or \$1,593 thousand primarily due to:

- Professional / technical fees increase of 23.2% due to strategic services and marketing campaigns.
- Temporary help increase 100% primarily due to strategic services and marketing campaigns.
- Outside repair revenue vehicles increase of 59.6% is due to preventive bus maintenance contracts, engine replacements on Highway 17 and SD ARTICS (6 buses), battery replacement on 9 hybrid buses.
- Uniforms and Laundry increases 59.8% due to increased staff.
- Security services increased by 12.2% due to Pacific Station redevelopment requiring alternate passenger pick up location.
- Partially offset by decreases in accounting and audit fees (4%), custodial services (28.6%) and outside repairs of other vehicles (15.1%).

Materials and Supplies – decrease of 0.4% or \$25 thousand due to:

- Fuel & lube revenue vehicles decrease of 47.3% due to projected lower costs CNG as a result of new hydrogen cell buses coming into service in the fall.
- Hydrogen fuel revenue vehicles costs increase of 100%.
- Tires and tubes increase of 48.6% due to increased tire needs for 53 hydrogen buses.
- Revenue vehicle parts increase of 55.9% due to increased inventory need for new hydrogen buses.
- Printing increase of 45.8% to support strategic services and marketing campaigns.
- Postage and mailing increase of 135.8% due to strategic services and marketing campaigns.

Utilities – increase of 1.8% or \$19 thousand primarily due to estimated increase of propulsion power and telecommunications; partially offset by lower gas, electric, water and sewer.

Casualty & Liability – increase of 81.9% or \$749 thousand related to across the board increases of insurance claims and settlement costs.

Taxes – decrease of 4.8% or \$3 thousand due to lower license and permit fees.

Miscellaneous Expense – increase of 7.6% or \$79K thousand primarily due to strategic services and marketing campaigns; partially offset by reduced employee training costs.

Interest expense and debt service – increase of 100% or \$1,055 thousand related to the line-of-credit for the Bridge Loan described above.

Leases & Rentals – decrease of 7.4% or \$30 thousand due to reduced lease fees offset by increased rentals.

Non-Operating Expenses

Retiree obligations – increase of 10.3% or \$468 thousand primarily due to increased medical costs.

Pension UAL – increase of 13.5% or \$654 thousand primarily due to the pension UAL payment based on the CalPERS actuarial report from June 2023.

Reserves

Reserves are essentially METRO’s savings accounts. Consistent with METRO’s financial policies, eight different reserves are maintained. The purpose and uses are described in the table below:

Reserve Title	Purpose and Use (millions)	Balance 6/30/2024	Forecast 6/30/2025	Forecast 6/30/2026
Operating & Capital	Support operations and grant match	\$14.3	\$14.9	\$5.4
Operations Sustainability	Three months of reserves for operating expenses	19.6	20.7	21.6
CalPERS UAL & OPEB Liability	Pay down future CalPERS unfunded pension liability and retiree healthcare	8.0	10.0	10.0
Cashflow Reserve	Cashflow timing	3.0	3.0	3.0
COVID Recovery	Financial impacts due to COVID.	30.7	28.1	19.6
Workers Compensation	Potential payment of long-term workers compensation costs	2.5	2.6	2.6
Liability Insurance	Payment of costs for liability and physical damage claims	0.7	1.0	1.0
Bus Replacement	Dedicated to the capital budget for stability in local required match	9.1	8.8	6.3
Total All Reserves		\$87.9	\$89.1	\$69.5

All reserve funds with funding targets are fully funded. These include the Workers Compensation Reserve Fund, Liability Insurance Reserve Fund, Operations Sustainability Reserve Fund, the Cash Flow Reserve Fund and the UAL & OPEB Reserve Fund.

Transfers to and from the reserve funds in the FY26 budget include:

- To the Capital Budget / Bus Replacement Fund of \$3 million is a decrease of 4.3% with is consistent with the goal to honor the commitment to the Capital Budget and maintain assets in a state of good repair (a minimum contribution of \$3 million per year).
- Transfers to the Operating and Capital Reserve Fund of \$1.0 million is a decrease of 83.7% or \$5.1 million.
- Transfers to the Operations Sustainability Reserve Fund of \$0.8 million is a decrease of 31.8% or \$0.4 million
- Transfers from the COVID recovery fund of \$8.4 million is an increase of 23.3%. Funds from the COVID Recovery Fund will be reinvested in the FY26 budget and beyond to sustain service and will be primarily allocated to the one-time programs and initiatives.

Long Range Financial Forecasts

Annually Santa Cruz Metro updates the long-range forecast for operations. The forecast is reviewed by the Board of Directors as part of the budget process. The following assumptions are incorporated into this forecast: An additional ½ cent sales tax to be effective Q4FY27, does not assume a south county facility (which is currently under consideration) at this point due to an uncertainty as to the funding source, includes an expectation of increases in fuel costs due to migration from a CNG (compressed natural gas) fleet to hydrogen powered fleet, includes assumptions for changes in operating costs such as compensation and supplies.

(in thousands)	FY25 Budget	FY 26 Budget	FY27 Plan	FY28 Plan	FY29 Plan	FY30 Plan
Operating Revenue						
Passenger Fares	\$ 2,703	\$ 3,118	\$ 3,367	\$ 3,437	\$ 3,508	\$ 3,578
Special Transit Contracts	6,776	7,576	7,811	8,028	8,252	8,483
Total Operating Revenues	\$ 9,479	\$ 10,694	\$ 11,179	\$ 11,465	\$ 11,759	\$ 12,061
Operating Expenses						
Labor	\$ 29,183	\$ 28,565	\$ 29,713	\$ 30,576	\$ 31,281	\$ 31,824
Fringe	23,647	23,656	25,507	27,298	29,293	30,603
Non-Personnel	16,772	20,208	19,428	18,323	18,560	18,590
Total Operating Expenses	\$ 69,602	\$ 72,429	\$ 74,649	\$ 76,196	\$ 79,134	\$ 81,017
Operating Surplus / Deficit	\$ (60,123)	\$ (61,735)	\$ (63,470)	\$ (64,731)	\$ (67,374)	\$ (68,956)
Non-Operating Revenue (Expense)						
Sales Tax	\$ 31,808	\$ 30,536	\$ 37,145	\$ 58,113	\$ 59,276	\$ 60,461
Federal / State Grants	26,780	26,309	25,975	25,987	26,222	26,553
TIRCP Grant	11,300	9,123	7,825	-	-	-
Retiree Obligations	(4,524)	(4,992)	(5,561)	(6,195)	(6,903)	(7,391)
Pension Bond Payments	(4,843)	(5,497)	(6,105)	(6,713)	(7,323)	(7,405)
All Other Revenue	2,496	2,243	1,749	1,259	766	773
Total Non-Operating Revenue (Expense)	\$ 63,017	\$ 57,722	\$ 61,029	\$ 72,452	\$ 72,038	\$ 72,991
Operating Surplus / Deficit before Transfers	\$ 2,894	\$ (4,014)	\$ (2,442)	\$ 7,721	\$ 4,664	\$ 4,035
Transfers						
Transfers to Capital & Reserves	\$ (9,741)	\$ (4,427)	\$ (4,142)	\$ (4,591)	\$ (4,212)	\$ (4,243)
(To)/From COVID Fund	6,847	8,441	6,583	(3,129)	(452)	207
Operating Surplus (Deficit) after Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Departments and Programs

Administration

Executive Administration consists of the Chief Executive Officer and support staff. In addition to being responsible for the execution of policy guidance from METRO's Board of Directors (which costs are also reflected in this budget) and the oversight of all the departments of the system.

Expenses	FY 24 Budget	FY 25 Budget	FY 26 Budget	Increase / Decrease	
				\$ Var	% Var
Personnel					
Labor	\$ 512,543	\$ 765,763	\$ 426,777	\$ (338,986)	(44.3%)
Overtime	5,178	5,449	5,710	261	4.8%
Fringe Benefits	313,840	509,816	342,270	(167,546)	(32.9%)
Total Personnel	\$ 831,561	\$ 1,281,028	\$ 774,757	\$ (506,271)	(39.5%)
Non-Personnel					
Services	\$ 690,931	\$ 245,284	\$ 334,824	\$ 89,540	36.5%
Materials & Supplies	29,850	33,254	29,004	(4,250)	(12.8%)
Utilities	-	-	-	-	0.0%
Casualty & Liability	-	-	-	-	0.0%
Taxes	-	-	-	-	0.0%
Miscellaneous	203,216	140,611	173,859	33,248	23.6%
Interest Expense	-	-	-	-	0.0%
Leases & Rentals	2,110	1,900	2,000	100	5.3%
Total Non-Personnel	\$ 926,107	\$ 421,049	\$ 539,687	\$ 118,638	28.2%
Total Expenses	\$ 1,757,668	\$ 1,702,077	\$ 1,314,444	\$ (387,633)	(22.8%)
Employees (FTE's)	4	4	3		

Major priorities include pursuing the agency's mission and strategic plan and policy goals. Administration works closely with the Executive Board to help provide strategic leadership. Additionally, the function directs day-to-day operations through the efforts of the leadership team.

Finance

Finance is responsible for accounting, budgeting, management and regulatory reporting, treasury management, accounts payable, accounts receivable, payroll, fixed assets, taxation, auditing and monitors and reports on compliance with all Federal, State and City Regulations and Laws.

