

# County Connection

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Agenda Item No. 4.a.

## CCCTA BOARD OF DIRECTORS

### MINUTES OF THE REGULAR MEETING

March 16, 2017

#### CALL TO ORDER/ROLL CALL/CONFIRM QUORUM

Vice Chair Schroder called the regular meeting of the Board of Directors to order at 9 a.m. Board Members present were Directors Andersen, Dessayer, Diaz, Noack, Schroder, Storer, Tatzin and Wilk. Director Hoffmeister arrived after the meeting convened. Directors Noack and Worth were absent.

Staff: Ramacier, Chun, Barnes, Cheung, Churchill, Hill, Horta, Martinez, Mitchell, Muzzini and Rettig

**Public Comment:** None

#### CONSENT CALENDAR

**MOTION:** Director Hudson moved approval of the Consent Calendar, consisting of the following items: (a) Approval of Minutes of Regular Meeting of February 16, 2017; (b) CCCTA Investment Policy-Quarterly Reporting Requirement. Director Tatzin seconded the motion and it received the following vote of approval:

Aye: Directors Andersen, Dessayer, Diaz, Hudson, Schorder, Storer, Tatzin and Wilk  
No: None  
Abstain: None  
Absent: Directors Noack, Hoffmeister and Worth.

Director Hoffmeister arrived,

**REPORT OF CHAIR:** None

#### REPORT OF GENERAL MANAGER:

##### Report of APTA Annual Legislative Conference, Washington, DC

General Manager Rick Ramacier informed the Board that two staff members and four directors of the Board attended the APTA Annual Legislative Conference in Washington, DC. We were able to meet with many Congressional representatives and senior staff, as well as Department of Transportation personnel. All seemed genuinely interested in CCCTA's Electric Trolley Project and our increasing knowledge and experience with innovation when it comes to transportation. With the new administration, their focus will be to increase defense spending while cutting other services. We will continue to monitor developments at the federal level. Directors Dessayer, Hudson, and Hoffmeister provided observations about the conference as well.

## Update on the Implementation of the Battery Electric Buses

Rick Ramacier turned the meeting over to Rashidi Barnes, Senior Manager of Transportation. Mr. Barnes reported that the implementation of the battery electric buses is going well. The bus operators are continuously being trained and are driving the new buses. The bus operators as well as the bus riders seem to be pleased with the buses and the margin of error has decreased which tells us that the system is becoming more efficient. Of course we still have hiccups from time to time but we are overall very pleased with the progress and continued improvement in service.

## **REPORT OF LEGAL COUNSEL**

### City of San Jose v. Superior Court (California Public Records Act Case)

Our Legal Counsel, Madeline Chun, reported on a recent California Supreme Court decision on the use of personal accounts by public officials to communicate about the conduct of public business. The Court determined that such communications are subject to public disclosure under the California Public Records Act, unless an exemption applies. The practical impacts of the decision on public agencies such as CCCTA requires analysis, and may lead to new procedures for the use of personal devices to conduct public business, responding to requests for public records, and records retention.

### AB 1661 (Sexual harassment prevention training)

Attorney Chun also brought to the Board's attention the requirement for sexual harassment prevention training and education under AB 1661, which went into effect on January 1, 2017. Board members are required to have two hours of training every two years.

## **REPORT OF STANDING COMMITTEES**

### Administration & Finance Committee

#### Federal Transit Administration (FTA) Formula Program and Resolution No. 2017-013

Director Dessayer explained to the Board that The Metropolitan Transportation Commission (MTC) is responsible for the allocation of the FTA Formula Program comprised of Section 5307 Urbanized Area, 5337 State of Good Repair, or Section 5339 Bus and Bus Facilities. The Transit Capital Priorities (TCP) process helps 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. 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.

**MOTION:** Director Dessayer moved adoption of Resolution No. 2017-013. Director Tatzin seconded the motion and it received the following vote of approval:

**Aye:** Directors Andersen, Dessayer, Diaz, Hoffmeister, Hudson, Schorder, Storer, Tatzin and Wilk  
**No:** None  
**Abstain:** None  
**Absent:** Directors Noack and Worth.

## Fiscal Year 2018 Draft Budget and Ten Year Forecast

Director Dessayer introduced the item and turned the meeting over to Erick Cheung, Director of Finance. Mr. Cheung stated that the FY 2018 Budget and Forecast currently shows that by FY 2020 our reserves will drop to \$212 thousand compared to the prior year forecast in the FY 2017 budget, which showed reserves of \$923 thousand in FY 2025. The main causes are decreasing fare revenue, lower sales tax revenue, and a decrease in LCTOP funds. At the same time, we have insurance and pension expense growing faster than expected

LCTOP funds have a high level of volatility. Originally, MTC estimated County Connection would receive \$20 million over 25 years. The funds appear to be coming in lower, as the State's auctions are performing poorly. In the most recent auction, the State received \$34.5 million in proceeds, which is less than half of the projected amount it was expecting. The projection has been revised downward since County Connection's allocation for FY 2018 is \$285 thousand which is a 53% reduction than the current year. The other issue is that the current rules (State requirement) to spend these funds in our service area are difficult to meet, since there are strict limitations on use.

PERS costs in the current forecast reflect the changes approved by the PERS Board reducing the discount rate from 7.5% to 7.0% last December and will phase in over an eight year period. PERS provided a table in mid-February to help agencies estimate costs which has been incorporated in the budget and forecast. The decrease in the discount rate means that the employer contribution rate will increase from 7.5% to 9.5% by FY 2021, which is a 26% increase. The costs continue to grow as we phase in the lower discount rate and increase our pension costs by nearly \$1 million in FY 2023.

County Connection is a member of CalTIP for General Liability which included Employment Practices Liability (EPL) coverage. County Connection's premiums could increase significantly due to multiple claims losses by various transit agencies that exceed \$1.25 million. The insurance provider that covers most of this layer could exercise its option to not renew CalTIP, but has stated they will not cancel our coverage. CalTIP should be notified of the premium increase and changes later this month and will notify the Board in April. Also, CalTIP Board decided in December of 2015 to stop providing EPL coverage effective June 30, 2017. In December 2016, the Board approved to join Employment Risk Management Authority (ERMA), which is a joint powers authority for EPL Insurance but individual members are not required to join ERMA. Staff has submitted an application with ERMA and asked its own insurance broker for quotes to provide the coverage. The proposed budget assumes an increase from \$372 thousand in FY 2017 to \$675 thousand for FY 2018 for premium increase and EPL insurance.

This item was only for informational purposes. The Board will be advised as new developments arise.

**BOARD COMMUNICATION: None**

**ADJOURNMENT:** Chair Hoffmeister adjourned the regular Board meeting at 9:38 a.m.

Minutes prepared by

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Lathina Hill  
Assistant to the General Manager

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Date