



**The 2016–2017 Santa Cruz County Civil Grand Jury
Requires that the
Santa Cruz Metropolitan Transit District Board
Respond to the Findings and Recommendations
Specified in the Report Titled
Santa Cruz Metropolitan Transit District
by September 27, 2017**

When the response is complete, please

1. Email the completed Response Packet as a file attachment to grandjury@scgrandjury.org, and
2. Print and send a hard copy of the completed Response Packet to

The Honorable Judge John Gallagher
Santa Cruz Courthouse
701 Ocean St.
Santa Cruz, CA 95060

Instructions for Respondents

California law PC § 933.05 (included [below](#)) requires the respondent to a Grand Jury report to comment on each finding and recommendation within a report. Explanations for disagreements and timeframes for further implementation or analysis must be provided. Please follow the format below when preparing the responses.

Response Format

1. For the Findings included in this Response Packet, select one of the following responses and provide the required additional information:
 - a. **AGREE** with the Finding, or
 - b. **PARTIALLY DISAGREE** with the Finding and specify the portion of the Finding that is disputed and include an explanation of the reasons therefor, or
 - c. **DISAGREE** with the Finding and provide an explanation of the reasons therefor.
2. For the Recommendations included in this Response Packet, select one of the following actions and provide the required additional information:
 - a. **HAS BEEN IMPLEMENTED**, with a summary regarding the implemented action, or
 - b. **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE**, with a timeframe or expected date for implementation, or
 - c. **REQUIRES FURTHER ANALYSIS**, with an explanation and the scope and parameters of an analysis or study, and a timeframe for that analysis or study; this timeframe shall not exceed six months from the date of publication of the grand jury report, or
 - d. **WILL NOT BE IMPLEMENTED** because it is not warranted or is not reasonable, with an explanation therefor.

Validation

Date of governing body's response approval: _____

If you have questions about this response form, please contact the Grand Jury by calling 831-454-2099 or by sending an email to grandjury@scgrandjury.org.

Penal Code §933.05

1. For Purposes of subdivision (b) of §933, as to each Grand Jury finding, the responding person or entity shall indicate one of the following:
 - a. the respondent agrees with the finding,
 - b. the respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
2. For purpose of subdivision (b) of §933, as to each Grand Jury recommendation, the responding person shall report one of the following actions:
 - a. the recommendation has been implemented, with a summary regarding the implemented action,
 - b. the recommendation has not yet been implemented but will be implemented in the future, with a timeframe for implementation,
 - c. the recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of the publication of the Grand Jury report, or
 - d. the recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.
3. However, if a finding or recommendation of the Grand Jury addresses budgetary or personnel matters of a County department headed by an elected officer, both the department head and the Board of Supervisors shall respond if requested by the Grand Jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision-making authority. The response of the elected department head shall address all aspects of the findings or recommendations affecting his or her department.
4. A Grand Jury may request a subject person or entity to come before the Grand Jury for the purpose of reading and discussing the findings of the Grand Jury report that relates to that person or entity in order to verify the accuracy of the findings prior to their release.
5. During an investigation, the Grand Jury shall meet with the subject of that investigation regarding that investigation unless the court, either on its own determination or upon request of the foreperson of the Grand Jury, determines that such a meeting would be detrimental.
6. A Grand Jury shall provide to the affected agency a copy of the portion of the Grand Jury report relating to that person or entity two working days prior to its public release and after the approval of the presiding judge. **No officer, agency, department, or governing body of a public agency shall disclose any contents of the report prior to the public release of the final report.**

*Santa Cruz Metropolitan
Transit District*

August 25, 2017



Santa Cruz County Grand Jury
701 Ocean Street, Room 318-I
Santa Cruz, CA 95060

Re: Santa Cruz Metropolitan Transit District CEO and Board Responses to 2016-2017 Grand Jury Report

To whom it may concern:

The Santa Cruz Metropolitan Transit District (METRO) has received the above referenced Grand Jury Report, specifically that section entitled, "The Bus Stops Here", which was published on June 29, 2017. The METRO Board of Directors reviewed the report and responses at our August 25, 2017 Board Meeting.

On behalf of myself, METRO's CEO/General Manager, and the Board of Directors I have enclosed both the CEO and Board of Directors responses.

Thank you,

A handwritten signature in blue ink, appearing to read "Alex Clifford", with a long horizontal flourish extending to the right.