Expenses	FY 24 Budget	FY 25 Budget	FY 26 Budget	Increase / Decrease	
				\$ Var	% Var
Personnel					
Labor	\$ 934,030	\$ 1,043,518	\$ 920,583	\$ (122,935)	(11.8%)
Overtime	2,999	6,156	2,500	(3,656)	(59.4%)
Fringe Benefits	769,786	777,373	647,140	(130,233)	(16.8%)
Total Personnel	\$ 1,706,815	\$ 1,827,047	\$ 1,570,223	\$ (256,824)	(14.1%)
Non-Personnel					
Services	\$ 1,001,550	\$ 670,225	\$ 656,432	\$ (13,793)	(2.1%)
Materials & Supplies	3,110	2,216	3,427	1,211	54.6%
Utilities	-	-	-	-	0.0%
Casualty & Liability	977,195	653,196	1,211,772	558,576	85.5%
Taxes	-	-	-	-	0.0%
Miscellaneous	33,654	31,500	31,500	-	0.0%
Interest Expense	4,173,558	4,177,203	5,236,307	1,059,104	25.4%
Leases & Rentals	618	-	-	-	0.0%
Total Non-Personnel	\$ 6,189,685	\$ 5,534,340	\$ 7,139,438	\$ 1,605,098	29.0%
Total Expenses	\$ 7,896,500	\$ 7,361,387	\$ 8,709,661	\$ 1,348,274	18.3%
Employees (fte's)	11	11	9		

Major priorities include managing the financial affairs of the agency, fiscal compliance with numerous state and federal grants, managing cashflow during implementation of major capital projects with challenging funding schedules and the daily oversight of cash and fiscal management.

Customer Service

Provides bilingual service information, trip planning, ticket and pass sales, lost and found services, customer service window operations and frontline customer engagement.

Expenses	FY 24 Budget	FY 25 Budget	FY 26 Budget	Increase / Decrease	
				\$ Var	% Var
Personnel					
Labor	\$ 531,146	\$ 576,158	\$ 562,223	\$ (13,935)	(2.4%)
Overtime	7,504	5,004	5,000	(4)	(0.1%)
Fringe Benefits	552,431	562,633	521,767	(40,866)	(7.3%)
Total Personnel	\$ 1,091,081	\$ 1,143,795	\$ 1,088,990	\$ (54,805)	(4.8%)
Non-Personnel					
Services	\$ 2,500	\$ 4,100	\$ 4,000	\$ (100)	(2.4%)
Materials & Supplies	10,250	6,400	10,300	3,900	60.9%
Utilities	-	1,500	1,575	75	5.0%
Casualty & Liability	-	-	-	-	0.0%
Taxes	13,000	11,000	13,040	2,040	18.5%
Miscellaneous	15,373	22,434	23,131	697	3.1%
Interest Expense	-	-	-	-	0.0%
Leases & Rentals	3,606	7,175	2,500	(4,675)	(65.2%)
Total Non-Personnel	\$ 44,729	\$ 52,609	\$ 54,546	\$ 1,937	3.7%
Total Expenses	\$ 1,135,810	\$ 1,196,404	\$ 1,143,536	\$ (52,868)	(4.4%)
Employees (FTE's)	10	10	9		

Major priorities include providing excellent customer service to our customers and being a point of referral for our community.

Marketing and Public Relations

The department provides marketing, branding, internal and external communications, public relations, advertising, website management, community outreach and engagement.

Expenses	FY 24 Budget	FY 25 Budget	FY 26 Budget	Increase / Decrease	
				\$ Var	% Var
Personnel					
Labor	\$ 157,670	\$ 305,848	\$ 366,134	\$ 60,286	19.7%
Overtime	7,500	-	-	-	0.0%
Fringe Benefits	119,063	184,715	250,090	65,375	35.4%
Total Personnel	\$ 284,233	\$ 490,563	\$ 616,224	\$ 125,661	25.6%
Non-Personnel					
Services	585,000	528,401	1,443,000	914,599	173.1%
Materials & Supplies	436,800	304,200	449,544	145,344	47.8%
Utilities	1,000	-	780	780	100.0%
Casualty & Liability	-	-	-	-	0.0%
Taxes	-	-	-	-	0.0%
Miscellaneous	267,800	140,800	296,200	155,400	110.4%
Interest Expense	-	-	-	-	0.0%
Leases & Rentals	-	-	-	-	0.0%
Total Non-Personnel	\$ 1,290,600	\$ 973,401	\$ 2,189,524	\$ 1,216,123	124.9%
Total Expenses	\$ 1,574,833	\$ 1,463,964	\$ 2,805,748	\$ 1,341,784	91.7%
Employees (FTE's)	2	3	4		

Major priorities include maintaining community conversations regarding the community's needs for public transportation and providing clear materials regarding METRO's services to our community.

Human Resources

Department is responsible talent acquisition, compensation, labor relations, benefits administration for active employee and retirees, performance management, training and development workers' compensation, and implementation of Santa Cruz METRO personnel rules and regulations, and union agreements.

Expenses	FY 24 Budget	FY 25 Budget	FY 26 Budget	Increase / Decrease	
				\$ Var	% Var
Personnel					
Labor	\$ 583,711	\$ 655,755	\$ 713,500	\$ 57,745	8.8%
Overtime	1,000	1,000	1,000	-	0.0%
Fringe Benefits	416,876	466,148	514,378	48,230	10.3%
Total Personnel	\$ 1,001,587	\$ 1,122,903	\$ 1,228,878	\$ 105,975	9.4%
Non-Personnel					
Services	\$ 265,961	\$ 127,554	\$ 137,006	\$ 9,452	7.4%
Materials & Supplies	2,055	1,608	10,977	9,369	582.6%
Utilities	-	-	-	-	0.0%
Casualty & Liability	-	-	-	-	0.0%
Taxes	-	-	-	-	0.0%
Miscellaneous	48,247	40,333	50,859	10,526	26.1%
Interest Expense	-	-	-	-	0.0%
Leases & Rentals	-	-	-	-	0.0%
Total Non-Personnel	\$ 316,263	\$ 169,495	\$ 198,842	\$ 29,347	17.3%
Total Expenses	\$ 1,317,850	\$ 1,292,398	\$ 1,427,720	\$ 135,322	10.5%
Employees (FTE's)	7	7	7		

Major priorities include supporting the organization through an effective and efficient workforce. Providing recruitment, retention, employee training and other services that improve the overall productivity of METRO in service to our community.

Information Technology

The department is responsible for equipment and software maintenance, phone systems, METRO web site, as well as end-user technical support.

Expenses	FY 24 Budget	FY 25 Budget	FY 26 Budget	Increase / Decrease	
				\$ Var	% Var
Personnel					
Labor	\$ 607,711	\$ 679,554	\$ 692,268	\$ 12,714	1.9%
Overtime	1,000	501	500	(1)	(0.2%)
Fringe Benefits	441,692	455,308	449,141	(6,167)	(1.4%)
Total Personnel	\$ 1,050,403	\$ 1,135,363	\$ 1,141,909	\$ 6,546	0.6%
Non-Personnel					
Services	\$ 960,000	\$ 997,426	\$ 1,279,519	\$ 282,093	28.3%
Materials & Supplies	30,500	33,200	33,200	-	0.0%
Utilities	-	1,650	1,733	83	5.0%
Casualty & Liability	-	-	-	-	0.0%
Taxes	-	-	-	-	0.0%
Miscellaneous	3,400	8,800	3,800	(5,000)	(56.8%)
Interest Expense	-	-	-	-	0.0%
Leases & Rentals	-	-	-	-	0.0%
Total Non-Personnel	\$ 993,900	\$ 1,041,076	\$ 1,318,252	\$ 277,176	26.6%
Total Expenses	\$ 2,044,303	\$ 2,176,439	\$ 2,460,161	\$ 283,722	13.0%
Employees (fte's)	6	6	6		

Major priorities are the support of a growing infrastructure of technology equipment and services that touch virtually all aspects of the METRO operations. Providing security for the systems and data within those systems is also a priority.

Planning, Grants, and Governmental Affairs

The department is responsible for Strategic Planning, Service Planning, Infrastructure Planning, Grants, and Legislative Advocacy.

Expenses	FY 24 Budget	FY 25 Budget	FY 26 Budget	Increase / Decrease	
				\$ Var	% Var
Personnel					
Labor	\$ 542,798	\$ 602,682	\$ 669,987	\$ 67,305	11.2%
Overtime	20,000	12,000	12,596	596	5.0%
Fringe Benefits	412,512	466,530	491,283	24,753	5.3%
Total Personnel	\$ 975,310	\$ 1,081,212	\$ 1,173,866	\$ 92,654	8.6%
Non-Personnel					
Services	\$ 902,301	\$ 151,677	\$ 59,653	\$ (92,024)	(60.7%)
Materials & Supplies	40,828	16,620	3,663	(12,957)	(78.0%)
Utilities	-	-	-	-	0.0%
Casualty & Liability	-	-	-	-	0.0%
Taxes	-	-	-	-	0.0%
Miscellaneous	18,914	10,932	33,552	22,620	206.9%
Interest Expense	-	-	-	-	0.0%
Leases & Rentals	-	-	-	-	0.0%
Total Non-Personnel	\$ 962,043	\$ 179,229	\$ 96,868	\$ (82,361)	(46.0%)
Total Expenses	\$ 1,937,353	\$ 1,260,441	\$ 1,270,734	\$ 10,293	0.8%
Employees (FTE's)	6	6	6		

Major priorities include planning for the future of public transportation in Santa Cruz County, applying for grants that support the strategic priorities and maintaining strong relationships with legislators and other funding partners.

Safety, Security, Risk Management

The Safety, Security and Risk Management Department develops and implements occupational safety and health programs, policies and procedures for the Santa Cruz METRO (METRO) and ensures compliance with the California Occupational Safety and Health Administration (CAL/OSHA) regulations and program requirements.

Expenses	FY 24 Budget	FY 25 Budget	FY 26 Budget	Increase / Decrease \$ Var	% Var
Personnel					
Labor	\$ 193,210	\$ 199,503	\$ 197,616	\$ (1,887)	(0.9%)
Overtime	266	279	293	14	5.0%
Fringe Benefits	100,874	124,553	152,939	28,386	22.8%
Total Personnel	\$ 294,350	\$ 324,335	\$ 350,848	\$ 26,513	8.2%
Non-Personnel					
Services	\$ 702,715	\$ 1,151,842	\$ 1,367,233	\$ 215,391	18.7%
Materials & Supplies	3,964	4,800	5,740	940	19.6%
Utilities	3,400	600	1,400	800	133.3%
Casualty & Liability	163,040	166,206	250,000	83,794	50.4%
Taxes	-	-	-	-	0.0%
Miscellaneous	23,921	27,799	35,491	7,692	27.7%
Interest Expense	-	-	-	-	0.0%
Leases & Rentals	-	-	-	-	0.0%
Total Non-Personnel	\$ 897,040	\$ 1,351,247	\$ 1,659,864	\$ 308,617	22.8%
Total Expenses	\$ 1,191,390	\$ 1,675,582	\$ 2,010,712	\$ 335,130	20.0%
Employees (FTE's)	2	2	2		

Major priorities including a proactive approach to the safety and health of our customers and staff, identifying and mitigating risks (and transferring risks as a element of this approach), and monitoring the security profile of our facilities.

