

Summary Minutes Administration & Finance Committee

County Connection Administration Office
2477 Arnold Industrial Way
3rd Floor Conference Room
Concord, CA 94520

Wednesday, April 5, 2023, 2:00 p.m.

Directors: Laura Hoffmeister, Jim Diaz
Staff: Bill Churchill, Amber Johnson
Public: None

Call to Order: Meeting called to order at 2:04 p.m. by Director Hoffmeister.

1. Approval of Agenda

The Committee approved the agenda.

2. Public Communication

None.

3. Approval of Minutes of March 1, 2023

The Committee approved the minutes.

4. CCCTA Investment Policy-Quarterly Reporting Requirement

Ms. Johnson reported that the Authority's investment portfolio as of December 31, 2022 complies with the Investment Policy, and that the Authority has the ability to meet projected cash flow for the next six months.

5. Change in Financial Institutions

Ms. Johnson reported that the Authority's bank, Union Bank, has been acquired by US Bank. Since the administrative work required to facilitate a change of this nature is essentially the same as changing banks, staff decided to take this opportunity to explore options with alternate banking institutions. After discussions with peers, staff met with Bank of Montreal (formerly Bank of the West) and Wells Fargo bank, in addition to meeting with the Union Bank team. Ms. Johnson stated that all three banks were able to meet the needs of the Authority, and that Bank of Montreal stood out as having a large enough earnings credit to offset fees, an easy to use internet banking portal, and outstanding customer service. Since legal counsel has advised staff that this transition could be made under the General Manager's authority, this item was brought to the Committee as information only. The Committee was supportive of the planned change in financial institutions.

6. Award Contract to Brown Armstrong for Independent Year End Financial Audit

Ms. Johnson reported that the most recent contract for independent financial audits with Brown Armstrong expired with the fiscal year 2022 financial statements, and that staff underwent a full request for proposals (RFP) process to select an audit firm to perform the next three to five years' audit services. Six proposals were received and evaluated, and the top three proposers were invited to interview with a panel consisting of the CFO and Manager of Accounting, plus a senior accounting staff person from a neighboring transit agency. The panel concluded that Brown Armstrong remains best qualified and suited to meet the Authority's financial auditing needs at a reasonable cost. Staff recommend awarding a contract for independent year-end financial audits to Brown Armstrong for a three-year base term with two one-year options for an amount not-to-exceed \$299,453. The Committee recommended approval of the contract award to the full Board of Directors.

7. Review of Fiscal Year 2024 Proposed Draft Budget and Forecast

Ms. Johnson presented the proposed draft budget for FY 2024, 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 2024 Budget proposes \$49 million in operational and \$7 million in capital expenses with revenues to offset these costs.

On the revenue side, Ms. Johnson reported that ridership and associated fares are seeing continued modest growth post-pandemic. County Connection's main revenue source is TDA 4.0 funds from MTC, which are projected to increase 2.1% over the current fiscal year. STA came in strong in the current fiscal year and is projected to decrease slightly in the budget year, while Measure J is projected to remain flat. The budget year is also the last year in which County Connection will claim stimulus funds of about \$3.7 million. Ms. Johnson reported that TDA and STA estimates could be refined, and that more precise Measure J estimates will be incorporated before finalizing the budget in June.

On the expenditure side, Ms. Johnson reported that salaries and wages make up most County Connection expenses and that recruitment challenges continue to result in temporary budget savings, but that the budget reflects a full staff complement. Fuel prices have stabilized somewhat since this time last year, and the budget reflects a smaller fuel budget as compared to the current fiscal year budget. Ms. Johnson reported that staff continues to monitor fuel trends and insurance premium estimates in preparation for the final budget presentation in June. The capital needs in the budget year consist of facilities improvements and wayfinding amenities to be constructed 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 2028 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 Hoffmeister asked if changes to the pay scale for operators has had an effect on recruiting efforts; Mr. Churchill responded that the vacancy rate has been reduced from 13% to 8%, and that on time performance of bus routes has also improved as a result.

Staff requested that the A&F Committee forward the draft to the Board of Directors for approval. The Committee approved the Draft FY 2024 Budget to forward to the Board so a claim can be filed with MTC for TDA funding.

8. Review of Vendor Bills, March 2023

The Committee reviewed the vendor bills for March 2023.

9. Approval of Legal Services Statement, January 2023 Labor, January 2023 General

The Committee approved the legal services statements for January 2023 Labor and General.

10. Next Scheduled Meeting – May 5, 2023

The next meeting was scheduled for May 5th at 2:00 p.m. at the County Connection Offices located at 2477 Arnold Industrial Way, Concord, CA.

11. Adjournment – The meeting was adjourned at 4:04 p.m.

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