Alex Clifford
CEO/General Manager

Enclosures: CEO Response
Board of Directors Response

METRO Board Response to the Grand Jury Report

Findings

F3. Many Metro Board members lack transit management knowledge of best practices or business experience, leaving them ill-equipped to address Metro's declining revenues.

AGREE

PARTIALLY DISAGREE – explain the disputed portion

DISAGREE – explain why

Response explanation (required for a response other than **Agree**):

The makeup of the Metro Board is dictated by Metro's enabling legislation (see Public Utilities Code section 98000 et seq.), and is a common model utilized by transit districts across the state of California (see Public Utilities Code Division 10). Thus, Metro does not control appointments to the Metro Board.

However, Metro understands the importance of having an engaged and educated Board. To that end, each new Metro Board member is provided several hours of orientation soon after appointment. The thorough and comprehensive orientation includes transit terminology; history of Metro; introduction to all department managers; an overview of each department's responsibilities; financial overview; legal and ethical requirements applicable to Board members; providing a 300+-page "Board Member Orientation Packet"; and other ancillaries.

As time goes on, Board members can take advantage of other training opportunities. ~~Some Board members, current and past, have taken advantage of the American Public Transportation Association (APTA) Board Member and Board Support Conference.~~ This multi-day training event occurs annually. Additionally, because Board members take the initiative to learn about Metro's business and specific challenges, Board members often request special briefings from staff on topics where they wish to increase their knowledge. Moreover, there are significant benefits to having a Board comprised of members from diverse backgrounds and experiences. Finally, the CEO regularly provides the full Board with transit and transportation related articles about a multitude of transit topics involving numerous transit properties across the nation.

We note that the Grand Jury report emphasizes perceived benefits of Bus Rapid Transit (BRT) and a board member education program offered by the Institute for Transportation & Development Policy (ITDP). A high-level review of the apparent mission of the ITDP seems to reflect a strong leaning towards the promotion of BRT concepts and sustainability. In the Board's response to Finding 4, we will address the BRT Finding.

It is not clear to Metro how this Finding can be resolved by sending Board members through the ITDP program. Board members are already well-versed in issues related to sustainability and the potential benefits of BRTs.

F4. Metro use of Bus Rapid Transit (BRT) industry best practices is limited.

AGREE

PARTIALLY DISAGREE – explain the disputed portion

DISAGREE – explain why

Response explanation (required for a response other than **Agree**):

The Grand Jury report contends that Bus Rapid Transit (BRT) systems are a “best practice” in the transit industry. However, this contention appears to misconstrue the sources relied upon by the Grand Jury members for this conclusion. In fact, the reports found under the links contained in the Grand Jury report offer ideas, concepts, successes and “best practices” for BRTs, should an agency be inclined to implement a BRT. BRT does not always make sense for every transit environment. Indeed, the following is a quote taken from the FTA’s Executive Summary in one of the links referenced in the Grand Jury report, which focuses on the benefits of BRT in “large cities”:

FTA Research

**Peer-to-Peer Information Exchange on Bus Rapid Transit (BRT) and Bus Priority Best Practices
May 2012**

“The results of the Peer-to-Peer Information Exchange on BRT and Bus Priority Best Practices program make clear that better public transportation in general and BRT in particular can be cost-effective, useful tools for improving transportation and the environment and restoring the livability of America’s large cities.”

We agree that BRT should be evaluated by transit entities. Therefore, Metro is not and has not been opposed to reviewing the potential of a BRT in Santa Cruz County. Metro’s current and past history demonstrates that Metro has and continues to evaluate BRTs. The following reflects Metro’s experience on this topic

Santa Cruz BRT history (2005-10)

Together, Monterey-Salinas Transit (MST) and METRO won an Air District grant in 2007 to study BRT in the Monterey Bay area. MST developed its portion of the analysis for the purpose of an FTA Very Small Starts Grants application. The initial Santa Cruz portion of the effort was to consider the general opportunities and applicability for BRT features between Santa Cruz and Watsonville. This analysis is reflected in the 2008 METRO SRTP with general references to BRT and that there may be opportunities in the Soquel/Freedom, Highway 1, and/or rail corridor. These are the same corridors currently being studied in the RTC Unified Corridor Study.

Later, UCSC contributed funding to develop an additional analysis of the BRT corridor between Pacific Station and the campus, as continuation of previous work the University had developed. The improvements suggested in this analysis, (additional vehicles, station modifications, queue jumps, and transit signal priority) were expensive (over \$2 million), did not create sufficient additional benefits to justify the expense, and did not have political support to pursue. Travel time analysis suggested that only 1.2 minutes per 6.7 mile round-trip (currently 45-55 minutes) could be saved due to these improvements. Until recently, this had been the last effort in this County on this topic.