Purchasing and Inventory Management

The department ensures that materials and services are obtained in an effective manner and are obtained in compliance with the provisions of all applicable federal, state, and local laws and regulations.

Expenses	FY 24 Budget	FY 25 Budget	FY 26 Budget	Increase / Decrease	
				\$ Var	% Var
Personnel					
Labor	\$ 496,100	\$ 606,095	\$ 703,941	\$ 97,846	16.1%
Overtime	1,969	3,923	18,000	14,077	358.8%
Fringe Benefits	458,926	479,501	677,994	198,493	41.4%
Total Personnel	\$ 956,995	\$ 1,089,519	\$ 1,399,935	\$ 310,416	28.5%
Non-Personnel					
Services	\$ 3,466	\$ 3,310	\$ 4,550	\$ 1,240	37.5%
Materials & Supplies	1,792	1,332	2,000	668	50.2%
Utilities	-	-	-	-	0.0%
Casualty & Liability	-	-	-	-	0.0%
Taxes	-	-	-	-	0.0%
Miscellaneous	13,480	12,588	15,676	3,088	24.5%
Interest Expense	-	-	-	-	0.0%
Leases & Rentals	-	-	-	-	0.0%
Total Non-Personnel	\$ 18,738	\$ 17,230	\$ 22,226	\$ 4,996	29.0%
Total Expenses	\$ 975,733	\$ 1,106,749	\$ 1,422,161	\$ 315,412	28.5%
Employees (fte's)	9	9	9.5		

Major priorities of the Purchasing Department are to support the operations of METRO by providing the materials needed, when needed, in an accountable and economic manner. Compliance with the numerous provisions of the grants which serve METRO's community is an important responsibility. Providing access to METRO's procurement opportunities equitably is also a priority.

Facilities Maintenance

The Facilities Maintenance Department provides 24-hour support to Operations and Fleet Maintenance, as well as all other departments as needed. The Facilities Maintenance Department maintains 5 transit facilities, 3 transit centers, 1 park and ride lot and approximately 965 bus stops. The Santa Cruz METRO Facilities Maintenance staff develops, implements and administers the many local state and federal regulatory compliance programs, such as the storm water and hazardous materials programs, required to operate a transit agency.

Expenses	FY 24 Budget	FY 25 Budget	FY 26 Budget	Increase / Decrease	
				\$ Var	% Var
Personnel					
Labor	\$ 916,015	\$ 1,068,129	\$ 963,248	\$ (104,881)	(9.8%)
Overtime	41,952	19,992	20,995	1,003	5.0%
Fringe Benefits	922,921	1,069,296	1,012,175	(57,121)	(5.3%)
Total Personnel	\$ 1,880,888	\$ 2,157,417	\$ 1,996,418	\$ (160,999)	(7.5%)
Non-Personnel					
Services	\$ 1,210,819	\$ 1,393,150	\$ 826,775	\$ (566,375)	(40.7%)
Materials & Supplies	210,200	207,500	150,356	(57,144)	(27.5%)
Utilities	653,137	741,800	709,200	(32,600)	(4.4%)
Casualty & Liability	-	-	-	-	0.0%
Taxes	30,433	37,300	31,450	(5,850)	(15.7%)
Miscellaneous	10,090	21,500	22,300	800	3.7%
Interest Expense	-	-	-	-	0.0%
Leases & Rentals	6,830	2,000	32,000	30,000	1500.0%
Total Non-Personnel	\$ 2,121,509	\$ 2,403,250	\$ 1,772,081	\$ (631,169)	(26.3%)
Total Expenses	\$ 4,002,397	\$ 4,560,667	\$ 3,768,499	\$ (792,168)	(17.4%)
Employees (FTE's)	18	17	17		

Major priorities for the Facilities Maintenance Department are to provide and maintain facilities and amenities that meet the needs of our customers in the service of public transportation.

Paratransit

Santa Cruz METRO's Paratransit Department (ParaCruz) is responsible for coordinating and providing safe, efficient, reliable, and courteous complimentary shared ride Paratransit service offered to Older Adults, and Persons with Disabilities in Santa Cruz County, ParaCruz will provide door-to-door service within three quarters of a mile of any Santa Cruz METRO bus service route. This service is also extended to those persons qualified to ride Paratransit visiting from other areas.

Expenses	FY 24 Budget	FY 25 Budget	FY 26 Budget	Increase / Decrease	
				\$ Var	% Var
Personnel					
Labor	\$ 2,153,742	\$ 2,363,324	\$ 2,480,400	\$ 117,076	5.0%
Overtime	324,950	341,172	358,248	17,076	5.0%
Fringe Benefits	2,133,966	2,346,195	2,461,516	115,321	4.9%
Total Personnel	\$ 4,612,658	\$ 5,050,691	\$ 5,300,164	\$ 249,473	4.9%
Non-Personnel					
Services	\$ 6,200	\$ 114,852	\$ 64,195	\$ (50,657)	(44.1%)
Materials & Supplies	9,110	12,099	12,850	751	6.2%
Utilities	33,000	36,000	53,600	17,600	48.9%
Casualty & Liability	186,288	94,873	201,062	106,189	111.9%
Taxes	-	-	-	-	0.0%
Miscellaneous	16,500	17,000	15,750	(1,250)	(7.4%)
Interest Expense	-	-	-	-	0.0%
Leases & Rentals	204,040	159,049	210,632	51,583	32.4%
Total Non-Personnel	\$ 455,138	\$ 433,873	\$ 558,089	\$ 124,216	28.6%
Total Expenses	\$ 5,067,796	\$ 5,484,564	\$ 5,858,253	\$ 373,689	6.8%
Employees (FTE's)	45	49	49		

Major priorities are to provide mobility services to those who are unable to navigate traditional transportation methods and would otherwise be homebound. Among the priorities and challenges is to do this in an efficient and safe manner for all involved.

Operations/Bus Operators

The Operations Department coordinates and administers activities related to Santa Cruz METRO's fixed route bus service. Coordination of functions to meet Federal, State, Local, Inter-regional Commuter Service, and Santa Cruz METRO organizational and service requirements.

Expenses	FY 24 Budget	FY 25 Budget	FY 26 Budget	Increase / Decrease \$ Var	% Var
Personnel					
Labor	\$ 10,286,636	\$ 16,655,833	\$ 15,727,575	\$ (928,258)	(5.6%)
Overtime	639,775	500,030	509,960	9,930	2.0%
Fringe Benefits	9,295,541	14,401,109	13,048,382	(1,352,727)	(9.4%)
Total Personnel	\$ 20,221,952	\$ 31,556,972	\$ 29,285,917	\$ (2,271,055)	(7.2%)
Non-Personnel					
Services	22,484	118,108	68,838	(49,270)	(41.7%)
Materials & Supplies	22,500	21,019	26,000	4,981	23.7%
Utilities	12,239	16,480	11,189	(5,291)	(32.1%)
Casualty & Liability	-	-	-	-	0.0%
Taxes	-	-	-	-	0.0%
Miscellaneous	37,074	23,900	33,500	9,600	40.2%
Interest Expense	-	-	-	-	0.0%
Leases & Rentals	109,588	234,032	127,099	(106,933)	(45.7%)
Total Non-Personnel	\$ 203,885	\$ 413,539	\$ 266,626	\$ (146,913)	(35.5%)
Total Expenses	\$ 20,425,837	\$ 31,970,511	\$ 29,552,543	\$ (2,417,968)	(7.6%)
Employees (FTE's)	173	277	244		

Major priorities are to provide the day to day service that empowers our community and customers by use of public transportation that meets their needs and preserves our environment.

Fleet Maintenance

The Fleet Maintenance Department of Santa Cruz Metropolitan Transit District is dedicated to providing safe, clean and reliable vehicles to the District and the public through a commitment to teamwork and professionalism. The Santa Cruz METRO Fleet Maintenance staff implements and administers the many local, state and federal regulatory compliance programs, such as California Highway Patrol (CHP) Title 13 and Federal CFR 49 programs required to operate a transit fleet.

Expenses	FY 24 Budget	FY 25 Budget	FY 26 Budget	Increase / Decrease	
				\$ Var	% Var
Personnel					
Labor	\$ 2,305,151	\$ 2,764,986	\$ 3,206,203	\$ 441,217	16.0%
Overtime	116,829	-	-	-	0.0%
Fringe Benefits	2,098,150	2,470,051	3,087,019	616,968	25.0%
Total Personnel	\$ 4,520,130	\$ 5,235,037	\$ 6,293,222	\$ 1,058,185	20.2%
Non-Personnel					
Services	\$ 790,513	\$ 991,265	\$ 1,823,443	\$ 832,178	84.0%
Materials & Supplies	5,531,110	5,542,550	5,424,907	(117,643)	(2.1%)
Utilities	208,000	253,000	290,100	37,100	14.7%
Casualty & Liability	-	-	-	-	0.0%
Taxes	15,000	18,900	19,500	600	3.2%
Miscellaneous	356,620	534,474	375,777	(158,697)	(29.7%)
Interest Expense	-	-	-	-	0.0%
Leases & Rentals	300	1,575	1,500	(75)	(4.8%)
Total Non-Personnel	\$ 6,901,543	\$ 7,341,764	\$ 7,935,227	\$ 593,463	8.1%
Total Expenses	\$ 11,421,673	\$ 12,576,801	\$ 14,228,449	\$ 1,651,648	13.1%
Employees (FTE's)	38	42	47		

The major priority for the Fleet Maintenance Department is to provide as much availability as possible for our fleet to our fleet operators and our community. Additionally, keeping current on the evolving nature of our fleet is important as well.

