

INTER OFFICE MEMO

Administration and Finance Committee
Summary Minutes
May 6, 2020

The meeting was called to order at 8:30 a.m. via Teleconference pursuant to the provision of the Governor's Executive Orders N-25-20 and N-29-20. Those in attendance were:

Committee Members: Director Al Dessayer
 Director Sue Noack
 Director Don Tatzin

Staff: General Manager Rick Ramacier
 Assistant General Manager Bill Churchill
 Chief Operating Officer Scott Mitchell
 Chief Financial Officer Erick Cheung
 Director of Planning Ruby Horta
 Manager of Accessible Services Rashida Kamara
 Authority Attorney Madeline Chun
 Authority Workers Compensation Attorney Courtney Masterson

1. Approval of Agenda- Approved by each member of the A&F Committee to move up Agenda Item #8 – OPEB Actuarial Valuation to after Agenda Item #5 – Open Session
2. Public Communication- None
3. Approval of Minutes of April 8, 2020- Approved by each member of the A&F Committee.
4. Closed Session: Liability Claims (Government code Section 54956.95) Claim against Central Contra Costa Transit Authority; Claimant: Wendy Wheeler Scott
5. Open Session: Report of Action taken in Closed Session - A&F Committee provided direction to staff to forward the item to the Board.
6. OPEB Actuarial Valuation – CFO Cheung and Ms. MacLeod provided a summary of the OPEB Actuarial Valuation Report which is required every two years by Governmental Accounting Standards Board (GASB) Statement No. 75. County Connection's Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2020 is \$3.1 million which is a decrease of \$1.2 million since the last valuation. The primary reason for the decrease is favorable experience due to lower medical premiums than projected in the 2018 valuation. The Annual Determined Contribution (ADC) for FY 2020 is \$529,577. However, County Connection gets credit under implicit subsidy of \$66,765 for current employees, therefore the benefits paid to retirees and the trust should amount to \$462,812. This amount is \$46,488 less than the original FY 2020 Budget of \$509,300. The ARC for FY 2021 is \$545,410 and the amount net of credit paid to retirees and trust should be \$457,376. The FY 2021 Proposed Budget presented in the prior month has incorporated these changes. The A&F members discussed the actuarial report with Ms. MacLeod to gain a better understanding of the actuarial changes and are there changes we could incorporate in the future. Each member of the A&F Committee accepted the report and concurred with staff's recommendation to contribute the ARC for FY 2020 and FY 2021 which was consistent with past practice. Also, the committee forwarded the item to the Board of Directors as a consent item.
7. Request to Amend the contract with Transdev for Paratransit services – Manager of Accessible Services Kamara described that paratransit ridership has dropped 80% since the beginning of the shelter-in-place. To keep essential services going throughout the community, County Connection partnered with Meals on wheels to deliver food for seniors that were affected by the stay at home order. Since March 30th, County Connection LINK service through its contractor Transdev, delivers up to 400 meals a week. County Connection also partnered with Mt Diablo School district and Transdev delivers meals and groceries for up to 50 students a week. In addition, the Contra Costa Health Department has requested all transit providers to transport passengers that are positive with COVID-19 to hospitals and/or hotels for quarantine. This accounts for an additional 40 transports a week. These services were unanticipated by Transdev and appropriate to provide a different scope of work under a contract amendment. As a result of the COVID-19 pandemic, there are new federal guidelines that allow this amendment to transportation contracts, so they can meet the needs of the community. This change should not have a fiscal impact as this is supplementing services, we would

have been providing to paratransit riders. Some of the services we are providing is eligible for CARES Act reimbursement and/or FEMA funds assuming Contra Costa County can attain them. Staff thanked Transdev for being proactive and a good partner during these difficult times. Each member of the A&F Committee approved the amendment to Transdev contract for Board approval.

8. Mid and Long-Term Impact to County Connection & Related Planning Efforts Underway – General Manager Ramacier provided an update on County Connection’s response to COVID-19 in the mid to long term. He highlighted the following challenges:
- a. On May 4th, we will be in week five of the 12 week period that covers the temporary FMLA rules. In week five, employees are entitled to receive 2/3rds of their pay under these FMLA rules. The most prevalent reason our employees would use FMLA between weeks five and 12 will be the need to stay home with a child under 18 who cannot go to school due to COVID-19 closers. However, because of the decrease in FMLA compensation between week four and week five and have seen nearly half of the drivers return this week.
 - b. We have been outfitting buses with driver plexiglass shields to ensure that every bus that goes out has one installed and nearly complete for the entire fixed route fleet.
 - c. We will maintain social distancing on buses and require all passengers to wear masks consistent with the County order extension. In order to maintain social distancing on buses, we will enforce a temporary capacity for each vehicle size. If the schools open in July and August as has been suggested might happen, this could put a strain on our resources with respect to maintaining social distancing.
 - d. Planning staff have begun scenario planning service restructuring concepts. These will lead into specific service proposals over the next few months. Each planning scenario will be tied to different projections of revenue loss. As we learn over the next 90 days or so what are likely revenue losses will be, staff will develop specific service restructuring proposals within the appropriate scenario. The implementation of any of these would be targeted for late fall or early winter.
 - e. Planning is moving ahead this summer/fall with completing our California Air Resources Board (CARB) Innovated Clean Transit Rule (ICT) plan. This is because we need to begin planning for our scheduled Fiscal Year 2022 40 bus replacement project. We are unable to proceed with that procurement without the plan being completed. We are using the LONO electric bus project (the second four electric bus project) consultant to complete this plan. We are using LONO funds from the federal grant to pay for the work. The consultant is the Center for Transportation & the Environment (CTE). The plan development itself will be overseen by the MP&L Committee.
 - f. The Fiscal Year 2021 budget will be presented in June for adoption but will bring forward significant budget amendments between July and October to adjust expenses to better match expected revenues as we learn more in the coming months.