Santa Cruz BRT history (2016)

In 2016, Metro and MST were jointly awarded a grant from Association of Monterey Bay Governments (AMBAG) to study the feasibility of "Bus on Shoulder" on portions of Highway 1 in Santa Cruz County and in Monterey County. This study, which is currently underway, envisions a BRT that would run between Watsonville and Santa Cruz, providing BRT or BRT-like service operating on the inner or outer shoulder of the highway. Bus-on-Shoulder is a concept increasingly being used in some cities today across the nation, not as a "best practice" but as a "common practice" in operating environments in which buses operate on very congested highways.

Metro will continue to evaluate, and potentially implement, both BRT and Bus on Shoulder concepts, should one or more of those concepts be determined to be in Metro's best interest.

F5. There are no experience qualifications for Metro Board members in its bylaws, and the Board lacks the range of experience or training necessary to improve Metro's performance.

AGREE

PARTIALLY DISAGREE – explain the disputed portion

DISAGREE – explain why

Response explanation (required for a response other than **Agree**):

Covered in the answer to Finding 3.

F6. Metro does not have joint meetings that include the Board, Metro management, and the Metro Advisory Committee. Better and more frequent communication and coordination between these bodies could improve decision making.

AGREE

PARTIALLY DISAGREE – explain the disputed portion

DISAGREE – explain why

Response explanation (required for a response other than **Agree**):

Metro is unclear as to what the Grand Jury members intended with the following statement: "...joint meetings that include the Board, Metro management, and the Metro Advisory Committee." This statement appears out of place when attempting to reconcile it against the substantive text of the report. Metro would appreciate any clarification the Grand Jury members could provide.

In the way of background, Metro staff does regularly attend and provide staff support to the Metro Advisory Committee (MAC) and the MAC Chair attends two Metro Board meetings a year, providing the Board with an update of the MAC activities and MAC recommendations on various transportation topics.

Additionally, Metro questions the wisdom and value of joint staff and Board meetings. All staff report to the CEO. The joint meetings suggested in the report would have the potential to blur the lines of reporting relationships or create an opportunity for the Board (policy makers) to interfere with the administrative functions they have contractually delegated to the CEO. Nevertheless, Metro Board members do regularly interface with staff at Committee and full Board meetings and the CEO provides an interactive working environment in which staff members are responsible for presenting their department's Board reports to the full Board and answering Board member questions.

F7. Manual collection of route performance data does not allow for optimal use of the HASTUS system.

AGREE

PARTIALLY DISAGREE – explain the disputed portion

DISAGREE – explain why

Response explanation (required for a response other than **Agree**):

F8. Metro partnerships with UCSC and Cabrillo College have contributed significantly to Metro revenues, and Metro would benefit from additional community partnerships.

AGREE

PARTIALLY DISAGREE – explain the disputed portion

DISAGREE – explain why

Response explanation (required for a response other than **Agree**):

F9. Metro marketing functions are handled inefficiently, in significant part due to an unfilled marketing manager position. Marketing must be more than just selling advertising on buses.

AGREE

PARTIALLY DISAGREE – explain the disputed portion

DISAGREE – explain why

Response explanation (required for a response other than **Agree**):

F10. Metro lacks a business development manager. Currently, business development responsibilities are distributed across the organization, and are not implemented or effective.

AGREE

PARTIALLY DISAGREE – explain the disputed portion

DISAGREE – explain why

Response explanation (required for a response other than **Agree**):

The CEO agrees that the business development duties and responsibilities described in the Grand Jury report should be encompassed within one position, irrespective of the

position being called a "Marketing Manager" or "Business Development Manager." Although currently implicit in the Marketing Manager Job Description, the job description will be strengthened in the future to provide additional business development functions.

Finally, business development will always be a shared responsibility between a Marketing Manager and the Planning and Development Manager. The Planning and Development Manager is responsible for obtaining and monitoring data relative to new and existing transit nodes (transit concentrations or intersections), transit catchment areas (typically ¾ mile on each side of a transit route), transit friendly developments and employment centers, and for making recommendations for service adjustments that will maximize the potential of retaining and attracting new ridership.