District Counsel

The department provides professional legal services for the Santa Cruz METRO, its Board of Directors and management staff.

Expenses	FY 24 Budget	FY 25 Budget	FY 26 Budget	Increase / Decrease	
				\$ Var	% Var
Personnel					
Labor	\$ -	\$ -	\$ -	\$ -	0.0%
Overtime	-	-	-	-	0.0%
Fringe Benefits	-	-	-	-	0.0%
Total Personnel	\$ -	\$ -	\$ -	\$ -	0.0%
Non-Personnel					
Services	\$ 557,512	\$ 616,754	\$ 637,801	\$ 21,047	3.4%
Materials & Supplies	-	-	-	-	0.0%
Utilities	-	-	-	-	0.0%
Casualty & Liability	-	-	-	-	0.0%
Taxes	-	-	-	-	0.0%
Miscellaneous	-	-	-	-	0.0%
Interest Expense	-	-	-	-	0.0%
Leases & Rentals	-	-	-	-	0.0%
Total Non-Personnel	\$ 557,512	\$ 616,754	\$ 637,801	\$ 21,047	3.4%
Total Expenses	\$ 557,512	\$ 616,754	\$ 637,801	\$ 21,047	3.4%

The major priorities include being proactive to meet the needs of the Executive Board and leadership team of the agency in support of METRO's mission.

Retirees

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Expenses	FY 24 Budget	FY 25 Budget	FY 26 Budget	Increase / Decrease	
				\$ Var	% Var
Personnel					
Labor	\$ -	\$ -	\$ -	\$ -	0.0%
Overtime	-	-	-	-	0.0%
Fringe Benefits	3,776,617	4,524,245	6,307,836	1,783,591	39.4%
Total Personnel	\$ 3,776,617	\$ 4,524,245	\$ 6,307,836	\$ 1,783,591	39.4%
Non-Personnel					
Services	\$ -	\$ -	\$ -	\$ -	0.0%
Materials & Supplies	-	-	-	-	0.0%
Utilities	-	-	-	-	0.0%
Casualty & Liability	-	-	-	-	0.0%
Taxes	-	-	-	-	0.0%
Miscellaneous	-	-	-	-	0.0%
Interest Expense	-	-	-	-	0.0%
Leases & Rentals	-	-	-	-	0.0%
Total Non-Personnel	\$ -	\$ -	\$ -	\$ -	0.0%
Total Expenses	\$ 3,776,617	\$ 4,524,245	\$ 6,307,836	\$ 1,783,591	39.4%

Capital Budget

Overall Capital Budget Approach

The Process to Develop the Capital Budget and prioritize projects for funding is largely driven by METRO's strategic plan. As a result, the current focus of capital investment and expansion consists of (note the same numbering sequence is used to provide description of the major projects below):

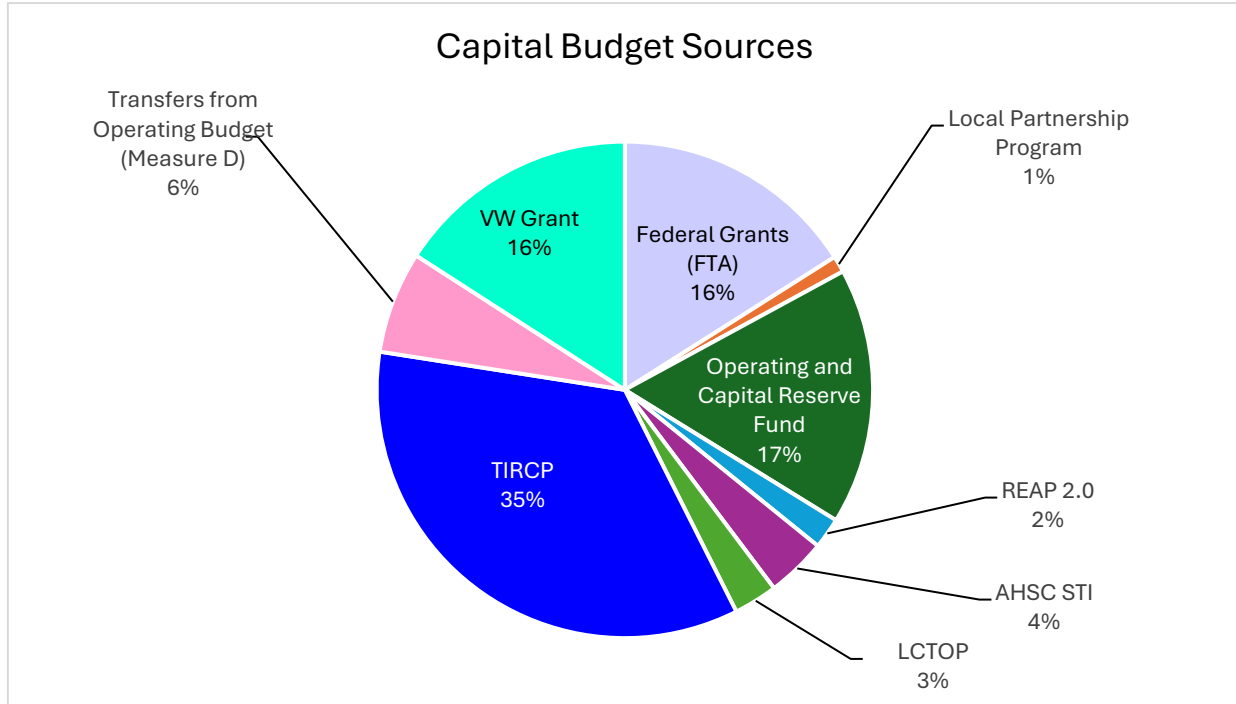
1. Acquisition and preparation of fifty-three (53) hydrogen buses, including bus wraps for each.
2. Permanent and temporary hydrogen refueling stations.
3. Investments related to METRO Reimagine such as bus rapid transit enhancements, the synchronization of traffic lights and redeveloping the Watsonville Station.
4. Miscellaneous fleet replacements, IT investments and facility maintenance to preserve METRO's physical and fiscal assets.

Capital Investment - Financial Plan Summary

Amounts in thousands Project	FY 25 and Prior	FY 26 Budget	FY 27 and Beyond	Total
Construction Related				
Paracruz Facility	\$ 139	\$ 50	\$ -	\$ 189
Pacific Station Redevelopment	3,991	500	-	4,491
Bus Rapid Enhancements	-	1,951	7,806	9,757
Watsonville Parking Lot	200	4,100	-	4,300
Watsonville Station Development	200	1,600	8,582	10,382
Hydrogen Fueling Station	594	11,846	-	12,440
Temporary Hydrogen Fueling Station	3,007	1,756	-	4,763
Total Construction	\$ 8,131	\$ 21,803	\$ 16,388	\$ 46,322
IT Projects				
Workday ERP	\$ 2,538	\$ 200	\$ -	\$ 2,738
Integrated Ticketing and Scheduling	-	507	-	507
Total IT Projects	\$ 2,538	\$ 707	\$ -	\$ 3,245
Facility Upgrades and Improvements	\$ 200	\$ 1,300	\$ -	\$ 1,500
Revenue Vehicles				
44 - 40' Hydrogen Fuel Cell Buses	\$ 28,147	\$ 24,167	\$ -	\$ 52,314
9 - 60' Hydrogen Fuel Cell Buses	-	17,647	-	17,647
Bus Wraps for Fuel Cell Buses	-	575	-	575
7 - Paracruz Vans	-	1,000	-	1,000
Total Revenue Vehicles	\$ 28,147	\$ 43,389	\$ -	\$ 71,536
Non-Revenue Vehicles				
2- Fleet Cars	\$ -	\$ 80	\$ -	\$ 80
1 - Fleet Truck	-	80	-	80
Total Non-Revenue Vehicles	\$ -	\$ 160	\$ -	\$ 160
Miscellaneous / Capital Contingency	\$ -	\$ 500	\$ -	\$ 500
Total All Capital Projects	\$ 39,016	\$ 67,859	\$ 16,388	\$ 123,263

Sources of Capital Funds

METRO’s capital improvements program is largely funded by grants. The funding for the current capital budget portfolio is illustrated and described below.



Sources of Capital Funds

(millions)	
TIRCP	\$ 29.4
Operating and Capital Reserve Fund	14.1
Federal Grants (FTA)	13.5
VW GRANT	13.4
Transfers from Operating Budget (Measure D)	5.6
AHSC STI	3.3
Low Carbon Transit Operations Program (LCTOP)	2.4
REAP 2.0	1.7
Local Partnership Program (LPP)	0.9
Total Sources	\$ 84.2

See the [Grants Section](#) for more information on the funding partner acronyms.

Descriptions of Significant, Non-Recurring Capital Projects

1. **Fifty-three hydrogen buses** - \$69 million
In December 2023 METRO agreed to acquire forty-four (44) 40-foot and nine (9) 60-foot

hydrogen buses from New Flyer. The price ranges from \$1.5 million to \$2.2 million for each bus. Funding for the buses comes from the FTA (5339 a/b) , CalTrans (TIRCP, LPP, LCTOP), SGC (AHSC), STA-SGR, Measure D, HVIP and the VW Mitigation Fund. The reimbursement



process and timing for the buses is different among the funding sources. Federal grants can be pulled down within a week. LCTOP, STA-SGR and Measure D funding are already in our bus replacement fund account. AHSC, LPP and TIRCP funding requests are submitted quarterly after METRO accepts a bus and then paid between 30-90 days later. HVIP funds are paid directly to New Flyer and METRO pays the remaining balance at time of acceptance. The final payment, the VW Mitigation Fund of

\$480,000 per bus, is paid 90 days after METRO takes a bus out of service and has it destroyed.

- a. In addition, \$575 thousand is budgeted to provide wraps for the buses consistent with METRO's image and marketing of its fleet.

