

Administration and Finance Committee
Summary Minutes
March 1, 2017

The meeting was called to order at 9:00 a.m. at Supervisor Andersen's Office in Lafayette at 3338 Mt. Diablo Boulevard. Those in attendance were:

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

Staff: General Manager Rick Ramacier
 Director of Finance Erick Cheung
 Director of Planning Anne Muzzini

Public: Ralph Hoffman

1. Approval of Agenda- Approved with modification, Item 4 – Preliminary Fare Increase Review moved after Item 7 – Fiscal Year 2018 Draft Budget and Ten Year Forecast.
2. Public Communication- Mr. Hoffman spoke that seniors at the last Senior Mobility Action Council (SMAC) meeting continue to be in favor of Measure X, even though the measure did not pass last November. He did not want to see any loss of service or fare increases, as many seniors live on a fixed income and rely on public transit for health and mobility. Mr. Hoffman invited County Connection staff to attend SMAC meetings in the future.
3. Approval of Minutes of February 6, 2017- Approved.
4. Federal Transit Administration (FTA) Formula Program – Director of Planning Muzzini reported that Metropolitan Transportation Commission (MTC) is responsible for the allocation of the FTA Formula Program. MTC uses the Transit Capital Priorities (TCP) process to help ensure that federal transit dollars are available for essential capital projects. County Connection uses this process to schedule vehicle replacement, as we did, most recently with the fixed route vehicles. The current call for project covers FY 2016-17 through FY 2019-20 in which County Connection has submitted a request for FTA funds to replace forty-two (42) 22' paratransit vans and three (3) paratransit vans that will reach the end of their useful life. The total amount of FTA funds being requested is \$4,025,380 with a local match of \$883,620, for a total project cost of \$4,909,000. The committee approved Resolution No. 2017-013 and will forward to the Board.
5. CCCTA Investment Policy-Quarterly Reporting Requirement - Director of Finance Cheung reported that the investments as of December 31, 2016 comply with the CCCTA investment policy. Information only.
6. Fiscal Year (FY) 2018 Draft Budget and Ten Year Forecast – The FY2018 Budget proposes \$38 million in operational expenses for fixed route and paratransit with proposed revenues to offset these costs. County Connection's main revenue source is TDA 4.0 funds from MTC; the proposed budget uses \$20.6 million which is \$3.3 million more than MTC estimates we will receive next fiscal year. Director Dessayer noted that County Connection's TDA reserves will have a balance of \$6.8 million by the end of the fiscal year, and by FY 2020, the reserve balance would drop to \$0.2 million which is not sustainable. He noted that the FY 2017 Budget and Ten Year Forecast had reserves of \$0.9 million until FY 2025 and asked Director of Finance Cheung what is causing the decrease in reserves. Mr. Cheung stated the main reasons are decreases in fare revenue, grant funding, and sales tax growth compared to a year ago. At the same time, County Connection is estimating higher insurance premiums due to the insurance pool experiencing higher dollar claim losses, and no longer providing employment practices liability insurance. Finally, the CalPERS Board reduced the discount rate last December from 7.5% to 7.0% over an eight year phase in period, which means higher

pension costs in the future years. Mr. Cheung stated that the sales tax estimate from MTC and the pension cost estimate information was received in mid-February. This was the first possible meeting to report this information to the committee. Directors Noack and Anderson mentioned that online sales tax and lower costs of gas could be affecting the sales tax growth. Director Anderson requested some additional information on online sales and how the tax is collected and distributed. General Manager Ramacier stated that staff will be working on options to increase revenue and reduce costs over the next several months. Mr. Cheung stated that the draft for April may not have any changes, but the Committee and the Board will be requested to approve the draft budget to file a timely TDA claim with MTC. The committee requested a summary be provided to the Board, so they are aware of the financial issues in the FY 2018 Draft Budget and Ten Year Forecast.

7. Preliminary Fare Increase Review - Director of Planning Muzzini reported that County Connection has not increased fares since 2009, but has scheduled fare increases in long range budget planning. Ms. Muzzini provided various fare increase strategies and the potential revenue that would be generated from each. Option 1 - eliminate our paper passes and shifting riders to use the Clipper card or cash, which could generate \$189 thousand. Option 2 - raise the base fare from \$2.00 to \$2.25, which would generate \$206 thousand assuming no ridership decrease. Also, she noted that very few operators have a fare higher than \$2.00 in California. Option 3 - elimination of the senior midday free fare. Again, assuming no ridership loss, this would generate an additional \$242 thousand. Information only.
8. Review of Vendor Bills, February 2017- Reviewed.
9. Legal Services Statement, December 2016, General & Labor- Approved.
10. Adjournment- The meeting was adjourned. The next meetings will be tentatively scheduled for Monday, April 10th, and Monday, May 1st at 9:00 a.m. at 3338 Mt. Diablo Blvd, Lafayette, CA 94549.

Erick Cheung, Director of Finance