Recommendations

R2. Metro should redefine the Marketing Manager position as Director of Business Development and fund it. (F9, F10)

HAS BEEN IMPLEMENTED – summarize what has been done

HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE – summarize what will be done and the timeframe

REQUIRES FURTHER ANALYSIS – explain scope and timeframe (not to exceed six months)

WILL NOT BE IMPLEMENTED – explain why

Response explanation, summary, and timeframe:

This Recommendation will not be implemented because it is not warranted or is unreasonable. At the CEO's request, the Board created the Marketing, Communications and Customer Service Manager position on February 13, 2015. Since 2014 the Board has been working to resolve the \$6.3 million fiscal structural deficit. The fiscal structural deficit was not resolved until July 2016. During this fiscally challenged period of time, Metro was proposing to reduce service as much as 33% and layoff as many as 1/3 of the bus operators to resolve the structural deficit. Given these difficult times, it would not have been prudent policy to fund a new manager position. The CEO will revisit asking the Metro Board to fund the Marketing, Communications and Customer Service Manager position sometime in the next year or two.

Finally, at the current time, the Board sees no tangible value in renaming the Marketing, Communications and Customer Service Manager position to the Director of Business Development. The Recommendation is not a documented industry-wide common practice.

Also, see response to Finding 10.

- R3.** The Metro Board should include members who have marketing, business management, or finance experience. (F3, F5, F6)
- HAS BEEN IMPLEMENTED** – summarize what has been done
 - HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe
 - REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)
 - WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

This Recommendation will not be implemented because it is not warranted or is unreasonable. Neither the Board Bylaws nor the Metro’s enabling legislation requires such expertise. Moreover, as a result of Metro’s enabling legislation, Metro does not control appointments to the Metro Board (see Public Utilities Code section 98000 et seq.).

The Board does agree that business experience can lend value to Board policy discussions and the Metro Board has numerous examples of business experience. In addition, and in accordance with Metro’s enabling legislation, many Board members serve (and in some cases have served for many years) in similar capacities for other governing bodies. That experience, which includes policy making in the marketing, business management and finance areas, is directly transferrable to the Board members’ service on behalf of Metro.

- R4.** The Metro Board, Metro management, and the Metro Advisory Committee should meet jointly on a regular basis. (F5, F6)
- HAS BEEN IMPLEMENTED** – summarize what has been done
 - HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe
 - REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)
 - WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

See response to Finding 6.

- R5.** Metro should identify and secure additional funding sources. (F2, F8, F9, F10)
- HAS BEEN IMPLEMENTED** – summarize what has been done
 - HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe
 - REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)
 - WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

Metro has been and plans to continue to seek additional funding sources. In addition, Metro must continue to allocate substantial time and resources to protecting existing state and federal funding streams.

Recent Increased Funding Sources Outcomes

- The voters of Santa Cruz County supported Measure D, in which 16% of net revenues come to Metro
- Metro strongly expressed support for SB-1, which has been signed into law by the Governor
- Metro worked with UCSC to increase UCSC's financial support to sustain service on important lines serving the college
- Metro worked with the Cabrillo College student Senate to encourage the Senate to place a measure on the student ballot for a student program similar to UCSC. That Measure passed which produces a funding source that helps to sustain service levels on lines serving the college.
- Metro initiated a discussion with the San Lorenzo Valley School District about shared transportation interests and partnerships
- Annual Washington, DC trips with Board members to advocate for Metro funding of various capital grants programs

Ongoing and Potential Future Funding Growth Strategies

- Advocating at the federal level for the increase of the Small Transit Intensive Cities (STIC) program to be increased from 1.5% to 3%
- ~~Advocating at the federal level for the Alternative Fuels Credit to be made a permanent annual credit instead of an annual renewal with the annual Extenders process.~~
- Continue annual Washington, DC trips with Board members to advocate for funding of various Metro capital grants
- Once the Marketing Manager is hired, improve the bus advertising program and develop a bus stop and transit terminal advertising program.
- Continue evaluating strategic surgical approaches to increasing ridership that will fill excess capacity, both peak and off-peak hours of service
- Increase service frequency on key lines, which will result in an increase in ridership
- Seek funding for a Predictive Arrival And Departure System (PADS) that will provide customers with real-time bus arrival information and result in an increase in ridership
- Analyze and present to the Board a fare restructuring proposal in CY2018
- Continue working with the City of Santa Cruz on a Transportation Demand Management (TDM) partnership that will reduce the parking needs of the downtown and increase ridership for Metro
- Continue to develop strategies to encourage students to ride the bus to school
- Develop a target marking strategy for growing Highway 17 commuter service