2. **Hydrogen Refueling Stations** - \$17 million

The move to fuel cell electric hydrogen technology requires new refueling stations as none are available in Santa Cruz County. As result, METRO will need to first complete a

“temporary refueling” station in order to place these new zero-emission buses into service. At the same time, METRO advertised for and selected a vendor to begin work on the permanent refueling solution. The contracts also include



other elements (such as warranties and fuel contracts which are not part of this capital budget).

The amount of the temporary fuel facility and services agreement is \$4.7 million while the balance relates to the permanent refueling solution.

3. **METRO Reimagine** - \$13 million

This program will: increase the amount of service provided; make transit service more relevant to the community's needs and desires; adapt to post-COVID travel patterns; create a network that is useful at attractive for many people's trips. In doing so, METRO already expanded service and enhanced routes to meet new demands. Additionally, enhancements to the bus rapid system will improve travel times in busier thoroughfares supported by traffic light synchronization.



Another element of the METRO Reimagine is the redevelopment and optimization of the Watsonville Station. The redevelopment will provide transit services on the ground level and apartments in the above floors. Related “transit oriented development” will further enhance the community.

4. **Other capital improvements** - \$10 million

METRO's administrative and financial systems are supported by an Enterprise Resource Planning System or ERP. Implementation of the Workday solution will modernize and streamline METRO's systems with state of the art technology. Additionally, facility improvements, vehicle replacements and other more routine capital improvements are included in this category.

Note: METRO develops its capital improvement plans around the strategic initiatives and related outside funding that enable its continued expansion of contemporary solutions to transportation needs for our community. As a result, capital budgets are project driven and other than recurring capital needs (such as vehicle replacements or facility major maintenance) not programmed further into the future.

Anticipated Operating Budget Impacts from Completed Capital Projects

The capital investments made by METRO are largely in support of service expansion and enhancement. As a result, the related operating costs are an important consideration. There are significant relationships and cost drivers initiated by the Strategic Plan, METRO Reimagine and the initiatives to reduce the carbon footprint. These are anticipated in METRO's operating budgets and incorporated into the long-range financial plan for METRO operations. Increases in headcount and related costs are a clear element of this and future budgets.



Debt Service

Legal limits on debt for METRO and the authority to issue debt

Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5, Sections 53570 and 53580 of the Government Code of the State of California provide authority for metropolitan transit districts to incur debt upon the affirmative declaration of the Board of Directors by resolution.

Bond ratings

The most recent credit rating on Santa Cruz METRO debt was AA from Standard and Poors related to its issuance of Pension Obligation Bonds in 2022.

Existing debt

The following is a summary of Santa Cruz Metro’s long-term debt as of June 30, 2024:

	Balance June 30, 2024	Additions	Payments	Balance June 30, 2025	Due within one year
Financed Purchase	\$ 117,245	\$ -	\$ 117,245	\$ -	
Lease Liability	309,756	434,876	223,925	520,707	288,082
Subscription Liabilities	3,499,781	-	326,941	3,172,840	333,689
Pension Obligation Bonds	48,965,000	-	2,700,000	46,265,000	2,750,000
Total Long-term Debt	\$ 52,891,782	\$ 434,876	\$ 3,368,111	\$ 49,958,547	\$ 3,371,771

The Purposes of the Existing Debt:

Line of Credit (Bridge Loan) – As described above, an unusual cashflow challenge has developed that exceeds Metro’s ability to cover it with reserves. The hydrogen buses being acquired by Metro will cost a total of \$83 million with almost \$25 million being provided by a VW mitigation fund. This fund requires the buses being replaced by the hydrogen buses be taken out of service and destroyed for a period of at least 90 days. This is inconsistent with the majority of the other outside funding sources for bus replacement. In addition, the hydrogen buses cannot be put into service until sufficient infrastructure is in place to support these new types of buses. As a result, the board has approved a “bridge loan” in the total amount of \$25 million as a line of credit to supplement Metro’s other reserve funds while waiting for the reimbursement by the VW mitigation fund for this portion of the hydrogen bus acquisition.

Financed Purchases – METRO acquired three CNG buses under a financed purchase agreement for a total purchase price of \$1,553,250 (principal amount). The terms were monthly payments of \$23,627 for 72 months beginning in December 2017 and included a 3.04% effective interest rate. This lease was completely paid in 2024.

Pension Obligation Bonds – In 2022 METRO issued pension obligation bonds to reduce its pension unfunded actuarial liability, with the intended purpose of achieving interest rate savings by issuing

the bonds at rates which would be less than the assumed rate of return on the proceeds. These were Sales Tax Revenue Bonds which proceeds are placed under an indenture of Trust with proceeds used to repay a portion of the unfunded accrued actuarial liability to CalPERS in March 2022. The bonds are solely secured by Measure G sales tax (0.5% sales tax on Santa Cruz County) revenues of the district.

The annual requirements to amortize the bonds are:

Fiscal Year	Principal	Interest	Total
2025	\$2,750,000	\$1,397,858	\$4,147,858
2026	2,805,000	1,342,107	4,147,107
2027	2,870,000	1,277,638	4,147,638
2028	2,940,000	1,207,319	4,147,319
2029	3,015,000	1,130,745	4,145,745
2030-34	16,495,000	4,238,967	20,733,967
2035-39	15,390,000	1,189,416	16,569,416
Total	46,265,000	11,784,050	58,049,050

Appendices

Glossary of Key Terms and Acronyms

Accessibility

- 1) The extent to which facilities are barrier free and usable by disabled persons, including wheelchair users.
- 2) A measure of the ability or ease of all people to travel among various origins and destinations.

ACFR (Annual Comprehensive Financial Report)

Refers to a report containing financial statements and statistical data that provides full disclosure of all material financial operations of *Metro* in conformity with generally accepted accounting principles.

Accessible Service

Buses, vans, or other vehicles operating in regular service with lowered floors, wheelchair ramps, kneeling functions, or other devices that permit passengers with disabilities to use the service.

ADA (Americans With Disabilities Act)

Refers to Federal civil rights legislation passed in 1990 that requires public transportation services to be accessible to, and usable by, persons with disabilities. In compliance, *Santa Cruz Metro* operates a bus fleet equipped with passenger lifts and wheelchair tie-downs, and also operates parallel para-transit service for those who cannot use the fixed-route bus system.

Alternative Fuel

A non-petroleum fuel used to power transit vehicles. Usually refers to alcohol fuels, biomass fuels, and hydrogen.

Appropriation

The act of creating authority by the Board to staff of *Metro* to incur expenditures and obligations on behalf of the agency.

An act of Congress that permits federal agencies to incur obligations and make payments for specific purposes.

Automatic Passenger Counts (APC)

A technology installed on transit vehicles that counts the number of boarding and alighting passengers at each stop while also noting the time. Passengers are counted using pulse beams located at each door. Stop location is generally identified through use of global positioning systems (GPS) in combination with vehicle odometers.

Automatic Vehicle Location (AVL)

A system that senses and monitors the real-time location of transit vehicles carrying special electronic equipment that communicates a signal back to a central control facility. The system locates the vehicle and provides other information about its operations and its mechanical condition.

Bid (Pick)

The selection process by which transit motor coach operators are allowed to select new work assignments in the next (forthcoming) schedule. Also, called pick or sign-up.

Board (Executive Board)

The governing body of Santa Cruz Metro.

Board

To go onto or into a transit vehicle. Plural noun: “Boardings”

Boarding Riders

Refers to the number of passengers boarding a particular route on any one trip. One passenger round trip equals two riders. The number of boarding riders is used to help determine the frequency of buses on the line.

Bus

A rubber-tired road vehicle designed to carry a substantial number of passengers (i.e. 14 or more), commonly operated on streets and highways for public transportation service. Plural: buses.

Bus Class

Refers to a vehicle type of bus: high floor, low floor, over the road coach, vans, or an articulated bus. Bus class can also refer to size: 30-foot, 35-foot, 40-foot, 45-foot, and 60-foot. Sometimes the two terms are used together, for example, “30-foot low floor.” Vans are used for ADA (Americans With Disability Act) riders and riders who live in less accessible areas of the RTD service area. High capacity buses (articulateds and 40-foot low floors) are assigned to run on heavily populated lines.

Bus Driver

An employee of a transit system who spends his or her working day in the operation of a vehicle,

Bus Pullout

Cutout on the side of the road designed to permit a transit vehicle to dwell at a curb.

Bus Shelter

A structure constructed near a bus stop to provide seating and protection from the weather for the convenience of waiting passengers.

Bus Stop

A curbside area where passengers board or alight transit vehicles.

Capital Costs

Costs of long-term assets of a public transit system such as property, buildings, vehicles, etc.

Capital Improvement Program

The list of capital projects for a five-to-twenty-year programming period.

Capital Project

Construction and/or procurement of assets, such as transit centers, transit vehicles, etc.

CNGT (Compressed Natural Gas)

Compressed natural gas (CNG) (methane stored at high pressure) is a fuel which can be used in place of gasoline (petrol), Diesel fuel and propane/LPG. CNG combustion produces fewer undesirable gases than the fuels mentioned above. It is safer than other fuels in the event of a spill, because natural gas is lighter than air and disperses quickly when released.

Computer Aided Dispatch(CAD)

Trip scheduling software that employs an algorithm to most efficiently plan multiple passenger transit trips. CAD most often used in scheduling demand response, para-transit and dial-a-ride services

Corridor

A broad geographical band that follows a general directional flow or connects major sources of trips. It may contain a number of streets and highways and many transit lines and routes.

Deadhead Operation

Refers to non-revenue time when a bus is not carrying passengers, usually a trip from, to, or between lines or garages. Usually this refers to the trip between the home division garage to the point where the bus begins or ends its route.

Deadhead Time

There are two types of deadhead bus service (also called non-revenue service) 1. Bus travel time between the garage and a terminus point where revenue service begins or ends; 2. Bus travel time between the end of service on one route and the beginning of another.

