

Administration and Finance Committee  
Summary Minutes  
May 31, 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  
Senior Manager of Human Resources Lisa Rettig

Guest: Andrew Brown High Mark Capital Management  
Rachael Sanders Public Agency Retirement Services

1. Approval of Agenda- Approved with modification of Ten Year Forecast Preliminary Options moved to Item 4.
2. Public Communication- None.
3. Approval of Minutes of May 1, 2017- Approved.
4. Ten Year Forecast Preliminary Options – Director Cheung reported that beginning in March, staff has informed the Committee and the Board regarding issues in the forecast due to lower than expected sales tax growth in the coming year and changes by CalPERS assumptions that would raise expenses in the long term. The Fiscal Year (FY) 2018 Draft Budget uses \$3.2 million more than Metropolitan Transportation Commission (MTC) estimates we will receive next fiscal year in Transportation Development Act (TDA) 4.0 funds. This will reduce our TDA reserves to \$7.0 million by the end of the fiscal year. From FY 2019 to FY 2026, expenses are estimated to grow at 3.5% a year, while revenues are only growing 2.6%. In FY 2020, the TDA reserve balance will drop to \$472 thousand assuming there are no improvements in revenue or reduction in costs. As discussed in the previous meetings, this is not sustainable and needs to be corrected for financial stability in the short and long term.

In April & May, staff prepared some strategies to balance the budget from increasing fares to reducing service. Using some of those strategies and maintaining a 12% reserve through FY 2023, County Connection would need to reduce service 52,000 hours over a one year period, 58,000 hours over two years, and 72,000 hours over a four year period. County Connection currently provides approximately 258,000 hours.

The Committee discussed the various options and asked when County Connection would receive information on how much estimated revenue would come from State Assembly Bill 1 (SB1). MTC is still reviewing the legislation and the earliest this information may become available is some time in the Fall. This item was forwarded on to the Board for review and comment.

5. Public Agency Retirement Services (PARS) OPEB Trust – Andrew Brown from Highmark Capital and Rachael Sanders from PARS reported on the performance of CCCTA's OPEB Trust. The one year performance as of June 30, 2016 was 3.12%; the performance over the last 5 years is 4.53%. The account balance as of March 31, 2017 was \$2,606,001. The committee reviewed the report and discussed the asset allocation strategy and investment rate of return. The asset allocation approved by the A&F Committee at inception is Moderately Conservative and the committee did not recommend a change at this time.

6. Adjustment to Non-Represented Administrative Employees Compensation – General Manager Ramacier & Senior Manager of Human Resources Rettig requested a 3% increase in the pay scale for administrative employees which were included in the Draft FY 2018 Budget. Approved by the Committee for the Board consent calendar.
7. FTA 5311 Grant FY 2018 – General Manager Ramacier reported that MTC is the regional coordinating agency responsible for approving and adopting the Program of Projects for the FTA Section 5311 Rural and Intercity Bus Program and the Transportation Improvement Program (TIP) for the 9-County Bay Area. Consistent with the revised Section 5311 Objectives and Criteria that were adopted by the Commission on October 23, 2013, funds will be distributed to transit operators according to each operator's rural area population and rural area route miles.

Per MTC's 5311 funding formula, County Connection has been allocated \$50,412 with a local match requirement of \$40,700 (or 44.67%). These funds are eligible to cover operating expenses on the fixed route system. Committee approved Resolution 2017-020 to the Board as a consent item.

8. Fiscal Year (FY) 2018 Draft Budget and Ten Year Forecast – Director Cheung provided a brief summary of the FY 2018 Budget. The proposed budget has \$39.0 million in expenses for fixed route and paratransit with proposed revenues to offset these costs. Staff requested that this budget be put on the Board agenda with a recommendation for approval following a public hearing. Approved.
9. Adoption of Gann Appropriations Spending Limitation for FY 2018 – Director Cheung reported that the spending limit for FY 2018 is \$71,604,709. The budgeted amount for operating and capital that is paid for by nonfederal monies is \$37,668,255 or \$33,936,454 under the Gann limitation. Approved for Board consent.
10. Review of Vendor Bills, May 2018- Reviewed.
11. Legal Services Statement, March 2017, General & Labor- Approved.
12. Adjournment- The meeting was adjourned. The next meetings will be tentatively scheduled for Monday, July 10<sup>th</sup> at 9:00 a.m. and Wednesday, August 2<sup>nd</sup> at 9:00am at 3338 Mt. Diablo Blvd, Lafayette, CA 94549.

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Erick Cheung, Director of Finance