- ridership
- Grow ridership on the Highway 17 commuter service by purchasing over-the-road coaches
- Grow systemwide ridership by appealing to the environmental, sustainability and Green House Gas (GHG) oriented potential customers by purchasing zero emissions electric buses

R6. Metro should expand their grant writing program. (F2)

- HAS BEEN IMPLEMENTED** – summarize what has been done
- HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe
- REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)
- WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

Metro strongly disagrees with this Finding. This Finding was presented to the CEO three days before the release of the Grand Jury report and without an opportunity to respond in writing. The Grand Jury provided no supporting documentation or information from interviews with staff or others that would substantiate this Finding. At the Grand Jury exit meeting, the CEO verbally provided the Grand Jury members background and examples as to why this Finding is incorrect; unfortunately the Grand Jury chose to disregard this information.

It appears that the Grand Jury members did not properly comprehend the grants process, particularly the differences between Capital Grants and Operating Grants and the differences between Formula Grants and Discretionary (Competitive) Grants.

Operating Grants vs. Capital Grants

Think of the operating budget as “running buses” and the capital budget as “buying buses.” Metro’s structural deficit, as referred to in the Grand Jury report, is in the operating budget. State and federal discretionary (competitive) grants typically do not provide revenue for the operating budget, and local grants that might provide operating funds are few and far between. Nearly all state and federal grant opportunities are for capital improvements and bolster Metro’s ability to buy buses. Regardless, METRO applies for all discretionary grant opportunities for which it is eligible.

Formula Grants

State and federal formula grants come to Metro as a result of legislation, usually require an annual application, and always require follow-up information on how Metro used the money. While this is a cumbersome and time-consuming process which also demands attention from the grants-writing staff, Metro always follows the dictated processes and never risks or jeopardizes its state and federal formula grant allocations. These state and federal formula dollars are typically used for operations, are sometimes flexible for use in both operations or capital, and are often restricted to capital only.

Discretionary (Competitive) Grants

In any given year, there are a number of state and federal discretionary grant programs offered. Metro always submits highly competitive grant applications for programs for which it qualifies. Unfortunately, the Grand Jury report does not reflect Metro's highly successful discretionary capital grant awards in 2016. In 2016, Metro competed successfully at the state, federal and local levels for the following grants:

- State Low Carbon Transit Operations Program (LCTOP) – Awarded \$709,292 to purchase one zero emissions electric bus that will run as a circulator in Watsonville.
- Federal Low or No Emission Vehicle Program (LoNo) - \$3,810,348 to purchase three zero emissions electric over-the-road coaches to run on the Highway 17 commuter service. The grant includes recharging facilities. Of the 20 nationwide awards, Metro received the 5th highest award in the nation, receiving a larger grant than the Chicago Transit Authority.
- Santa Cruz County Regional Transportation Commission: Surface Transportation Block Grant (STBG) - \$500,000 to purchase one Compressed Natural Gas (CNG) bus to run on Metro's fixed-route services.

When grants become available for competition, they are always way oversubscribed. Typically, there are nine to ten times as many applications as actual grant awards, and the amount awarded is a fraction of the amount requested. For example, in 2016 the federal Bus and Bus Facilities grant program received \$1.647 billion in applications for a program with only \$213 million available for distribution. In the 2016 federal Low and No Emission Bus Program, applicants requested \$446 million from a pot of only \$55 million.

Again, these grants are for capital improvements only and do not provide operating revenue.

The Changing Landscape of Grants Availability

Finally, the grant funding landscape has changed dramatically over the past five years, which the CEO explained to the Grand Jury members. Here are just a few examples:

- Up until 2012, the federal transportation authorization included a Bus and Bus Facilities Program, a discretionary capital grant program. Up until then, Metro had competed successfully for some of this funding. With the enactment of MAP-21 in 2012, the Bus and Bus Facilities discretionary grant program was eliminated. It was not until the FAST Act reauthorization last year that the Bus and Bus Facilities program was reestablished, albeit at a substantially reduced funding level.