Disabled

With respect to an individual, a physical or mental impairment that substantially limits one or more of the major life activities of such an individual; a record of such an impairment; or being regarded as having such an impairment.

Discretionary Funding

Subject to the discretion of legislators or an administrator. The federal Section 5309 New Starts Program is an example of a discretionary program.

Deviated (or Flex) Route Service

Modified fixed-route transit services that deviates up to $\frac{3}{4}$ of a mile from the fixed-route to accommodate and provide additional access to the regional transit system. Service can be used by all passengers with a sliding fee scale related to mobility and ADA-certification. Service satisfies the required ADA-complementary para-transit requirements as related to public transit provision.

Earmark

A congressional directive that funds should be spent on a specific project.

Express Service

A service generally connecting residential areas or other trip generators via a high speed, non-stop connection with limited stops at each end for collection and distribution of passengers. Collection can be exclusively or partially undertaken using Park-&-Ride facilities. Stops are served as express if less than 50% of the route's overall bus stops are served.

Extra Board

Refers to operators who have no specific run but are used to cover unassigned runs or runs left open because of an absence of assigned operators.

Fare

Payment in the form of coins, bills and tokens collected for transit rides.

Farebox

A device that accepts the coins, bills, tickets and tokens given by passengers as payment for rides.

Fare Collection System

The method by which fares are collected and accounted for in a public transportation system.

Fare Elasticity

The extent to which ridership responds to fare increases or decreases.

Fare Structure

The system set up to determine how much is to be paid by various passengers using the system at any given time.

Farebox Recovery Ratio

A measure of the proportion of transit operating expenses covered by passenger fares. It is calculated by dividing a transit operator's fare box revenue by its total operating expenses.

Farebox Revenue

The total value of cash, tickets and pass receipts given by passengers as payment for public transit rides.

Federal Funding- 5304

Formula funding to support statewide and non-metropolitan planning efforts and programs.

Federal Funding- 5307

Formula funding to support transit operating and capital expenses in urbanized areas and for transportation-related planning. Urbanized area defined as an incorporated area of 50,000 or more population

Federal Funding- 5309

Discretionary funding. Provides funding to local communities to integrate land use and transportation planning with a transit capital investment that will seek funding through the Capital Investment Grant (CIG) Program.

Federal Funding- 5310

Formula funding to states for the purpose of assisting private nonprofit groups in meeting transportation needs of the elderly and persons with disabilities. Focus of program is on enhanced mobility of seniors and individuals with disabilities.

Federal Funding- 5311

Provides capital, planning, and operating assistance to states to support public transportation in rural areas with populations less than 50,000, where many residents often rely on public transit to reach their destinations.

Federal Funding- 5311(j) or 5311(c)

Tribal Transit Program (TTP) has a formula and discretionary funding program option. TTP continues to be a set-aside from the 5311 Formula Grants for Rural Areas program but now consists of a \$30 million formula program and a \$5 million competitive grant program subject to the availability of appropriations.

Federal Transit Administration (FTA)

A part of the U.S. Department of Transportation (DOT) which administers the federal program of financial assistance to public transit.

Feeder Line

Refers to a bus line that services neighborhoods and crosses trunk lines offering transfer opportunity.

Feeder Service

Service that picks up and delivers passengers to another mode of service such as an express bus, transit center, Park-&-Ride lot, or fixed-route bus.

FHWA (Federal Highway Administration)

The Federal Highway Administration (FHWA) is a division of the United States Department of Transportation that specializes in highway transportation.

Fiscal Year (FY)

A yearly accounting period designated by the calendar year in which it ends (e.g. FY 2017). The fiscal year for the federal government runs from October 1 through September 30. The State of California and Santa Cruz METRO fiscal year runs from July 1 through June 30.

Fixed Cost

An indirect cost that remains relatively constant irrespective of the level of operational activity.

Fixed-Route Service

Transit service provided along a specific route on a repetitive schedule with vehicles stopping to pick up or deliver passengers at designated locations placed at intervals along the route.

Fleet

The vehicles used in a transit system, including buses, rail cars, etc (Also, called rolling stock).

Flex Route Service (See Deviated Route Service)

Frequency of Service

The amount of time scheduled between consecutive vehicles on a given route segment (i.e. how often the bus comes). (Also, called “headway”)

FTE (Full-time Equivalent)

The ratio of the total number of paid hours during a period (part time, full time, contracted) by the number of working hours in that period Mondays through Fridays.

FULL ACCRUAL

Is a basis of accounting in which revenue is recorded when earned and expenses recognized in the period incurred, without regard to the time of receipt or payment of cash (e.g., accrue if work is done but invoice not received).

FUND BALANCE

The difference between total assets and total liabilities of an entity. These differences can be accumulated each fiscal year and used by the entity in future budgets as a source of funding. As an enterprise fund, the “fund balance” for Santa Cruz METRO is the working capital ratio of current assets minus current liabilities. Also referred to as “net position.”

Garage

The place where revenue vehicles are stored and maintained and from where they are dispatched and recovered for the delivery of scheduled service.

GASB (Governmental Accounting Standard Board)

The GASB develops and issues accounting standards through a transparent and inclusive process intended to promote financial reporting that provides useful information to taxpayers, public officials, investors, and others who use financial reports.

GFOA (Government Finance Officer Association)

The Government Finance Officers Association (GFOA), founded in 1906, represents public finance officials throughout the United States and Canada.

GIS (Geographical Information System)

A geographic information system (GIS) is a system designed to capture, store, manipulate, analyze, manage, and present spatial or geographic data.

GTFS (General Transit Feed Specification)

Route data provided to Google (or other GTFS map agency) so that it can be populated in its maps so a person can plan a trip using public transit

Headway

The scheduled time interval between any two revenue vehicles operating in the same direction on a route. Headways may be LOAD driven (i.e. developed on the basis of demand and loading standards) or POLICY based (i.e. dictated by policy decisions such as service every 30 minutes during the peak periods and every 60 minutes during the base period). (Also, called “frequency of service”)

Hub-&-Spoke System

Local or express service designed primarily to connect the Central Business Districts with outlying areas. (Also, called “radial service”)

Incident

Traffic or passenger accident that include collisions with other vehicles, pedestrians or fixed object, and passenger accidents while boarding, on-board, or disembarking the transit vehicle.

Interlining

The use of the same revenue vehicle and/or operator on more than one route without going back to the garage. Interlining is often used to minimize vehicle requirements and to provide transfer enhancement for passengers. For interlining to be feasible, two (or more) routes must share a common terminal or be reasonably proximate to each other.

Intermodal

Switching from one form of transportation to another.

Intermodal Facility

A building or site specifically designed to accommodate the meeting of two or more transit modes of travel.

Intelligent Transportation System (ITS)

Software and hardware used to proactively plan, monitor in real-time and review after the fact.

Kiss & Ride

A place where commuters are driven and left at a station, Park-&-Ride lot, etc., to board a public transportation vehicle.

Layover

Layover time serves two major functions: recovery time for the schedule to help ensure on-time departure for the next trip and operator break time between trips.

Layover zone

Refers to a designated stopover point at or near the end of the line for bus drivers to rest between trips.

Lifts (ADA lifts on buses)

A wheelchair lift, also known as a platform lift, or vertical platform lift is a fully powered device designed to raise a wheelchair and its occupant in order to overcome a step or similar vertical barrier.

Limited Service

Transit service where designated vehicles stop at 81-100% of the bus stops designated on a given route.

Linked Passenger Trips

A linked passenger trip is a trip from origin to destination on the transit system. Even if a passenger must make several transfers during a one-way journey, the trip is counted as one linked trip on the system.

Unlinked passenger trips count each boarding as a separate trip regardless of transfers.

Load Factor

The ratio of passengers carried versus the total passenger seating capacity of a vehicle. A load factor of greater than 1.0 indicates that there are standees on that vehicle.

Local Service

A type of operation that involves frequent stops and lower speeds. The purpose of local service is to pick up transit passengers as close to their origins or destinations as possible.

Loop

Refers to a portion of a bus line where the driver operates a segment in one direction only. Passengers may only board on one side of the loop. Loops are sometimes required due to lack of pavement accessibility, or when no off-street turn-around is available.

LOS (Level of Service)

Refers to a measure of congestion that compares actual or projected traffic volume with the maximum capacity of the intersection or road in question. LOS is rated from A (free-flowing traffic) to F (gridlock).

Low-Floor Vehicle

Refers to a bus that does not have steps. Building a bus floor at one level between the front to rear doors allows passengers to enter and exit more quickly. The addition of steps usually adds boarding and alighting time, especially for passengers with limited mobility.

Maximum Load Point

The location(s) along a route where the vehicle passenger load is the greatest. The maximum load point(s) generally differ by direction and may also be unique to each of the daily operating periods. Long or complex routes may have multiple maximum load points.

Missed Trip

A schedule trip that did not operate for a variety of reasons, including vehicle failure, dispatch error, traffic, accident, or other unforeseen reason.

Mobile Data Terminals (MDTs)

Small computers installed in transit vehicles which permit instantaneous, wireless communication between dispatchers and vehicle operators to transmit schedules. MDTs are used to report passenger pickups and drop-offs. MDTs may be paired with Automatic Vehicles Locators (AVLs) which provide the time, location, speed, direction, and odometer reading for each trip, as well as providing real time information regarding vehicle location, allowing for schedule modifications when needed. (Also, see “Automatic Vehicle Locators.”)

Mode

A particular form of travel (e.g. bus commuter tail, train, bicycle, walking or automobile).

Mode Split

The proportion of people that use each of the various modes of transportation in a region. Frequently used to describe the percentage of people using private automobiles as opposed to the percentage using public transportation.

Model

An analytical tool used by transportation planners to assist in making forecasts of land use, economic activity, and travel activity.

Monthly Pass

A prepaid fare card, valid for unlimited riding for a one-month period.

Multimodal

Refers to the availability of multiple transportation options, especially within a system or corridor. A multimodal approach to transportation planning focuses on the most efficient way of getting people or goods from place to place by means other than privately owned vehicles; by bus, trolley, light rail, streetcar, cable car, and/or ferry systems.

