

Attachment 4  
**SCMTD Highlights**  
**FY2004**  
**Annual Report**

Santa Cruz METRO marked significant changes in fiscal year 2004 as it coped with another year of declining operating revenue. Fare increases for all modes combined with service reductions accompanying route re-alignments enabled METRO to achieve a balanced budget. Ridership declined as a result, but less than projected. During the year, METRO assumed contract operation of the AMTRAK feeder bus service to San Jose and started planning for the eventual direct operation of ADA Complementary Paratransit. METRO made significant progress on capital improvements, especially on MetroBase, although construction funding from State and Federal sources remains uncertain.

Sales tax revenue and TDA revenue remained stagnant, while interest income and passenger fares declined. Operating costs, especially for fuel, continued to increase, requiring further cost cutting. In order to balance the operating budget, METRO implemented a fare increase July 1, 2003, raising the base fare from \$1.00 to \$1.50, the first increase in over 10 years. All passes and paratransit fares increased proportionately. Just prior to the fare increase, METRO reduced service by about 2.5% with a route re-alignment designed to minimize the impact of reduced service. The fall 2004 service change resulted in a slight reduction of revenue hours. The number of METRO full-time employees declined from 300 to 294.

From July 1, 2003 until June 30, 2004, METRO operated 233,389 revenue hours, in fixed-route service, a decline of 2.8% from the previous year. As a result of the July, 2003 fare increase for all modes and the reduction in revenue service hours, ridership declined by approximately 7.4% from 6,286,300 to 5,819,450. While this is a significant drop, it is less than what had been projected for a 50% increase in passenger fares.

In April, 2004, METRO assumed operation of the AMTRAK feeder bus service between Santa Cruz Metro Center and the San Jose Diridon Station. Under an MOU with the Capital Corridor Joint Powers Authority, AMTRAK, Caltrans and Santa Clara VTA, METRO combined the AMTRAK feeder service with the existing Highway 17 Express to enable a long-awaited extension of service to Metro Center and to weekend operation. Ridership increases from the extended hours and more convenient service from Metro Center combined with the additional contract revenue from the JPA resulted in a lower subsidy per passenger for the Highway 17 Express.

METRO performed shuttle services typical of previous years and included the Santa Cruz Beach Shuttle, the Capitola Art & Wine Fest, the University of Santa Cruz Fall Frolic, the Monte Foundation fall fundraiser and the Strawberry Festival and Holiday shoppers shuttle in Watsonville.

METRO continued to contract delivery of ADA eligible paratransit trips with Community Bridges. In keeping with declines in fixed-route ridership, paratransit ridership declined from 105,989 trips in FY2003 to 91,704 trips in FY 2004, a decline of more than 13%. METRO concluded its Initial eligibility recertification process during the year, but continued to certify new applicants. At the end of the year, approximately 3,200 persons were registered to

use the paratransit system. Even though paratransit trips declined in 2004, contract costs for paratransit service consumed 11% of the METRO operating budget. At the end of the year, METRO considered alternative transition plans to assume direct operation of paratransit service to ensure compliance with federal law and to control costs.

METRO continued to focus on building MetroBase. After adopting an Environmental Impact Report in early 2003 for the clustered option at Harvey West Park, the Board contracted with a different architectural firm, RNL Interplan, to complete design engineering. By this time, the project scope had changed considerably from a consolidated facility to be built on a single undeveloped site to a cluster of sites to be redeveloped. During the year, the new architect completed design work and started the construction documents for soliciting a builder. METRO acquired one parcel needed for the Phase I project and continued to negotiate with the owner of a second business for the remaining right of way. The operating and maintenance facility expansions are scheduled for completion in 2006 if State and Federal sources deliver anticipated funding.

The security of funds programmed to MetroBase construction in the State Transportation Improvement Plan remains uncertain. Due to the continued diversion of gasoline sales tax revenue from transportation projects to support California's general fund, \$6.36 million programmed for construction in FY 06/07 is in jeopardy. During the past three years, all but critical infrastructure safety projects have been unfunded. In future years, the incomplete projects in earlier years of the STIP may deplete the amount available for currently programmed projects. METRO will explore opportunities to designate MetroBase for an AB3090 cash reimbursement in FY 07/08.

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