

**Summary Minutes
Administration & Finance Committee
Wednesday, April 6, 2022, 2:00 p.m.**

Due to COVID-19, this meeting was conducted as a teleconference pursuant to the provisions of Assembly Bill 361.

Directors: Sue Noack, Keith Haydon
Staff: Bill Churchill, Ruby Horta, Melody Reeb, Scott Mitchell, Amber Johnson, Julie Sherman
Public: None addressed the committee

Call to Order: Meeting called to order at 2:00 p.m. by Director Noack.

1. Approval of Agenda

The Committee approved the agenda.

2. Public Communication

None.

3. Approval of Minutes of March 2, 2022

The Committee approved the minutes.

4. Bus Advertising Amendment

Ms. Reeb reported that the bus advertising vendor, Vector Media, has requested a one-year contract extension under the modified terms that reduced revenue during COVID. These terms would continue to remove the minimum guarantee provision, with County Connection receiving a revenue share of 55% of net sales. Ms. Reeb stated that advertising sales were severely impacted by the shelter-in-place orders during COVID, and that while sales are starting to increase, County Connection is receiving about \$25,000 per month or roughly half of what was received prior to the pandemic. The proposed extension would round out the original three-year contract. At the end of the three years, there is an option to extend for up to two option years, or the contract could be re-bid. Director Noack asked if these revenue projections were included in the budget, Ms. Johnson replied yes, they are. The Committee recommended approval of the proposed contract amendment to the full Board of Directors.

5. Income Statements for the Six Months Ended December 31, 2021

Ms. Johnson reported that the actual expenses of \$17.9 million represent 39.7% of the total annual budget of \$45.3 million, and expenditures are equal to revenues due to the way the Authority utilizes its TDA revenues. Fixed route expenses have utilized 41.8% of total budget, primarily due to continued vacancies in staffing, plus underutilization of special COVID-related purchased transportation initiatives. Paratransit expenses have utilized 31.3% of total budget, with ridership continuing to track under budget due to COVID impacts on ridership. Ms. Johnson

also highlighted the statistical portion of the report, which reveals farebox ratio and cost per passenger numbers at pre-COVID and post-COVID levels, with recent indicators showing fair improvement in ridership and productivity. The Committee accepted the report and recommended it be provided as an information item to the Board.

6. Review of Fiscal Year 2023 Proposed Draft Budget and Forecast

Ms. Johnson presented the proposed draft budget for FY 2023, stating that this version of the draft is presented at this time so that a timely claim can be made for Transportation Development Act (TDA) funds. Ms. Johnson stated that the FY 2023 Budget proposes \$47 million in operational and \$26 million in capital expenses with revenues to offset these costs.

On the revenue side, Ms. Johnson reported that as ridership is recovering slowly, so are fares, with fare revenue projected to be about half of pre-pandemic fare collection. County Connection's main revenue source is TDA 4.0 funds from MTC; the budget proposes using \$28.4 million which is \$3 million more than MTC estimates we will receive. Therefore, a withdrawal from TDA reserves is anticipated. Measure J is projected to remain flat at \$6.7 million, and STA is projected at \$5.5 million. County Connection's final round of stimulus funds is \$10.2 million, with about half of that being claimed in the budget year. Ms. Johnson is still waiting for firm Measure J estimates before finalizing the budget in June.

On the expenditure side, Ms. Johnson reported that salaries and wages make up most County Connection expenses. She stated that two of three of the represented employee group contracts are up for negotiation this year, and that the budget proposes recruitment efforts will be successful and plans for a standard 3% COLA. Fuel expenses are extremely volatile in today's market, and the budget plans for a sharp increase to fuel costs. Ms. Johnson is waiting for paratransit proposal costs and potential award of the contract and will incorporate those numbers in the final budget. The capital forecast is based on the 2016 Short Range Transit Plan, plus additional facilities improvements identified to be completed over the next 3-5 years.

Ms. Johnson reported that the forecast assumptions on revenues and expenses are conservative, and that there will be sufficient TDA reserves until FY 2027 under the current scenarios, thanks to service reductions and injection of federal funds during the pandemic.

The Committee had a conversation with staff over the proposed budget. Director Noack asked about the source of funding for capital projects, Ms. Johnson replied that capital projects are typically funded with a mixture of federal and local funds. Director Noack asked for further information on budget line items for service development and management services. Staff explained that additional needs are anticipated in both areas in the budget year – for the SRTP, on board surveys, and the fuel cell bus study project.

Staff requested that the A&F Committee forward the draft to the Board of Directors for approval. Each Committee member approved the Draft FY 2022 Budget to forward to the Board so a claim can be filed with MTC for TDA funding.

7. Review of Vendor Bills, March 2022

The Committee reviewed the vendor bills for March 2022.

8. Approval of Legal Services Statement, January 2022 General and Labor and February 2022 General

The Committee approved the legal services statements for January 2022 General and Labor and February 2022 General

9. Next Scheduled Meeting

The next meeting was scheduled for May 4th at 2:00 p.m. via teleconference.

10. Adjournment – The meeting was adjourned at 2:35 p.m.

Minutes prepared and submitted by: Amber Johnson, Chief Financial Officer