Network

The configuration of streets or transit routes and stops that constitutes the total system.

Nodes

Refers to a term used by schedulers to define the actual time a bus arrives at a designated stop or time point.

Notice of Funding Availability (NOFA) or Notice of Funding Opportunity (NOFO)

Periodic posting within the Federal Register that identifies and calls out new or recurring funding options.

Off-Peak Period

Non-rush-hour periods of the day when travel activity is generally lower and less transit service is scheduled.

Operating Cost

The total costs to operate and maintain a transit system including labor, fuel, maintenance, wages and salaries, employee benefits, taxes, etc

Operating Expenses

Monies paid in salaries and wages, settlement of claims, maintenance of equipment and buildings, and rentals of equipment and facilities.

Operating Ratio

A measure of transit system expense recovery obtained by dividing total operating revenues by total operating expenses.

Operating Revenue

Revenue derived from passenger fares, state and federal funding, local taxes, and third-party payments.

Operations

Maintaining the ongoing functions of an agency or service.

Paddle

Refers to the schedule for each driver showing all trips in a day, including arrival and departure times. Bus Drivers use the paddle to help maintain their schedule. Also called a Driver's "piece of work" or "run."

Para-transit

Transportation service required by the American with Disabilities Act of 1990 for individuals with disabilities who are unable to use fixed-route transit systems. The service must be comparable to the fixed-route service.

Park-&-Ride

A parking area for automobile drivers who then use transit vehicles to reach their destinations.

Pass

A means of transit prepayment, usually a card that carries some identification that is displayed to the driver or conductor in place of paying a cash fare.

Passenger

A person who rides a transit vehicle, excluding the driver.

Passenger Miles

A measure of service usage which represents the total of the distances ridden by each passenger. It is normally calculated by multiplying the number of passengers on a vehicle by the distance between those individuals' bus stops. Example: ten passengers riding in a transit vehicle for two miles equals 20 passenger miles.

Passenger Revenue

Fares paid by passengers traveling aboard transit vehicles. (Also, called "farebox revenue.")

Peak Period

Rush hour period(s) of the day when travel activity is generally increased and transit service levels are adjusted to meet high levels of ridership.

Peak Service

Refers to weekday a.m. and p.m. service during commute hours to carry a maximum number of passengers. Commute or peak hours are defined as time between 6 and 9 a.m. in the morning, and between 4 and 7 p.m. at night.

Platform hours

Refers to the total scheduled time a bus spends from pull-out to pull-in at the division. Platform hours are used as a benchmark to calculate the efficiency of service by comparing "pay to platform" hours.

Post trip time

Refers to the time allotted to all bus Drivers after pull-in time to park the bus, and to walk-through the bus for a final spot check, including closing windows, verify and report any vehicle issues.

Pre-trip time

Refers to the time allotted to all bus Drivers before pullout time to park the bus, and to walk-through the bus for a spot check, verify and report any existing vehicle issues.

Pullin

Refers to the time a bus is scheduled to return to the garage.

Pullout

Refers to the time a bus is scheduled to leave the garage.

Recovery Time

A planned time allowance between the ending time of a completed trip and the departure time of the next trip. This extra time allows the route to return to schedule, if traffic, loading, or other conditions made the trip fall behind schedule.

Report Time

Refers to the allotted time before a bus is due to leave the garage.

Reserve

Funds or material set aside or saved for future use

Revenue

Monies derived from, or for the operation of, transit service, including farebox revenue, operating assistance from governments, and funding from other sources.

Revenue Hours (Also known as Revenue service)

Refers to all scheduled time a bus spends serving passengers, which can also be defined as platform hours minus deadhead and layover time.

Revenue Miles

Miles operated by transit vehicles while available for passenger service.

Revenue Passenger

In systems that require fares, s passenger from whom a fare is collected.

Revenue Service

The period of time when a transit vehicle is in operation over a route and is available to the public for transport.

Reverse Commute

Travel movement in a direction opposite to the main flow of travel, such as from a downtown area to a city's outskirts during the morning commute hour.

RFP (Request for Proposal)

A request for proposal (RFP) is a document that solicits proposal, often made through a bidding process, by an agency or company interested in procurement of a commodity, service or valuable asset, to potential suppliers to submit business proposals.

RFQ (Request for Quote)

A request for quotation (RFQ) is a standard business process whose purpose is to invite suppliers into a bidding process to bid on specific products or services. RFQ generally means the same thing as IFB (Invitation For Bid). An RFQ typically involves more than the price per item.

Ridership

The number of rides taken by people using a public transportation system in a given time period.

Ridesharing

A form of transportation in which more than one person shares the use of a vehicle such as a van or car to make a trip. Bus/rail/etc. trips are not considered to be ridesharing.

Roadcall

A mechanical failure of a bus in revenue service that causes a delay which necessitates removing the bus from service until repairs are made.

Round Trip

Refers to one inbound, plus one outbound trip (unless a loop route), equals one round trip or cycle

Route

A specified path taken by a transit vehicle (usually designated by a number or a name) along which passengers are picked up or discharged. (Also, called a “line”)

Route Miles

The total number of miles included in a fixed-route transit system network.

RTD (Regional Transit District)

A transit district or transit authority is a special-purpose district organized as either a corporation chartered by statute, or a government agency, created for the purpose of providing public transportation within a specific region.

RTPO

Federally mandated and federally funded transportation policy-making organization in the United States that is made up of representatives from local government and governmental transportation authorities.

Run - (See Paddle)

Run-cut Refers to the process, normally performed four times a year, of generating daily bus driver work assignments in a cost-efficient manner to meet all contract requirements negotiated between the union and district. Run-cutting software is used to generate assignments that may be reset until they fulfill the requirements of all participating parties.

Running Time

Refers to time allowed between any two points, such as from time point to time point, or from end-of-line to end-of -line.

Running Time

The time assigned for the movement of a revenue vehicle over a route, usually done on a route segment basis by various time of day. (Also, called “travel time”)

Schedule

A document created by the transit agency (not the public timetable) that shows the time of each revenue trip through designated time points. Many agencies include additional information such as route descriptions, deadhead times and amounts, through-routing information, run numbers, etc. (Also, called “headway sheet”, “master schedule”, “operating schedule”)

Scheduling

The planning of vehicle arrivals and departures and the operators for these vehicles to meet consumer demand along specified routes.

Service Area

A geographic area which is provided with transit services. Service area is now defined consistent with ADA requirements.

Service Standards

Benchmarks by which transit service operational performance is evaluated. These standards are set by the agency’s Board of Directors.

Shortline

Refers to a trip that doesn’t go to the furthest point of the line, due to passenger load and schedule adherence. The practice of shortlining is determined on a management level and is typically not allowed.

Span of Service

The range of hours over which transit service is operated (such as 6:00 a.m. - 11:30 p.m.) Service span often varies by day of the week (i.e. weekday vs. weekend).

Spread Time

Refers to the total time from the start of a driver assignment to its end, whether a bus is in service or not.

S RTP (Short Range Transit Plan)

Refers to a capital and operating plan produced biennially with a 5-year horizon, prepared to qualify for federal, state, and local funding.

Subsidy

Funds granted by local, state or federal governments.

Supervisor

The individual who is responsible for keeping transit vehicles on schedule.

Terminal

Bus stop at the end of a one way transit trip.

Timed transfer

A location where two or more routes come together at the same time to provide synchronized transfer connections. A short layover may be provided at the timed transfer point to ensure the connection. Coordinated transfers become increasingly important where service frequencies are below 20 minutes and hub-and-spoke networks are used.

Timepoint

A time and location published in the public route schedule where a transit vehicle can arrive before, but not leave earlier than, the stated time as indicated.

Total Miles

Includes revenue, deadhead, and yard (maintenance and servicing) miles.

Transfer

A slip of paper or ticket issued to a passenger that gives her/him the right to change from one transit vehicle to another according to specified limitations in order to complete a trip.

Transfer Passenger

A passenger who transfers to a route after paying a fare on another route.

Transfer Point

Refers to a point where bus lines intersect and passengers can transfer to another line.

Transit Center

A fixed location where passengers transfer from one route to another. (sometimes called a Park and Ride)

Transit Dependent Passenger

Someone who must use public transportation for her/his travel.

Transit Priority

A means by which transit vehicles are given an advantage over other traffic, e.g., preemption of traffic signals or transit priority lanes.

Travel Time

Refers to paid time that allows a bus driver to travel from relief point to garage or from garage to relief point.

Travel Training

Program to provide training and information to the public on how to effectively use public transit.

Trigger box

Mapped area around the bus stop used to notify Operations that the bus has traveled to and arrived at the designated location.

Trip

The one-way operation of a revenue vehicle between two terminal points on a route. Trips are generally noted as inbound, outbound, northbound, southbound, etc., to identify directionality when being communicated.

Trip Generator

An area with high population and concentrated activities which generates a large number of trips (e.g., central business districts, shopping centers, business or industrial parks, recreational facilities).

TTP (Federal Funding 5311-C)

The Formula Grants for Rural Areas program provides capital, planning, and operating assistance to states to support public transportation in rural areas with populations of less than 50,000, where many residents often rely on public transit to reach their destinations.

Unlinked Passenger Trips

The total number of passengers who board public transit vehicles. A passenger is counted each time he/she boards a revenue vehicle even though the boarding may be the result of a transfer from another route to complete the same one-way journey.

Variable Cost

A cost that varies in relation to the level of operational activity.

Vehicle Hours

The total hours of travel by a transit vehicle, including both revenue service and deadhead travel.

Vehicle Miles

The total number of miles traveled by a vehicle, which are usually calculated by mode.

Vehicle Revenue Hour

A measure of scheduled hours of service available to passengers for transport on a route. Equivalent to one transit vehicle traveling one hour in revenue service, excluding deadhead hours, but including recovery/layover time. Calculated for each route.

VMT (Vehicle Miles Traveled)

Refers to the numbers of cars that are on the road at the same time in the same area. The greater the number, the worse the congestion will be. Reducing the growth of VMT can help ease traffic congestion and improve air quality.