- In 2006, the California voters created a capital funding source through Proposition 1B. This ten-year capital program, which expired last year, funded numerous Metro security, facilities and bus procurements, which were all capital projects. Fortunately, the Governor signed the Road Repair and Accountability Act this past April to partially replace Proposition 1B and to provide additional State Transit Assistance (STA) to Metro. Again, this legislation favors capital projects for the use of this money, although some of it can be used for operating assistance if METRO meets specific performance criteria.
- The American Recovery and Reinvestment Act of 2009 (ARRA), signed into law by President Barack Obama on February 17, 2009 was an economic stimulus package which provided Metro valuable capital dollars. ARRA was a one-time program and did not provide recurring resources.
- In 2012, the US Congress eliminated federal “earmarks,” a process that provided legislative appropriations to specific projects in a congressperson’s district. Metro had frequently secured federal earmarks to fund multiple capital projects.

Each year federal subsidies for public transit are threatened. The result of this constant threat is often flat or nominal growth in federal transportation funding, and in an environment where operational costs typically grow at a rate equal to or greater than the Consumer Price Index (CPI).

With the loss of several substantial capital funding programs since 2012, Metro’s challenge in the coming years will be one of trying to find the resources with which to replace 61 buses that are currently obsolete and in need of replacement at an estimated cost of \$38 million to \$60 million, depending on whether Metro purchases CNG or electric buses.

R7. Metro should adopt and adhere to a budget that does not deplete reserves for operating expenses. (F1)

- HAS BEEN IMPLEMENTED** – summarize what has been done
- HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe
- REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)
- WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

The Grand Jury was provided very positive information about the Board’s attention to and the resolution of the fiscal structural deficit; the elimination of the use of Reserves in the operating fund; and the positive outlook for budgetary stability over the next five years.

The Board actions of June 2016, over a year ago, resolved the most immediate challenge, which was the \$6.3 million fiscal structural deficit. Also, thanks to the voters of Santa Cruz County for Measure D and the state legislators for SB-1. As a result of the aforementioned actions, Metro does not anticipate the return of the structural deficit in the five-year budget look-ahead.

In the June 2017 budget adoption, the Board also adopted a strategy to replenish key Reserves by 6/30/22 and to provide \$15 million over the next five years to be leveraged for state and federal capital grants.

- R8.** Metro should consider pursuing additional private and government partnership programs, such as those with UCSC and Cabrillo College. (F8)
- HAS BEEN IMPLEMENTED** – summarize what has been done
- HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe
- REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)
- WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

Metro is and will continue to implement this Recommendation. Recently, Metro staff met with San Lorenzo Valley School District officials to explore potential partnerships. Last year, Metro accomplished the two new and improved partnerships referenced by the Grand Jury, and Metro plans to continue to seek other funding partnerships in the future.

- R9.** Metro should create a bus stop sponsorship program that underwrites construction of bus stops in accordance with Metro's design standards. (F11)
- HAS BEEN IMPLEMENTED** – summarize what has been done
- HAS NOT BEEN IMPLEMENTED BUT WILL BE IMPLEMENTED IN THE FUTURE** – summarize what will be done and the timeframe
- REQUIRES FURTHER ANALYSIS** – explain scope and timeframe (not to exceed six months)
- WILL NOT BE IMPLEMENTED** – explain why

Response explanation, summary, and timeframe:

This Recommendation will not be implemented because it is not warranted or is unreasonable. This Recommendation is unclear, and the Grand Jury report provides no examples of common practice or support for this Recommendation.

Metro is and has been considering the creation of a bus bench and bus shelter advertising program in the future, much like many transit properties around the country do today.

The ability to sell advertising space and the valuation of that space is most often driven by the number of potential visual impressions. Impressions are the number of people who actually see the advertisement, based on the size of the advertisement, visibility, and the speed at which people are passing by. While some may characterize the Santa Cruz County roadway corridors as heavily congested, from a marketing advertisement space perspective, the corridors don't have the kinds of car counts most high-dollar perspective advertisers seek and who are willing to pay high rental rates.

Nonetheless, Metro believes there is a new revenue stream that can be obtained by the addition of bus bench and bus shelter advertising. However, cities sensitive to the escalation of outdoor advertising, sometimes called visual pollution, may have concerns about the addition of potentially 847 new public advertising spaces along Santa Cruz County roadway corridors. Metro will need to work with the County and the four cities within Metro's service area to attempt to find common ground in the creation of aesthetically pleasing advertising spaces. Two years ago the Board gave the CEO such direction. Now that Metro's fiscal structural deficit has been resolved, the CEO plans to turn his attention to this matter. Metro will also explore possible contacts with advertisers that could provide Metro with new bus shelters and bus benches.