

INTER OFFICE MEMO

Administration and Finance Committee
Summary Minutes
December 9, 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 Financial Officer Erick Cheung
Director of Planning, Marketing & Innovation Ruby Horta
Accounting Manager Karol McCarty
Authority Attorney Madeline Chun

1. Approval of Agenda- CFO Cheung requested that we move Item 5 Fiscal Year End Audit to Item 4 as the auditors are on the call to present the results. The Income Statements for the Three Months Ended September 30, 2020 and Revenue Update for Fiscal Year 2021 will be Item 5. Approved by each member of the A&F Committee
2. Public Communication- None
3. Approval of Minutes of November 10, 2020- Approved by each member of the A&F Committee.
4. Fiscal Year 2020 Financial Audit – Ryan Nielsen, the Brown Armstrong partner in charge of the FY 2020 audit, reported that the audit report is unmodified, no material weaknesses, nor material noncompliance issues were noted. The auditors did identify a deficiency not considered to be a material weakness while reviewing the Authority's inventory process. They noted data input errors and obsolete inventory was not being removed from the inventory system. Due to COVID-19, the Authority was required to use minimal amount of staff in performing the count as recommended by Centers for Disease Control and Prevention (CDC) to maintain social distancing. Also, the Authority had turnover in key personnel who managed and assisted in prior inventory counts. The combination of both these factors affected the accuracy of the inventory count. Staff is already in the process of reviewing inventory to determine and remove obsolete inventory. The current inventory procedure appears reasonable but needs to be reinforced and discussed with staff prior to the inventory count. We also need to review discrepancies at time of count to provide necessary assistance to identify items not familiar to personnel outside of maintenance who perform a lot of the counts. He thanked County Connection's financial staff for working with his staff in completing the audit as most of it was remote due to COVID-19. Mr. Cheung thanked Mr. Nielsen and his team as this was a challenging year for everyone involved with COVID-19, he also thanked finance staff and all the various County Connection departments involved in the audit. Each member of the Committee recommended to the Board that the FY 2020 audit report be approved.
5. Income Statements for the Three Months Ended September 30, 2020 and Revenue Update for Fiscal Year 2021 – CFO Cheung reported that the actual expenses of \$8,579,474 are 19.4% under the year to date budget (\$2,059,082). Wages, fringe benefits, materials and supplies and special trip services are under budget due to vacancies and reduced service due to COVID-19. Also, we do not currently need to use the contingency currently needed.

In regard to revenue, we have large decreases in passengers' fares and advertising related to COVID-19. County Connection stopped collecting fares in mid-March and only began collecting fares again on November 1st. Mr. Cheung also provide an update on two of County Connection's main revenue sources:

- a. TDA - For the first 5 months (July through November) of TDA receipts, the revenue is approximately \$8.4million or \$371 thousand (4.59%) higher than this time last year. As a reminder, this includes amounts that are cleanup payments that are for items bought in April thru June, but the sales tax is not collected until later and for the first quarter of FY 2021 (July – September). He also provided quarterly data for April to June and July to September for 2019 & 2020, which showed a 12.9% (\$1,572,037) decrease for April to June while an increase of 3.1% (\$337,380) for July to September. Based on sales tax data from Contra Costa Transportation Authority (CCTA), the region saw decreases in all major business type categories especially relating to restaurant and hotels, fuel and service stations, and autos and

transportation; while improvements in general consumer goods and food and drugs for April to June. The data for July to September is not available yet.

- b. STA - The State Controller's Office released the first quarter STA revenue for FY 2021 for the MTC region (again our portion is approximately 2% of the total). The revenue is higher in the first quarter than the previous year by \$2.0 million or 3.95%. There is minimal analysis on the higher revenue amount other than the gas tax rate increasing 3.2 cents on July 1st as part of Senate Bill 1 to increase based on consumer price index.

The TDA and STA information is good news to date, but there has been a spike in COVID cases, and the Bay Area has implemented a stay at home order until early January. The next update for revenue would be late February/March 2021.

Each member of the Committee accepted to forward the report to the Board.

- 6. Alamo Creek Service – Amendment – Director Horta stated that County Connection partnered with the County of Contra Costa in 2014 to provide service to the County Service Area T-1 (CSA T-1) in Alamo Creek, along Camino Tassajara. The Alamo Creek Shuttle is a free service to anyone traveling to and from the Alamo Creek, Monterosso, and Ponderosa Colony housing developments serving the Danville Park & Ride and Walnut Creek BART. It is a commuter-based service with 3 morning and 3 afternoon trips. The initial term was for one year, from January to December 2014. The first amendment extended the term period through December 2020.

The Second Amendment: requested by Contra Costa County to extend the term until it is terminated by either party in accordance with the terms agreed upon in Section 16 - Termination of Agreement with 30 days notice. All other terms will remain. The hourly rate and pay limit are set by County Connection on an annual basis. The current not to exceed amount is \$194,600 and will be adjusted each year, consistent with labor cost increases. Each member of the A&F Committee approved the Transportation Service Agreement Second Amendment to the Board for consent.

- 7. Review of Vendor Bills, November 2020- Reviewed by each member of the A&F Committee.
- 8. Legal Services Statement, October 2020 General – Approved by each member of the A&F Committee.
- 9. Next Scheduled Meeting – The next meeting is set for scheduled for 8:30 am on Tuesday, January 12th via teleconference.
- 10. Adjournment- The meeting was adjourned

Erick Cheung, Chief Financial Officer