**This Glossary is intended for METRO's internal use. Nothing herein is intended to, nor shall be deemed to supersede, contradict or amend contracts, legal requirements or METRO's established rules, regulations, policies and practices.*



Demographics

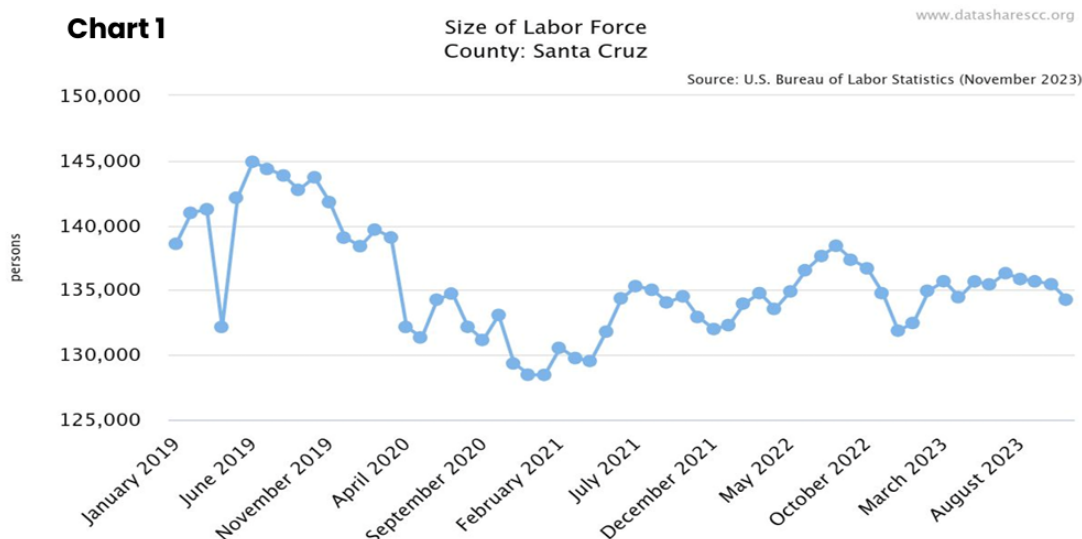
Santa Cruz is home to a diverse population, including students attending the University of California – Santa Cruz.

Population				
Year	Population	Growth Rate	Race	Percentage (of total)
2024	258,854	-1.03%	White	56.0%
2023	261,547	-1.07%	Hispanic or Latino	34.5%
2022	264,370	1.49%	Asian	5.3%
2021	260,495	-3.69%	Two or more races	4.5%
2020	270,472	-0.88%	American Indian / Alaskan Native	1.9%
2019	272,870	-0.31%	Black or African American	1.5%
2018	273,713	-0.42%	Native Hawaiian or Pacific Islander	0.02%
2017	274,865	0.14%	Economic Statistics	
2016	274,476	0.36%	Average Household Income	\$104,409
2015	273,495	1.00%	Average Household Size	2.72 people
			Median Household Income	\$103,868
			Median Value of Owner-occupied Housing	\$951,300
Median Age		39.2		

Source: US Census Bureau

County Labor Force

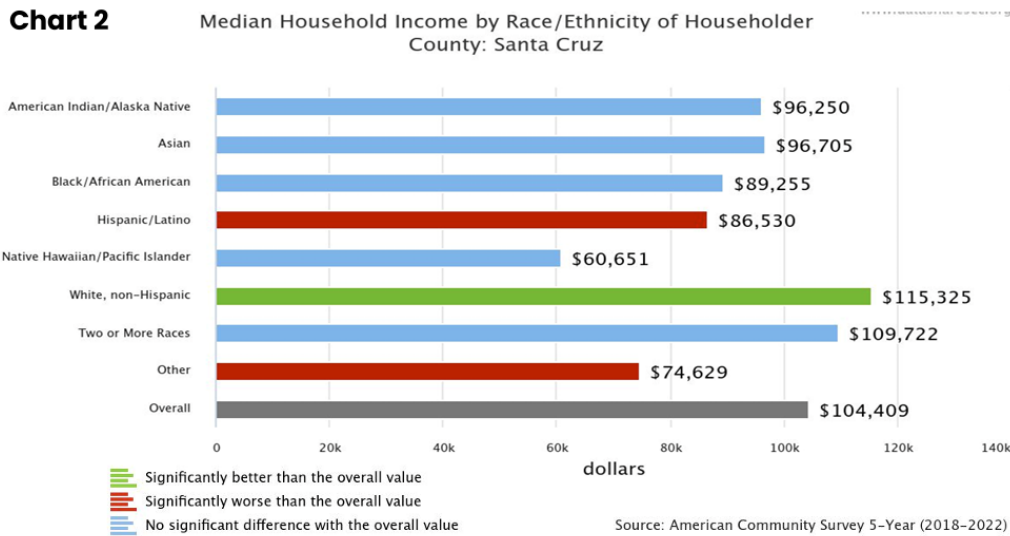
Since March 2020, the labor force across Santa Cruz County has declined over 3 percent as shown in Chart 1. Although the employment rate is 95 percent, the countywide labor force is 7 percent lower than its peak in 2019.



Source: Santa Cruz County Budget

Median Household Income

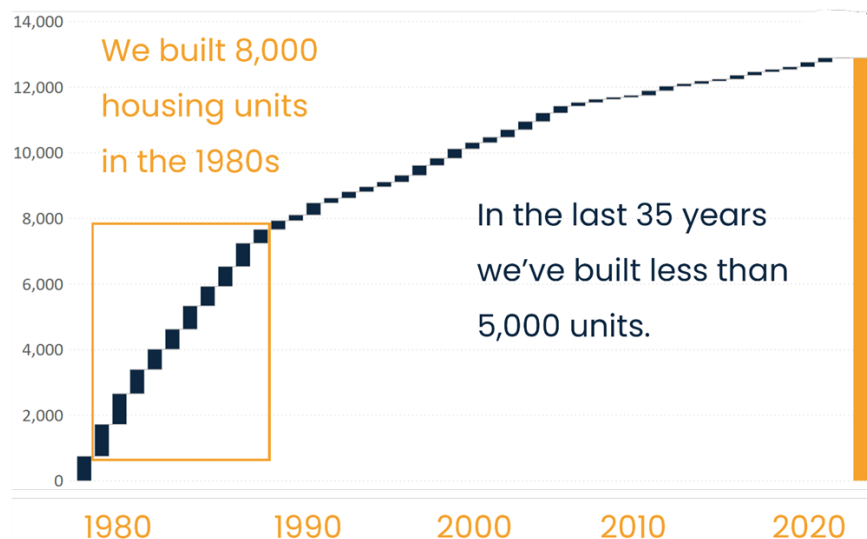
Median household income across Santa Cruz County stands at \$101,068. As illustrated in Chart 2, a significant equity gap remains as Latinae household earn 26% less than the total county median figure. Recent inflationary pressures and the trend of home price increases will counteract gains in wages as we see that nearly 60% of all renters spending more than 30% of their income on rent.



Source: Santa Cruz County Budget

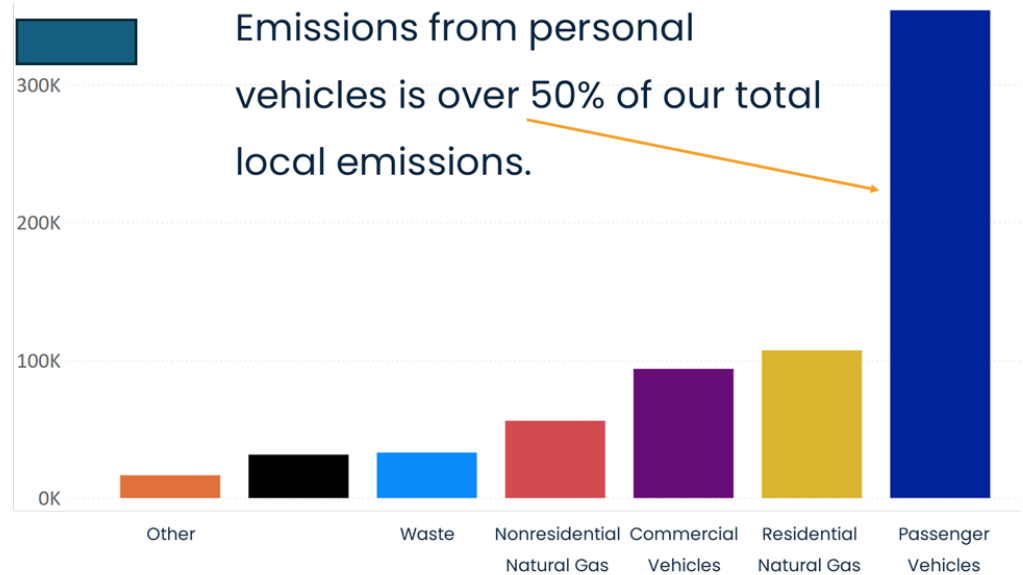
Our Children Cannot Afford to Live Here

Since 1980, Santa Cruz County added 80,000 people and only 26,000 housing units, as illustrated in this chart. This suppressed supply has driven the County to be considered one of the least affordable communities in the United States. In 2023, the hourly wage needed for a two-bedroom home is \$63.33 — an annual income of \$131,720.



We are experiencing more frequent and severe climate disasters

The County has experienced seven federally declared natural disasters since 2017. Combined, these disasters have cost Santa Cruz County over 250 million. While State and Federal agencies will assist the County, there are immediate strains on the County's financial position as we await financial assistance. Given the increased frequency and intensity of climate change driven disasters, the County is evaluating strategies to meet these challenges. This chart illustrates an example of local climate impacts especially relevant to transit agencies.



We are rapidly aging

People eligible for Medicare outnumber grade schoolers by 3 percentage points and by 2030, one of every four County residence will be over 65. As more of our county population retires, there could be impacts to housing turnover, discretionary spending, and new demands for county services.