Mr. Ramacier requested this report be accepted and will be updating the Board at the next meeting. Each member of the A&F Committee accepted the report.

9. Fiscal Year 2021 Draft Budget and Ten Year Forecast – CFO Cheung reported that this update on the FY 2021 Budget focuses on the revenue estimates for FY 2020 and budget for FY 2021. Staff is currently estimating that the net impact to TDA reserves combined for FY 2020 & FY 2021 is a decrease of \$5,330,784. This is based on revenue declines in sales tax and diesel tax revenues and no current changes to expenses based on the Proposed FY 2021 Budget. The calculation also assumes County Connection will receive the full amount of the CARES Act funds of \$11,586,361, which is not guaranteed.
- a. CARES Act – Federal Transit Administration - MTC is responsible for programming the region’s FTA program funds. On April 22, 2020, the MTC Board approved programming approximately \$780 million or 61% of this supplemental funding after their staff worked with the region’s transit operators. The remainder of the funding would be programmed in future months as further transit revenue impacts become clearer. County Connection’s allocation for the first portion is approximately \$7.1 million with the balance of \$4.5 million still to be determined by MTC. Staff has already submitted to FTA the required documentation to receive the funds, but this still needs to go through the federal approval process before we can receive the funds.
 - b. Fares – Fare revenues declined 80% for fixed route and 90% for paratransit services with the shelter-in-place (SIP) order. On March 23rd, fare collections ceased on fixed route and paratransit services to improve safety by minimizing interaction between operators and riders. The financial impact of not collecting fare revenues is approximately \$50 thousand a month for fixed route and \$10 thousand a month for paratransit services. Assuming no fare revenue through the end of June, this would mean losses of \$704 thousand in fixed route and \$225

thousand in paratransit services in FY 2020. Even if the SIP is lifted, ridership will slowly return and will be approximately 70% of normal for the first six months. This means additional losses in FY 2021 for \$494 thousand in fixed route and \$79 thousand for paratransit services.

- c. Special Service Revenue - Special service revenue are agreements we have with various agencies such as California State East Bay, Bishop Ranch, and the City of Walnut Creek to provide service for agreed upon amounts. This revenue source has declined due to the elimination of service and/or free fares that began on March 23rd. Assuming the SIP order continues through June, we would lose revenue of approximately \$476 thousand in FY 2020. For FY 2021, assuming it will take 3 months to 6 months to return to normal, which would result in losses of \$189 thousand.
- d. State Transit Assistance (STA) - STA revenue is generated by the sales tax on diesel fuel and provides funding for transit programs and agencies. The last estimate done by the State of California was in in January to provide an estimate to MTC for planning and programming purposes. There have been no updates by the State of California and assumes the next revision will be in the Governor's May Budget revise. Staff is currently assuming a 20% drop in FY 2020 and FY 2021, which means losses of nearly \$1 million each year.
- e. Measure J - Measure J is a ½ cent sales tax in Contra Costa County administered by CCTA for transportation planning, projects, and programs. Measure J provides funding for fixed route and paratransit services to County Connection. CCTA staff provided an update to the budget for FY 2020 and FY 2021 last week. They are currently assuming a loss in FY 2020 and FY 2021 of 14% and 19%, respectively. This would mean losses in FY 2020 of \$1.5 million and FY 2021 of \$1.2 million.
- f. Transportation Development Act (TDA) - TDA revenue is a ¼% state sales tax to finance transportation programs and projects. The amounts in the table above are based on the estimated amounts based on TDA receipts. This amount will differ from the FY 2021 Proposed Budget, since the budget assumes the amount needed to offset expense. In February, the Contra Costa County Auditor-Controller's Office (County) revised our estimate for FY 2020 downwards from \$20,909,368 to \$18,810,111 which is a decrease of \$2,099,257 or 10%. This information is based on sales tax collected through November of the previous year and obviously did not have COVID-19 factored in nor the changes to AB-1147 online sales tax collection (Wayfair Decision) that began on October 1, 2019. TDA revenue is not accrual based but based on actual cash receipts in the fiscal year. Therefore, the true up for April through June sales tax will be not be known till August and the impact will be felt in the following fiscal year. The May TDA revenue will represent a true-up of January through March collections and the June TDA revenue is based on Board of Equalization estimate. Staff is assuming a 50% decrease for the remaining two months which mean a loss of an additional \$1.3 million in FY 2020. FY 2021 assumes a 25% drop in sales tax revenue which would mean lost revenue of \$4.9 million.

Prior to COVID-19, County Connection was already facing financial issues due to the decreasing revenue estimates from TDA, STA, and increasing costs to paratransit services. The pandemic will require us to accelerate changes, absent additional funding from the federal and/or state government.

10. Review of Vendor Bills, April 2020- Reviewed.
11. Legal Services Statement, February 2020 General and Labor - Approved.
12. Adjournment- The meeting was adjourned. The next meeting is set for scheduled for 8:30 am on Wednesday, June 3rd via teleconference.

Erick Cheung, Chief Financial Officer