

## INTER OFFICE MEMO

Administration and Finance Committee  
Summary Minutes  
March 6, 2019

The meeting was called to order at 10:00 a.m. at 1676 North California Blvd, Suite 620 in Walnut Creek. Those in attendance were:

Committee Members:	Director Al Dessayer Director Kevin Wilk
Staff:	General Manager Rick Ramacier Chief Financial Officer Erick Cheung

1. Approval of Agenda- Approved.
2. Public Communication- None
3. Approval of Minutes of February 13, 2019- Approved.
4. CCCTA Investment Policy – Quarterly Reporting Requirement – CFO Cheung reported that the portfolio as of December 31, 2018 complies with County Connection’s Investment Policy. Approved for the Board consent calendar.
5. Fiscal Year 2020 Draft Budget and Ten Year Forecast – CFO Cheung reported that the FY 2020 Budget proposes \$42.3 million in operational and capital expenses for fixed route and paratransit with revenues to offset these costs. County Connection’s main revenue source is TDA 4.0 funds from MTC; the budget proposes using \$17.8 million which is \$3.1 million less than MTC estimates we will receive next fiscal year of \$20.9 million. TDA reserves are estimated to end higher in FY 2020 with a balance of \$18.5 million. Several factors have occurred, which changes the financial forecast compared to the recent budgets. One of the main reasons is Senator Beall’s Senate Bill 1 (SB1) Road Repair and Accountability Act of 2017 continuing with Proposition 6 failing in the November 2018 elections. Also, gas prices are still rising compared to the previous years which funds our State Transit Assistance (STA) allocations. Both of these factors will bring in an additional \$2.8 million in STA revenue. These increases are based upon the California Controller’s estimate for STA revenue and assumes CCTA will continue allocations based upon FY 2019 for guarantee and non-guarantee funds.

Another key factor based upon MTC’s February estimate from the Contra Costa Auditor’s Office, TDA revenue continues to improve in FY 2019 from \$18.3 million to \$20.1 million an increase of nearly 10%. The FY 2020 estimate is \$20.9 million or a 4.2% increase over the revised amount, which is \$2.1 million higher than previous year budget forecast. Also, the Board approved service and fare adjustments for the first time since 2009 which will improve efficiencies and provide additional fare revenues. These changes will take longer to evaluate the financial impact with various modifications occurring from fare subsidies to increased Clipper usage. Finally, CalPERS employer rates and unfunded liability payments will still rise significantly over the next several years, it is lower than the previous year CalPERS Actuarial Valuation report by \$1.5 million over a 5-year period (between FY 2020 - FY 2025). The proposed budget and forecast are important tools to understanding the financial changes, and while positive compared to the previous years, it is still necessary to maintain a prudent reserve with MTC and plan accordingly for future expenses.

The Committee had extensive conversation with staff over the proposed budget. A key point brought by Commissioner Dessayer was the budget forecast does not include the additional costs associated with replacing the fleet with electric buses, the necessary electric infrastructure, nor the maintenance costs. General Manager Ramacier noted that staff is still analyzing the costs and requirements to County Connection. One of the issues that will impact timing is if County Connection will be treated as a sole operator or included as part of the larger bay area transit region.

The FY2020 Draft Budget and Ten Year Forecast is information item and will be brought back in April for the Committee’s and Board’s approval to file a timely TDA claim be filed with MTC.

6. Review of Vendor Bills, February 2019- Reviewed.
7. Legal Services Statement, January 2019 General & December 2018 Labor - Approved.
8. Adjournment- The meeting was adjourned. The next meeting is set for scheduled Wednesday, April 10<sup>th</sup> at 9 am in Walnut Creek and May 8th at 9am in Walnut Creek.

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Erick Cheung, Chief Financial Officer